FOREIGN FIRMS IN SA - BRITISH

1985

Cape Times 3/5/85 (61)

Shell chief defends dieldrin

Staff Reporter

THE chairman and chief executive of Shell South Africa, Mr John Wilson, yesterday said he did not believe his company was neglecting its social responsibility in supplying the pesticide dieldrin to African countries.

Mr Wilson said this in an interview after he had delivered a paper to a two-day conference on the importance of corporate social responsibility held in the City by the Public Relations Institute of South Africa (PRISA).

Mr Wilson said the public outcry provoked by the distribution of dieldrin — a pesticide used against tsetse fly and considered by environmentalists to be dangerous because it accumulates in the food chain — had led Shell to tighten up the control of distribution, by for example insisting that supply drums were returned to Shell, and to search for alternative pesticides.

"It would have been easy to bow to pressure and simply stop the supply but we have had to weigh the costs.

"Tsetse fly is dangerous to humans and to domestic animals and must be controlled," he said.

In his speech, he told 150 businessmen, academics and public relations experts from all over the country that corporate social responsibility was essential to the long-term growth, profitability and survival of business and that although business was not a philanthropy it should redress the social evils it generated and assist in improving the quality of life.

"Business must take positive steps to reduce the ecological disturbances it causes. Air pollution, water pollution, dangerous drugs, unfair advertising practises are just as much the immediate responsibility of business as are corporate profits," he said.

Business could and should interest itself in the education and training of the country's work force, the creation of labour opportunities for blacks and the provision of suitable housing and transport facilities, Mr Wilson said.

Mr Pat O'Malley, public affairs manager for Mobil Oil in South Africa, addressing the same conference yesterday, said that the social responsibility of business in education should not be aimed at sustaining economic growth and thereby maintaining the status quo, but at changing the structure of South African society for the benefit of all.

Mr O'Malley noted that in Africa, democratic institutions had been replaced by one-party states and free-enterprise systems had given way to forms of African socialism.

"The demographics of South Africa do not make this sort of scenario impossible here, particularly when so large a section of the population believes that the private sector is in collusion with the State to maintain the status quo and that a free-enterprise sytem is not the means to redistribute wealth and political power."

On black education, Mr O'Malley said an analysis showed that blacks rejected the system because they saw it as based on ideological separatism, which entrenched isolation, discrimination and inferiority.

Argus 22/11/85

61

BUSINESS

LABOUR

British firms in SA give black workers living wage, survey finds

Argus Foreign Service

LONDON. — Only five of a total workforce of 30 846 black workers employed by 50 British firms operating in South Africa are paid below the lower datum level, it is claimed here.

The vast majority — 29 107 — are paid above that level.

Forty-eight of the companies operate common pay scales for employees of all racial groups, and 47 have an integrated grade structure through which black employees can advance on an equal basis with whites.

This emerges from a preliminary analysis of information provided by the first 50 companies to reply to a survey being carried out among its members by the United Kingdom South Africa Trade Association (Uksata).

The survey is to find out what the companies' South African subsidiaries or associate companies are doing to help the development of blacks and to improve their working and living conditions.

FRINGE BENEFITS

The preliminary results, which will be updated when more responses are received, indicate that British companies are playing a prominent part in this development, says Uksata.

Other preliminary findings are:

- Trade unions: Forty-eight of the companies, representing 99,9 percent of the workforce covered by the survey, say they are willing to recognise a black trade union.

Altogether 26 581 black workers (86,2 percent of the total) work for companies which recognise trade unions, although all may not necessarily belong to a union.

- Fringe benefits: Forty-eight of the companies operate a pension scheme, 43 an insurance scheme, 47 a medical scheme, and 23 supply free or subsidised meals.
- Desegregation at the workplace has been achieved in 44 of the 50 companies, representing 98,7 percent of the total black workforce covered by the survey. Twenty-four of the 35 companies which operate canteens have desegregated them.
- Community affairs: Altogether 46 percent of the companies contribute to the Urban Foundation, which has so far received R7,6 million (£2 million) from British companies. Five of the 50 companies provide family housing for their workers.
- Twenty-six of the companies provide educational assistance to employees' children, nine support community health schemes, 12 provide funds for projects other than health, and 11 contribute to the community in other ways.
- Nine companies support small business development projects, and eight contribute to black chambers of commerce.

CAPE TIMES 21/1/85 61

Shell stand on dieldrin 'examined'

Environment Reporter

THE storm of protest against the use of dieldrin has led to an announcement by Shell South Africa that it will "closely examine its position in all future requests" for supplies of the chemical through its facilities in South Africa.

However, the statement also defends the supply on the grounds that "there is clearly a need for this chemical (in Africa)".

In a statement issued at the weekend, Mr J R Wilson, chairman of Shell South Africa, said there had been a call from conservationists in South Africa to stop supplying dieldrin to any country in Africa.

He said the company periodically tendered on a competitive basis for the supply of dieldrin to certain African countries which still permitted its use.

"If Shell South Africa were to cease meeting requests for dieldrin, this would not mean that the substance would no longer find its way into Africa.

"There is clearly a need for this chemical and the danger to the environment must therefore be weighed against the indisputable and positive benefits that flow from its use.

"Nevertheless the company wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for supplies through its facilities in South Africa," he said.

He said a statement from the Botswana Government put the matter in its true perspective:

"Dieldrin has been used for the creation of barrier zones to prevent the invasion of tsetse fly since 1966 — in some areas to protect cattle, in other areas to protect people and their families, and in some areas such as the Chobe, to protect tourists.

"No collapse of the ecology structure has taken place, nor is it imminent. The product has been handled responsibly by Shell with the full knowledge of South African officials and the Botswana Government.

"There was no question that dieldrin was dumped unwittingly in Botswana, nor that veterinary department officials were unaware of the hazards associated with dieldrin," the statement concluded.

● Sapa reports from Maritzburg that the National Council of Women of South Africa was "horrified that the highly-dangerous chemical dieldrin" was being manufactured in South Africa, in spite of the fact that it was banned here.

In a statement yesterday, the NCWSA deplored the fact that in spite of the dangers of dieldrin and its long-lived toxicity, it was "being sold to other countries in Africa as though the destruction does not matter".

Cape Times
Funfinder Inside
FOUNDED 1876 FRIDAY, JANUARY 18, 1985 ★ 30c (27

CAPE TIMES 18/1/85 .61

'Stop supplying killer chemical to

By DI MEEK
Environment Reporter

SOUTH AFRICA'S leading conservation societies yesterday called on Shell South Africa to stop supplying the killer chemical dieldrin to any country in Africa.

And the chairman of the oil company confirmed yesterday that dieldrin was formulated in Durban from basic imported chemicals before being exported to a number of African countries.

The call by the Wildlife Society and the Endangered Wildlife Trust is the latest development in the scandal over Shell supplying Botswana with dieldrin, which is banned in most Western countries, including South Africa.

The recent disclosure by the African Wildlife magazine has also sparked off intense controversy in the international media.

Dieldrin, a highly-toxic organochlorine compound, is considered far worse than DDT and one of the most dangerous environmental contaminants because of its long lasting properties.

Extremely toxic to all vertebrate animals, it dissolves in animal fat when digested and is retained by the body, becoming more and more concentrated as it passes up the food chain.

In a joint statement, Mr John Comrie Greig of the Wildlife Society and Dr John Ledger, director of the Endangered Wildlife Trust, said Shell must accept that DDT and dieldrin were dangerous global contaminants.

Dieldrin was being used on the Linyanti River in Botswana, which led into the Chobe, the Zambesi and ultimately the Indian Ocean.

"In supplying Botswana with dieldrin, Shell is also guilty of contaminating the South African environment, its wildlife and people," they claimed in the statement.

They said an unpublished study by a Natal University student had shown high levels of dieldrin in fish and bird-life in the Umdloti River area 18 km north of Durban, while the chemical had also been discovered recently in tissues of birds reaching the Durban Museum. Cats living on Marion Island also showed high levels of the chemical.

Indications were that Natal farmers could be border-hopping to purchase the chemical, used to combat tsetse-fly.

A Shell spokesman yesterday declined to comment on the appeals to stop supplying dieldrin to African countries, but said Shell had satisfied itself that it "had at all times acted within the laws of the Republic".

"In the importation of dieldrin into South Africa for this purpose, Shell had acted with the full knowledge of the Registrar of Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies."

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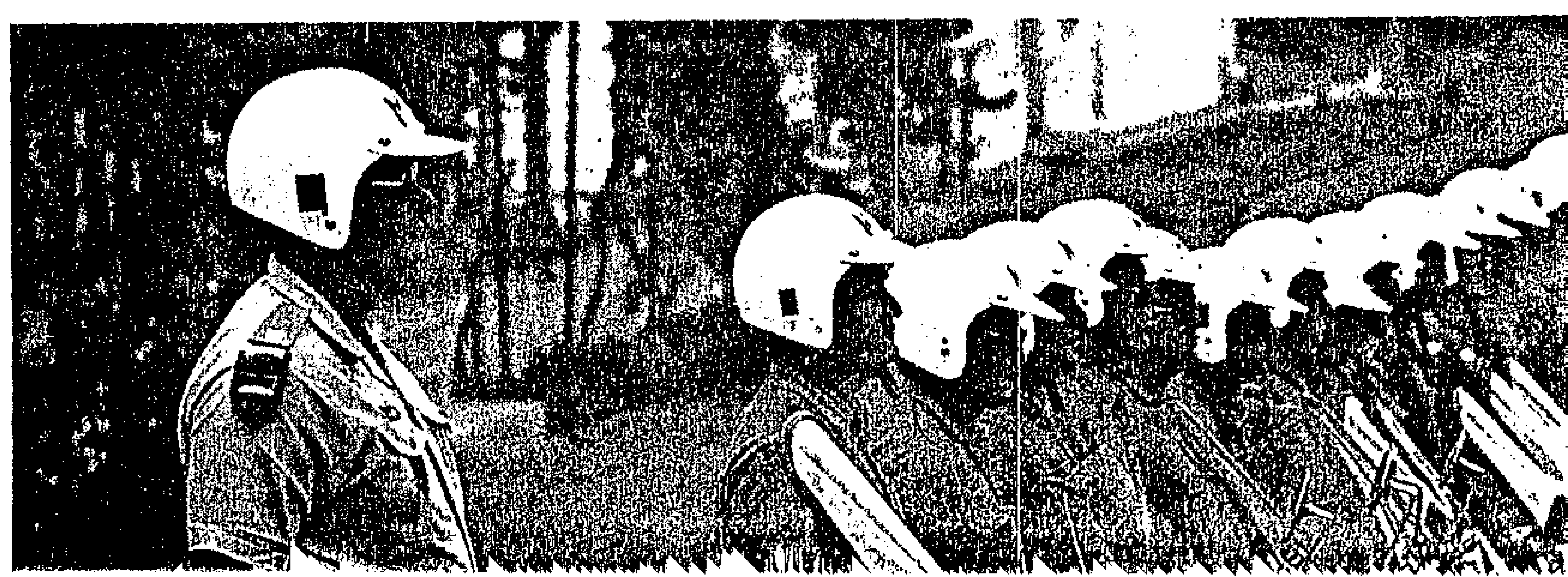

Cape Times

Funfinder Inside

FRIDAY, JANUARY 18, 1985 ★ 30c (27c plus 3c GST)

CAPE TIMES 18/6/85 ~~283~~ 61

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"In the importation of dieldrin into South Africa for this purpose, Shell had acted with the full knowledge of the Registrar of Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies."

He said dieldrin was manufactured in Holland by Shell Chemicals International and supplied only to countries where registration had been obtained from responsible governments.

● The Cape Times correspondent in Durban reports that Mr John Wilson, chairman of Shell South Africa, confirmed that the chemical was formulated in Durban and said the product was barrelled and adequately labelled in the city before being despatched to "certain countries in Africa".

"Whenever we hold the stuff it is stored as toxic material and with the knowledge of the authorities."

Mr Wilson said that although the poison did "degrade" and could have an affect on the environment, the authorities using the material did so "with due regard" and were "aware of what they were doing and the consequences".

Police suspect survives 9 floor fall

Own Correspondent

JOHANNESBURG. — A 21-year-old man wanted by police for alleged fraud survived a fall from the ninth-floor balcony of a Hillbrow club yesterday morning by landing on the boot of a car.

Mr Dekker (no first name available) clutched a photograph of a male friend in his hand as he jumped from the top storey of the Summit Club in Claim Street.

Mr Dekker, whose picture appeared on Police File recently, was semi-conscious when he was rushed by ambulance to the Johannesburg Hospital at 11.30 am.

The incident occurred while Hillbrow CID detectives were in his room investigating an alleged fraud, a police spokesman, Colonel Fred Bull said.

"While they were there he tried to tear up his Defence Force Medical

CAPE TIMES 12/1/85

Sanctions 'would not work'

61

NAIROBI. — The British Foreign Secretary, Sir Geoffrey Howe, ending a tour of Southern and Eastern Africa, said yesterday that campaigns to pull foreign investments out of South Africa could end up hurting the blacks they were aimed at helping.

Sir Geoffrey said he told leaders of Zimbabwe, Zambia and Kenya that while Britain condemned apartheid and "scrupulously" upheld an arms embargo against South Africa, it felt economic sanctions would not work.

At a news conference after meeting Kenya's President Daniel Arap Moi, he said:

"Our own view has been that this process of disinvestment, this process of turning South Africa into a 'siege economy', would actually retard the cause of blacks in South Africa."

Sir Geoffrey was apparently referring to efforts by foreign companies operating in South Africa to promote equal employment opportunities for blacks.

On a government level, Sir Geoffrey said "Britain would continue to apply pressure behind the scenes to achieve change in South Africa." — Sapa-AP

Disinvestment not the answer, says Howe

(61) Star 12/1/85

NAIROBI — The British Foreign Secretary, Sir Geoffrey Howe, ending a tour of Central and East Africa, said yesterday that campaigns to pull foreign investments out of South Africa could hurt the blacks they were aimed at helping.

Sir Geoffrey said he told leaders in Zimbabwe, Zambia and Kenya that while Britain condemned apartheid and "scrupulously" upheld an arms embargo against SA, it felt economic sanctions would not work.

Speaking at a news conference after meeting Kenya's President Daniel arap Moi, Sir Geoffrey said: "Our own view has been that this process of disinvestment, this process of turning South Africa into a 'siege economy', would actually retard the cause of blacks in South Africa."

He did not elaborate on how disinvestment could hurt the black majority, but was apprently referring to efforts by foreign companies operating in South Africa to promote equal employment opportunities.

On a government level, Sir Geoffrey said: "Britain would continue to apply pressure behind the scenes to achieve change in South Africa."

Sowetan 18/1/85 ~~(189)~~ (61) ~~(138)~~ ~~(152)~~

Legal strike looms in ER

RALEIGH Cycles, a British-owned company in Springs, is facing a legal strike following its refusal to negotiate wages in "good faith" at plant level with a black trade union.

The United, Mining, Metal and Allied Workers' Union of South Africa is considering the strike against the company after a deadlock on negotiations this week.

The matter has been referred to the Minister of Manpower for consideration — failure for the Minister to settle the dispute may open doors for a legal strike if the correct procedures are followed in terms of the Labour Relations Act.

In another development Ummawusa has accused the controversial United States company, Union Carbide, a signatory to the Sullivan Code of "unfair labour practice" following the dismissal of about 500 workers.

However, Union Carbide has selectively re-employed most of the workers, although the union contends that it wants all its members to be re-instated unilaterally.

The union has accused the companies of not adhering to the European Economic Community (ECC) and the Sullivan Codes and has threatened to take industrial action.

"These codes are just shapeless things because the companies do not adhere to them. We shall have to put more pressure on them to fight for our members' rights," Mr Sam Ntuli of Ummawusa said.

He said that Raleigh has refused to negotiate with them at plant level and insisted that all negotiations should take place at industrial council level.

Mr Peter Nel, Raleigh's personnel director, has confirmed that a deadlock was reached and said that the matter has been referred to the Minister of Manpower.

Ummawusa has asserted that the Union Carbide workers were dismissed last December after a meeting. They had demanded the findings of an enquiry into a senior white supervisor, who allegedly assaulted a black worker. The company misunderstood the meeting for a strike and dismissed them after a warning.

The union's recognition agreement with the company has since been terminated and the workers have been applying for their jobs and were employed selectively.

Union Carbide's group personnel manager, Mr Cedric Robertson, yesterday said that the workers have been reinstated, but could not estimate how many of them have been re-employed.

"We have not re-engaged all the workers," he said. He added that the workers had gone on strike.

Sowetan

Dieldrin: Shock disclosure

61

Cape Times 22/11/85

Own Correspondent

DURBAN. — Traces of the killer chemical dieldrin in a dead fish-eagle discovered at Shongweni Dam, one of Durban's major water supply sources, were the highest ever found in a bird of prey in Southern Africa, it was disclosed yesterday.

The shock disclosure by Dr John Mendelsohn, acting curator of the Durban Museum, has led to a call for a study of dieldrin poison levels in the city's drinking water.

"The levels found in the fish-eagle were many times higher than anything ever recorded in Southern Africa," he said.

The killer poison was banned in South Africa in 1981, but an investigation found that dieldrin is prepared in Durban for the export market, and indications are that farmers are still using it on crops in various parts of the country.

Varying levels of dieldrin have already been found in Durban harbour, Shongweni, St Lucia and Richards Bay, and experts predict that much of the Mkuzi River, in game-rich Zululand, could also be riddled with the poison.

The chemical has been described as a highly-effective control method and popular among farmers in spite of the ban.

● In response to a Sapa report carried by the Cape Times on Monday, Shell South Africa advised that they do not manufacture dieldrin in South Africa.

It is manufactured in Holland by Shell Chemicals International and only imported by Shell against the receipt of specific orders.

Dieldrin is then formulated, appropriately labelled and supplied to the end-user.

● **Cape Times Environment Reporter DI MEEK** reports that another highly toxic chemical is being supplied to Botswana in vast quantities by Shell South Africa for the eradication of tseste fly in the ecologically-sensitive Okavango Delta.

The chemical, endosulfan, is also an organochlorine like dieldrin and DDT. It is also banned or severely restricted in many Western and even Third World countries.

A Group 1 poison, endosulfan is acutely toxic to fish and all mammals.

Evidence that Shell South Africa is also supplying vast quantities of endosulfan to Botswana was shown to the Cape Times yesterday in a short documentary film produced in November last year for Britain's Independent TV News.

The film was made specifically to highlight how the eradication of the tsetse fly in the Okavango Delta would open up the area to livestock and could ultimately destroy its unique ecology.

A spokesman for Shell said they were unable to comment because they had not seen the film.

Capetonians may be bearing dieldrin traces

Cape Times 23/1/85

61

By DI MEEK
Environment Reporter

DIELDRIN deposits were being found in milk and foodstuffs sold in Cape Town until just over a year ago — which means traces of the deadly poison could have accumulated to form "living time-bombs" in the body fats of many Capetonians.

Scientists claim that this is because the body calls on fat reserves if a person suddenly loses weight, and the poison is thus released into the system.

Dieldrin poisoning can damage the central nervous system, cause paralysis, destroy protective body mechanisms and ultimately lead to death.

A highly-toxic organochlorine, dieldrin is considered a far worse global pollutant than DDT. It was banned outright in South Africa in 1981 and is banned or severely restricted in most Western countries.

Extremely toxic to all fish, birds and animals, its chief danger is that it accumulates in food-chains, becoming more and more concentrated as it progresses up the chain.

Recent disclosures that the multi-national oil company Shell South Africa is still supplying neighbouring African countries with the poison has caused a storm of protest both locally and internationally.

Cape Town's Medical Officer of Health, Dr R G Coogan, said yesterday that because of dieldrin's long-lasting properties, deposits exceeding the legal limit were being found in milk and butter supplied to Cape Town during 1982.

In terms of regulations under the Food, Drugs and Disinfectants Act, the legal limit of dieldrin allowed in milk and milk products is 0,1 of a milligram per kilogram. For eggs it is 0,1mg per kg and for meat it is 0,2mg per kg.

Dr Coogan said the findings were made during a widespread series of tests carried out among farms that supplied Cape Town with milk. Sampling had continued in 1983, during which the amounts of dieldrin detected decreased.

By last year, 1984, all samples taken were found to be completely negative.

He said samples taken weekly of tests for dieldrin in fruit and vegetables sold in the City had been negative for the past three years. Until then they had been positive.

Meanwhile our Johannesburg correspondent reports that workers spraying dieldrin in the Chobe National Park in Botswana were seen diluting the highly-toxic chemical with river water and washing out the drums at the river's edge.

This occurred at the time when drums of the chemical, which is supposed to be kept under lock and key and away from dams and rivers, were photographed on the bank of the Linyanti River in Chobe last October.

Mr John Comrie-Greig, editor of African Wildlife, said yesterday that according to reports reaching his Cape Town office, the Chobe workers had not been wearing protective clothing.

He questioned whether illiterate workers who had to apply such poisons were ever told to take precautions. Complaints about the misuse of pesticides were flooding into his office which, if true, suggested a scandalous carelessness on the part of those using them. He also asked whether manufacturers made any effort to recover empty containers and dispose of them safely.

The Wildlife Society and its sister organizations would press for a full inquiry into the use of pesticides in Botswana, as there was obviously "overkill" and misuse of pesticides

Dieldrin is banned in South Africa but not in Botswana. Shell SA, which provides African countries with the chemical, has insisted that they have acted legally and responsibly at all times. The South African authorities have said they have no jurisdiction over the use of banned chemicals beyond their borders and the Botswana Government has said "no collapse of the ecology structure has taken place, nor is it imminent".

"How do they know?" Mr Comrie-Greig asked. One could not see the changes taking place in the eco-system, he said, and it was quite possible that overkill pesticides could be destroying pollinators of trees.

UK investment in SA shows no sign of slowing

61 Star 24/1/85

By Stan Kennedy

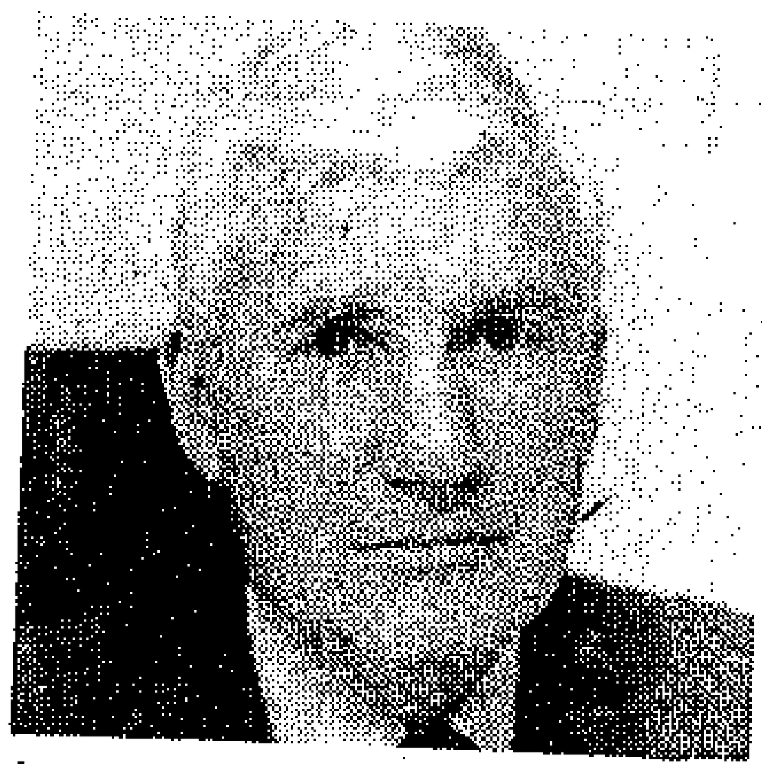
British investment in South Africa is still running at seven percent of its investment worldwide and there is no evidence of British firms withdrawing from the country.

Mr Colin Brant, British Consul-General and director of British Trade Promotion in South Africa, says in this month's issue of *Trade with Britain* that there is no lack of interest in South Africa as a market for British firms.

Despite the recent black unrest, his message to the British government and business alike is that, far from being discouraged by the political and economic difficulties, UK firms should take the present opportunity to work up their full sales potential in South Africa.

"There are still many valuable openings for business across the country and, in our view, South Africa remains a most important and rewarding market for Britain in the foreseeable future," he says.

"Our confidence in South Africa has not been diminished by the last year's experience; there have been troughs and peaks in the country's economic performance before."



Mr Colin Brant . . . no lack of interest in investment in SA

The most encouraging aspect of British trade with South Africa in 1984 was that, despite all the problems in both countries, these had little effect on UK exports, even despite the falling rand.

By the end of October, the value of British goods shipped to South Africa totalled more than R1 000 million, with good expectations for two further months to come.

Invisible exports are also thought to have kept pace with, or even surpassed, the flow of goods.

In 1984, 13 trade missions visited South Africa, each of which secured firm orders worth a total of R1 million, with prospects of more to follow.

Mr Brant says: "All told, it seems likely that 1985 will prove to be a year of hard and unremitting work in the British trade effort with South Africa but one in which those UK firms which relish a challenge will be well-placed to offer the best of British goods."

The first British trade mission from Britain this year visits South Africa on Saturday for two weeks.

There will be 23 companies represented, with products ranging from textile-testing equipment to small wind-powered generators.

The visit is being organised by Britain's Engineering Industries Association.

Says mission leader Mr Ken Bellamy: "When one looks raound the world at the condition of so many countries, we can regard South Africa as one of the better-placed.

"With the very strong ties between our countries, a large volume of trade does exist and will exist for many years to come."

UK investment in SA shows no sign of slowing

W/C Argus 26/1/85

61

JOHANNESBURG. — British investment in South Africa is still running at seven percent of its investment worldwide and there is no evidence of British firms withdrawing from the country, says Mr Colin Brant, British Consul-General and director of British trade promotion in South Africa.

He says in this month's issue of Trade with Britain there is no lack of interest in South Africa as a market for British firms.

In spite of the recent black unrest, his message to the British Government and business alike is that, far from being discouraged by the political and economic difficulties, British firms should take the present opportunity to work up their full sales potential in South Africa.

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MOST ENCOURAGING ASPECT

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61

Deadly chemical sent to SWA

By DI MEEK
Environment Reporter

SHELL South Africa is still supplying vast amounts of dieldrin to SWA/Namibia — in spite of the deadly chemical being banned in the territory.

The Department of Agriculture is using it to control tsetse fly in the Caprivi Strip.

It was also learnt yesterday that DDT, another chemical banned in the territory, was being used by the Department of National Health and Hygiene to spray over a million homes every year throughout SWA/Namibia to control malaria.

The highly-toxic organochlorines, dieldrin and DDT, are banned or severely restricted throughout the West.

Spokesmen for both government departments said they had been using the chemicals since 1964.

They said that in spite of the ban on dieldrin and DDT in South Africa and SWA/Namibia they had been given a special exemption to use the specific chemical.

DDT is also being used in Zululand by the South African Department of Health for malaria control.

The latest revelations in the poison scandal has shocked conservationists who yesterday demanded to know why government departments could be exempted from the ban.

A senior official in the division of veterinary services of SWA/Namibia's Department of Agriculture said it had taken his department over a year to obtain an exemption from the ban in 1981.

The official who declined to be named, has been working on tsetse fly control since 1979. He said dieldrin supplied by Shell Chemicals was only used in selected areas near, and on the river banks, of the Quando River (which flows into Lake Lianbezi and links up with the Zambesi).

It was sprayed on trees annually in diluted form between April and July every year when the water was low. Spraying teams were strictly supervised and wore protective clothing, he said.

He said dieldrin would not kill fish or birds if it was applied correctly. He also doubted whether dieldrin had penetrated the food-chain but admitted that no tests had been done in the area.

The department was aware that dieldrin was dangerous.

Only way

The chief of public hygiene for SWA/Namibia's Department of National Health and Hygiene, Mr M N Mans, said yesterday that the department was exempted from the ban on DDT because it was the only effective method for controlling the malaria-carrying mosquito.

More than a million structures were sprayed every year over a wide area, mainly in the north, including Grootfontein, Tsumeb, Kaokoveld, Kavango, Bushmenland and certain parts of Damaraland.

Mr Mans said it was "impossible" for DDT to get into the food-chain because it was only used "inside huts and European homes" and was never used near water.

He said specially trained teams who wore protective clothing carried out the spraying by hand from June to November every year. Any spillage was buried.

● A spokesman for Shell South Africa last night confirmed that they had supplied SWA/Namibia with the chemicals, but did [illegible]

Mercury 30/1/85

61

Union heads for new clash with tyre firm

Labour Reporter

THE Metal and Allied Workers' Union is heading for a new clash with the Dunlop Tyre Company in Durban over what it terms 'unfair dismissal' of five workers.

The British-owned company refused to reinstate the workers and plans to refer the dispute to the Industrial Court for settlement, in spite of an independent mediator's finding that 'four of the sacked employees have been in one way or another subjected to unfair treatment'.

Mr Glen Sutton, Dunlop's group industrial relations manager, said yesterday that the mediator, Prof Blackie Swart of Stellenbosch University, had recommended that relief should be sought through independent arbitration, failing a negotiated settlement.

The mediator did not recommend that the company reinstate the workers and that was why it believed that the Industrial Court would be an appropriate forum to settle the matter 'due to the complexity of the situation and the matters involved in these cases,' he said.

'Dunlop accepted an independent mediator because we thought that the mediation process was a means of speeding up and obtaining solutions to the problems.

'There are a whole lot of issues involved, most important of which is disciplinary action and production standards which have been set by the company and this is where the dispute began.

'Employees were not performing to the required levels of production,' he added.

Mr Geoff Schreiner, Mawu's branch secretary, said yesterday that union members at the factory would meet on February 9 to decide on 'appropriate steps'.

The company had refused to accept the recommendations of an independent advisory mediator.

'Ironically, Dunlop now claims that it wishes the matter to be placed before the Industrial Court, a step which they firmly rejected for most of 1984 and a decision which lead to the largest and most protracted strike in the company's entire history in South Africa,' he said.

Shell takes measures to control dieldrin

CAPE TIMES 20/1/88

61

By DI MEEK
Environment Reporter

THE chairman of Shell South Africa, which supplies the banned killer chemical dieldrin to several African countries, yesterday announced that new measures would be introduced to control distribution of the pesticide.

Mr J Wilson made the announcement after a national company, Frasers Machine Moving and Rigging (Pty) Ltd, which has branches in Johannesburg, Cape Town and Durban, had demanded that Shell stop supplying dieldrin.

The measures include:

- Restricting all future supplies of the potent pesticide in Swaziland to "major sugar growers" only. This would prevent third party acquisition and could dramatically cut the illegal "import" back into this country of supplies for farm use.
- The addition of a clause in all future tenders insisting that all dieldrin drums be returned to Shell. This was in a bid to prevent water contamination which was likely to affect humans.
- Taking back stocks of the pesticide for safe disposal. This had been decided following talks with farmers, particularly in Natal, and other organizations.

"Anybody with dieldrin can contact Shell Chemical in Durban and arrangements will be made for it to be taken back for disposal. People must definitely not pour it down drains," Mr Wilson said.

The demand by Frasers was made in an open telex sent to the managing director of Shell on Monday. It said:

"As major users of Shell diesel for the past 20 years, the directors and staff of Frasers are disgusted to hear that Shell is blending, distributing and selling dieldrin to neighbouring countries.

"Your lame excuse that if Shell does not sell this product someone else will is totally unacceptable to us.

"We of Frasers demand that you desist with this appalling commercial practice which is so damaging to the ecology of South Africa."

Not aware

Mr Wilson said yesterday that he was not aware of Frasers having sent the telex.

"I am really surprised that the company would take that stance. I am not sure that they are in possession of the full facts," he said.

A copy of the telex was sent to Dr John Ledger of the Endangered Wildlife Trust in Johannesburg.

The measures were welcomed yesterday by the Wildlife Society, the Endangered Wildlife Trust and the Southern African Ornithological Society.

Mercury 31/1/85 61

U S disinvestment plan 'genuine', says U K diplomat

Finance Editor

THE American disinvestment campaign is for 'real' and has to be taken seriously, but nothing similar is occurring in Britain, Mr Colin Brant, director of trade promotion for Britain and British Consul-General in Johannesburg, said at a lunch yesterday.

British companies were making a contribution to the development of South Africa.

He wanted to encourage British companies to come to South Africa 'as fast as they can,' to do business. Those that invested here did so under the umbrella of the EEC code of conduct and, to his knowledge, there had been no political withdrawals.

'In no way have people been discouraged from investing (in South Africa) on poltical grounds,' he said. Seven percent of Britain's world-wide investments was coming to South Africa.

South Africa was a very important customer for Britain, being number 12 on the trading list. Mr Brant said that visible trade figures to the end of October had passed the £1 billion level and he hoped for a record year.

Invisible trade was also substantial. About 120 000 visitors from Britain came to South Africa each year and many of these were businessmen.

Mr Brant said that the situation of some years ago where British firms were poor deliverers and were not competitive, had been overcome in the past five years.

The British inflation rate had been kept down and prices were more stable. The pound was probably undervalued, he said.

Commenting on the Durban Consulate siege, he said the British had acted honestly 'if not very competently'; but South Africa's critics would have a field day because of South Africa's decision not to return the Coventry Four for trial.

Mawu Dunlop set to clash

Sowetan 4/2/85

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By JOSHUA RABOROKO

DUNLOP, a British tyre manufacturing subsidiary, is heading for a confrontation with the powerful Fosatu-affiliate Metal and Allied Workers Union (Mawu) over its dispute concerning its workforce of 2 000.

The company has refused to accept the findings of an advisory mediation, jointly agreed to, that four of the five workers whose dismissal sparked-off last year's dispute, were "unfairly sacked and therefore should be reinstated or compensated."

The workers were involved in a month-long conflict last year, which ended with the company backing down and reinstating more than 1 000 workers it had fired.

Mawu has accepted the findings of the advisor, Professor Blackie Swart of Stellenbosch University and says it will "give full support to any further industrial action by union members" in the light of the Dunlop refusal to comply.

Dunlop wants the matter to be referred to the Industrial Court, but Mawu has rejected this, saying the union does not have the time and resources for "these sort of games."

No comment by Shell on Barnard

CAPE TIMES 5/2/85 61 [illegible] 100

By DI MEEK
Environment Reporter

SHELL South Africa yesterday declined to comment on an attack by Professor Chris Barnard in his popular Monday column in the Cape Times on the company's continued supplying of dieldrin to Southern Africa.

He said that in law, poisoning which caused death was a crime. If one could identify the poison, the victim and the culprit, the case would be all tied up. But with the environmental poison, dieldrin, it was not so straightforward — "We know that people are being poisoned, we know where it is coming from, we know who is doing it, but we can't do a damn thing about it."

Professor Barnard said the reason the commercial firm which turned out "this muck" continued to do so in spite of all the evidence of large-scale poisoning- . . . was that the balance sheet was too important to leave to fools who feel shame.

"That's why fools like me feel angered."

Professor Barnard said that at a service station, the Shell company symbol hit him between the eyes and he quickly drove out again.

"I'll be damned if I subsidize mass poisoning even if it means driving around half the city to find another supplier," he said.

Dieldrin: A kind of gentleman's

DOCTORS get to learn a lot about anatomy. They have to, otherwise nobody would employ them.

The thought occurred to me last week after I had received a personal visit from the chief executive of Shell South Africa. It wasn't a courtesy visit — he arrived with his legal adviser.

My grasp of anatomy told me immediately that this was muscle. Any doctor can recognize muscle when he sees it.

The message was simple — put up or shut up.

Shut up about the ecological effects of dieldrin, supplied to neighbouring countries by Shell, and shut up about my personal opinions expressed in last week's column concerning the desirability of Shell products.

In addition, it would be fair and just if I would present Shell's side of the case.

They didn't put it quite like that of course. The exchanges were very pleasant and civilized.

However, I had a strong impression that the alternatives would be too ghastly to contemplate.

Like any other private citizen I take little notice of the business practices of the multinationals until such time as they are shoved under my nose. In this case, it was practically shoved *up* my nose.

The effects of the pesticide dieldrin are so well documented worldwide that there is no longer a controversy. Dieldrin is a long-lasting poison, so dangerous that it has been banned in most Western countries, including South Africa.

Its penetration of the ecosystem is well proven. Traces of dieldrin have been found in Cape Town's water supply, the Hartebeespoort Dam, in fish in South African rivers, in milk in the Transvaal, in shellfish at the mouth of a Natal canal near where the Shell factory is sited, and in the Republic's marine environment.

That's basically what I said in my column in this newspaper last week.

Shell believes this is a biased view which does not give their side of the story.

I like to think I am an objective and rational human being. Shell doesn't need to harness its billions to force me to act like one.

Ordinary courtesy, which I learned at my mother's knee, tells me that if I have injured Shell's reputation without foundation, an apology is due. And not only an apology, but full restitution insofar as lies within my power.

CHRIS BARNARD ON MONDAY

What is their case?

As expressed in the file of literature given me at our meeting, they made the following points:

- Pesticides, properly applied, relieve hunger and sickness.
- There is no feasible alternative to the use of dieldrin for the control of tsetse fly in Botswana and the sugar cane beetle in Swaziland.
- Shell takes great care to instruct users in the proper control of this pesticide.
- The product has been handled responsibly by Shell with the full knowledge of South African officials.
- Shell makes a "miniscule" profit on the transaction.
- Protection of the environment is a major concern of Shell.
- If Shell did not supply dieldrin to the countries concerned they would find their own supplies elsewhere, perhaps with less control over its use.

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I *am* i[...]

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kind of gentleman's agreement

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- The product has been handled responsibly by Shell with the full knowledge of South African officials.
- Shell makes a "miniscule" profit on the transaction.
- Protection of the environment is a major concern of Shell.
- If Shell did not supply dieldrin to the countries concerned they would find their own supplies elsewhere, perhaps with less control over its use.
- There is clearly a need for the chemical. The danger to the environment must be weighed against the indisputable and positive benefits that flow from its use.
- Shell's attitude to the issue is "not coloured by commercial considerations".
- Shell wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for supplies through its facilities in South Africa.

Impressive?

I *am* impressed. A little research on my own behalf showed that Shell also supports a wide-ranging list of environmental causes throughout not only the Republic but worldwide.

So where's the "but".

The but is that Shell contends there is no effective alternative to dieldrin for the control of tsetse fly.

I say there is.

I understand that large institutions tend to move like the mills of God. I realize that major changes cannot be made in a day. I believe that Shell is unfairly saddled with its dieldrin image. And I accept their bona fides.

In turn, they have accepted mine — with a challenge: Show us an alternative which we regard as truly viable for the control of tsetse fly — and Shell South Africa will pull out of the supply chain.

As a concerned citizen of this planet that is the commitment I want.

On that agreement gentlemen, I will publicly shake your hand. Not only that, I'll be first in the queue at the pumps.

After all, it's a damn fine South African company. Other things being equal, why shouldn't I buy South African?

Sowetan 4/2/85

61

Unions hit out at UK investment

By JOSHUA RABOROKO

BRITISH investment in South Africa is still running at seven percent of its investment worldwide and there is no evidence of British firms withdrawing from the country.

There is no lack of interest in South Africa as a market for British firms, despite the recent black unrest, Mr Colin Brant, British Consulate-General and director of British trade promotion in SA, says in the lastest issue of Trade with Britain.

His message to the British Government and business is that, far from being discouraged by political and economic difficulties, British firms should take the present opportunity to work up their full sales potential in South Africa.

The message has drawn sharp criticism from local trade unions, who have contended that overseas countries should stop investing in South Africa while apartheid still exists here.

Council of Unions of SA's president, Mr James Mndaweni said that foreign countries should terminate their involvement in so-called homelands because of the exploitation that takes place in these territories.

The unions have also called on the overseas countries to pursue a "vigorous campaign" of constructive disengagement and to ensure that nuclear, computers and defence technology are not sold, or licensed or franchised in South Africa.

He also accused some of the foreign companies of not adhering to the codes stipulated for them by their "mother countries." Drastic action will be taken at shop floor level and even on internatonal forums, he warned.

United, Mining and Metal and Allied Workers' Union of SA (Ummawosa) has accused Raleigh Cycles, a British company in South Africa, of not adhering to the codes by refusing to bargain in "good faith" with a black trade union.

They have declared a dispute with the company following the deadlock in wage talks.

CAPE TIMES 12/2/85 61

SA pineapple farmers used dieldrin till 1984

Environment Reporter

DIELDRIN was used on pineapple farms in the Border area of the Cape Province until early last year.

The registrar of agricultural and veterinary drugs, Mr Max Orban, said yesterday that a special dispensation on the ban of the deadly chemical was given to members of the Pineapple Growers Association (PGA) in 1982 and renewed in 1983, specifically for the control of the white grub. It was lifted in March 1984 when an alternative insectide was found.

Mr Roger Hulley, MP for Constantia, read a letter in Parliament last Thursday in which a major agricultural co-operative claimed R2 472,60 for dieldrin sold to one of its members in August 1983.

Mr Orban stressed the PGA concession was the only exemption to the ban and that, besides SWA/Namibia, the use of dieldrin had not been allowed anywhere else in South Africa.

Conservationist Mr John Greig, of the Wildlife Society said it appeared that if people were sufficiently persuasive they would be exempted from the ban.

Mr Orban said the exemption had only been made after discussion between experts from various departments including the Department of Health and Environment Affairs.

He said it was distributed under strict PGA control and when the concession was lifted the Shell company undertook to remove all stocks and the Department of Agriculture had checked that this had been done.

● Yesterday a spokesman for Shell said the matter would be investigated.

Tsetse Control !

Cape Times
(61)
13/2/85

Options dispute

By CHRIS ERASMUS
Science Reporter

A SIX-YEAR-OLD scientific study on tsetse fly pesticides has suggested the possibility that there are known effective alternatives to dieldrin for the control of the flies, in spite of claims to the contrary.

Undertaken in Nigeria specifically to investigate alternatives to dieldrin, the study — published in a respected international journal — says at least three synthetic pesticides belonging to the pyrethroid group are not only many times more toxic to tsetse flies than dieldrin, but are less harmful to other organisms in the environment and do not accumulate in the food chain.

The research was conducted by a group working under a German scientist, Dr U Spielberger, in the Tsetse Fly and Trypanosomiasis (sleeping-sickness) Division of the Federal Livestock Department, Nigeria.

More toxic

It compared various concentrations of the three synthetic pyrethroids, permethrin, cypermethrin and decamethrin — man-made improvements on a widely-used natural insecticide, pyrethrum — to the usual concentration of dieldrin used in ground-spraying of tsetse fly resting sites.

The group found that all three pyrethroids eradicated tsetse flies with one application. All were far more toxic to the flies than dieldrin at concentrations far lower than the three percent concentration used in ground-spraying with dieldrin.

Decamethrin, for example, at concentrations between 0,0375 and 0,075 percent was found to be 40 to 80 times more toxic to the flies. At 0,5 percent concentration, permethrin was six times more toxic and at 0,3 percent cypermethrin was 10 times more toxic.

The managing director of Shell South Africa's chemical division, Mr Ron Land, said he had contacted Shell's London office in connection with the study.

"Although pyrethroids — into which Shell has pioneered research — are effective alternatives to dieldrin for general agricultural uses, they are not adequate alternatives in the specific applications for which dieldrin is being employed in the Botswanan, Namibian and Zambian parts of the Caprivi Strip."

He said the Nigerian study's results could not have been positive, as the pyrethroid control programme designed for those trials were not developed further in Nigeria or elsewhere.

'Not relevant'

"Also, we have been supplying the Botswanan authorities with cypermethrin, and a derivative of cypermethrin called alphamethrin or Fastac, at no cost for trials. So far these substances have not proved viable alternatives to ground-spraying with dieldrin because the pyrethroids have a repellant effect on the flies, undermining their value as residual pesticides on fly resting sites."

He pointed out that Nigeria and Botswana were environmentally different and therefore the study's results were not directly relevant to Botswana's conditions.

However, the study's authors said their tests suggested the possibility of replacing both DDT and dieldrin with any of the three pyrethroids tested.

Although the pyrethroids were more expensive than dieldrin on a weight-for-weight basis, their much-increased strength against tsetse flies meant the final costs of their use would probably not be prohibitive.

They also said "comparatively little harm was done to non-target organisms in the environment" by the pyrethroids.

One of the co-authors of the study, Mr H H Coutts, was at the time of its publication in 1979 in volume 69 of the Bulletin of Entomological Research, employed by Shell Research Limited at that corporation's Sittingbourne Research Centre in Kent, England.

Mr Land said Mr Coutts was no longer employed by Shell but he was certain that if the study had produced useful results, these would have been taken up and the pyrethroids tested would have been employed eagerly by Shell as alternatives to dieldrin.

The company was extremely conscious of the potential hazard to the environment associated with the use of dieldrin and was actively trying to find alternatives for it in the control of tsetse flies, he said.

According to Dr John Ledger, former head of the department of medical entomology at the SA Institute for Medical Research in Johannesburg, who unearthed the study, statements that there was no alternative to dieldrin for ground-spraying against tsetse flies in Botswana and Namibia and against the black sugar cane beetle in Swaziland were unjustified.

"There is just no research that has been done into dieldrin alternatives to combat the black sugar cane beetle, *Heteronychus licas*. The beetle has, however, a very close relative, the black maize beetle *H arator*, which is vulnerable to at least 12 chemicals more acceptable than dieldrin.

"I would be very surprised if at least several of these would not also be effective against the black sugar cane beetle."

Dr Ledger, now director-designate of the Endangered Wildlife Trust, said the continued easy access to dieldrin was delaying the introduction of environmentally more-acceptable chemicals.

Research

However, Mr Land said research had been done into alternative pesticides to combat the black sugar cane beetle, but again no adequate alternative had been found.

Dr Ledger said the Endangered Wildlife Trust and the Wildlife Society of Southern Africa, together with other major conservation bodies, were unconditionally opposed to the use or sale of dieldrin in Southern Africa.

He was prepared to offer copies of the study to all interested parties, he said.

Mr John Comrey-Greig, editor of African Wildlife, said conservationists reiterated their feeling that South Africa had a moral obligation not to allow dieldrin to be channelled through this country into neighbouring states where controls on its use were more lax than in South Africa.

Cape Times 14/2/85

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Bank reviews ties with US city

From JOHN BATTERSBY

LONDON. — Barclays Bank (UK) has begun an urgent review of its operations in New York City following the introduction of legislation to cut city funds to banks that lend to the South African Government.

The top-level review by Barclays comes in the wake of fears that Barclays Bank of New York — a subsidiary of Barclays UK — could be directly threatened by the legislation.

The move by the New York City authorities — the first city to introduce such legislation — has already caused Citibank, the largest US lender to the South African Government, to say that it will liquidate all its loans to the government by the end of next month.

'Alarm'

The move to cut off hundreds of millions of rands in city business from banks and corporations that maintain ties with Pretoria has triggered an alarm at the Barclays headquarters in London — a frontline target of the anti-apartheid lobby.

Barclays Bank of New York has already lost millions of rands in business through forfeiture of the Rockland County account (New York State) following the adoption of anti-apartheid legislation in the mounting disinvestment campaign.

A spokesman for Barclays said yesterday that the situation in New York was "under review" but he would not disclose the extent of Barclays business with the New York City government under the client confidentiality rule.

Implications

He said Barclays had not yet had time to study the pending legislation or to make a comprehensive assessment of the implications of the move.

● In another move yesterday Mrs Adelaide Tambo, wife of the president of the African National Congress, Mr Oliver Tambo, was appointed to the Barclays Shadow Board — an anti-apartheid lobby which monitors the activities of the Barclays Board in the UK.

World body to act against dieldrin use

Environment Reporter

ONE of the oldest international conservation organizations, the International Council for Bird Preservation (ICBP), is to take action in protest against the continued use of dieldrin in Southern Africa.

Founded in 1922, the organization has national members in countries throughout the world.

Confirmation that action would be taken was received this week by Mr John Cooper, chairman of the South African national section of the ICBP, who notified the organization's headquarters in Cambridge, England, about the issue last month.

Mr Cooper said he had requested that the international council consider writing letters of protest to the Botswana and South African authorities and to Shell.

He said the SA section of the ICBP fully supported the concern expressed on the issue and proposals made by the Wildlife Society of Southern Africa, the Endangered Wildlife Trust and the Southern African Ornithological Society.

The three organizations are unconditionally opposed to the use or sale of dieldrin in Southern Africa and have called on Shell South Africa to stop supplying dieldrin to Africa.

UK newspaper urges against disinvestment

CAPE TIMES 17/2/85

61

Own Correspondent

LONDON. — Britain's leading financial newspaper, the Financial Times, has urged foreign investors to remain in South Africa in spite of the mounting disinvestment campaign.

"If apartheid is ever to be dismantled through evolution rather than revolution, enlightened foreign investors must continue with their important contribution to reform," the newspaper concluded in an editorial yesterday.

The editorial said moves to set up a "non-statutory forum" to negotiate with urban blacks, and President Botha's sign of willingness to negotiate with the African National Congress if it renounced its "armed struggle", were "steps in the right direction."

"But as ever in South Africa, their rhetoric must be discounted and their substance awaited," the FT said.

The newspaper said the "growing momentum of the South African disinvestment lobby in the United States" had been underlined by the recent decision of Citibank to liquidate its remaining loans to South Africa.

"Wider-ranging restrictions can be expected if, as looks increasingly likely, the US Congress approves the Proxmire Bill which will impose legal bans on further bank loans, the import of Kruger rands and other forms of investment," the FT warned.

Wimpy wants to serve everyone

Star 19/2/85

By Bill Levitt

SA Wimpy Ltd, the fast food chain controlled by Anglovaal, could "double its turnover overnight" if blacks had free access to restaurants in white areas, says Mr Errol Kristal, one of the company's directors.

While it it true that the Government and some downtown restaurateurs may turn a blind eye to the restrictive regulation under the Group Areas Act, its very existence seriously affects business, Mr Kristal said in an interview.

The franchise chain has annual retail sales of close to R60 million and its turnover has been increasing at about 12 percent ahead of the current inflation rate, Mr Kristal said.

The firm has been lobbying senior Government Ministers to have the regulation dropped. The Strydom Commission recommended repeal of the Act but no action has yet been taken.

To date, the chain has 160 stores, including those under the banner Golden Egg, Golden Egg Grills, Pizzaland and the newly-acquired Wendy's — the fast-food operation which has been operating in Sandton and Hillbrow.

SA investment curbs cause row in OECD

Star 22/2/83

61

The Star Bureau

LONDON — Curbs on investment in South Africa have caused an international row in the Organisation for Economic Co-operation and Development (OECD).

Britain and Sweden have been at each other's throats over Swedish legislation passed on Wednesday further to limit the ability of Swedish companies to invest in their South African subsidiaries.

'RULES IGNORED'

The row erupted when Britain complained, to a meeting of the OECD's committee on international investment and multinational enterprises on February 6, that Sweden had ignored OECD "rules" by not informing other member states of the impending legislation.

They also claimed that despite repeated requests for copies of the legislation they were not supplied for 10 weeks.

Britain says the legislation has extra-territorial implications — because it applies to subsidiaries of Swedish companies in third countries, including Britain, which invest in South Africa.

So, in terms of OECD "rules", Sweden was bound to inform member states of the legislation and circulate copies of it.

But Sweden says it had no need to inform OECD member states of the legislation because it was simply an amendment to legislation which had been in effect since 1979 — without complaint from other members.

Sweden also points out the legislation makes clear that when there is a conflict of laws, those of the host country, in which the company operates, take preference.

For these reasons Sweden did not think it necessary to inform the OECD.

And Sweden said it took 10 weeks to deliver copies of the legislation because it had to be translated into English — and legal translation was a time consuming process.

Sweden declined to comment to *The Star's* London Bureau. A spokesman for the British Home Office referred inquiries to the Department of Trade and Industries, who had no comment as it "affected relationships between states".

RDM 25/2/85 (QB) 61

THE industrial court has found that the British-owned company Johnson Tiles acted in breach of an agreement with the Building Construction and Allied Workers' Union in unfairly retrenching a number of workers. It ordered their reinstatement.

UK-Sweden row erupts over investment in SA

ARGUS 25/2/85 (61)

Argus Foreign Service

LONDON. — Curbs on investment in South Africa have caused an international row in the Organisation for Economic Co-operation and Development.

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"No need to tell the rest"

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61

UK opposes Sweden's disinvestment policy

From NEIL BEHRMANN

LONDON. — Britain is opposing Sweden's attempt to stop UK registered subsidiaries of Swedish companies from investing in South Africa.

An official from the UK Department of Trade said that several other major industrial countries were following the same line.

Last week Sweden's parliament increased restrictions on Swedish companies operating in South Africa.

Equipment

The new law prohibits Swedish subsidiaries in South Africa from leasing new equipment. It closes a loophole in previous legislation which prohibits the purchase of equipment.

Swedish companies reporting requirements have also been expanded and the Swedish government now has authority to halt technology transfers. Loans are prohibited as well.

The law also applies to Swedish company subsidiaries registered in other countries. But a UK trade official said Britain and other major countries "reacted very strongly to Sweden's extra-territorial legal rules" at a meeting of the Paris-based Organization for Economic Co-operation and Development.

The countries intend opposing any Swedish efforts to interfere with companies registered in their territory. The British rule applies to any foreign country.

Contacts

A recent example is UK opposition to the United States' efforts to prevent American subsidiaries in the UK from selling high technology goods to the Soviet Union.

The Swedish Government also recommends that public agencies limit their sport, cultural and scientific contacts with South Africa.

But it has retained the option to exempt some companies which invest in South Africa. It is also against a total trade boycott.

The Financial Times says that Swedish exports to South Africa rose by 57 percent to 1,48 billion kroners (R348m).

There are 11 Swedish companies in South Africa with a total turnover of 1,8 billion Swedish Kroners (R424m).

These include SKF, the bearing manufacturer, the Alfa Laval engineering group, Atlas Copco, a major supplier of mining equipment and drill steel — Fagersta and Sandvik steel groups and Esseltine, the office equipment manufacturer.

The Industry Federation in Stockholm complains that the law will erode Swedish competion without improving black living standards.

Mr J P J J van Rensburg has been promoted to senior manager, claims assessment at Santam head office in Cape Town.

61 (56)

Shell: Dieldrin profit 'miniscule'

CAPE TIMES 28/2/85

By DI MEEK
Environment Reporter

PESTICIDES accounted for more than $825-million (about R1 640m) of Shell's agrochemical group sales world-wide in 1981, of which at least five percent represented the sale of dieldrin and the closely related chemicals, aldrin and endrin.

However, Shell South Africa have said that their profits from dieldrin are miniscule. A spokesman for the company said yesterday that they did not have figures for sales or profits for dieldrin worldwide. Even if they did they would not be at liberty to make them public.

The figure of $825-million is given in a publication "Getting Tough, Public Policy and the Management of Pesticide Resistance", authored by two top American pesticide scientists and published late last year by the World Resources Institute in the United States.

Inflation

It is among information gathered from overseas sources including the World Health Organization, scientists and published scientific papers by Mr John Comrie-Greig, editor of African Wildlife Magazine.

Mr Comrie-Greig said that allowing for inflation and at the present exchange rate the 1985 figure for Shell's pesticide sales world-wide could well be in the order of R2 000-million.

"Although Shell has refused to disclose the quantities of dieldrin sold in Southern Africa their sales of dieldrin world-wide by no means contribute a miniscule portion of the profit," he said.

Mr Comrie-Greig said the multinational oil company was listed as the fourth-biggest supplier of pesticides after Bayer, Ciba-Geigy and Monsanto.

"It seems to me that the real reason why Shell South Africa will not back down on the dieldrin issue is that it would create a precedent world-wide, and eventually lead to the cancellation of multi-million-dollar contracts," he said.

Dieldrin (along with aldrin and endrin) are banned or severely restricted in most Western countries.

Mr Comrie-Greig said the extent of the pesticide problem was clearly illustrated by figures supplied to him by Oxfam, the international famine-relief organization, and the United Nations.

Poisoned

Oxfam estimated that by 1981 there would be 750 000 cases of pesticide poisonings worldwide with pesticides accounting for 14 000 deaths.

But more recent figures from the United Nations suggested that about two million people are poisoned by pesticides each year, particularly in developing countries.

An American scientist had also written to the Wildlife Society and produced evidence which showed that dieldrin and endrin were listed among the pesticides most commonly responsible for poisoning cases in the Third World.

● When asked to comment, a spokesman for Shell said yesterday that Shell South Africa did not have information on worldwide pesticide sales which involved numerous other companies and suppliers. Similarly they could not comment on the percentage breakdown of worldwide sales.

He said Shell South Africa had already stated that its profits from dieldrin were miniscule. As far as the group was concerned Shell South Africa did not have figures and in any event would not be at liberty to make public what constituted group proprietary information.

He said that in a recent television interview the chairman of Shell South Africa, Mr J R Wilson, was asked whether the continued sales of dieldrin were worth the "hassles" and whether it wasn't much easier to give in and cease supply.

Mr Wilson replied that he had agonized over the question for hours: "If one looks at commercial advantages only, then the answer to that question is clear — no, commercially it just wasn't the hassle.

"Already, in terms of man-hours spent on the issue, it has cost us a few years' profit from dieldrin sales. But then this is not a simple, commercial debate.

Supplied

"I sincerely believe that Shell's responsibility towards the people in Southern Africa outweighs any other consideration. As a company with a highly developed social awareness, our primary responsibility is to preserve the lives and livelihoods of people, and to maintain stable economies in those countries where need is greatest. There is no easy way out."

In reply to questions on how much dieldrin was produced by Shell, and how much was supplied to South Africa, Botswana, Swaziland and other countries elsewhere in the world, the spokesman said this was also proprietary information.

There existed a privity of contract between a company and its customers, and to disclose this information would be in breach of that relationship.

Call for full dieldrin probe

61

CAPE TIMES 2/3/85

By DI MEEK
Environment Reporter

PESTICIDAL poisoning has been seriously under-reported in South Africa, and registered pesticide deaths probably represent as little as 10 percent of the true total, four conservation organizations have claimed in a statement.

The Wildlife Society, the Endangered Wildlife Trust, the Southern African Ornithological Society and the South African National Section of the International Council for Bird Preservation issued the statement in response to the letters sent to the staff of Shell South Africa by the chairman, Mr J R Wilson, and printed in the Cape Times yesterday.

Their full statement is as follows:

Dieldrin: We deplore Shell's decision to continue to supply dieldrin to Southern African states. The chemical is dangerous to the environment because of its longlasting properties and its accumulation in the tissues of animals.

It is particularly lethal to birds of prey and a danger to other animals including man, at the end of food-chains in which dieldrin is known to be concentrated.

The dieldrin being used in Botswana, SWA-/Namibia and Swaziland is contaminating the marine ecosystem of the Indian Ocean. This is unacceptable and must be stopped at once.

Unconvincing

Shell's statement that dieldrin is indispensable in combating tsetse fly is unconvincing. The continued availability of dieldrin is postponing the introduction of environmentally accepted insecticides, such as the synthetic pyrethroids of which three kinds were shown to be effective against tsetse fly in Nigeria six years ago.

Similarly, it is unlikely that dieldrin is the only remedy for the black sugar-cane beetle in Swaziland, when in South Africa (where dieldrin is banned) 12 insecticides are registered for control of the closely related black maize beetle.

Despite the fact that dieldrin is banned here for very good reasons, to our shame the chemical continues to pass through this country to our neighbouring states.

The possibility of accidental spillage in Durban (where it is imported, formulated and packaged) or damage to containers while in transit to end-users, poses an unacceptable threat to the SA environment.

Shell's "concern": If it is no mere advertising catch phrase that Shell is "a company with a conscience"; that "the protection of the environment has always been and will remain a major concern of Shell South Africa"; that the company competes with others when tenders for the supply of dieldrin are called for; that Shell makes "a minuscule" profit from the sale of dieldrin and that there are no commercial advantages in continuing to supply it, then let Shell demonstrate its concern by not submitting any more tenders, and by closing down its dieldrin-formulating facility in Durban.

If other chemical companies then supply dieldrin in Southern Africa, they in turn will have to contend with public condemnation both here and overseas.

Pesticidal poisoning in man: The numbers of deaths of humans caused by agricultural remedies was raised by us, not to imply that dieldrin alone was responsible (although we do have records of mortality caused by dieldrin), but to refute the claims by Shell that end-users of pesticides are fully aware of the properties of this chemical.

In a radio broadcast of 25/1/1985 a spokesman for our organizations claimed that an annual average of 68 deaths caused by pesticidal poisoning occurred between 1966 and 1980, with 113 deaths in 1980.

Shell SA has disputed this, claiming that only six people died in 1980 and that 113 notifications of pesticidal poisoning were recorded that year. Our statement was based partly on the figures supplied by the Central Statistical Services, RSA (1982), but we also took into consideration two other official documents.

Firstly, a publication from the SA Department of Agricultural Technical Services (Wiese Bot, 1973, Entomological Memoir No. 30) stated that 6 000 cases of pesticidal poisoning among farm workers were reported to the Workmen's Compensation Commissioner for the five-year period 1962-1966, or an average of 1 200 a year.

Secondly, in a press release from the Department of Agriculture, Mr M V Orban, the registrar of the Fertilizers, Farm Feeds, Agricultural Remedies, and Stock Remedies Act (Act 36 of 1947) stated that 103 persons died in South Africa between 1 April 1982 and 31 March 1983 from ingesting agricultural remedies.

Investigation

We have conducted a limited investigation into the incidence of pesticidal poisoning in South Africa, in an attempt to resolve the anomalies in statistical reporting.

This has revealed some startling facts which indicate that pesticidal poisoning — a notifiable condition — has been seriously under-reported.

For example, the official figures released for pesticidal deaths by the Department of Health and Welfare for the five-year period 1979 to 1983 total 52.

229 deaths

However, according to our information, 229 cases of death from pesticidal poisoning were recorded by the Johannesburg chemical laboratory of the department in the same period.

Therefore it appears that the Johannesburg laboratory alone registered 4½ times the alleged national total. When pesticide deaths from other areas of South Africa are added to this total, we maintain that reported pesticide deaths probably represent as little as 10 percent of the true total.

We regard this as a matter of national concern and request that an investigation of the situation be instituted by the appropriate medical authorities.

NEI discounts disinvestment

(61) Star 4/3/85

By Stan Kennedy

The UK-based international engineering group, NEI, holding company of the JSE-listed NEI Africa, will continue to invest in South Africa in both plant and people, despite calls for disinvestment.

Chief executive of NEI, Mr Terry Harrison, said during a recent visit to South Africa that his group had an obligation to about 4 000 workers of all races.

"We have a well-established and vibrant group of companies under the NEI Africa banner and our intention is to maintain our interests and to invest sensibly in the future."

A comparatively young company, NEI Africa has committed more than R60 million in capital expenditure since it was established in 1978. More than R15 million was invested last year.

STEADY GROWTH

The group maintained its steady growth in 1984, recording a net operating increase of 24,7 percent to R32,2 million and a dividend increase of 13 percent to 130c. Turnover last year was R205 million.

Mr Harrison said the regular commitment of capex had enabled the company to keep up with the expanding requirements of South Africa's power generation, distribution and associated activities, while maintaining a strong export capability.

The group had been a significant and consistent contributor to NEI turnover and profits, with a "quite outstanding" record over the past four years.

"We regard the South African market as most important, not only for these reasons but also because, as an integral part of NEI, it is a regular contributor to technology transfer," he said.

Comparing dieldrin and newsprint 'laughable'

Cape Times 6/3/85

By DI MEEK
Environment Reporter

THREE leading conservation organizations yesterday condemned Shell South Africa for resorting to costly nation-wide advertising to justify its continued production and sale of dieldrin.

Full-page adverts, at an estimated total cost of between R20 000 and R30 000, were placed by Shell in weekend and daily newspapers. The advert took the form of a personal letter from the chairman, Mr J R Wilson.

In the letter Mr Wilson pointed out that even printing ink of newspapers was poisonous and the production of newspapers involved large-scale pollution and damage to the environment. But, they were vital for communication.

He said Shell didn't like dieldrin any more than other environmental pollutants, such as newspapers and coal-fired power stations, but it reduced diseases and crop losses.

He argued that just as newspapers were a trade-off between environmental damage and social gains so was the use of dieldrin a trade-off between environmental damage and gains in community health and wealth.

The difference was that Shell was working "flat out" on an alternative to dieldrin. When they found an alternative, he guaranteed there would still be newspapers and power stations.

In a joint statement issued last night the Wildlife Society, the Endangered Wildlife Trust and the Southern African Ornithological Society, said the comparison of dieldrin to newsprint as a poison was "laughable".

"In pointing out that newsprint is poisonous and that the production of paper inevitably involves environmental damage Mr Wilson hopes to discredit conservationists by implying that they are anti-pesticide and anti-progress. We are not," they said.

"We believe dieldrin is a filthy environmental contaminant which no self-respecting or allegedly environmentally aware company can associate itself with."

They said dieldrin was banned by many countries including South Africa and they believed Shell was flying in the face of South African public opinion and the spirit of a South African government decision in continuing to supply it to South Africa and its neighbouring states.

They said Mr Wilson had pointed out that in its early history dieldrin was used indiscriminately until tests showed that it was environmentally harmful. Now, he claimed, it was used with care.

"We point out that the dangers of dieldrin and other pesticides were first detected by conservationists and not by the chemical companies, and that these companies were forced in the 1960s and 1970s by public opinion to put their house in order.

"It is a sad reflection on our society that the vast advertising resources of a multi-national company should have to be be mobilised in the 1980s to justify the continued use of this poison and to ridicule rational protest from conservationists," they said.

They said that no matter how dieldrin was applied it inevitably entered the environment and food-chains as a result of wash-off from vegetation and from equipment being cleaned in rivers.

"We believe that effective alternatives to dieldrin exist and that, even if these should be less long-lasting, more expensive and less convenient, at least they do not present long-term hazards to the natural (including human) environment.

"We therefore stand by our earlier statement that dieldrin is an unacceptable environmental contaminant and we call for it to be banned entirely from the Southern African sub-continent."

US, UK, SA in talks on reform

From JOHN BATTERSBY

LONDON. — Leading South African, British and United States business executives will meet behind closed doors in a castle outside London today to consider proposals by the Rev Leon Sullivan for foreign investors to step up pressure for reform in South Africa.

The "private" meeting has been organized by Mr Sullivan — the American author of the Sullivan code of conduct for US firms operating in South Africa — with the backing of General Motors in the US.

Invitations to major British and South African companies went out in the name of Mr Edward Heath, the former British prime minister and now a Tory MP.

The Sullivan initiative is believed to have the full backing of the Reagan administration, anxious to rescue its ailing policy of constructive engagement.

It is aimed at pre-empting the growing US disinvestment lobby backed by Democrat Senator Edward Kennedy.

The South African contingent will be headed by Mr Jan Steyn, director of the Urban Foundation.

Mr Sullivan has won the provisional backing of 119 of the 126 US signatories of the Sullivan principles for a revised code which would require signatories to apply direct political pressure on the South African Government to dismantle apartheid.

Cape Times 9/3/85

(61)

Small yes for disinvestment

From JOHN BATTERSBY

LONDON. — Oxford University Debating Union narrowly supported the case for British disengagement from South Africa when it voted 203-198 to sever all links with South Africa on Wednesday night.

The leader of the Progressive Federal Party, Dr Van Zyl Slabbert, arguing against the motion, was defeated by Canon Paul Oestreicher, former chairman of Amnesty International.

The narrow victory for the disinvestment lobby at the Oxford Union debate contrasted sharply with the overwhelming victory scored by exiled editor Donald Woods speaking to the same motion at Cambridge four months ago.

Not taken literally

Mr Woods defeated the South African Ambassador, Dr Denis Worrall, by 540 votes to 134 with 252 abstentions.

There was broad consensus on both sides that the motion could not be taken literally and that it would be absurd to sever all links.

The debate took place while controversy raged on the campus as to whether it should take place at all.

At various stages during the run-up to the debate the South African Ambassador, Dr Worrall, the leader of the Labour Party, the Rev Allan Hendrickse, and the Kwazulu leader, Chief Gatsha Buthelezi, withdrew from the debate.

Many other potential speakers including UDF patron Dr Allan Boesak, Mr David Kitson and AAM President Archbishop Trevor Huddleston refused invitations to speak in the debate.

Solidarity to raise disinvestment issue

Political Staff

SOLIDARITY, the Opposition in the House of Delegates, is to raise disinvestment in the House next week, Mr Pat Poovalingam, party chairman, said yesterday.

He said his party would look at the reasons for disinvestment and would travel overseas, if necessary, to influence foreign businessman not to withdraw their investments from the Republic.

"The campaign for disinvestment is a reaction to the oppressive and racialistic actions of the South African Government and the detention without trial of many innocent South Africans," he said.

Mr Poovalingam said it could be proved that many detainees had not been brought to trial and were not guilty of committing an offence.

"Decent people overseas are merely expressing their shock and disgust at the government's actions by withdrawing their investments or calling for disinvestment in the country," he said.

Plan to disinvest in SA undercut

CAPE TIMES 11/3/85 (6)

From JOHN BATTERSBY

LONDON. — A top-level delegation of South African businessmen has scored a breakthrough in the propaganda battle to undercut mounting pressure for United States disinvestment in South Africa.

The breakthrough came at what had been planned as a secret summit of South African, British, American and Swedish business executives under the chairmanship of the former British prime minister, Mr Edward Heath.

The focus of attention at the meeting was the Rev Leon Sullivan, author of the Sullivan code of conduct for American companies operating in South Africa.

The South African delegation was led by the Director of the Urban Foundation, Mr Jan Steyn, and included Mr Tony Bloom, executive chairman of the Premier Group, Mr Basil Hersov, executive chairman of Anglo Vaal, and Mr T R Hofmeyr, executive director of Barlow Rand.

Informed sources said the conference had brought South African business leaders to a closer understanding with Mr Sullivan who, in turn, recognized the vital role that South African businessmen were playing in promoting internal reforms.

The meeting was held on Thursday and Friday in Leeds Castle, about 60km from London.

The conference was organized by US multinational interests through Mr Sullivan and Mr Heath, without the blessing of the British or South African governments, and against the advice of the UK-SA Trade Association.

A bland statement released after the conference contained the essence of a remarkable new consensus which will simultaneously intensify business pressure on the SA Government and undercut the growing momentum for outright disinvestment.

'Encouraged'

The presence of a three-man Swedish delegation headed by Dr Aake Magnusson, chairman of the Council of Swedish Industries, is considered significant as the Swedish Government has been at the forefront of disinvestment moves.

The formal statement agreed on by the 18 chief executives present, said participants had "agreed to continue their individual and collective efforts to encourage reform in South Africa".

South African participants in the conference pointed to the significance of a key paragraph: "It is important to reflect that economic growth and productive investments are essential to forces now taking place in South Africa ... The participants are encouraged by the progress that has been made."

This, sources said, concealed a protracted discussion on shop-floor developments involving black trade unions and progress towards accepting black urbanization, and the eventual phasing-out of influx control.

Argued

A paper delivered by Mr Jan Steyn, entitled "The social and legal situation in South Africa and which way the country is heading", and one by Mr Basil Hersov on the role of private business in leading change, formed the focus of discussion.

The South African delegates argued that foreign investers could achieve more by continued involvement in South Africa than they could by opting for disinvestment or outright confrontation with the South African Government.

But there was agreement among them that it was important to keep Mr Sullivan on the side of South African business because of his less "radical" demands that foreign investors should support political change.

Reluctant

Although there was no discussion on the detail of Mr Sullivan's revised principles — which in their draft form call on signatories to play a direct political role in promoting reform — there was broad agreement that local and foreign business pressure should be intensified.

The British participants in the conference insisted that their adherence to the milder EEC Code of Conduct for firms operating in South Africa was achieving results. They were clearly reluctant to endorse any strategy which would amount to a direct involvement in South Africa's political affairs.

Entire plant shipped from UK

E-Post (61)
14/3/85

AN entire milk evaporator plant used for chocolate making on the River Severn in England has been shipped from South Africa.

EMS Cape, a company which specialises in managing projects of this nature, was given responsibility for supervising the dismantling, crating and shipping of the plant, followed by re-erection in its new position in Cadbury's Port Elizabeth factory.

Mr Mike Farrell, EMS Cape's director resident in Port Elizabeth, said: "This was an exciting project as we were given only 10 days in which to mobilise and two weeks in which to dismantle the plant.

"However, all went well and the plant is now operating in Port Elizabeth to our client's complete satisfaction.

"Importation of used production plant from overseas can be an attractive proposition these days, particularly with current rates of exchange adversely affecting the cost of new equipment.

"We found this project a tremendous challenge and intend offering our services to other South African clients for similar projects," added Mr Farrell.

 RDM 15/3/85 (61)

UK firms committed to SA investment

By DAVID FURLONGER

BRITISH companies are committed to maintaining their investments in South Africa, says the chief executive of the British Overseas Trade Board, Mr Christopher Roberts.

Addressing a meeting of the SA-Britain Trade Association yesterday, he said that while British companies were aware of the disinvestment issue in the US, they were unlikely to bow to similar pressures.

"In this matter, as in others, we in Britain will make up our own minds. British businessmen tell me they have no wish to change present relationships.

"This is a matter for the commercial judgment of the investor but it comes as no surprise to me that your British trading partners are standing by their commitments."

Mr Roberts, who is visiting South Africa for talks with Government Ministers, businessmen and trade organisations, said British exporters were aware of the economic problems facing South Africa, and expected export volumes to this country to fall in the months ahead.

Despite this, Britain expected to increase its manufacturing exports worldwide by at least 5% in volume terms this year.

British companies had now largely regained the competitiveness in world markets which they lost in 1979 and 1980.

"Their competitive strength is reflected in the increase in our exports of manufactures by 9,5% in volume terms between 1983 and 1984. For 1985 we can reasonably set our sights at 5%, or even a little more."

Mr Roberts said he expected world trade to grow over the next few years at a rate which would compare well with the recent past. He believed British exporters would at least hold their share of that growth.

"So far as British exports to South Africa are concerned, all this means that the competitive strength of British companies, as suppliers to your market, should have improved.

"I am confident that they will continue successfully to meet your requirements in traditional sectors such as mining machinery and power generation, even though the immediate prospects here are less encouraging than they have been in the past."

He said South Africa's economic woes were a direct reflection of those of the world economy and low gold price, exacerbated by the drought.

"Nevertheless, the South African economy remains basically sound. The main question is not if, but when, the upturn will occur."

He said British business confidence in SA was mirrored in the rate of reinvestment in this country.

"In recent years, some 7% of the total overseas investments, including reinvestments, made by British companies have come to South Africa — much the same as in earlier years.

"The removal of exchange controls in the United Kingdom and the abolition of the financial rand by South Africa means that the investment now reflects the decisions of companies made in a free market environment, taking account of all the perceptions of companies about South Africa.

"The judgments reached by the individual companies, whose money is at stake, are what matters."

Mr Roberts said British businessmen welcomed recent statements by the State President, Mr P W Botha, suggesting movement towards political change.

"There are great benefits from maintaining a consistency of approach to any trading relationship. Trade between countries is an important channel through which we can exchange ideas as well as goods.

"Continued economic development, strengthened by trade, provides in the view of many observers the best means by which peaceful change can be encouraged."

CHRISTOPHER ROBERTS ... unlikely to bow to pressure.

Num official seeks redress

D. Dispatch 1/3/85

61

JOHANNESBURG — Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers (Num), who is currently on a visit to Europe, is to fly to Holland today to meet senior Shell management over the dismissal of more than 70 black miners from the Rietspruit colliery.

Shell half owns the open-cast mine. The other half is owned by Rand Mines.

The workers were dismissed for ignoring an ultimatum to return to work and end their five-day strike over the dismissal of two Num shop stewards.

Mr Ramaphosa apparently also intends to speak to Dutch trade unions in an effort to put international pressure on the mine to reinstate the workers.

In another mining dispute, the Supreme Court has ruled that 91 out of 100 mineworkers be evicted from their hostel at the East Driefontein goldmine near Carletonville.

The workers were arrested during a strike by more than 11 000 workers at the mine last week.

The court was asked to discharge the order in respect of another 172 workers who have either been re-employed or have left the mine. — DDC.

UK's SA firms may face stiff labour requirements

RDM 1/4/85

By JOHN BATTERSBY
London Bureau

LONDON. — The British Government has hinted at a review of its policy towards British firms operating in South Africa with a view to tightening the EEC Code of Conduct and making it mandatory.

In a BBC television programme on the desirability of economic sanctions against South Africa, the Foreign Office Minister, Mr Malcolm Rifkind, conceded for the first time at the weekend that a review of the EEC Code was under consideration.

"There may very well be a case for looking at the EEC Code and seeing if it can be improved," Mr Rifkind said during a sanctions debate with the Labour Shadow Foreign Secretary, Mr Denis Healey.

The first official hint of a review of the European Community's employment code came against the background of mounting domestic and international pressure on the British Government to use its economic muscle to back up verbal condemnation of apartheid with action.

Mr Rifkind's comments came the same day that the influential pro-Tory weekly, The Economist, called for a "direct confrontation with economic apartheid".

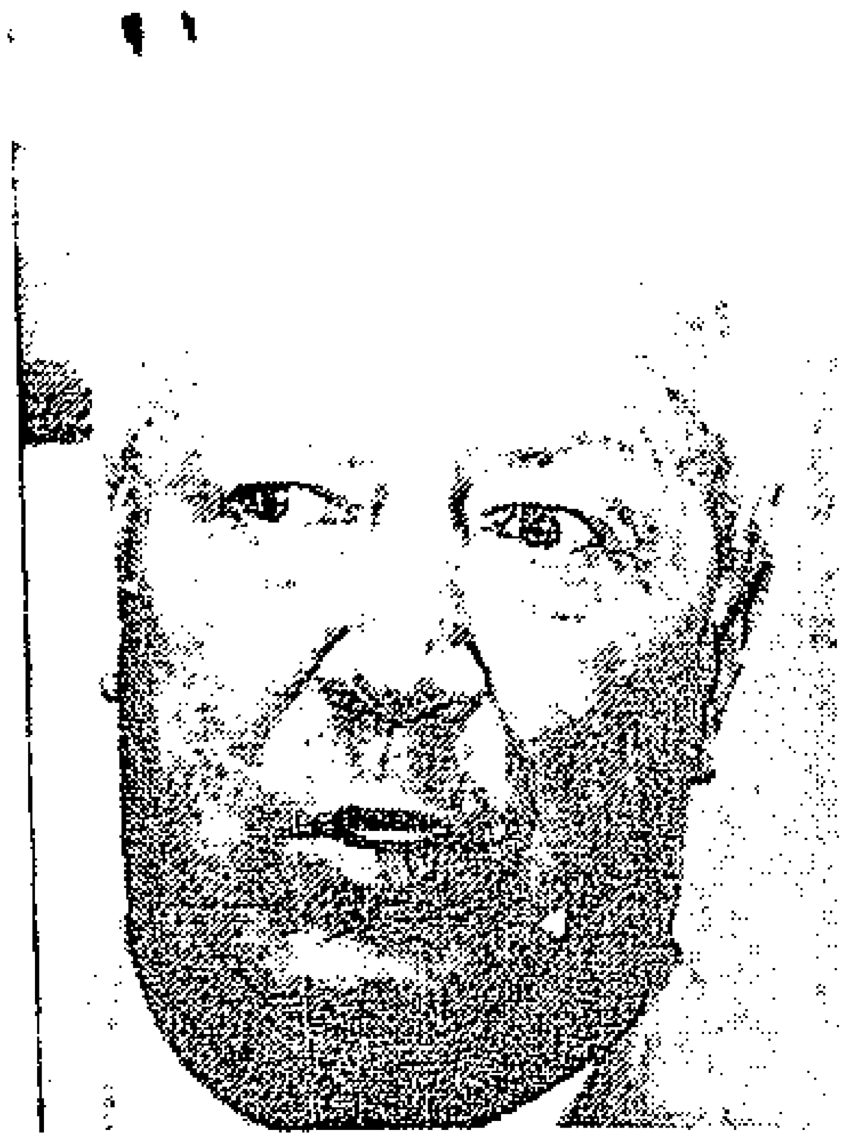
The magazine said: "The Sullivan and EEC codes of good employment practice can be extended to cover all foreign employers in South Africa. If need be, the companies can otherwise be denied government contracts back home."

The EEC Code, which lays down minimum wages and prescribed working conditions for black employees, is subscribed to on a voluntary basis by most British and Western European companies operating subsidiaries in South Africa.

Last week the British Department of Trade and Industry released its annual report on the performance of companies subscribing to the code.

More than 90% of British companies with South African subsidiaries reported to the department, but the analysis showed that only 27% had eradicated racial discrimination in the workplace and that a significant minority still paid below the minmum wage level.

Mr Rifkind said the British Government was in favour of the "maximum diplomatic pressure" on South Africa to abandon apartheid, but said sanctions would hit the blacks hardest and had proved ineffective.



Mr Edward Heath

Mr Jan Steyn

Mr Basil Hersov

Mr Tony Bloom

Revised Sullivan Code may buy valuable time for SA

Cape Times 8/3/85 61

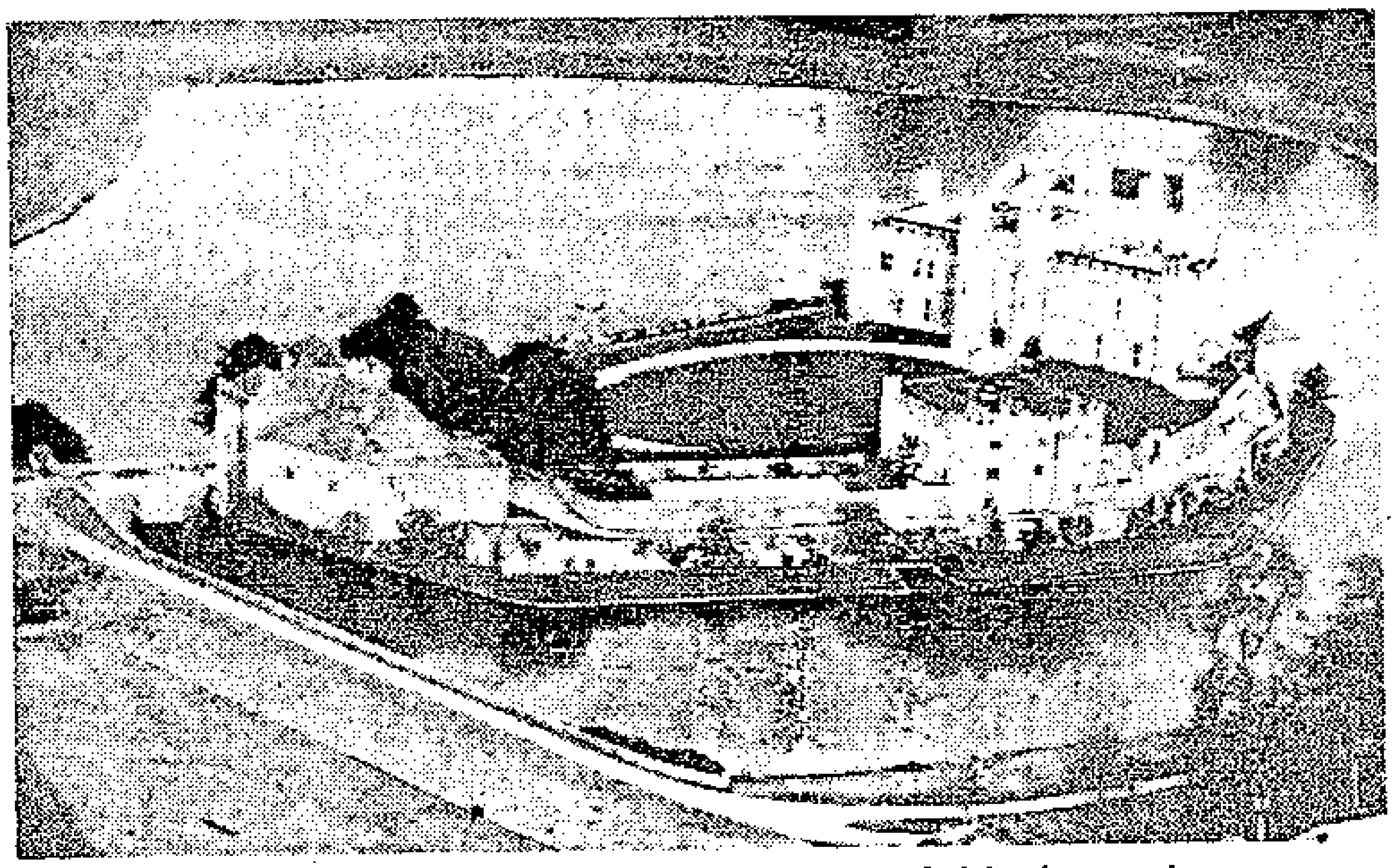
JOHN BATTERSBY reports from LONDON

A CONFERENCE held in the Leeds Castle in Kent this week might have been the last chance for the South African business community to defuse the growing disinvestment campaign.

The conference — described by the organizers as "private" — was remarkable in several respects.

For the first time it brought together the Reverend Leon Sullivan, leading South African businessmen, United States company executives and executives of leading British companies who have firmly rejected disinvestment as a means of accelerating reform in South Africa.

Mr Sullivan wrote the code of conduct for US firms operating in South Africa.



Leeds Castle in Kent — venue for SA's last chance

Revised principles

Acting as chairman and organizer of the conference was Mr Edward Heath, a former British prime minister. He gave a tough warning when he visited South Africa in 1981 that failure to grant blacks political rights would lead to revolution.

The conference, set up by Mr Sullivan with General Motors' backing and with Mr Heath's assistance, was a follow-up to an earlier meeting with British executives in 1983. At that meeting Mr Sullivan sought British support for his revised Sullivan principles.

The revised code requires signatories to apply direct pressure on the government to dismantle apartheid.

It is believed that British companies are less than enthusiastic about the new Sullivan proposals in their present form because they would amount to direct inteference in South Africa's domestic affairs.

Strong reservations

Most British companies with

coming involved in what amounts to direct interference in South Africa's domestic affairs.

Political intervention through multinationals operating in South Africa also raises for many US businessmen a series of moral questions about their operations in other countries with poor human rights records, particularly communist countries.

However, given the tide of disinvestment sentiment in the US, they realize that the choice is no longer between backing the Sullivan principles or rejecting them, but between continuing their South African operations under the protection of the Sullivan umbrella or not operating in SA at all.

In this way some firms not prepared to follow Mr Sullivan into the political arena might reluctantly sell to local interests, as Ford decided to do when they sold a 60 percent stake in a merger with Anglo-American in January.

Ford was recognized as the most progressive and highest-paying foreign employer of black labour in South Afica.

results of this week's meeting are known, but the meeting could be a turning point in the disinvestment campaign.

The Urban Foundation's Mr Steyn will be able to chronicle an impressive list of achievements since it began its work nine years ago, particularly in paving the way for leasehold and freehold rights for blacks.

But he will counter any moves by US business to dictate the pace of reform in South Africa.

The South African business contingent has been asked to co-operate in a Sullivan monitoring committee which would include business leaders, trade unionists, church representatives under the chairmanship of Mr Herman Nickel, American ambassador to South Africa and an outspoken advocate of constructive engagement.

This does not rule out the possibility of a deal whereby South African business would agree to such a role in return for a toning down of the proposals.

In short, the Sullivan strategy presents possibly the last chance for the Reagan admini-

state legislatures.

New York city has already begun withdrawing R1,2 billion in pension money from South African-linked companies and Citibank has agreed to liquidate its loans to South Africa by the end of this month.

More than 20 other US cities are moving in the same direction and about 40 colleges and many churches in the US have decided on various forms of disengagement from South Africa.

A "consensus Bill" in the US to agree on a joint Democrat-Republican approach to disinvestment is only being delayed because of South African reservations about the inconsistency of continued investment in various communist countries.

However, even the most committed proponents of disinvestment concede privately that even total US disinvestment in South Africa — if it could be achieved (which is doubtful) — would have, at best, a limited effect on accelerating the pace of internal reform.

But both opponents and advocates of disinvestment fear that the current crusade in the US has already assumed its own momentum and could result in disinvestment measures being adopted regardless of the wishes of those who initiated the campaign.

Peaceful option

US opponents of outright disinvestment fear that it could be counter-productive and even diminish the prospect of evolutionary change by hitting the blacks hardest and driving whites back into the laager.

But, at the same time, there is a growing realization in the US and the West generally that the use of economic pressure is the only peaceful option for countries which stridently condemn apartheid but continue to trade with South Africa.

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Strong reservations

Most British companies with operations in South Africa subscribe to the voluntary and milder EEC Code of Conduct.

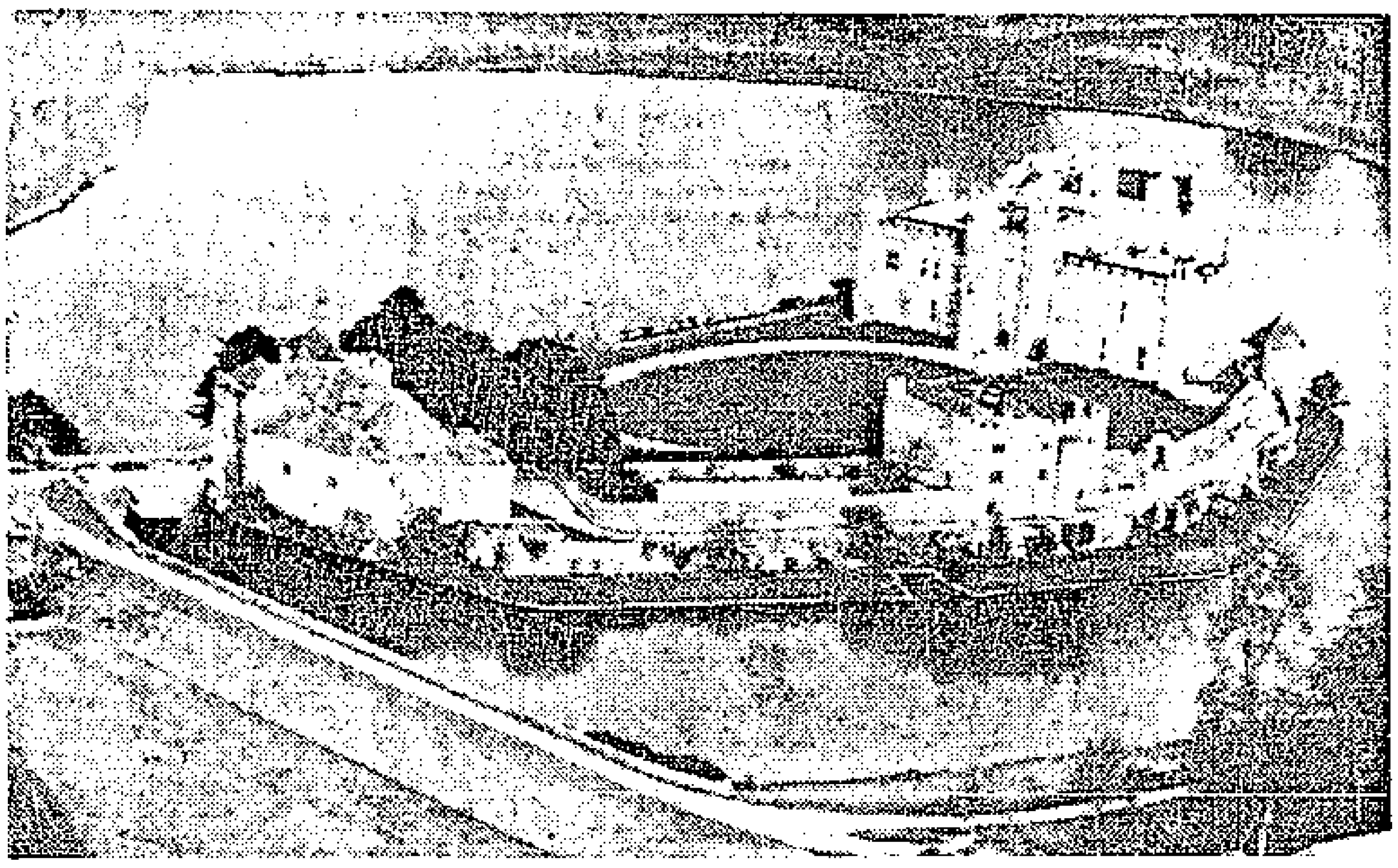
South African representatives at the Leeds Castle meeting, including Urban Foundation director, Mr Jan Steyn, have strong reservations about the revised Sullivan proposals.

But the possibility of a deal whereby the proposals would be toned down in return for an input and monitoring role for the South African business community has not been ruled out by sources close to the meeting.

Signatories would be required to campaign actively on issues such as influx control, forced removals, family housing for black workers and an official "hands-off" approach to black trade unions.

They would also be required to urge other companies in South Africa to follow the principles.

While 119 of the 126 US Sullivan signatories have already given provisional backing to the proposals, many are uneasy about the implications of becoming involved in what amounts to direct interference in South Africa's domestic affairs.



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Ford was recognized as the most progressive and highest-paying foreign employer of black labour in South Afica.

Mr Sullivan's efforts to broaden the base of his principles to include British companies operating in South Africa — and his attempt to seek the quiet co-operation of South African business — is the most far-reaching development on the disinvestment scene in recent months.

The move also shows a concern by Mr Sullivan and his General Motors backers that American business should not be the only ones to bear the economic consequences of disinvestment.

If successful, the Sullivan strategy, which amounts to a manifesto for continued foreign investment in South Africa, would undermine the growing campaign for disinvestment. It would buy time for evolutionary change in South Africa.

It would also fit in with Bishop Desmond Tutu's two-year deadline for advocating economic sanctions if apartheid has not been dismantled by then.

It will take time before the results of this week's meeting are known, but the meeting could be a turning point in the disinvestment campaign.

The Urban Foundation's Mr Steyn will be able to chronicle an impressive list of achievements since it began its work nine years ago, particularly in paving the way for leasehold and freehold rights for blacks.

But he will counter any moves by US business to dictate the pace of reform in South Africa.

The South African business contingent has been asked to co-operate in a Sullivan monitoring committee which would include business leaders, trade unionists, church representatives under the chairmanship of Mr Herman Nickel, American ambassador to South Africa and an outspoken advocate of constructive engagement.

This does not rule out the possibility of a deal whereby South African business would agree to such a role in return for a toning down of the proposals.

In short, the Sullivan strategy presents possibly the last chance for the Reagan administration to rescue its policy of constructive engagement with Pretoria, although in a modified form.

It might also present the last chance for the South African business community, which has embarked on a campaign to promote reforms, to play a role in undermining the US campaign for disinvestment.

By their presence at the conference, South African businessmen like the chairman of Premier Milling, Mr Tony Bloom, and the chairman of Anglo Vaal, Mr Basil Hersov, could make a major contribution to staving off disinvestment in some form.

The South Africa debate in the US, which has taken on the proportions of a national moral crusade, is no longer whether US companies should disinvest in South Africa, but what form that disinvestment should take.

Already five states in the US have enacted laws preventing the investment of public funds in South African-linked companies and disinvestment measures are pending in 27 other

New York city has already begun withdrawing R1,2 billion in pension money from South African-linked companies and Citibank has agreed to liquidate its loans to South Africa by the end of this month.

More than 20 other US cities are moving in the same direction and about 40 colleges and many churches in the US have decided on various forms of disengagement from South Africa.

A "consensus Bill" in the US to agree on a joint Democrat-Republican approach to disinvestment is only being delayed because of South African reservations about the inconsistency of continued investment in various communist countries.

However, even the most committed proponents of disinvestment concede privately that even total US disinvestment in South Africa — if it could be achieved (which is doubtful) — would have, at best, a limited effect on accelerating the pace of internal reform.

But both opponents and advocates of disinvestment fear that the current crusade in the US has already assumed its own momentum and could result in disinvestment measures being adopted regardless of the wishes of those who initiated the campaign.

Peaceful option

US opponents of outright disinvestment fear that it could be counter-productive and even diminish the prospect of evolutionary change by hitting the blacks hardest and driving whites back into the laager.

But, at the same time, there is a growing realization in the US and the West generally that the use of economic pressure is the only peaceful option for countries which stridently condemn apartheid but continue to trade with South Africa.

For anti-apartheid activists who reject violence as an option, economic sanctions — or some form of economic pressure — is the only avenue left.

It is this realization which the British government — weary of constant domestic and international pressure over its collaboration with Pretoria — is having to come to terms with.

Sanctions ineffective

On the one hand Britain welcomes the award of the 1984 Nobel peace prize to Bishop Tutu and fully endorses his campaign of peaceful opposition to apartheid.

But in the same breath it rejects economic sanctions or disinvestment as an ineffective and counter-productive strategy for internal change.

British executives realize that they will not be able to rely on British Foreign office protection indefinitely.

Leeds Castle could prove a watershed for the South African business community

61 ~~84~~ RDM 2/4/85

UK FIRMS CLOSE TO CODE

By NEIL BEHRMANN

LONDON. — The UK Minister of Trade, Mr Paul Channon, says most British companies in SA meet most of the European Economic Community's codes of conduct to improve the lot of black workers.

He added that 171, or 95%, of British companies submitted reports under the EEC code. The returns "showed evidence of increased dealings with emerging trade unions in SA and a greater commitment to training, education and community projects."

A UK Department of Trade analysis of the reports, however, showed that only 27% of the companies reported that they have total desegregation at work.

Out of the 171 companies, 115 have desegregated the working areas, 17 companies have integrated canteens and 41 integrated toilet facilities.

Critics of the EEC code say that it is too mild and that British companies should follow US companies and be far more active in ending discrimination between blacks and whites.

Mr John McQuiggan, executive director of the UK-SA Trade Association replies that most British companies were making deliberate efforts to develop the skills of their workforce.

Timber (61) B. Day 28.11.85

Shell moves into timber

ALAN PEAT

SHELL (SA) has continued its long-term diversification programme by moving into the timber-growing industry.

This follows international involvement by Shell in coal and metal as alternatives to its oil interests.

The international parent already has two timber-growing projects in New Zealand and one each in Chile and Brazil.

However, a spokesman for the South African operation said yesterday: "We have no plans at this stage to expand downstream into timber processing."

He said the company had decided to move into timber following an in-depth survey of this country's timber-growing potential.

The final report highlighted South Africa's ideal forest-growing conditions and the expected timber shortage by the turn of the century.

Figures released in October by the SA Timber Growers' Association show that the shortage is increasing. New afforestation is running at about 8 000 ha a year, significantly below the estimated 29 000 ha needed to meet the timber industry's future demands.

"With superior silvicultural techniques in carefully-selected locations Shell believes there are attractive business opportunities," said the spokesman.

The company's pilot project has been launched in Northern Natal with the purchase of a 4 000 ha smallholding at Kwambonambi.

However, the company could meet opposition from the region's sugar cane farmers.

Rex Hudson, assistant GM of the SA Cane Growers' Association, said although cane farming in the area was proving only marginally profitable, farmers were wary of alternative development.

"Farmers in Northern Natal are not too keen on industrial giants joining the agricultural industry. Sappi and Mondi are already buying vast tracts of land for timber growing. However, it's rands and cents that count in the end."

1/3/85 (61)

Shell states its c

THE following two letters have been addressed to all employees of Shell South Africa on the dieldrin controversy by the chairman of the company, Mr John R Wilson.

AS EMPLOYEES of Shell, you may yourselves have been asked for facts and opinions. I believe that it is vitally important that each one of you, forming as you do an integral part of this company, be fully apprised of the facts to enable you to deal with these queries, and more importantly, to assess Shell's position in the debate.

WHAT IS DIELDRIN? dieldrin is a well-established and effective pesticide. Its use in agriculture has diminished in recent years because of residue problems, but it has long played, and continues to play, an important role in the field of public health.

In 1981 the use of dieldrin was prohibited in South Africa, but it is currently registered for use in over 40 countries throughout the world, including parts of highly industrialized countries where some specific applications are retained.

Unlike many others, people in the Western world enjoy the fruits of abundance. In the developing world, however, hunger and sickness are all too common. In these countries, pesticides, properly applied, have a part to play in alleviating both.

Shell is fully aware of the life-saving role of certain of its agrochemical products and of the responsibilities of selling these products to developing countries.

There is clearly a need for these chemicals, and the danger to the environment must be weighted up against the indisputable and positive benefits which flow from their use.

Each specific case must be examined on its own merits and it must be decided whether the prime responsibility is one of protection of people and their livelihood or protection of the environment.

THE BOTSWANA QUESTION. The use of dieldrin in Botswana is a matter which has received considerable consideration. The Southern African Regional Cooperation Conference (Sarccus) debated the matter in 1981, and it was agreed that dieldrin is without replacement for certain uses, one of which is the combatting of the tsetse fly in Botswana, Zambia and in parts of South West Africa (its use in South West Africa is approved by the South African government).

In humans, the bite of the tsetse fly leads to sleeping sickness, and can be fatal. In cattle, to which tsetse flies are particularly attracted, a debilitating "tryps" infection manifests itself.

Control of the tsetse fly was a major concern in Botswana, where whole areas have in the past had to be evacuated by both people and herds of cattle.

Tourism is a major industry in the north and northeast of Botswana, and both of these vital sources of income would be severely threatened by the uncontrolled movement of the tsetse fly.

Over the years the Botswana government has had advice and assistance from many sources. Epidemiologists, entomologists and other experts have been invited to contribute. The World Health Organization and the Food and Agricultural Organization of the United Nations were consulted. The conclusion has always been that dieldrin was the most effective method of stemming the movement of flies.

The application of dieldrin is supervised by officers of the Department of Veterinary Services in Botswana. The product is kept under lock and key at a central depot in Francistown until distribution by the Department to the designated point of use occurs.

Purchases follow public tender, in which a number of competitors bid for the contract. All of the product supplied is clearly labelled, carries comprehensive instructions regarding its proper application, and warnings as to the potential hazards of incorrect usage.

It is against this background that dieldrin was supplied to the Botswana government.

SHELL SAFEGUARDS. Shell subject all their products to rigorous testing in order to ensure that risks associated with correct use are minimized.

It is convinced that these products do not present a health hazard when applied as directed and approved by the local authorities in the countries where they are sold.

Shell takes great care to ensure that proper instructions for use reach the consumer. Quite apart from very careful wording on labels and in sales literature, Shell companies world-wide contribute to education on sound pesticide use by providing technical information, training courses and seminars, and by maintaining close liaison with local government officers.

However, in spite of constant attention to the safe use of products, malpractices which are entirely outside the scope of Shell's control may occur.

While Shell regrets, and views with concern, such abuses, it remains committed to the belief that the ultimate benefits to society of supplying these products outweigh the hazards connected with these isolated incidents.

You will have read snippets of my press release to the media on Friday, 18 January 1985. I quote below the full text:

"The protection of the environment has always been, and will remain, a major concern of Shell South Africa. In promoting this philosophy the company sponsors and supports a number of environmental organizations. We are therefore greatly dismayed that it should be suggested that Shell South Africa was instrumental in dumping dieldrin in Botswana. We believe the following statement from the Botswana government puts this matter in its true perspective:

'Dieldrin has been used for the creation of barrier zones to prevent the invasion of tsetse fly since 1966. In some areas to protect cattle, in other areas to protect people and their families, and in some areas such as the Chobe, to protect tourists.

'No collapse of the ecology structure has taken place, nor is it imminent.

'The product has been handled responsibly by Shell with the full knowledge of South African officials in the person of the registrar (Act 36 of 1947) the Botswana government and other members of Sarccus. The latter discussed and agreed its use since 1981.

'Officers of the Department of Veterinary Services in Botswana decide on the tsetse control measures. Purchase of insecticides follow public tender in which a number of competitors also tender. There is no question that dieldrin was dumped unwittingly in Botswana, nor that veterinary department officials were unaware of the hazards associated with dieldrin.'

"There has been a call from conservationists in South Africa to stop supplying dieldrin to any country in Africa. The company reiterates that it periodically tenders on a competitive basis for the supply of dieldrin to certain African countries which still permit its use. There are, therefore, various sources of the material open to the governments in these countries. If Shell South Africa was to cease meeting requests for dieldrin this would not mean that the substance would no longer find its way into Africa.

"There is clearly a need for this chemical and the danger to the environment must therefore be weighed up against the indisputable and positive benefits that flow from its use.

"The governments of African countries must therefore have a voice in the debate on the use of dieldrin because only they can assess the consequences of its use in relation to the needs of their people.

"Nevertheless, the company wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for supplies through its facilities in South Africa."

I reiterate Shell's commitment to the environment and stress again that sales of dieldrin occur only periodically as tenders are called for
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Shell using 'responsibility,'

THE following statement was made recently on dieldrin by Mr G J Kotzé, Deputy Minister of Agricultural Economics and of Water Affairs:

In view of various reports in the news media in connection with alleged irregularities in the use of the agricultural remedy "dieldrin", I consider it expedient to inform the public in this regard.

All agricultural remedies which are offered for sale in the Republic of South Africa must be registered in terms of the requirements of the Fertilizer, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947). Strict control is exercised as to the safety, suitability and effectiveness of the commodities before registration is granted.

Should it be established at any time that a registered substance constitutes a danger for man and his environment, a prohibition is placed on the acquisition, disposal, sale and use of such an agricultural remedy by means of a notice in the Government Gazette.

The continued registration of dieldrin has been found to be contrary to the public interest and the acquisition, disposal, and sale of all agricultural remedies which contain dieldrin as an active ingredient was forbidden with effect from May 1, 1981. On the same date a prohibition was also announced on the use of dieldrin with effect from January 1, 1982.

In terms of the stipulation of Act 36 of 1947, non compliance with such a prohibition constitutes an offence which is punishable with a fine of R1 000 or two years' imprisonment or both such fine and the imprisonment.

Mr G J Kotze

Since this prohibition, agricultural law inspectors have exercised strict control over traders who sell agricultural remedies in order to prevent the sale of dieldrin. Two transgressors of the prohibition have to date appeared in court which resulted in prosecutions.

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ly monitors food for dieldrin residues and where problems have been experienced in the past, the particulars were transmitted to my department for the necessary investigation. I can, however, state that the presence of dieldrin in products over the past 12 months was indeed very insignificant and of no danger to man or beast.

Allegations have been made that our rivers are getting contaminated with dieldrin by rivers and streams originating in neighbouring states. Not a single case of such suspected contamination has, however, to date been reported to the Pollution Control Division of the Department of Water Affairs, but in the event of such a report the matter will be followed up and investigated immediately.

With regard to the use of dieldrin in other African states, I can mention that the department and I are aware of the tsetse fly problem in some of these states and that dieldrin is still being used as one of the most effective remedies for this problem by the governments of the countries concerned.

It must be borne in mind that the control and fight against the tsetse fly outside our borders has distinct advantages for the livestock and population of the Republic. The government cannot prescribe to these states what remedies they may and may not use. Even less can the supply routes be served without causing political problems and affecting foreign relations.

I am satisfied that the firm which is presently supplying dieldrin to these states does so with the necessary responsibility and precautions.

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first two articles which
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h followed bore little if any relationship to dieldrin, but contained a single paragraph stating blandly that hundreds of people had died in South Africa and neighbouring states as a result of the mishandling of registered pesticides.

No statistics were given, no period of time referred to; and strictly speaking, yes, I'm sure hundreds have died. But since when? The turn of the century? and from suicides, murders, accidents? The facts are that not a single reported death has been associated with dieldrin.

All cases of pesticide poisoning are notifiable by law. Figures furnished by the Department of Health indicate that for the period 1979 to 1984, 58 people died from all forms of pesticide poisonings. This is indeed a far cry from the 68 per year reported in the Cape Times.

Many of you will have heard the Radio Today special report on Friday 25 January. In that programme, Dr John Ledger, director of the Endangered Wildlife Trust, claimed this figure (68) as South Africa's annual average, with a high point, if one might call it that, of 113 deaths in 1980.

He quoted his source as Central Statistical Services, Pretoria. Regrettably, Dr Ledger misinterpreted his information. In 1980, there were 113 reported cases of poisonings, but of those, only six deaths. This is a good example of the sort of reporting with which Shell has had to contend. Although I personally spoke to a number of reporters, including Stephen Britten of Radio Today, correcting this misrepresentation, and although the Agricultural and Veterinary Chemicals Association put out a detailed statement on the subject, I have yet to see any disclaimers.

DIELDRIN ON YOUR TABLE. The Cape Times initiated an article headlined "Capetonians may be bearing traces of dieldrin".

This was syndicated to other major newspapers, and the term "living time-bombs" has since appeared a number of times.

On that same night, the Argus published an article entitled "dieldrin poisoning: City has clean bill of health," in which Dr Reg Coogan, the city's medical officer of health, refuted out of hand what he called "scare stories".

He was supported in his views by medical specialists and scientists from other parts of the country in subsequent articles.

Also denied categorically were claims that dieldrin accumulated in the body fat, being released upon weight loss. In an official statement, Dr Coogan said dieldrin did not store for any length of time in fat but was broken down and eliminated from the system. Dieldrin did not, he said, have a long tissue life as did certain other toxins like DDT.

In spite of this, the "living time-bomb" theory is still being propounded, most recently in the Cape Times on Monday 4th and Tuesday 5th February, 1985.

Further allegations, such as the presence of dieldrin in mothers' milk in Johannesburg, also have no foundation in fact.

ALTERNATIVES TO DIELDRIN. Shell has been widely accused of being reluctant to spend money on quests for less harmful alternatives to dieldrin when they have such a ready profit from its supply. It has been claimed, too, that there are at least 30 other compounds which are equally effective, but with none of the side effects.

There are alternatives to dieldrin for most of its previously generally accepted uses. As I said before, however, Shell only supplies dieldrin periodically to specific authorities for specific purposes, one of which is control of the tsetse fly in Botswana and Namibia. There remains, in the campaign to combat this pest, no effective alternative to dieldrin. In Swaziland, it is used for the control of a beetle which attacks the root system of sugar cane, Swaziland's national crop and major export, and the control of ants in citrus orchards.

Here, it is applied every 6 to 8 years to the furrows in which cane is planted. Again, there is no suitable effective substitute. In Botswana, Shell has been actively involved in programmes to test a synthetic pyrethroid, "Fastac", a pesticide with a shorter residual effect as a control measure.

The company has, in fact, supplied this chemical free of charge, and has diverted manpower resources to the testing programmes. To date, the tests have not been successful. Pyrethroids emit a pungent odour which repels the tsetse fly, defeating the purpose of its application. Research within the Shell group for effective alternatives is ongoing, and is seen as a priority. In fact, a large proportion of annual turnover is committed to research. Far, far more than the minuscule annual profit which the group derives from sales of dieldrin.

SHELL SAFEGUARDS. In my previous note, I outlined the standard safeguards which Shell adhered to in all supplies of toxic chemicals. I told you that technological back-up was always available, and that training courses and seminars were as a matter of course offered to end-users. These same facilities were extended to the Botswana government. Where dieldrin is applied in the Caprivi Zipfel in Namibia, all applications are under the supervision of Shell.

We have, however, given weight to facts which have come to light recently concerning the possible mishandling of the substance. In addition to continuing close liaison with government departments in the countries to which we supply, we have responded pro-actively by implementing further controls.

- Tenders for the supply of dieldrin to reponsible authorities will in future be subject to the condition that all empty drums be returned to Shell. This will, we hope, eradicate many of the concerns of environmentalists.
- Reacting to reports that dieldrin was being "smuggled" into Natal, our representatives have visited farmers and agricultural associations in the province, stressing that the agricultural use of dieldrin is illegal, and requesting that all dieldrin be returned to Shell on a "no names — no questions" basis, for proper disposal.
- We have urged any member of the public who is still in possession of dieldrin to contact any Shell office or depot, whereupon we will arrange to collect the dieldrin and dispose of it.
- In Swaziland, where it transpired that dieldrin could be bought "over the counter" from certain suppliers of agricultural products, dieldrin will in future only be supplied to the Sugar Growers Association and the official body of the citrus farmers, and not to individuals.

CHECKS AND BALANCES. In a recent television interview I was asked whether the continued sales of dieldrin were worth the "hassles", and whether it wasn't much easier to give in and to cease supply. I replied that this was a question over which I had agonized for hours. If one looks at commercial advantages only, then the answer to that question is clear — no, commercially it just isn't worth the hassle. Already, in terms of manhours spent on the issue, it has cost us a few years profit from dieldrin sales. But then this is not a simple, commercial debate.

I sincerely believe that Shell's responsibility towards the people in Southern Africa outweighs any other consideration. As a company with a highly developed social awareness, our primary responsibility is to preserve the lives and livelihoods of people, and to maintain stable economies in those countries where need is greatest.

There is no easy way out. I want to thank each one of you who has expressed moral support and encouragement for the company viewpoint most sincerely, and to invite anyone who has a concern in this matter to discuss it with me personally. I will keep you informed on further developments.

Business Day ROM 18/3/85 (61)

UK business won't lobby for political change

By NEIL BEHRMANN

LONDON. — British businesses have decided against independent lobbying for political change in South Africa.

Executive director of the United Kingdom South Africa Trade Association (UKSATA), Mr John McQuiggan, said his organisation would not become involved in South African politics.

He said British subsidiaries operating in SA were members of main employers' associations and, as members, would back any proposals for political reforms.

The British view contrasts with American companies which have accepted a draft ammendment to the Sullivan Principles.

That amplification asks American companies to lobby actively against apartheid. A vast majority of American corporate signatories have agreed to the draft amendment.

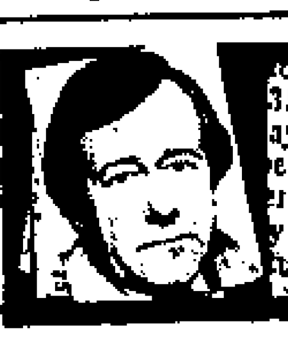
"UKSATA is an independent non-political trade organisation," said Mr McQuiggan. "Regarding politics, we prefer a more diplomatic approach than direct confrontation.

"British businesses in South Africa have and intend expressing their views through business organisations such as Seifsa, Assocom and the FCI. Opinions will be voiced through British cabinet ministers. Company chairmen with subsidiaries in South Africa will continue to have private meetings with South African ministers.

"There is no less concern in Britain than there is elsewhere over the policies of apartheid."

British business formed an integral part of that opinion and hopes that the new approach of the Government to black affairs, outlined by the State President in January, would result in early reforms, Mr McQuiggan said.

Mercury 22/3/85 (61)



Stan Uys
Mercury man in London

'Disinvest' pressure mounts in Britain

WHILE attention is being concentrated on the growing campaign in the United States to disinvest financial holdings in South Africa, a somewhat similar, but less publicised, movement has been building up in Britain among local authorities.

This week these local authorities launched a co-ordinated campaign of action against apartheid.

So far 121 local authorities, exercising authority over 36 million of the country's 56 million population, are involved in the campaign. Mr Mike Terry, executive secretary of the Anti-Apartheid Movement, describes the campaign as 'potentially the most influential stand against apartheid that has been taken in Britain.'

For years boycott campaigns directed at consumer products were conducted against South Africa, but they were never particularly successful, because they relied on individual participation. The concept of corporate participation is proving to be much more effective.

Writing in a recent issue of Optima, Mr William DeGenring, president of the American Chamber of Commerce in South Africa, pinpoints what has been happening in the United States.

Stating that the real aim of disinvestment is not merely to force American corporations to halt operations in South Africa, but 'to cripple this country's economy as a vital step in achieving its total political isolation,' Mr DeGenring writes:

'In other words, it would seem as if the former international campaign for the introduction of sanctions against South Africa has shifted from the United Nations to the capitals and cities of individual countries; from the obviously international level to 'the people's representatives — that is, to subordinate legislatures at national, state or municipal level.'

Mr.DeGenring mentions particularly the pressure that is being put on pension funds, which are responsible for about 80 percent of the daily activity on American stock exchanges. The total value of their U S investment is estimated at more than 300 billion dollars.

'That,' Mr DeGenring notes, 'far outweighs the economic significance of current trade with South Africa. The result is that when a corporation is faced with the choice between cutting links with South Africa and losing valuable investor support, its decision is inevitable.'

Sanctions moves

An analysis of the areas in which local authorities in Britain are supporting sanctions against South Africa gives the following breakdown (most councils take action in more than one area):

General anti-apartheid policy declarations — 29; banning purchases of South African products — 70; disinvestment policies — 38; discouraging economic links and trade missions — 22; withdrawing accounts from banks with South African involvement — 14; banning advertising of South African products — 11; promoting positive teaching on apartheid — 12; anti-apartheid displays in libraries and banning S A 'propaganda' — 21; cultural boycotts — 28; sports boycotts — 41; twinning or other relations with African towns or direct relations with liberation movements — 12; honouring opponents of apartheid — 26; banning official visits from S A — 26; developing public understanding of the situation in S A — 21.

The first action by local authorities in Britain against apartheid took place in 1959 when the late Chief Albert Luthuli, then president of the ANC and Africa's first Nobel Peace Prize winner, called for a boycott of South Africa. The present Anti-Apartheid Movement grew out of that boycott movement.

About 20 local authorities responded to the boycott call, and 10 imposed a permanent boycott. Participation grew steadily, and attention was extended to British companies with subsidiaries in South Africa, with particular attentioin being paid to Barclays Bank.

In 1981, on the initiative of Sheffield City Council, local council campaigns were co-ordinated for the first time — purchasing and investment policies, library services, education, and so forth. The following year the Labour Party gave its support to the co-ordinated campaign.

Ominous reading

Sheffield City Council,acting on behalf of the U N Centre against Apartheid, has now prepared a survey of the anti-apartheid action being taken by the 121 councils in Britain, most but not all of which are Labour controlled.

The survey makes ominous reading. Clearly the campaigns are gathering momentum, and no-one can predict how far they will go, what their eventual effect will be on the South African economy, and how much further they will push the Republic into isolation.

For example, councils are exchanging information now about disinvestment policies, although they point out that changing from Barclays to some non-involved bank is not as simple as it sounds. Some of them have budgets of hundreds of millions of rands, and they cannot simply ring their bank managers and tell them to close their accounts.

It is still to be seen, therefore, whether the local authorities' campaign in Britain will become as serious as the disinvestment campaign in the United States. But at this stage it would seem that the campaign should not be under-estimated.

In the circumstances, it is surprising that British companies with subsidiaries in South Africa apparently played such a low-key role at the recent Leeds Castle conference here.

The issue at the conference was whether business companies should put pressure on the South African Government to hasten its apartheid reforms.

The view of British businessmen is that they are opposed to independent lobbying for political change in South Africa, although they are prepared to support proposals for political change initiated by South African business organisations.

This puts them in a very different position from the American Chamber of Commerce in South Africa, which this week called on President Botha's government to abandon discriminatory laws. No doubt the British businessmen have thought their position through and know what they are doing.

The new pressures that are being applied against business interests in South Africa highlight once again the urgent need for apartheid reform.

Mr DeGenring has spelt out the situation as far as American businesses are concerned. British businesses could well find themselves in the same straits — unless Pretoria takes its reformist courage in its hands and acts soon and decisively.

First signs of a British disinvestment campaign

Cape Times 22/3/85 61

London Dateline
By STANLEY UYS

LONDON. — While attention is being concentrated on the growing campaign in the United States to disinvest in South Africa, a somewhat similar, but less publicized, movement has been building up in Britain among local authorities.

This week these local authorities launched a co-ordinated campaign of action against apartheid.

So far 121 local authorities, exercising authority over 36 million of the country's 56 million people, are involved in the campaign.

Mr Mike Terry, executive secretary of the Anti-Apartheid Movement (AAM), describes the campaign as "potentially the most influential stand against apartheid that has been taken in Britain".

For years boycott campaigns directed at consumer products were conducted against South Africa, but they were never particularly successful because they relied on individual participation. The concept of corporate participation is proving to be much more effective.

Pressure

Writing in a recent issue of Optima, Mr William DeGenring, president of the American Chamber of Commerce in South Africa, pinpoints what has been happening in the United States.

Stating that the real aim of disinvestment is not merely to force American corporations to halt operations in South Africa, but "to cripple this country's economy as a vital step in achieving its total political isolation", Mr DeGenring writes:

"In other words, it would seem as if the former international campaign for the introduction of sanctions against South Africa has shifted from the United Nations to the capitals and cities of individual countries; from the obviously international level to 'the people's representatives' — that is, to subordinate legislatures at national, state or municipal level."

Mr DeGenring mentions particularly the pressure that is being put on pension funds which are responsible for about 80 percent of the daily activity on American stock exchanges. The total value of their US investment is estimated at more than 300 billion dollars.

"That," Mr DeGenring notes, "far outweighs the economic significance of current trade with South Africa. The result is that when a corporation is faced with the choice between cutting links with South Africa and losing valuable investor support, its decision is inevitable."

Anti-apartheid

An analysis of the areas in which local authorities in Britain are supporting sanctions against South Africa gives the following breakdown (most councils take action in more than one area):

- General anti-apartheid policy declarations — 29;
- Banning purchases of South African products — 70;
- Disinvestment policies — 38;
- Discouraging economic links and trade missions — 22;
- Withdrawing accounts from banks with South African involvement — 14;
- Banning advertising of South African products — 11;
- Promoting positive teaching on apartheid — 12;
- Anti-apartheid displays in libraries and banning SA "propaganda" — 21;
- Cultural boycotts — 28;
- Sports boycotts — 41;
- Twinning or other relations with African towns or direct relations with liberation movements — 12;
- Honouring opponents of apartheid — 26;
- Banning official visits from SA — 26;
- Developing public understanding of the situation in SA — 21.

The first action by local authorities in Britain against apartheid took place in 1959 when the late Chief Albert Luthuli, then president of the ANC and Africa's first Nobel Peace Prize winner, called for a boycott of South Africa. The present Anti-Apartheid Movement grew out of that boycott movement.

Investment

About 20 local authorities responded to the boycott call and 10 imposed a permanent boycott. Participation grew steadily and attention was extended to British companies with subsidiaries in South Africa, with particular attention being paid to Barclays Bank.

In 1981, on the initiative of Sheffield City Council, local council campaigns were co-ordinated for the first time — purchasing and investment policies, library services, education, and so forth. The following year the Labour Party gave its support to the coordinated campaign.

Sheffield City Council, acting on behalf of the UN Centre Against Apartheid, has now prepared a survey of the anti-apartheid action being taken by the 121 councils in Britain, most but not all of which are Labour controlled.

The survey makes ominous reading. Clearly the campaigns are gathering momentum and no one can predict how far they will go, what their eventual effect will be on the South African economy and how much further they will push the Republic into isolation.

For example, councils are exchanging information now about disinvestment policies, although they point out that changing from Barclays to some non-involved bank is not as simple as it sounds. Some of them have budgets of hundreds of millions of rands and they cannot simply ring their bank managers and tell them to close their accounts.

It is still to be seen, therefore, whether the local authorities' campaign in Britain will become as serious as the disinvestment campaign in the United States. But at this stage, it would seem that the campaign should not be under-estimated.

In the circumstances, it is surprising that British companies with subsidiaries in South Africa apparently played such a low-key role at the recent Leeds Castle conference here.

The issue at the conference was whether business companies should put pressure on the South African government to hasten its apartheid reforms. By all accounts some of the American and even South African businessmen were surprised by the resistance shown by British businessmen to acting independently in this field.

New pressures

The view of British businessmen is that they are opposed to independent lobbying for political change in South Africa, although they are prepared to support proposals for political change initiated by South African business organizations.

This puts them in a very different position from the American Chamber of Commerce in South Africa which this week called on President Botha's government to abandon discriminatory laws. No doubt the British businessmen have thought their position through and know what they are doing.

The new pressures that are being applied against business interests in South Africa highlight once again the urgent need for apartheid reform.

Mr DeGenring has spelt out the situation as far as American businesses are concerned. British businesses could well find themselves in the same straits — unless Pretoria takes its reformist courage in its hands and acts soon and decisively.

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RDM 22/3/85

And UK local authorities get tough over apartheid

STANLEY UYS in London

WHILE attention is being concentrated on the growing campaign in the United States to disinvest financial holdings in South Africa, a somewhat similar — but less publicised — movement has been building up in Britain among local authorities.

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"In other words, it would seem as if the former international campaign for the introduction of sanctions against South Africa has shifted from the United Nations to the capitals and cities of individual countries; from the obviously international level to the people's representatives ... that is, to subordinate legislatures at national, state or municipal level."

Mr De Genring mentions particularly the pressure that is being put on pension funds which are responsible for about 80% of the daily activity on American stock exchanges.

The total value of their United States investment is estimated at more than R600 000-million.

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ARGUS 27/3/85 (61)

BUSINESS TODAY

Stanchar may give up control of SA subsidiary

Argus Foreign Service

LONDON. — Standard Chartered Bank has acknowledged that it may eventually give up majority control of its South African subsidiary.

Last year the subsidiary, Standard Bank of South Africa, produced a third of the group's profits.

Stanchar's managing director, Mr Michael McWilliam, said: "It is likely that, in the course of time, it will go to less than 50 percent but we are not putting a for sale notice up now."

Standard Chartered has already reduced its stake in its South African subsidiary to 50,3 percent, mainly through not contributing new capital to back the bank's expansion, a trend which is likely to continue.

WEAK RAND

However, as a further reduction in shareholding would remove the bank's formal control of the subsidiary, Mr McWilliam said: "Any next step would be of a different order of consequence from the previous ones and there would have to be a major discussion."

He would not put a time scale on when the decision would come up.

Unlike Barclays Bank's South African subsidiary, Standard Chartered did very well last year, with a 19 percent increase in profits in rand terms. But after translating this to sterling the profit was down on the year before because of the weakness of the rand.

STOP MAKING LOANS

The Bank of Boston has coincidentally announced in Boston that it will stop making loans to private firms and banks in South Africa out of opposition to apartheid.

The bank's chairman, Mr William Brown, said the bank last year made $75-million in loans to banks in South Africa. These loans would expire next year.

The Swedish Government, meanwhile, has said it will act to halt imports of South African coal if companies do not agree to stop them voluntarily.

Swedish imports of South African coal jumped to 28 403 tons in 1984 from 2 098 tons the year before.

(61) RDM 1/4/85

DUNLOP SOUTH AFRICA TO BE AN INDIRECT SUBSIDIARY OF BTR

DUNLOP Holdings is to become a subsidiary of BTR PLC and Dunlop South Africa an indirect subsidiary with 51% of its shares controlled by BTR.

After an announcement on March 27, Mr Peter Fatharly, the deputy managing director of BTR, met the Dunlop South Africa managing director, Dr T F Muller, and the managing director, Mr C R Hooper, for talks.

A statement by BTR South Africa says: "... all parties were pleased to find total compatibility of their views, aims and objectives for the future of Dunlop South Africa's operations, and to note that a major proportion of the activities of Dunlop and BTR in South Africa are complimentary rather than competitive."

BTR first came to South Africa in 1972 when it invested in the Rubber Manufacturing Company (Sarmcol).

Since then it has expanded its interests into other polymer-based product companies and engineering activities.

Total sales for the calendar year 1984 exceeded R120m.

Dunlop South Africa in the same period had sales of about R217m. — Sapa.

RAND DAILY MAIL, Thursday,

4/4/85

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UK firm 'is dodging unions'

By STEVEN FRIEDMAN
Labour Correspondent

A MAJOR British textile company has been accused of closing its two Randfontein plants so that it can move to Bophuthatswana and avoid unionism.

The National Union of Textile Workers claims that the company, Coats Patons, will be able to pay workers in Bophuthatswana "a quarter" of what its workers earn now and will be able to take advantage of tough anti-union laws in the territory.

Unionists fear other companies will also begin moving to homelands, most of which oppose unions, to avoid unionism in the cities.

Attempts to obtain comment from the company have been unsuccessful, but it is understood that it denies that it is closing the plants to avoid the union and reduce its wage bill.

Union sources say the new Bophuthatswana operation will not be directly run by Coats Paton. But they add that the plant will be producing its products and allege that it has arranged that another company will run the plant so that it can avoid accusations that it is moving to the homeland.

A labour law passed by Bophuthatswana last year forbids all South African unions from operating in the territory and imposes tough controls on unions.

Gordon and Rapp trusts sell shares

Liblife, Stanbic in R80m deal

RDM 4/4/85

61

By HAROLD FRIDJHON

IN AN R80,4m deal, the Liberty Life group is to acquire at R12 a share 6,7-million ordinary shares in Standard Bank Investment Corporation (Stanbic) owned by the family trusts of Mr Donald Gordon and Mr Michael Rapp.

The total consideration will be met by the issue at R60 a share of 1 072 000 convertible redeemable cumulative preference shares of R1.

The transaction will be effected on an ex rights basis. Both family trusts, DGI Holdings (Pty) and Annexe Investments (Pty), will retain their rights to the 1,34-million preferred ordinary Stanbic shares to be issued at R12 a share.

The purpose of the deal is to increase the Liberty Life group's investment in Stanbic. The transfer of the 6,7-million Stanbic shares will give Liberty and its subsidiaries a holding of about 24% in the increased Stanbic capital.

Mr Donald Gordon, chairman of Liberty Life group, said yesterday that in accordance with the group's accounting policies, the Stanbic investment would be equity accounted. This will strengthen Liberty Life's reserves considerably because balance sheets will reflect its 24% of Stanbic's capital and reserves. And the growth potential of Stanbic will benefit policy-holders and shareholders alike.

DONALD GORDON . . . close relationship will continue.

(The latest Stanbic group balance sheet shows total capital and reserves of more than R751m).

Mr Gordon said that since Stanbic and Liberty had come closer together in 1983, considerably synergy had been effected between the two. He had no doubt this would continue at an accelerated rate. Liberty will become Stanbic's largest South African shareholder.

But the relationship is not one-sided. Stanbic owns 50% of Liberty Life Controlling (Libcon) which, in turn, owns 52% of Liberty Holdings.

The two family trusts acquired their parcel of Stanbic shares in July 1983 when Stanbic bought joint control of Libcon for R84,5m. Payment for the deal was effected by the issue of 6,7-million Stanbic shares at R9 a share and R24,2m in cash.

Thanks to the surge in the market price of Stanbic in the past 18 months, the family trusts will show a book profit of R3 a share — about R20m.

The new convertible pref shares to be allocated in the proportion of 714 667 to the Gordon trust and 357 333 to the Rapp trust will yield 9% a year. At the option of the two holders, the new prefs will be convertible into Liberty Life paid-up ordinary shares at a price of R60 a share any September over a four-year period beginning in 1988.

COMMENT: The close relationship between the two groups goes back to 1978 when Stanbic helped finance the transfer of control of Liberty from the UK-based Guardian Assurance to Mr Gordon and Mr Rapp. The Liberty Life Controlling pyramid was then formed with Stanbic and Mr Rapp holding 25% each and Mr Gordon holding 50%.

The 1983 deal enabled Stanbic to acquire an additional 25% in Libcon. Transferring the Gordon/Rapp holdings in Stanbic from their trusts to Liblife is a commendable gesture so far as Liberty policyholders and shareholders are concerned. The move certainly adds to Liberty's strength.

Sanctions wrong policy — Economist

w/L ARGUS 6/4/85

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Financial Editor

TRADE sanctions and investment boycotts by the United States were unlikely to shock the South African economy, Mr Simon Jenkins, political editor of the influential publication, *The Economist*, says in a special survey.

Instead of leading to conditions requiring political adjustment they could produce counter-measures that in the short-term would probably boost the economy.

Nationalist policy-makers believe sanctions could be used to promote self-reliance, develop home-grown skills and diversify South Africa's markets.

"Sanctions and disinvestment would not, as their wilder advocates suppose, deliver a body-blow to the South Africa economy; they might even help its restructuring — as happened in Rhodesia."

Invulnerable

He says that trade sanctions must be serious to a nation which exports 30 percent of its gross national product. Yet most of South Africa's exports are of minerals (half is of gold) and these are regarded as relatively invulnerable to sanctions.

"It is unlikely that Japan or Israel would refuse to import minerals, including some of the world's cheapest coal".

"The most serious economic sanction America can exert on South Africa is similar to that exerted over most of the world economy. With the rise in the dollar has gone a fall in the gold price from $850 an ounce three years ago to about $320 an ounce today."

Imports, particularly of capital goods, theoretically could be hit by effective sanctions. Yet sanctions were notoriously inefficient in stopping goods reaching those prepared to pay for them.

Eager to pounce

"West German and Japanese suppliers are eagerly waiting to pounce in these markets, either as importers or licensees should America abandon them.

It was not feasible that American trade sanctions would undermine South Africa's balance of payments, let alone shock its economy.

Nor would disinvestment have any greater impact. The recession has already led to a fall in foreign investment's share of South Africa's new fixed capital formation, from 10 percent in 1982 to 3,8 percent in 1984.

An American disinvestment law could lead to South Africa imposing retaliatory controls on the export of American dividends, he says.

Ironic effect

"This would have the ironic effect of pushing up retained corporate earnings, leaving companies with more resources to reinvest and thus giving the South African balance of payments a boost.

West Germany did not consider "negative economic measures" a useful contribution to peaceful change in South Africa, he said. Business could create the economic growth that was crucial to the solution of social problems.

He reported that West German exports to South Africa increased by a third in 1984 to R3,9-billion.

"Disinvestment would be like once-for-all Marshall Aid".

Mr Jenkins questions the rationale behind the calls for sanctions against South Africa.

"Deliberate action by one (rich) state to depress living standards in another (largely poor) one is scarcely defensible.

"It could be justified only in extreme circumstances for a specific goal not achieveable by any other means short of war.

"The onus must surely be on the aggressor not only to prove the case for aggression but also to set out the steps by which aggression will achieve swift victory.

Vague terms

"The American disinvestment lobby has fulfilled these requirements in only the vaguest terms."

Mr Jenkins suggests Americans should undertake "reconstructive engagement" on the unofficial and personal level, reflected in contact, in commerce, in intellectual and cultural exchange.

"It is the engagement of constant argument. Boycott and ostracism work no better in international affairs than they do in personal relations".

● The West German Ambassador, Mr Carl Lahusen, disassociated his country from calls for trade sanctions against South Africa when he opened the German exhibition at the 1985 Rand Show on Thursday.

Sanctions blitz 'won't work'

CPT Times 8/4/86 (61)

Own Correspondent

LONDON. — The policy of disinvestment in South Africa by America or the West would not abolish apartheid, Mr Simon Jenkins, political editor of The Economist, said here yesterday.

He was speaking on BBC radio in a major debate on sanctions and disinvestment, which was broadcast during the main news bulletin, The World This Weekend.

Speaking in support of disinvestment were critics of apartheid such as former Capetonian Mr Ronald Segal, who urged Britain to join America and the West in its hardening attitude towards investment in South Africa.

UK stake

The programme said Britain was by far South Africa's biggest foreign investor. It was reckoned to have over 50 percent of the foreign stake in the country.

The United States had only 20 percent or less and the aim of the growing campaign in America was to reduce that and to disinvest.

Mr Jenkins said: "The argument of the disinvestment lobby is that South Africa needs some sort of trauma, that it needs to be shocked into change. But disinvestment is not going to shock South Africa.

"It has acquired a similar connotation to the Americans, to that of 'the bomb' in Vietnam.

"It is the attitude that somehow or other we have the power to blitz another country into changing its politics.

"America, Britain, Japan, Germany — they do not have this power over South Africa."

Mr Jenkins told British listeners that, if they did, he would be the first to cheer because they could then do something about apartheid through it. But this policy was not going to change apartheid.

"If all the countries of the world that had investments in South Africa renounced them, renounced both their profits and their ownership of those investments, it would simply mean that South Africans would take them over. Very little would change, on the ground, in South Africa," Mr Jenkins said.

Mr Jenkins believed that what the 320 American subsidiaries and their European counterparts should do was set their minds on constructive engagement.

He said: "I think that every foreign company in South Africa should become a spearhead in the struggle against apartheid.

"I think they should be prepared to give money to political parties. They should have a far greater programme of exchange, training and education with the black community.

"We should be prepared to bring trade union leaders to Britain to teach them how to be trade union leaders."

By stepping up of the current policy of constructive engagement, international businesses were supposed to abolish apartheid within their South African subsidiaries, so setting an example to indigenous firms, he said.

TUC takes tough line on Britain's SA subsidiaries

(6.1) Star 9/4/85

By John D'Oliveira
The Star Bureau

LONDON — Britain's Trades Union Congress has threatened action against 10 prominent British companies if they do not report on the conditions of blacks employed by their South African subsidiaries.

The TUC, which represents 10 million British workers will ask union trustees on company pension funds to pull their fund's investments out of the firms concerned if they fail to report.

Mr Norman Willis, TUC General Secretary, says he has sent a circular to all unions naming the 10 companies that had failed to comply with the reporting requirements of the code of conduct drawn up by the European Economic Community governments.

The companies are: Gallagher, Trusthouse Forte, C and J Clark, Grundy, Hall Engineering, Marley, Roussel Laboratories, Sun Alliance and London Insurance, Siebe and Union International.

In his circular, Mr Willis called on unions with members in any of the 10 named companies to put pressure on the companies to comply with the code's reporting requirements.

He asked for information as soon as possible on any company that failed to respond to trade union approaches.

Then he would be able to inform all the TUC's affiliated trade unions and, through them, all trade union appointed trustees on pension funds to oppose investments in the named firms.

Apart from action against companies which failed to report, the TUC would also take action against companies that paid their South African workers less than the rates laid down by the code.

REQUIREMENTS

Reports from British companies operating in South Africa were made to the Department of Trade and Industry. However, the Department had not itself publicised the names of companies that failed to meet the wage requirements of the code.

In a circular, Mr Willis said: "The code of conduct has no credibility as an instrument of reform. The Government itself is refusing to give it any meaning in South Africa by publicising the names of companies which flout its provisions."

GEC in R3-m expansion move

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Star By Stan Kennedy 10/4/85

The entire share capital of Electric Elements of Wynberg and Electric Elements (Babalegi) has been bought by **GEC General Products**, a division of GEC SA, for R3 million.

Electric Elements manufactures and markets a range of products similar to that of Satchwell Controls, another company in the GEC group. It consists mainly of sheathed, immersion, ceramic and cartridge elements, which are sold in the replacment market. Satchwell's products go to the original equipment market.

Satchwell and Electric Elements will remain separate trading units for the foreseeable future, although some rationalisation will be considered in the future.

Mr Paul Hatty, managing director of GEC SA, says: "The acquisition represents for GEC an expansion in an area where we believe there is good growth potential.

"The business is not heavily capital equipment related, and because of its high degree of service orientation is not vulnerable to competition from imports, which has increasingly become a problem in our business."

R1-m drive contract

The recently established local subsidiary of West German-geared drives manufacturer Eberhard Bauer has won orders worth R1 million for geared motor drives for Tutuka power station.

The orders were placed by Lurgi SA and Buhlermiag SA, both local subsidiaries of Swiss firms that deal with Eberhard Bauer internationally.

Production boost

A R1,6 million expansion programme by **Associated Engineering** to upgrade and modernise the existing facilities at its Lauf Lumenite factory in Roodepoort will lead to more efficient production of pistons and other automotive components.

"With the re-organisation last year of the method of manufacture from batch to flow production, we have had to make adjustments to machine capabilities to improve the production rate of the more complex pistons," said Mr Frank Hicks, Lauf's managing director.

Machines for this purpose will be installed in June, and then a computerised production analysis system will be introduced. This system will measure each piston, to establish whether it complies with the client's specifications, and it will produce a print-out verifying the measurements.

The programme will be completed in October with the installation of a R1 million furnace.

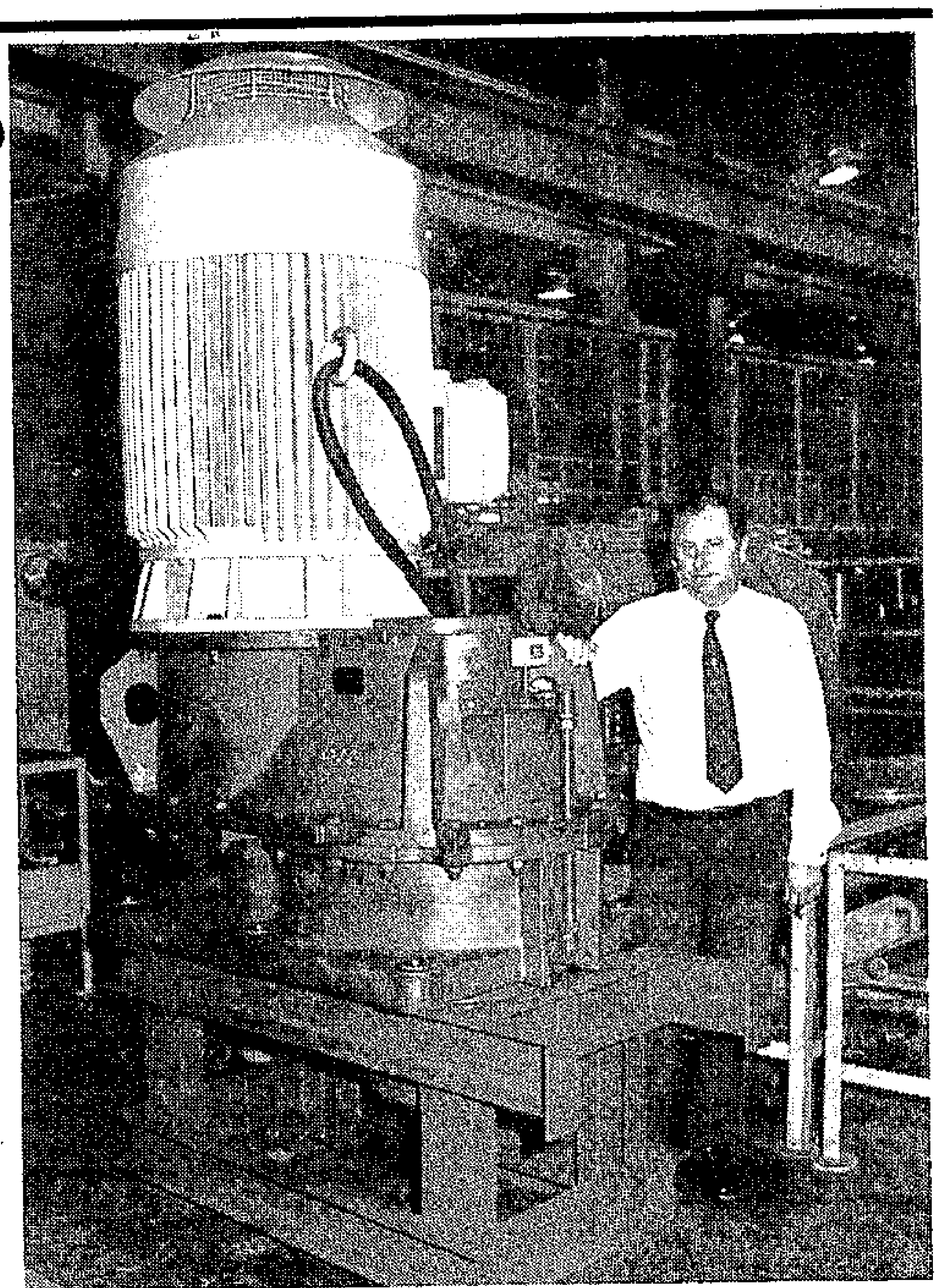
Gearboxes roll

The first 12 of 300 Flender gearboxes for Escom's Matimba power station have come off the assembly line at **Paramount Engineers'Tulisa Park Works.**

The multi-million rand contract was awarded to Flender-Paramount by GEA Aircooled Systems, the main contractor for the air-cooled condensor units at the power station.

The contract extends over six years.

Some of the components will initially be imported from Flender of West Germany but as the contract matures, the local content will be increased.



Paramount MD Mr Heinz Mederer beside one of Flender gearboxes, which will be installed in the air-cooled condenser plant at Matimba power station.

Sowetan 10/4/85

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British unions threaten firms

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The TUC, which represents 10-million British workers, will ask union trustees on company pension funds to pull their fund's investments out of the firms concerned if they fail to report.

In a statement yesterday, Mr Norman Willis, TUC general secretary, said he had sent a circular to all unions naming the 10 companies which had failed to comply with the reporting requirements of the code of conduct drawn up by the European Economic Community governments.

Circular

The companies are: Gallagher, Trusthouse Forte, C and J Clark, Grundy, Hall Engineering, Marley, Roussel Laboratories, Sun Alliance and London Insurance, Siebe and Union International.

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In his circular, Mr Willis said: "The code of conduct has no credibility as an instrument of reform. The government itself is refusing to give it any meaning in South Africa by publicising the names of companies which flout its provisions."

Two of the companies which were allegedly paying low wages were the Pritchard Group and Quinton Hazel, a company of which the British Prime Minister's husband, Mr Denis Thatcher, was a director.

TUC puts pressure on companies in S A

61 NM 10.4.85

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London Bureau

TRADE union trustees on company pension funds are to be asked by the TUC to withdraw their funds' investments from 10 prominent British companies if they fail to report the conditions of black employees in their subsidiary companies in South Africa.

This move comes at a time of increasing international union pressure on South Africa.

TUC General Secretary Norman Willis is in Washington this week for a special meeting of the International Confederation of Free Trade Unions' executive board to consider worldwide trade union action against South Africa.

Before leaving for the U S, Mr Willis sent a circular to all British unions, naming the 10 companies which have failed to comply with the reporting requirements of the EEC code of conduct.

The code requires all firms with an interest in South Africa to submit details of the wages paid to black workers and to state whether they recognise the black unions.

Among those named are the tobacco giants Gallaher and the leisure group Trusthouse Forte. The other eight companies are C and J Clark, Grundy (Teddington) Group, Hall Engineering, Marley, Roussel Laboratories, Siebe, Sun Alliance, and London Insurance and Union International.

In his letter Mr Willis calls on unions with members in the named companies to approach management with a view to putting pressure on them to submit reports under the code.

Mr Willis said: 'I should be grateful if you would let me know at an early date of any company failing to respond to approaches to comply with the reporting requirements of the code so that I can inform all affiliated trade unions and, through them, all trade union-appointed trustees on pension funds.'

Reports are submitted to the Department of Trade and Industry, but in recent years the department has not publicised the names of companies paying below EEC wage rates.

The TUC intends to obtain full details of companies paying below the minimum rates.

Among companies reported paying low wages are Quinto Hazell, of which the Prime Minister's husband, Mr Denis Thatcher, is a director.

Mr Willis's letter said: 'The TUC and the international trade union movement as a whole says that all new foreign investment in South Africa must be stopped and disinvestment actively pursued.'

1985

SOWETAN, Wednesday, April 10, 1

UK companies move to Bop

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TWO British multinationals are to close their factories in South Africa to open in Bophuthatswana, leaving about 400 workers stranded.

By JOSHUA RABOROKO

This was disclosed to **The SOWETAN** yesterday by the branch secretary of the National Union of Textile Workers (NUTW), Mr Rob la Grange, who accused the companies — JP Coats and Patons and Baldwins in Randfontein — of investing in the homeland to exploit workers.

He also revealed that the company had not consulted with the union on the decision to close, but had only discussed the details of the severance pay agreement.

However, the companies' spokesman, Mr Currie Black, said that in view of the effect of cost escalation, aggravated by the prolonged recession they have decided to rationalise operations.

As a result certain manufacturing processes will be closed. The rundown will be phased out over 18 months to ensure continuity of supply, quality and to allow reasonable notice to be given to employees.

They have reached an agreement with the union regarding redundancy terms.

The agreement with management to pay workers one-and-a-half-week's wages for each year of service in severance pay, "is a payment of money and not jobs," he said.

A NUTW senior shop steward, Mr Vusi Mavuso, accused the company of moving to escape being "pestered by the union."

Barclays target of anti-SA group

CAPE TIMES 16/4/85

61

From STANLEY UYS

LONDON. — Barclays Bank has been singled out by anti-apartheid protesters here as the main target in a campaign to secure South African disinvestment.

A spokesman said the bank would not yield to pressure. "We continue to deplore apartheid, but we feel it is best to stay ... to employ constructive engagement."

The End Loans to South Africa (Eltsa) organization has produced its fifth Barclays "Shadow Report", designed to monitor the bank's activities in South Africa and SWA/Namibia.

Members include Labour leader Mr Neil Kinnock, actress Julie Christie and exiled editor Donald Woods.

Eltsa claims that accounts are being moved from Barclays in protest against the bank's South African involvement.

The Shadow Report claims that since 1980 Barclays Bank has lost accounts in Britain with a total annual turnover of more than R14 billion, the largest withdrawal being Rochdale Council's R480m-a-year account — the first time Liberal and Social Democratic councillors have joined Labour councillors to vote to boycott Barclays.

Barclays Bank in London holds a controlling 50,45 percent share in its SA subsidiary.

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Cape Times 16/4/85

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RDM 16/4/85

Barclays back in UK firing line

61

London Bureau

LONDON. — Barclays Bank has been singled out by anti-apartheid protesters in London as the main target in a new campaign, which is gathering momentum, to secure disinvestment from South Africa.

But a Barclays spokesman said the bank would not yield to pressure to withdraw from South Africa. Although the bank "deplored" apartheid, it had adopted a "constructive engagement" policy.

The End Loans to South Africa (Eltsa) organisation produced at the weekend its fifth Barclays "Shadow Report" designed to monitor the bank's activities in South Africa and South West Africa.

The Labour Party leader Mr Neil Kinnock, who is a member of Barclays "shadow board" with actress Julie Christie and exiled South African editor Mr Donald Woods, said that Barclays' most valuable contribution to the cause of freedom in South Africa and SWA would be their withdrawal.

The chairman of Barclays "shadow board", Mr Gerry Gillman, general secretary of the Society of Civil and Public Servants, says in the report that Barclays is the largest foreign investor in South Africa with R19 430-million in assets.

Since 1980, however, Barclays Bank has lost accounts in Britain with a total annual turnover of more than R14 000-million. The largest withdrawal has been Rochdale Council's R480-million-a-year account after Liberal and Social Democratic councillors backed a Labour Party boycott.

Protest at political quiz at Barclays

25/4/85 (61) Star

The Star Bureau

LONDON — Shareholders protested vigorously at the many "political questions" with which Barclays bank chairman Sir Timothy Bevan was bombarded at the bank's annual meeting in London yesterday.

But Sir Timothy, while giving preference to stockholders, also allowed the holders of "yellow cards" (proxies) to question him at length about a variety of South African and Namibian issues affecting the bank.

First, however, he told the crowded meeting that the bank continued to be opposed to apartheid, and that its policy on loans to South Africa was simple: it did not lend to the South African Government, either from London, Europe or the US, unless that loan was in part to improve the living standards of the black population and could be demonstrably monitored.

The bank had participated in modest underwritings of foreign issues by nationalised industries, particularly by Escom because it was felt that electrification projects were of benefit to the wider population. None of the underwritings remained on the bank's books.

Reviewing what had been achieved in South Africa, Sir Timothy said the Barclays National represented about a quarter of the banking system in South Africa yet employed 43 percent of the total number of non-whites employed in banks.

Between 1983 and 1988, Barclays National gave R2,44 million to the Urban Foundation in South Africa — the largest single donation to date by any part of the Barclays group.

The bank believed it helped to set a good example.

Barclays loans to SA: Bevan explains

ARGUS 25/4/85 Argus Foreign Service 61

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Between 1983 and 1988, Barclays National gave R2,44-million to the Urban Foundation in South Africa — the largest single donation ever made by any part of the Barclays group.

But most of all, the bank believed it helped to set a good example. As a British company, it reported annually to the British Department of Trade under the EEC Code of Conduct, and "comprehensively met" the criteria of the code.

"Taken together, companies following such codes must surely represent a substantial force for peaceful, evolutionary change," he said.

He added: "When talking of disinvestment, it seems to me the burden of proof is on the disinvestors to show how much more they can achieve than we have achieved with our policies of constructive engagement."

Sir Timothy, replying to a question, disclosed that the bank had sent a telex to President P W Botha after the Uitenhage shootings. It described the shootings as "an unmitigated disaster" and Barclays had called on President Botha to intervene directly and for an inquiry to be held.

UK against disinvestment - envoy

Sowetan 20/4/85

61

The British Consul-General, Mr Colin Brant, said British investment in South Africa will continue and increase because his Government does not support calls for disinvestment in South Africa during a presentation at Baragwanath Hospital on Monday.

A British health company was showing hospital authorities a film on healthy eating habits. The film was shot in Soweto and is in Tswana and English.

"At a time when disinvestment as a word has come into the vocabulary, I am glad to say that my Government has no intention of seeking to interfere with Britain's trade relations with South Africa," said Mr Brant.

Striking workers arrested

Sowetan 28/4/92

THE worsening recession has culminated in work stoppages over wages and the arrest of striking workers at two factories — one a British multinational — in Brakpan and Meyerton this week.

More than 300 workers at Townsend Brothers in Brakpan yesterday entered their second day of strike over wages after discussions between the Metal and Allied Workers Union (Mawu) and management deadlocked.

The workers are demanding a R3,50 increase in their pay packets and management cannot meet the demand on grounds that they are in a recessionary period, according to the company's managing director, Mr I Humphrey.

Meanwhile the Building and Construction Workers Union has applied for legal action against Pilkington Tiles, a British multinational near Meyerton, for the reinstatement of sacked workers arrested and charged for tresspass on Tuesday.

The workers will appear again in the Meyerton Magistrate's Court on different dates starting from Monday, according to a union spokesman yesterday.

They went on strike over the dismissal of a colleague and shop steward who were organising workers at the plant.

This is the fourth time the company has been hit by a strike withing six months. The first strike occurred in November over retrenchments, the second and third in March over wages, trade union recognition and short-time.

Pilkington's managing director Mr D C Currin was not available for comment.

In another labour move, a total of 150 slaughtermen and unskilled workers at the East London abattoir were sacked this week after a strike over pay increase.

The SA Abattoir Corporation's development manager, Mr R Fourie, confirmed the sacking from his Pretoria office.

More than 3 500 workers at Volkswagen in Uitenhage yesterday entered their seventh day of strike over wages. Management hoped they will return, but the National Automobile and Allied Workers Union (Naawu) was still negotiating with the company.

61

GLC prepares to disinvest

The Star Bureau (61) Star 27/4/85

LONDON — The Greater London Council is expected to order the sale of R9,6-million worth of staff pension fund shares in the giant mining company Rio Tinto Zinc as a protest at the company's activities in South Africa and Namibia.

Ever since Labour took control of the GLC in 1981, it has threatened to sell its shares in companies dealing in South Africa. But until now it had been advised that as a trustee of the R21-million pension fund, such a move could be made only for financial and not moral reasons.

Now new legal and financial advice has been received and presented to a meeting of the GLC's finance committee.

Chairman Mr John McDonnell explained: "For a long time we have worried over the dilemma of equating our determined stance against racism with our legal constraints in disinvesting in South Africa-linked companies.

"We have been independently advised that it would not be financially detrimental to the pension fund if we now disinvested in RTZ."

Mr McDonnell said the council had taken account of the GLC's duties under the Race Relations Act. Pension fund representatives had been consulted throughout.

Although financial advisers and Lord Gifford, QC, have given the GLC the go-ahead, the council's own director of finance remains opposed to the move.

Mr McDonnell warned that the withdrawal of RTZ shares was just the start. The GLC would consider pulling out of all companies "with links with one of the world's most evil regimes."

Thatcher opposed to sanctions

CAPE TIMES 28/4/85

61

Own Correspondent

LONDON. — The British Prime Minister, Mrs Margaret Thatcher, is vigorously opposed to economic sanctions against South Africa.

Spelling out the reasons for her stand in a BBC radio programme yesterday, she said:

"Trade sanctions against South Africa would be highly damaging for all the people of South Africa."

This included 22,8-million blacks, nearly 1-million Indians and 1½-million coloureds.

Struggle

"It would lead to a terrible struggle, much worse than at present, with little hope of South Africa coming out with any improvement in trade and standard of living which is so vital for all of the people living there."

Trade sanctions had not worked and she was very much against them.

Mrs Thatcher was speaking during a BBC Radio 4 phone-in programme, where calls to her were taken from many parts of the world.

Mr David Nichols, phoning from Worthing, Sussex, started his question by suggesting that Mrs Thatcher had recently condemned New Zealand's proposed rugby tour of South Africa. But Mrs Thatcher was quick to deny this and claim that she had said nothing at all about the tour.

Gleneagles

Invited by the programme's producer, South African-born Sue MacGregor, to give her comment, Mrs Thatcher said that the tour was a matter for the New Zealand Government and for the rugby team in New Zealand.

She added: "We are bound by the Gleneagles Agreement (which prohibits sporting links with South Africa).

"So is New Zealand. That Gleneagles agreement recognizes that governments can only persuade voluntarily. In the end they must do everything to persuade voluntarily — and we do.

"In the end it is up to the citizens of New Zealand to make their own decisions. We shy away from force in that respect."

Cricket

Reminded that she had commented when the English cricket team went to South Africa, Mrs Thatcher agreed. She said: "We do everything possible to persuade our teams not to go, because those are the terms of the Gleneagles Agreement."

Other questions dealt with Mrs Thatcher's attitude to nuclear weapons, and to the possibility of her meeting the Soviet leader, Mr Mikhail Gorbachev, at the United Nations.

Phone calls came from as far away as Nairobi and East and West Germany. This international link-up is highly rated and is a prestige production which is broadcast, at the same time, on the BBC's world service.

IN AMERICA . . . ARGUS 1/5/85

Republicans walk out of SA hearing

ARGUS 1/5/85

. . . IN BRITAIN . . .

Mr Neil Kinnock

ARGUS 1/5/85 61

UK opposition leader supports programme of action against SA

Argus Foreign Service

LONDON. — Mr Neil Kinnock, the leader of the Labour Party, has given his full support to the Anti-Apartheid Movement's radical, 10-point programme of action against South Africa.

At a meeting with Archbishop Trevor Huddleston, president of the movement, Mr Kinnock also agreed to speak at the rally the movement is planning for Trafalgar Square on June 16 as a protest against the South African Government's "repression".

Today, Archbishop Huddleston is to see Sir Geoffrey Howe, the Foreign Secretary.

He will urge Sir Geoffrey to take action on the basis of the 10-point programme in an effort to end apartheid in South Africa and to bring SWA/Namibia to independence under United Nations Resolution 435.

The 10-point programme includes:

- The immediate breaking of diplomatic relations with South Africa.
- A ban on all new investment in South Africa and on the sale of Kruger Rands in Britain.
- The end of Government promotion of trade with South Africa.
- A ban on the sale of North Sea oil to South Africa.

AGREEMENT

- The strengthening of the arms embargo.
- The end of the no-visa agreement between Britain and South Africa.
- A ban on imports of coal and uranium from South Africa, together with a programme to end British dependence on South African minerals.
- A ban on the purchase of South African goods by Government departments.

Argus Foreign Service

WASHINGTON. — Republican congressmen walked out of a US House of Representatives committee hearing when an attempt by one of them to soften sanctions legislation against South Africa was rejected by Democrats.

After the Republicans had left, the Democrats unanimously approved the Kennedy-Gray Anti-Apartheid Act of 1985, sending it on its way to certain adoption by the full House.

Before it reaches the floor of the House, it must go through the formality of approval by the House Foreign Affairs Committee — probably tomorrow.

The Kennedy-Gray legislation would ban US bank loans to the SA Government and its corporations, prohibit new private American investment in SA, stop the sale of kruger Rands in the US, and bar the export of American computers to SA unless they are for schools.

A similar Bill has been introduced in the US Senate.

The hearing was a joint sitting of two House subcommittees that deal with African affairs and international trade. Both have Democratic majorities and chairmen.

Recently visited SA

After a number of technical amendments to the Kennedy-Gray Bill had been approved, Congressman Mark Siljander, a conservative Republican who recently visited South Africa, outlined anti-apartheid legislation of his own.

It, too, envisages tough sanctions against SA — but only if a specially-appointed commission finds after three years that no substantial progress has been made in eliminating apartheid.

If that is its finding, it can recommend all the sanctions in the Kennedy-Gray Bill as well as "changes in diplomatic relations". The Bill includes forced adherence by US companies to the Sullivan Code and the funding of millions of dollars to help black education, trade unions, business and political advancement.

The Democrats rejected the measure immediately, saying that after 37 years of Nationalist rule it was a waste of time to spend three years studying apartheid which had just got worse. The time for sanctions was now.

Congressman Stephen Solarz of New York said the Siljander measure was a classic example of the thinking that had produced the Reagan policy of constructive engagement — "too little and too late".

Congressman Howard Wolpe of Michigan said it was merely a way of trying to avoid sanctions. But sanctions were needed this year as the US answer to increased oppression in SA which included police brutality, the charging of 16 UDF members with high treason and the firing of 21 000 black workers after a strike.

As soon as the measure was rejected, Congressman Siljander walked out, joined by his Republican colleagues, Congressmen Dan Burton of Indiana and Michael DeWine of Ohio.

Union wants strike clause barred

Soweton 10/5/85

By JOSHUA RABOROKO

THE METAL and Allied Workers Union has called for the scrapping of the clause in the Labour Relations Act that provides for a legal strike.

This call is made following the dismissal of about 1 000 strikers at Sarmcol, a subsidiary of a British company, BTR, in Howick, Natal, last week.

The workers, members of the union, were dismissed after what the company insists was an illegal strike, while the union contends that it followed all the procedures in the Act necessary for a legal strike.

A Mawu spokesman said action by the workers followed the union's three-year battle for recognition at the plant. Agreement was just about to be reached when the workers were fired.

The spokesman said after they had followed all the procedures for a legal strike it was "pointless for workers to go through the grievances." The whole clause in the Act should be scrapped.

"It is no longer necessary for workers to go on legal strikes because whether they do or not they will still be fired. So the provision for a legal strike in the Act should be scrapped," the spokesman said.

"We are going to put pressure on the management to reinstate the workers and this may mean calling for a boycott of their products countrywide," the spokesman said.

The company has claimed that it took the action after "several months of sporadic disruption and industrial action taken by the members of the union."

61

NM 10/5/85

Britain opposed to disinvestment in S A

(61)

JOHANNESBURG — Britain is very concerned about what is happening in South Africa, but does not believe disinvestment or trade sanctions would improve matters, British ambassador to South Africa, Mr Patrick Moberly said yesterday.

He told the Institute of Directors' annual meeting: 'British ministers have made it abundantly clear that they are not in favour of measures to reduce trade or investment with South Africa, although by no means everyone in Britain agrees.'

Sanctions would hurt underprivileged people and South Africa's neighbours, while pressures for reform had more chance of success in conditions of economic confidence, he said.

But Mr Moberly added: 'Make no mistake: there is very real concern about the situation here. We look for a process of evolutionary change in the direction of dismantling apartheid and extending civil and political rights to all.

Code

'The present system is seen as discriminating against a majority of the people in South Africa, whose support and participation are necessary to the future stability and development of the country.'

The British Government took its task of monitoring whether British companies were following the European code of conduct very seriously, Mr Moberly said.

He said 130 companies employing 100 000 workers were reporting under the code.

Britain exported more than £1,2 billion of goods to South Africa in 1984, while about seven percent of all British capital invested overseas was in South Africa. — (Reuter)

sunrise world

Kinnock wants to cut economic ties, downgrade diplomacy

61 Star 11/5/85

Labour toughens up on SA

— by —
John D'Oliveira,
The Star Bureau

LONDON — Labour Party leader Mr Neil Kinnock will shortly announce a tougher policy on South Africa.

The policy has been redrafted in the light of recent developments in South Africa and it will reflect Labour's belief that the British electorate is ready for a harder line on the republic.

It is almost certain the policy will involve cutting some economic links with South Africa, restrictions on South African diplomatic activity in Britain and official recognition for "liberation movements" like the African National Congress, the Pan Africanist Congress, the United Democratic Front and Swapo.

Labour spokesmen refused to comment today on the new policy, but it is understood that its national executive's international committee, decided in April that Mr Kinnock should hold a media conference to announce it.

A date for the conference has not yet been announced, but observers believe it must be held before Mr Kinnock addresses a rally organised by the Anti-Apartheid Movement in Trafalgar Square on June 16.

He will be the first opposition leader to address an AAM rally since Mr Harold Wilson spoke in 1963 — the year before he became Prime Minister.

It is understood Labour activists believe the violence in South Africa and especially events like the Uitenhage killings have disillusioned many Britons and that it can now win support for economic sanctions.

However, these would involve specific measures like a ban on new investment in South Africa and a ban on the sale of Krugerrands in Britain.

Mr Kinnock has already endorsed publicly the AAM's radical, 10-point programme of action against South Africa and it is clear the new Labour policy will have to make provision for most of these measures.

The AAM's programme includes:

- Downgrading diplomatic relations with South Africa.
- A ban on new investment, bank loans and the sale of North Sea oil to South Africa, a ban on the purchase by government departments of South African goods and on the sale of Krugerrands in Britain.
- The cessation of go[...] promotion of trade w[...] Africa.
- The strengthening o[...] datory arms embargo.
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cut economic ties, downgrade diplomacy

Star 11/5/85 280

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- The cessation of government promotion of trade with South Africa.
- The strengthening of the mandatory arms embargo.
- The termination of the no-visa agreement between the two countries.
- An immediate ban on imports of coal and uranium from South Africa, together with a programme to eliminate Britain's dependence on South African strategic minerals.

Mr Neil Kinnock . . . taking a tougher line on SA.

Cape Times 15/5/85 (61)

Labour MPs in demo against loans to SA

Own Correspondent

LONDON. — Two Labour Party MPs yesterday joined a demonstration outside four British merchant banks to protest at their participation in loans totalling R4 600-million to the South African Government and its agencies in the past two years.

The rotating picket outside four merchant banks in the City of London, London's financial centre, represents an escalation in the campaign of Eltsa (End Loans to South Africa) — an anti-apartheid pressure group which has up to now focused its attention on the involvement of Barclays and Standard Charter in South Africa.

Yesterday's targets were Hill Samuel, Rothschilds, Schroder Wagg and Hambros.

Eltsa claims that Hill Samuel participated in 14 loans totalling R1 400-million, Rothschilds in 11 loans (R1 100-million), Schroder Wagg in 10 loans (R1 000-million) and Hambros in 12 loans (R1 100-million) respectively.

An Eltsa spokesman said the campaign was aimed at creating an awareness among the British public of which banks were "supporting the apartheid regime".

He said Rothschilds had made a loan of R150-million directly to the SA Government last month.

In February, Schroder Wagg had established a formal presence in South Africa by appointing a Johannesburg company to act as its agent.

Although several large American banks, including the massive Citibank, have recently refused to participate in further loans to South Africa, British banks have resisted pressure to do so.

Simon Barber reports from Washington that lawyers representing nine Chicagoans arrested for trespass at the city's SA Consulate have called Senator Edward Kennedy as a defence witness.

The defendants, whose jury trial in Cook County Municipal Court is expected to last all week, scored a major victory on Monday when they persuaded the judge to hear a plea that they acted out of "necessity to prevent a more serious crime — the continuation of apartheid".

Meanwhile, in Washington, prosecutors dropped "unlawful entry" charges against five Free South Africa Movement leaders who broke into a "high-security area" at a local precious-metals dealer to protest at the sale of Krugerrands.

Bill to stop blacklists

★ FROM PAGE 1

best value for their money,' he said. 16/5/85

If the legislation outlaws all political blacklisting, as Mr Jenkin has hinted, boycotts by local councils of South African goods would also be illegal. 61

The legislation was originally mooted to deal with local councils near the Greenham Common cruise missile base and the earmarked Molesworth site which have blacklisted various contractors working on the sites.

The councils mentioned by Mr Jenkin as having blacklisted South African-linked companies were Lewisham, Brent and Lambeth in London, and Bristol, Leicester and Middleborough.

U K draft Bill will prevent anti-S A action

NM 16/5/85 61

London Bureau

THE British Government is drafting legislation that would prevent Labour-controlled local councils from blacklisting firms that do business with South Africa.

Although the legislation is aimed primarily at preventing Labour-controlled councils from blacklisting contractors on political grounds, the South African connection was confirmed in an interview yesterday with the Environment Secretary, Mr Patrick Jenkin.

Speaking in a BBC radio interview Mr Jenkin named six Labour-controlled councils that had blacklisted firms trading with South Africa.

'What is that to do with them?' Mr Jenkin asked.

The legislation, which is likely to be as controversial as the Bill to abolish the Greater London Council and major metropolitan councils, is due to be introduced in the next session of Parliament which opens in October.

Mr Jenkin made it clear that he sympathised with the view of many Tory MPs that the legislation should be cast wider to put an end to local councils taking decisions on any other than purely financial grounds.

He described the widespread practice of political blacklisting by Labour-controlled councils as a 'gross abuse of their power and gross interference in the right of free and fair tendering and competition'.

'This will ensure that ratepayers do not get the

★ TURN TO PAGE 2

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Banking union in anti-SA action

61.

B. Day

16/7/85

Own Correspondent

LONDON — A British union of white-collar banking and insurance workers has voted, for the first time, to urge its employers to withdraw investments from South Africa.

The surprise decision was taken at the annual conference of the Banking, Insurance and Finance Union (Bifu) which represents 150 000 workers.

It is the first time that Bifu, recognised by most major British banks, has voted to take anti-South African action.

The resolution called on banks, insurance companies and finance houses to "begin constructive withdrawal of investments from South Africa".

It also called on employers to support black trade unions in their struggle for recognition and to publicise the names of companies who "support the regime financially".

Many major British banks participate in massive loans to the South African Government and parastatal bodies, like Escom. Many British insurance companies also have extensive investments in and links with South Africa.

The Bifu conference, which ended yesterday, also held the first official fringe meeting on South Africa. It was chaired by Bifu president Alan Meadows.

The meeting was addressed by a member of the Metal and Allied Workers' Union (Mawu), June Rose Nala, who is studying at Ruskin College, Oxford; secretary of End Loans to South Africa (Eltsa), David Haslam; and Tony Shaw from the international department of the Trades Union Congress.

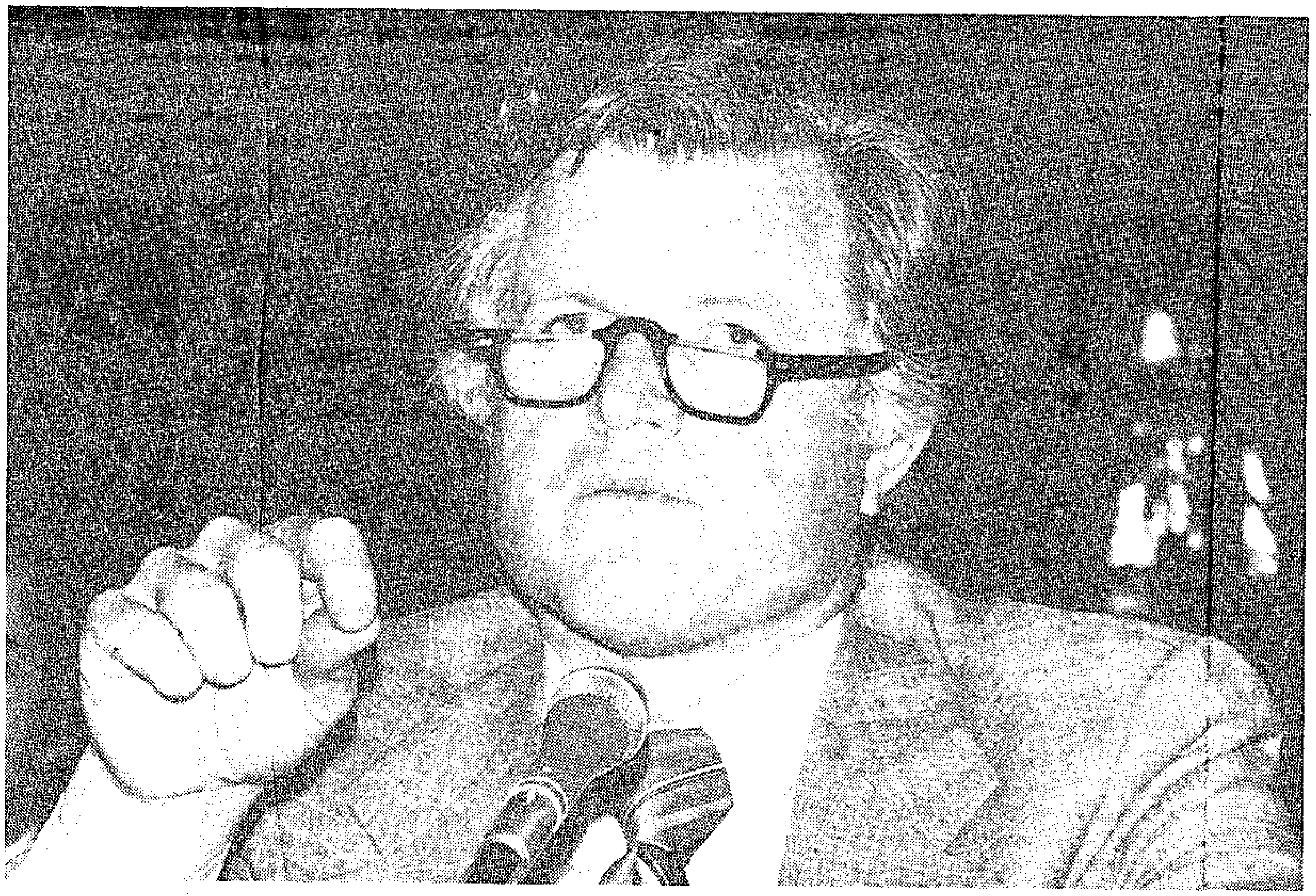
Meanwhile, the British Government is drafting legislation which will prevent Labour-controlled local councils from blacklisting firms which do business with South Africa.

Although the legislation is aimed primarily at preventing Labour-controlled councils from blacklisting contractors on political grounds, the South African connection was confirmed in a BBC radio interview yesterday with Environment Secretary Patrick Jenkin.

Divestment talk takes a nosedive

(61) B. Day 16/5/85

SIMON BARBER in Washington



● TED KENNEDY . . . he could be thinking that he's gone too far

SENATOR Christopher Dodd of Connecticut is a man in the Kennedy mould. He is blessed with youth, good, if increasingly saturnine, looks and an unmarried private life into which drift the likes of Bianca Jagger. His credentials as a liberal Democrat, regularly fattened by savage forays into President Reagan's Latin America policy, are unblemished.

It therefore came as something of a surprise to his colleague from Massachusetts when he threw in his lot with someone else's South Africa Bill last week, particularly when that someone else was Delaware's Senator William Roth, a Republican and a conservative one at that.

The Roth Bill is designed to derail the Kennedy offering on the grounds that the latter, its sponsors' protestations aside, means divestment. Blocking new investment in South Africa, the Roth people say, is tantamount to telling United States companies that their operations in South Africa will not be allowed to compete with their European, Japanese and indigenous rivals and will, therefore, have to be sold or liquidated with potentially grim consequences for their black employees.

Instead, Roth and another conservative, Kentucky's Mitch McConnell, propose to manifest American displeasure with Pretoria in suitably symbolic ways that do not attempt to tamper with beneficial things like markets, trade and employment: to wit, an end to South Africa's United States landing rights, the closure of at least one consulate and a mandatory Sullivan Code, all rendered logical by a number of other measures designed to promote the education and economic clout of that portion of the South African population for whom direct flights to New York are not a paramount concern.

Dodd's decision to jump ship came as a particular blow to the Kennedy men because they had counted on him to push their language in the Senate Foreign Relations Committee, where they do not sit.

Nonetheless, it was not as unexpected as might appear. The fact is that there are many in the upper chamber who worry that Kennedy is going too far. One of them, if he could bring himself to let on to the Congressional black caucus and other radical voices that wag him, may be Kennedy himself.

Very gradually, and with precious little help from South Africa, disinvestment is starting to lose favour.

The Washington Post has editorialised against it. One of the paper's most dependably trendy columnists, Richard Cohen, has written: "Morality is cheap when someone else pays the cost." Besides, why else would Kennedy and his co-sponsors in the House, chiefly Congressmen William Gray and Stephen Solarz, spend so much time protesting (too much) that theirs is not a disinvestment Bill?

A number of major black organisations are beginning to question the point of view expressed last week by Michelle Kourouma, director of the national conference of black mayors, that disinvestment is a must because "we have nothing to lose and everything to gain: freedom".

The National Association of Blacks Within Government is deeply divided on the issue, according to its executive director, Mr Ted Adams. Many of his members, he said recently, fear that divestiture could amount to "throwing the baby out with the bath water".

Adams' own preference was "a mounting more in the divestment direction, but I would not like to see it happen all at once. I'd like to determine over time whether it's a good thing".

The Washington-based Joint Centre of Political Studies, a leading think tank on black issues, takes an even more unequivocal line.

John Burroughs, a senior fellow at the centre and former Ambassador to Malawi, told the Los Angeles Times: "United States firms are doing more good by being there. Divestiture would be detrimental, not so much for black employment but as a force for social change . . . other countries won't hesitate to come in an take up the slack."

Even the National Urban League (not to be confused with its South African eponym) has doubts, though it pays lip service to the Kennedy Bill.

Said a spokesman: "We do not favour divestment. We favour the Sullivan principles and no new investment. We believe the workers are the ones that would be hurt."

The objections raised to disinvestment at city and state levels concern not merely wisdom.

The matter of legality, which has thus far remained surprisingly dormant, is brewing in Los Angeles, where Mayor Tom Bradley last week neatly timed the unveiling of a plan to purge the city's pension funds of South Africa-related stocks to coincide with the arrival of Bishop Desmond Tutu.

The city commissioners overseeing the three funds involved are not happy at the prospect of having to sell off nearly a quarter of the R4 000-million worth of assets for which they are responsible. Bradley, with Tutu at his side, told a Press conference on Friday that they'd better get happy, else they were fired.

The Washington City government let go a recalcitrant fund manager under similar circumstances last year, but Bradley's ultimatum broke new ground. A considerable body of common and case law exists to define fiduciary responsibility and to protect retirement systems from outside intrusion.

Furthermore, arguments that disinvestment is risky because it denies portfolios access to nearly half the Standard and Poor's 500 are generally disputed only by those consultants who make a living from running "sanitised" funds.

One of the Los Angeles commissioners, Mr David Woo, said after the Press conference that he was "confident" Bradley would change his mind when they had presented their recommendations.

The hint was evidently taken. A city attorney briefed to put the case for disinvestment conceded: "I wouldn't want to be quoted that it positively can be done."

It would be optimistic to believe that common sense or law is going to bring disinvestment to a halt, particularly since some of the country's most powerful city, state and union trustees — including Harrison Goldin, comptroller of New York City and ultimate arbiter of its R42 000-million pension funds — openly espouse the cause. Nonetheless, the tide may be turning.

The problem politically is that many of the legislators who have leapt on to the bandwagon have locked themselves into positions from which there is no return.

Solarz reaped a brief whirlwind when he tried to compromise on the Export Administration Act's South Africa provisions last year. Kennedy had his feet held to fire by the black caucus on his return from South Africa earlier this year when he toyed with dropping out of the issue altogether.

The only escape for these politicians is to be defeated before they are forced to do things they would rather not.

Dodd escaped while he could. Kennedy is likely to bring his Bill to the floor of the Senate and watch it voted down so that he can go in peace having fought the good fight.

It is not inconceivable that Bradley had a similar tactic in mind when he threatened firings.

In short, when it comes to disinvestment there may be more people out there than one ever imagined silently praying to be put out of their misery.

Dunlop workers threaten walk-out

61

C-Pers

17/5/85

By CLAIRE PICKARD-CAMBRIDGE

ABOUT 2 000 workers at Dunlop SA in Durban have threatened to strike next week if BTR Sarmcol near Howick refuses to conclude a recognition agreement with the Metal and Allied Workers' Union (Mawu).

This follows Sarmcol's dismissal of 970 striking workers almost three weeks ago and will bring the number of strikers at Dunlop and Sarmcol — both subsidiaries of British Tyre and Rubber — to 2 970.

Mawu said yesterday that Dunlop workers had agreed to strike if BTR Sarmcol persisted in refusing to negotiate with the union. A strike ballot will be held next week.

The 970 Sarmcol workers were fired for participating in an "illegal" strike according to the company. The union, however, claims the labour action was legal in terms of the Labour Relations Act.

The union alleged that none of the Sarmcol strikers had returned to work and that Dunlop had threatened to seek an interdict to prevent strike action.

Sarmcol's administrative director John Sampson said yesterday that about 400 people — most of whom had been laid off from Sarmcol over the past three years — had been hired to replace the strikers.

Twenty of the 970 dismissed workers had asked to be re-instated.

Sampson said the firm had signed a preliminary recognition agreement with Mawu in 1983, but had not negotiated with the union over the strike.

● Mawu has launched a boycott of shops in Howick to put pressure on local business to persuade Sarmcol to negotiate with the union.

'Heirs of Hitler rule SA'

Cape Times 22/5/85

Own Correspondent

LONDON. — The spiritual heirs of Adolf Hitler were alive and ruling in South Africa, the leader of the British Liberal Party, Mr David Steel, said yesterday.

Addressing a Commonwealth media workshop here on how to counter South African propaganda, Mr Steel attacked the British Government for its laxity in dealing with South Africa and called on the West to intervene.

"In a world full of tyrannies of various kinds South Africa remains the only nation whose laws and constitution are based on theories of racial superiority," he said.

Mr Steel called on the British Government to heed the proposal of exiled editor Donald Woods that the Gleneagles agreement curbing Commonwealth sporting contact with South Africa should be extended to economic; social and cultural links.

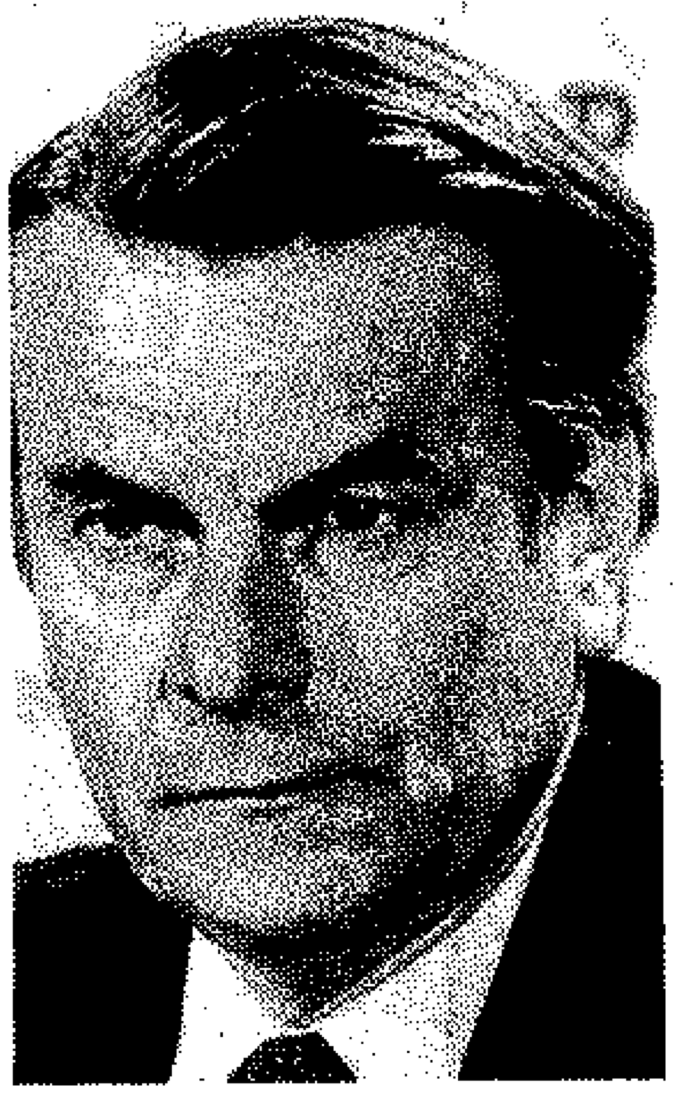
He also called on the British Government to consider the argument for disinvestment in South Africa in consultation with the Commonwealth and the European Economic Community.

Dismissing the United States policy of constructive engagement as a "useless sham", Mr Steel called for a more effective application of the United Nations arms embargo.

He also urged the British Government to support black trade unions in South Africa.

Owen wants world ban on loans to S A

NM 27/5/85



Dr David Owen

LONDON—Dr David Owen, leader of the moderate Social Democratic Party, urged the British Government yesterday to initiate an international ban on new investment in South Africa, in an effort to hasten South West African independence under United Nations auspices.

In a letter to the Foreign Secretary, Sir Geoffrey Howe, he accused South Africa of 'intransigence and deceit' over the question of granting independence to South West Africa.

'The South Africans ... have frequently lied, frequently broken international law and frequently misled governments with whom they have been negotiating, about their true intentions,' he said.

Dr Owen said it was extremely important that South Africa should be pressured to abide by UN Resolution 435 which spells out procedures for the territory's independence including UN-supervised elections.

To do this, he said, Britain should initiate a ban on new loans to South Africa and South African companies and on these companies raising new money abroad.

'I very much hope that the British Government will now take action and consult with the other four countries in the contact group to ensure additional pressure is placed on South Africa,' he said. — (Sapa-AP)

Argus 28/5/85

INTERNATIONAL

South Africa: 'Exposed as international liars'

61

Argus Foreign Service

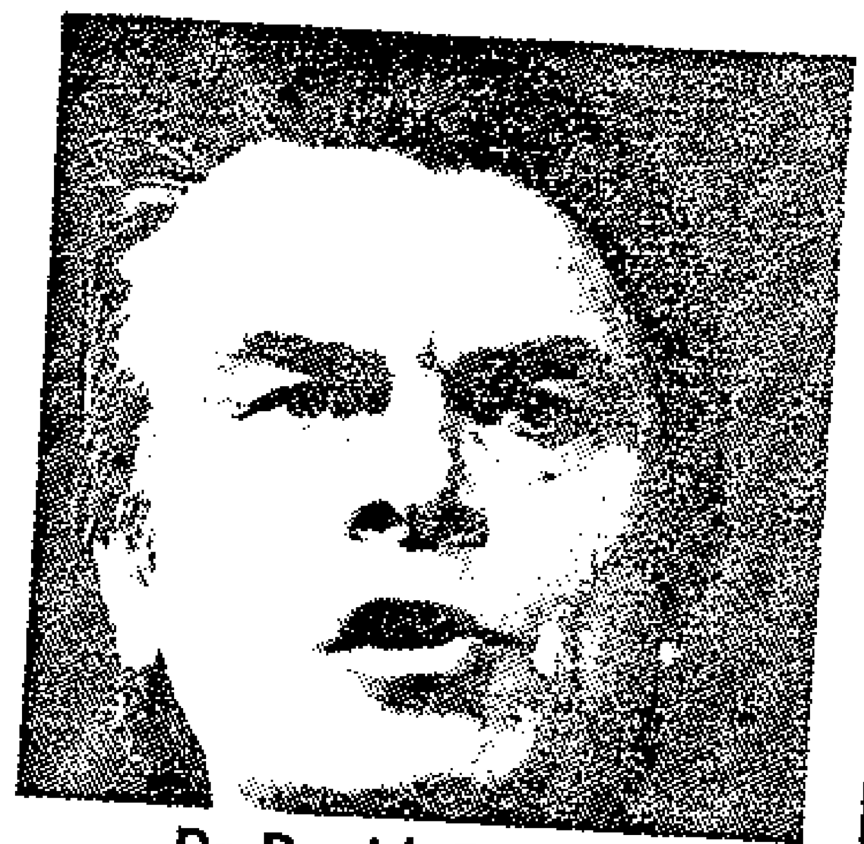
LONDON. — Social Democratic Party leader Dr David Owen has urged the British Government to ban new investment in South Africa to put international pressure on the Republic.

In a letter to Sir Geoffrey Howe, the Foreign Secretary, Dr Owen said South Africa had been intransigent and deceitful over Namibian independence.

"The South Africans dislike being exposed as international liars and have always hidden behind a bogus image of being the upholders of the rule of law.

"In fact, of course, they have frequently lied, frequently broken international law, and frequently misled governments with whom they have been negotiating," he said.

He said Sir Geoffrey should urge the British Government and the other Contact Group members to put a ban on new loans to South African companies and prevent them raising loans abroad.



Dr David Owen

Last week Mr David Steel, the Liberal leader, called for a declaration of intent on economic relations similar to the Gleneagles Agreement on sporting contacts designed to isolate South Africa and increase international pressure for significant changes in apartheid and on Namibia.

Dr Owen urges ban on SA trade

(61)

Sowetan 28/5/85

LONDON — Social Democratic Party leader Dr David Owen has urged the British Government to ban new investment in South Africa to put internatinal pressure on the Republic.

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"In fact, of course, they have frequently lied, frequently broken international law, and frequently misled governments with whom they have been negotiating," he said.

He said Sir Geoffrey should urge the British Government and the other contact group members to put a ban on new loans to South African companies.

Dr Owen added that it was extremely important that the pressure be stepped up on South Africa.

61

29/5/85

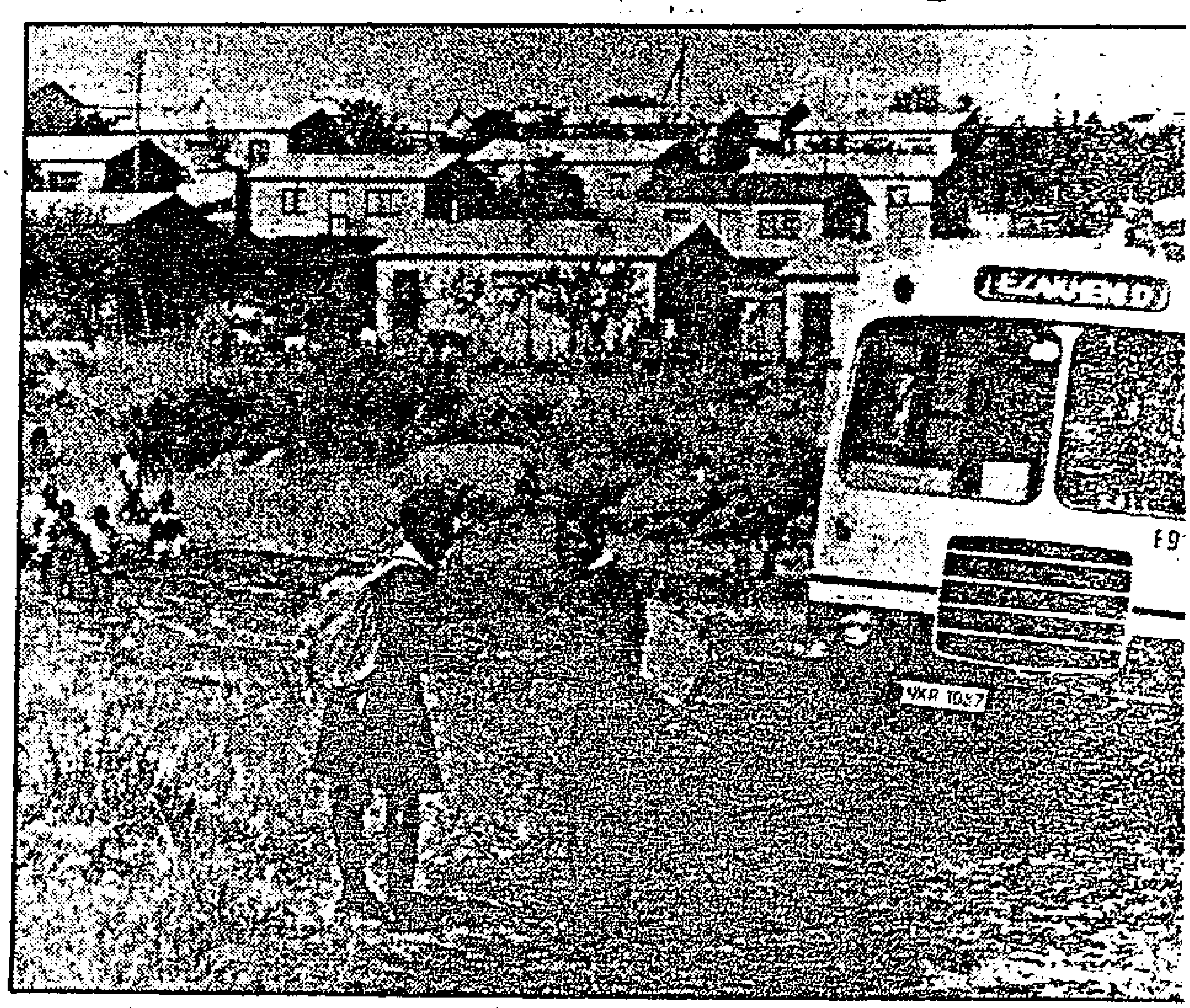
Fair wages [illegible] on this [illegible] Cosatu. This factory is part of the Pieters complex near Ezakheni and many of the resettlement camps are in this valley.

TOPIC

Limehill, Waaihoek, Ekuvukeni

Americans underpay us

What are conditions like in development point industries in or close to South Africa's homelands? To get some idea David Robbins and Mary Boulle examined one factory, American-owned Tidwell Housing, at the Ezakheni development point outside Ladysmith.



A corner of the sprawling Ezakheni township where most of Tidwell's black wo

A FAIR wage, job security and freedom of association — these were the main demands to emerge from interviews with workers employed at Tidwell's recently established mobile home plant at Ezakheni.

The workers, most of whom live in squalid conditions in Ezakheni township, complained that they could not live on the wages paid by the American-owned company which, along with all companies established in Ezakheni, are in line for massive concessions and cash rebates from the South African Government.

A group of workers engaged in the erection of Tidwell houses at the company's swish housing estate, Hacienda Espana, in Ladysmith, said: "If you have been to Ezakheni, you can see how we live. Now you see how the white American staff live."

Hacienda Espana will ultimately comprise 50 houses set in rolling parkland. Most of Tidwell's approximately 10 American employees live here with their families; the rest of the show-piece houses will be rented out.

When asked what they would like to say regarding their conditions of employment with Tidwell, the workers' reply was immediate and unanimous.

"We want a fair wage; we want the right to be able to choose whether to join a trade union or not; we want job security." They also said they were well aware that they worked for an American company whose American workers were paid substantially more than they were.

According to managing director Richard Rebone, the minimum starting wage at Tidwell Housing, where productivity is only 30 percent of Tidwell's American factories, is now R25 per week. After a four-month training period, however, this minimum wage increases. "I would say that R37 a week for the lower skilled jobs is a fair average," he said, adding that this was considerably higher than most Ezakheni companies paid.

Tidwell employees received an increase in February this year, and another is in the pipeline for August.

The February increase was confirmed by a construction worker at Hacienda Espana. "Yes," he said bitterly, "I got R5."

Most of the interviews with Tidwell workers were dominated by insecurity caused by a wave of retrenchments which hit the prefabricated housing factory earlier this month. Mr Rebone confirmed that 35 workers had already been laid off, while several disconsolate employees showed retrenchment letters giving one week's notice but no details of severence pay.

"We are down to a workforce of about 100," Mr Rebone said, "but hopefully we'll be able to begin recalling workers in about a month."

Interviewed in his office at the R6 million plant in Ezakheni, Mr Rebone blamed the current economic recession for the fall-off in orders.

"Workers who are laid off receive no severence pay, but are in line for recall. Workers who prefer to be retrenched receive severence pay at the rate laid down by South Africa's Department of Manpower," Mr Rebone explained.

However, legislation which determines the rates of severence pay does n Ezakheni, which is under the ju the KwaZulu Financing Corpor: African labour legislation was all so-called homelands, and in a Ezhakeni destined for incorpor. homeland, in the early 1970s. Thi means workers have no employm

Said Mr Geoff Schreiner, a spc the Metal and Allied Workers' Un "It is untrue that the com severence pay according to the cr Department of Manpower, becau partment has never set down any the matter. In fact, the norm fo pay negotiated between unions a ers inside South Africa is betwee and one month's pay for each yea This has not been paid by Tidwell.

A Tidwell worker, who asked identified for fear of reprisals, firm has no system of sick pay. "I v by falling timber and was badly head and neck. I had to go to the stay at home for a few days. They me for those days off — in fact I ca

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:ell's black workers live.

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er, who asked not to be
of reprisals, told us the
of sick pay. "I was injured
and was badly cut on my
ad to go to the doctor and
few days. They didn't pay
ff — in fact I came back to work early because I couldn't afford to lose any more money — and I never got any workmen's compensation either," he said.

In the Republic, employers are required by law to report accidents and to claim compensation for an injured employee.

Mrs Christine Mabaso, a cleaner at the Tidwell factory, invited us to her home in Ezakheni township. The road was too boulder-strewn to drive on. Her tiny four-roomed house, one of thousands of identical dwellings crammed onto arid hills 20 kilometers from Ladysmith, had no ceilings, electricity or inner doors. Winters in the region can be severe, and the raw cement floors and backyard latrines offer little comfort.

Ezakheni is a "resettlement area", all residents having been removed to it from other parts of the country, many from land which they once owned freehold.

Mrs Mabaso, who is married with five children, originally came from a place called Mbulwane where her family had owned land for several generations. But this land, which was awkwardly placed in the apartheid scheme of things, was expropriated in the 1970s, and the family was left with no alternative but to move to Ezakheni.

The gross pay on Mrs Mabaso's weekly pay slip was R33. Her husband works for another Ezakheni factory and earns roughly the same.

The family's main weekly expenses are: R9.30 for busfares to work; R5.12 for rent; R5,81 for school fees. This leaves the family just over R40 to cope with medical expenses, school uniforms and books, other clothing requirements and food bills.

The few grocery stores in Ezakheni are notoriously expensive, but the busfare to Ladysmith's supermarkets is R1.40 each way. "Why are we forced to live so far away from the factories and the white town?" Mrs Mabaso asked. It was a complaint echoed by all Tidwell workers living in Ezakheni.

Mrs Mabaso took us to see a fellow cleaner from Tidwell, a Mrs Mildred Sithole. She had just received her lay-off notice and had five more working days to go. "They say they're going to give me something extra when I leave, but I don't know how much," she said. She was washing children's clothes in her tiny backyard.

Asked how she was going to live after she stopped work, Mrs Sithole replied simply: "I don't know."

The predicament of these workers, whether they can find employment or not, is directly linked to the huge concessions which industrialists in Ezakheni enjoy. Having dispossessed peasant communities and smashed peasant economies for purely ideological reasons, the South African government is now spending millions in an attempt, to provide job opportunities for economically unviable homeland areas.

"As a foreign company operating in South Africa, we believe we have no right to try to dictate policy here," Mr Rebone said. "Nevertheless, we are the highest paying employer in Ezakheni, and our rates of pay are for a 40-hour week, not for 46 hours as is generally the case. We also offer 10 days paid holiday a year, which is double the average for this area."

Mr Rebone, who has recently become chairman of the Ezakheni Employers' Association, said that "trade unionism hasn't been a problem for us generally", even though Tidwell is currently engaged in legal proceedings with the Metal and Allied Workers' Union over union activists which Tidwell fired last year.

"We have no unions in our United States plants," Mr Rebone pointed out, "not because we discourage it, but because our workers are generally satisfied with working conditions."

But Mawu's Mr Schreiner pointed out that the Amalgamated Clothing, Textile Workers' Union had membership in most of Tidwell's American plants. "I believe it is true to say that Tidwell's U.S. management is as hostile to trade unions as its South African counterpart."

At Tidwell's Ezakheni plant, there is no canteen (although one is currently being built), no pension scheme, no medical aid (although a nurse operates a clinic at the factory — and fills in on the switchboard as well), and no transport or housing subsidy.

"Personally, I am neither pro nor con trade unions," Mr Rebone said. "If the workforce here deems trade unionism necessary, then perhaps we would have to negotiate."

Mr Schreiner: "Mawu is a majority union at the Ezakheni plant, and the company was sent proof of this six months ago. But they are still refusing to recognise or negotiate with us.

"The struggle at Tidwell is primarily for union recognition and rights," Mr Schreiner went on. "With recognition, workers could negotiate to improve their wages and conditions. If the company continues to refuse these basic demands, they should leave South Africa."

Asked if he thought it had been worth Tidwell's while in coming to South Africa, Mr Rebone replied: "In the long term, yes. In the short term, because of the current economic climate, the answer has to be no."

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Conference on investing in SA

From JOHN BATTERSBY

LONDON. — A high-powered two-day conference on foreign investment in South Africa opens at London's exclusive Hilton Hotel today.

The conference, organized by the Swiss-based consultants Business International (BI) on behalf of its multi-national clients, will be addressed by Dr Gerrit Viljoen, Minister of Co-operation and Development, on the attitude of the South African Government on foreign investment. It is open only to members of BI at R2 500 a head.

The conference, entitled "South Africa: The Evolving Challenge to International Companies", will be followed on Friday by a similar one-day conference in New York.

More than 60 participants are expected in London and about 110 in New York. They will include representatives from such companies as Barclays Bank (UK), British Petroleum, Consolidated Goldfields, Rank Xerox, General Motors, Lego, Nestles, British Oxygen and Unilever.

BI has some 300-odd corporate members, most multi-nationals with operations in the US and Western Europe. The multi-nationals attending this week's conference have operations in South Africa.

It is understood that representatives from the South African Embassy and the South African Foundation have been invited as observers.

Speakers at today's conference include Chief Gatsha Buthelezi, the chief minister of KwaZulu, speaking on black political demands, and Dr Gerard De Kock, the Governor of the SA Reserve bank, on economic and business prospects.

Tomorrow's speakers will include British Foreign Office Minister Malcolm Rifkind on Anglo-South African relations and United States Assistant Secretary of State Chester Crocker on US-SA relations.

Mr Basil Hersov, executive director of Anglo-Vaal and chairman of Barclays Bank (SA), will conclude the conference with an assessment of how South African companies are responding to the challenges.

Dieldrin levels in Natal 'highest'

DURBAN. — Fish in Durban Bay have such high levels of the deadly chemical dieldrin that they would not be deemed edible in the United States.

Mussels and dolphins off Natal's coastline have some of the highest levels of the outlawed pesticide in the world.

According to Dr John Mendelsohn, the curator of Durban's Natural History Museum, the dieldrin levels in the sea off the city are the highest in the province.

Some of the highest levels in the world were in mussels found near the mouth of the Reunion Canal, where Shell had a factory manufacturing dieldrin.

Natal, Dr Mendelsohn said, has by far the highest recorded dieldrin levels in the country — and some are among the world's highest. Charts on display at the museum showed that the dieldrin levels in Natal were consistently higher than elsewhere in South Africa.

He said fish in Durban Bay had dieldrin levels so high they would not be regarded as edible in terms of the US Food and Drug Administration laws.

Levels in dolphins caught off the Natal coast were among the highest in the world for the species — and levels found in eagles were so high that they were several times the fatal dose.

Dr Mendelsohn said dieldrin was still constantly entering the environment — even though the chemical had been banned since 1981.

Mullet with levels of 400 parts per billion and grunter with levels of 600 parts per billion had been caught in Durban Bay. Dr Mendelsohn said fish with levels of 400 parts per billion and above were regarded as inedible in the US.

Mullet with 100 and 200 parts per billion had been recorded at the Umgeni and Umdloti river mouths.

Significant dieldrin levels among mussels off the South African coast had been found only off Reunion, along the Bluff, and at Umgeni and Umdloti. The levels found at Reunion were among the highest in the world.

Probably the highest dieldrin levels ever found in a bird had been recorded in a black eagle found dead in Underberg in 1982, which had levels of 67 000 parts per billion.

"It is staggeringly high," Dr Mendelsohn said. "It is several times the fatal dose, which is about 4 000 to 10 000 parts per billion." — Sapa

Share prices rocket

UK institutions sell R13,5m Kersaf stock

61

10/6/88 B. Day

● KERZNER

By PETER FARLEY

BRITISH institutions last week sold 1,5% of the share capital in leisure group Kersaf — almost half their total holding — for R13,5m.

Yet the price of the shares on the JSE continues to hold around record levels.

The shares were sold as the UK institutions took profits of around R2,5m, less than a month after acquiring the scrip.

A mad scramble for the shares by SA institutions nevertheless pushed the share price up by 60c over the week to 1 135c at Friday's close. Under normal circumstances an offering of this nature would have severely dented even the strongest company's share price.

Market sources were unable to identify who was the leading buyer but those close to the transactions pinpointed a Cape Town-based institution.

Kersaf chairman Dick Goss supported this theory and emphasised that none of the company's principle shareholders, including himself, Sol Kerzner and Safren — between them holding 92% of the company — had been sellers.

Kerzner is overseas and unavailable for comment.

During last week almost 1,2-million Kersaf shares changed hands — the bulk being a single deal of 900 000 shares on Wednesday — at a cost of around R13,5m.

Stockmarket sources said that while 2,6-million new Kersaf shares were issued to UK institutions in mid-May, to fund the purchase of 40% of Kunick, the premium on the shares meant that a quick turn became highly attractive. The shares were issued at 900c each.

With SA minorities holding less than 8% of the company's stock, and local institutions prepared to pay virtually any price, the opportunity for the UK holders to take a quick profit was undeniable.

It remains to be seen whether the other shares will be offered for sale. But local market sources feel the UK shareholders now want to hold on to the balance.

If the rest are sold back into SA, Kerzner will have effectively sidestepped exchange control regulations — albeit legally — and the entire R24m needed to buy the 40% stake in Kunick will have come straight from SA institutions.

The way Kerzner structured the Kunick deal, the 2,6-millon new Kersaf shares were issued straight to Kunick for the 40% stake. Kunick then sold the Kersaf shares directly to UK institutions.

This meant that Kunick had around R24m for further acquisitions and allowed the group room to expand without diluting existing shareholdings.

The UK institutions were, however, expected to be determined holders of the new shares, particularly given the way the scarcity of the shares here has pushed the price to near-record stock market ratings.

The sale of the shares could therefore prove to be of greater significance than just mere profit-taking. The profit of R2,5m, although significant in such a short space of time, is hardly of any real importance to the institutions.

However, the sale of the shares must come as some disappointment to Kerzner, who had hoped to see the beginnings of an unofficial market in Kersaf shares in London. This is particularly important given Kerzner's already-stated intention to list either Kersaf or Sun International on the London Stock Exchange later this year.

Kunick, although it is focused clearly on the leisure industry, was seen by many analysts as a strange acquisition for Kersaf. Kunick has a wide portfolio of investments, ranging from pubs and discotheques to waxworks and an opera house — none of which represents an area in which Kersaf management has any real strength or experience.

Whatever the outcome, Kerzner has paid a PE ratio of around 20:1 on current Kunick earnings, which discounts growth for at least the next 20 years. It is an expensive entree into the international leisure arena and Kersaf management will have to work hard if it is to live up to the current high expectations of the investing public.

Jobfinder Inside

40c (36c plus 4c GST)

Britain rules out sanctions

(61)

Cape Times 10/6/85

Own Correspondent

LONDON. — The British Government yesterday flatly ruled out the possibility of imposing any form of sanctions against South Africa — even if it meant isolation in the European Economic Community (EEC), the Commonwealth and the United Nations.

Mr Malcolm Rifkind, Minister of State for Southern Africa at the Foreign Office, justifying Britain's position on sanctions, said any sensible or responsible government had to take a long-term view.

This involved asking if one were embarking on a process one thought to be right, not only in the interests of Britain but also in the interests of dismantling apartheid as quickly as possible.

"And we do have to take into account black opinion in South Africa, which is divided. We also have to take into account the almost total failure of sanctions wherever else they have been applied," he said.

TV programme

Mr Rifkind said Britain would discuss the whole issue with its allies in the Commonwealth and indicated that Britain would keep a keen eye on the dismantling of apartheid in South Africa, looking at any process that would hasten this.

Mr Rifkind's statement was made on the BBC programme "Weekend World", produced by one of Britain's top political commentators, Mr Brian Walden.

The programme studied the whole question of sanctions against South Africa, which has been an issue for years in the Third World and recently in the United States and increasingly in the EEC and Britain.

Measures examined were total economic sanctions against South Africa, total disinvestment and a freeze on international loans and new investment.

All three were ruled out by Britain, with Mr Rifkind acknowledging that this attitude could place Britain in an isolated position.

Mr Malcolm Rifkind . . . we do have to take into account black opinion in South Africa

Mr Walden said that in opposing sanctions against South Africa, Britain could find its worst difficulties in facing the Commonwealth.

While the US approach of "constructive engagement" had seemed to have a chance of working, the British Government had been able to keep Commonwealth critics at bay. Now, however, if the British Government resisted moves against South Africa, it could find the whole Commonwealth against it.

Sir Shridath Ramphal, secretary-general of the Commonwealth, speaking on the same programme, said that Commonwealth countries — including Australia, a member of the Security Council — had already signalled their support for selective sanctions.

The pressure on Britain to be part of this would be "really very substantial", Sir Shridath said.

'Real issues'

Mr Walden said it was very likely that President Ronald Reagan would not veto action against South Africa and this would also put tremendous pressure on Britain, "because the American lead would be adopted by pretty well everyone else".

Mr Rifkind said the world was unanimous that much more fundamental reform was needed in South Africa. However, Britain asked: Would sanctions help or hinder the process of reform? Could they be enforced and, if so, whom would they hurt?

"These, I think, are the real issues, and our conclusion is, in effect, that sanctions — whether against South Africa or elsewhere — do not give rise to the belief that this will actually help the process that we seek."

Pointing to the dismantling of job reservation, Mr Rifkind said the process of reform in South Africa was in some ways assisted by the development and the industrialization of the country.

Gleneagles

Mr Rifkind said Britain already supported two types of "sanctions" against South Africa — the arms embargo and the Gleneagles sports embargo. These "sanctions" were enforceable and there was no debate about them doing more harm to blacks than to the apartheid system.

The issue of economic sanctions, however, was very vigorously debated in South Africa's black community. Chief Gatsha Buthelezi, a respected leader of the black community, was against them, other respected leaders were in favour.

Mr Rifkind said it would be a boon to the ultra-reactionaries in South Africa if the present process of inadequate reform were to lead to sanctions.

● Divestment: 'No great damage' to SA, page 2
● US divided on sanctions impact, page 7

61 B. Day 13/6/85

FT urges Britain to threaten SA with 'selective sanctions'

LONDON — Britain should push vigorously for a joint European stance to warn South Africa selective sanctions would follow unless there was "substantial change", the influential *Financial Times* said on Tuesday.

And in the House of Commons, 10 Labour Party MPs led by SA spokesman Donald Anderson called on the British government to "respond positively" to selective sanctions pressure at the United Nations and at the US Congress.

The *FT* call on the British government at least to threaten selective sanctions unless there were substantial changes in SA, followed the rejection of sanctions by Foreign Office Minister Malcolm Rifkind in a weekend television interview.

Speaking on the programme *Weekend World*, Rifkind said Britain would oppose sanctions even if it meant conflict in the Commonwealth, the EEC and the US.

The *FT* is the only British newspaper to back even the threat of sanctions against SA.

Most other mainstream Fleet Street newspapers have rejected sanctions as an effective agent for change.

In a lengthy editorial examining the British government's options on SA after the moves in the US Congress for a freeze on loans and new investments, the *FT* said if the US adopted these measures Britain could be left isolated in Europe and the Commonwealth.

"Economic sanctions are not the best way to bring about change in South Africa... they will fall upon a society in which change seems to be unfolding at a pace and in ways which are beyond the society's control," the *FT* said.

It added, however, that recent reforms had been overshadowed by events like the police shootings at Langa in March, the treason charges brought against members of the United Democratic Front, the recent action of an "SADF sabotage squad" in Cabinda, and the "internal settlement" in South West Africa.

"The British government's response to the possibility of selective US sanctions should be to push vigorously for a joint European stance on South Africa."

UK move to stop SA coal imports

SIX Liverpool MPs yesterday condemned the import of South African coal to Britain through Liverpool.

In a motion in the House of Commons they called for an immediate halt to all SA coal imports.

The MPs condemned the activities of the Banbury Coal company for "importing domestic coal for the Lancashire area from South Africa through Liverpool docks".

They regretted the company was ready to "put at risk" Lancashire mines and jobs in favour of "supporting economically the evil apartheid regime".

They said the government should "show as much support for the UK mining industry" by banning the "unecessary" SA coal

BUSINESSMAN OF THE WEEK

Cape Argus 15/6/85

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ADE set to break new ground

By TOM HOOD

Mr Hartmut Beckurts . . . looking to petrol-engined cars and exports.

A MAJOR breakthrough has been achieved by Atlantis Diesel Engines, whose giant plant near Cape Town has started making engine blocks and other components for petrol-engined cars, opening the way to a multi-million-rand expansion.

The factory's high-quality diesel products have met the meticulous standards of both Daimler-Benz and Perkins. As a result the Mercedes-Benz organisation in South Africa has placed orders for petrol-engine blocks and crankshafts.

"We can see more and more components coming our way," says managing director Hartmut Beckurts. "This does not mean added cost for us — we are purely expanding our business.

"This factory in years to come will be not only a diesel-engine plant but the area could develop into the centre for engine components for the rest of the country. We have an enormous infrastructure. All the services needed are concentrated here and we only need to expand on it."

The first engine was assembled and tested only four years ago and an ADE engine is now accepted in South Africa as a quality product and in many instances superior to imported ones, claims Mr Beckurts.

"The warranty costs per engine are lower than the standard for engines generally. Overseas people cannot tell the difference between a local and an imported block."

Atlantis has the facility to make 50 000 engines a year and today it is "totally underutilised" with production estimated at 18 000 engines this year.

The factory is running at its lowest level since production started in July 1981.

ADE is also looking for exports, although the company is under some restraints and would need the approval of its partners, Daimler-Benz of Germany and Perkins of Britain, before exporting outside Africa.

Although ADE does not so far directly export its diesel engines elsewhere, they are used in other countries in vehicles and machinery exported by South African companies.

Mr Beckurts also sees a good potential for a a South African high-speed diesel engine for bakkies and other light commercial vehicles. Until now ADE has concentrated on medium-speed engines for lorries and tractors.

"If we were to find the right product to power these vehicles that would be a very interesting addition to our products.

"We want to be able to build engines soon which are as competitive as others. We want to improve our productivity so that we can produce at prices whih are more or less internationally competitive.

"The Government might eventually reduce the protection given to ADE engines. By that time we must be able to produce efficiently so that people would not be willing to move from ADE engines.

Mr Beckurts is also confident the Government-backed Industrial Development Corporation will sell shares in ADE to the public.

This offer could be made once the company is showing profits and has recouped its losses.

Quality is the policy of Mr Beckurts. "We wish to be judged by our quality of our workmanship, the quality of our service and the integrity of our relationships with people both inside and outside the company."

Quality for ADE starts on the factory floor. Its cleanliness must be an eye opener for industrialists outside food factories, for dust could pose a threat to the engines.

"It becomes part of our lives. You can produce a quality product only if you are prepared to subject yourself to this discipline. We are trying to maintain quality consciousness throughout and I believe that is the recipe for success."

"We are very proud that the feedback from the market is a positive one. Initially, there was a reluctance to accept a South African product — people felt it would not work. ADE could not afford to turn out a product that would be suspect and never took any chances. We made certain that at every stage of the operation quality was checked and controlled.

"We have gained access to the latest technologies that were not available before in South Africa and this is one of the remarkable spin-offs of the ADE project."

ADE should be producing 40 000 engines this year. "But we will probably not reach 18 000, so we can hardly be as cheap as an imported product which is turned out in thousands," added Mr Beckurts.

Sowetan 20/6/83

Fosatu flays UK firm

61

By JOSHUA RABOROKO

THE Federation of South African Trade Unions has condemned the "intransigent attitude" of a British multinational, BTR Sarmcol, operating in Natal, for refusing to reinstate 975 sacked strikers.

The federation has called on all its affiliates to support the workers until their "long standing" dispute between the company and its affiliate the Metal and Allied Workers' Union (Mawu) was resolved.

Fosatu's call comes after several international and local trade unions have launched a campaign against the company for paying its workers what they termed "starvation wages" and using "unfair labour practices" by firing the workers.

The workers were dismissed after going on strike over the recognition of Mawu.

The International Confederation of Free Trade Unions — one of the unions which called for the campaign — said 20 other multi-nationals operating in South Africa are on their hit list.

The international federation has said that it has sent messages to unions in other countries where BTR has subsidiaries, including the United States, as part of the campaign to impose economic sanctions against South Africa.

Meanwhile the Council of Unions of SA (Cusa) and Fosatu have accused overseas companies with investment in SA of not adhering to the codes of conduct prescribed for them by their mother countries.

FM 21/6/85

implications of such crucial pieces of legislation as the Regional Services Councils Bill — which is expected to be approved by Parliament before the end of this session — and the proposed new system of regional advisory councils to replace the provincial councils.

He believes these councils will not remain extensions of local government, but will develop into a new tier of government. They will take over some of the functions of existing municipalities and will become politicised because they will be seen as stepping stones to higher political office.

The implementation of government policy is an issue that Botha feels also affects the position of town clerks. While he accepts that there should be a desire on the part of government to ensure that its policies are followed at all levels, he has sounded a warning note against the idea of town clerks becoming government appointees.

"The town clerk has to identify and promote the needs and desires of his community. To make him a representative of the central government will interfere with the principle of local autonomy."

Botha points out that the appointment of separate Ministries of Local Government, the Council for the Co-ordination of Local Government Affairs and the proposed Regional Services Councils seem contrary to the principle of minimum administrative

FEATURE

BTR SARMCOL STRIKE

An international battle

The picturesque village of Howick near Maritzburg is best known for its waterfalls and scenery. But since the beginning of May it has been the scene of a bitter labour dispute and consumer boycott which has become the rallying point of a concerted local and international campaign.

The dispute involves members of the Metal and Allied Workers' Union (Mawu) at rubber products manufacturer BTR Sarmcol, a subsidiary of British company BTR PLC. On April 30 nearly 1 000 Mawu members struck because two years of negotiations had failed to achieve accord on substantive and procedural matters. The union and the company have blamed each other's intransigence for the failure. The strikers were all dismissed within 72 hours and the company has replaced them.

Mawu — which is fighting for its members to be re-instated — says the strike is legal, claiming its members followed the procedures laid down in the Labour Relations Act (LRA). BTR disputes this, but declines to give reasons: "We do not want to disclose the company's position in case the matter gets to court," says a spokesman.

Last week Mawu proposed to BTR that the matter be referred to arbitration, but this has been rejected by the company. Says the spokesman: "We do not believe arbitration is appropriate after two years of negotiations."

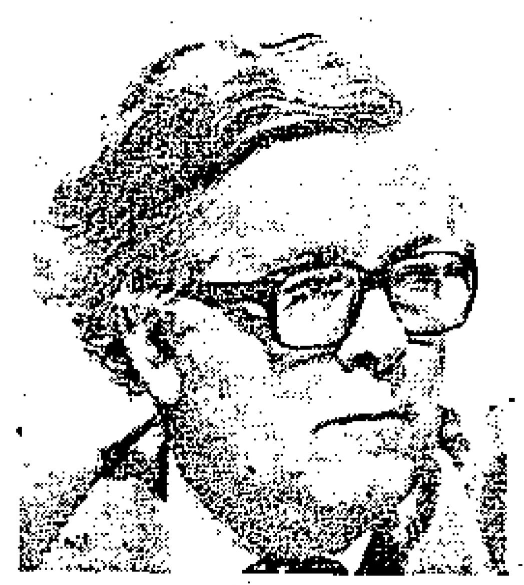
The latest arrow in Mawu's bow is a threat of sympathy action at two Natal plants belonging to Dunlop, which recently became a BTR subsidiary. The union announced last week that its members at the Dunlop plants voted in favour of industrial action in strike ballots conducted in terms of the LRA.

The union's campaign against BTR began shortly after the workers' dismissal with a boycott of white-owned businesses in Howick. BTR is by far the largest single employer in the town. President of the local chamber of commerce and industry Michael Mayer estimates that BTR employees represent 40% to 50% of Howick's black purchasing power. And the boycott has not been confined to ex-BTR employees as picketers outside shops have been preventing potential black customers from entering.

Says Mayer: "If the boycott persists for any length of time some traders could find themselves in financial difficulties. It is highly irregular for traders to be brought into a dispute that has nothing to do with them. Traders have no influence over BTR."

Shopkeepers believe the boycott, although effective at first, is beginning to taper off. Says the manager of a supermarket: "Initially we took a knock with regard to goods bought predominantly by blacks. But we are now getting back to normal as farmworkers and others begin returning to the shops." Another trader says there has been a marked improvement in sales to blacks since the beginning of June. A spokesman for Checkers says that while there may have been a fall-off in business at its Howick branch early in May, the total monthly turnover was normal. Mawu accuses BTR of replacing most of the dismissed workers with new employees from Maritzburg and outlying areas. It argues that because of the importation of labour from Maritzburg black residents of Howick will "literally face starvation and death." The various communities, especially the black ones, will disintegrate and this will cause social unrest, it contends.

Tebbit



Howe

The union says its medical advisers have investigated health conditions in Mphophomeni — Howick's black township where most of the dismissed workers live — and have discovered that 20% of children between two and nine years of age weigh below 80% of their expected weight. This situation, it says, is an indication of severe malnutrition caused by low wages which will be exacerbated by the dismissals.

Mawu also alleges that BTR has failed to uphold the financial and industrial relations standards laid down by the EEC Code of Conduct. It says that prior to the strike, 90% of BTR workers earned between R336 and R405. This is lower than the latest Subsistence Living Level (SLL) and Household Effective Level figures which are the minima recommended in the EEC code.

The BTR spokesman says it is company policy to set minimum wages at the Maritzburg SLL level for a family of five. The present minimum wage at BTR is R356/month and when it came into effect in July 1984 it was well above the SLL, he says. "Furthermore, prior to the strike the average length of service of our workforce was 25 years — an indication of our ability to provide stable employment which is another requirement of the code," he adds.

The spokesman says the company has employed 800 new workers "predominantly drawn from the same areas as previously and many are ex-employees. Only 40 are from the Maritzburg area of Edendale." Mawu, however, says only a handful of the new workers reside in Mphophomeni.

Meanwhile, Mawu has asked the British Trades Union Congress (TUC) to make representations to the BTR head office on its behalf. Mike Walsh of the TUC's international department tells the *FM* that he was "shocked" when British BTR rejected union representations, describing them as "gratuitous and ill-advised." A BTR PLC spokesman describes its SA subsidiary's decisions as "responsible" and wholly within its authority.

The TUC has now written to Trade and Industry Minister Norman Tebbit and Foreign Secretary Geoffrey Howe about the dispute, and is awaiting their replies. It is also asking affiliates of the International Confederation of Free Trade Unions to put pressure on BTR subsidiaries in other countries.

Mawu has further threatened to pursue the case through SA and international courts and has had talks with the labour attaché at the British embassy in Pretoria who tells the *FM* he is "in touch with BTR and hopes to meet with management soon." ■

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'Divestment campaign likely to escalate in Britain'

Argus 22/6/85

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By STEPHEN ROBINSON

PICK 'n Pay chairman Raymond Ackerman fears that the disinvestment campaign in Britain has not yet begun in earnest, and that anti-South African sentiment could intensify as the next general election approaches.

"When I was in London last week it became clear that Mr Kinnock and the Labour Party are now moving to turn South Africa into the latest international whipping boy."

Although he did not believe there had been any substantial shift in the British government's opposition to sanctions or disinvestment, he said the Conservatives were now in the second half of their second term of office and they were anxious not to give the Opposition any opportunity to attack them.

"The Conservative parliamentarians I spoke to said they were after ammunition to lob back at the Labour Party during the expected new campaign against South Africa."

It was now particularly important for South African businessmen to make individual representations against disinvestment.

"We must let people overseas know that businessmen are certainly not in the pocket of the politicians, and that we are at the forefront of reform moves."

Although the South African Foundation was doing an excellent job personal contact from individual businessmen was more effective.

Parts-maker is sold for R2m

61 E Post 22/6/85

IN a deal reputedly worth more than R2 million, control of PE-based Grundy SA (Pty) Ltd is to pass to another PE company, Fawick Africa Holdings.

The men behind the move are Mr David Stobie, owner of Fawick — presently in America negotiating export contracts for the new company — and Sir Stanley Grundy, chairman of the London-based International Grundy Group.

Automotive component manufacturer Grundy SA has been on the market for some time, and evidently for mixed motives.

The sharp downturn in the motor industry had almost halved turnover from a peak of R7 million to around R3,5 million, according to a Grundy spokesman.

"It was for this reason, coupled with the very bad press on this area in particular that greeted Sir Stanley most mornings over his bacon and eggs in England, that Grundy decided to disinvest its SA interests."

The new company now formed is to be known as Fawick Corporation and Grundy SA (Sir Stanley Grundy will remain on the board with a modest shareholding).

Chief executive of the corporation will be PE-based entrepreneur Mr Stobie, who some seven years ago launched Fawick, which has now taken over the entire share capital of Grundy SA (Pty) Ltd.

Mr Stobie is the principal shareholder in a personal capacity in the new corporation.

Synergy behind the takeover is the marriage of the productive manufacturing resources of Grundy — now operating at well below capacity as a result of the downturn in the motor industry — with a buoyant order book from Fawick.

By Louis Beckerling
Business Editor

Due to Fawick's relatively limited productive resources, it was obliged to sub-contract manufacture.

"The price is confidential, at the request of the sellers," said the spokesman, but once the package is totted up it amounts to well in excess of R2 million.

Explaining the background to the deal, he said Grundy SA (Pty) Ltd served the motor industry in three different divisions:

- As motor component manufacturer, producing some 150 components and smaller pressings.
- Press tool manufacturer.
- Manufacturer of special tools required by franchised dealers for the repair and maintenance of vehicles.

Grundy, he said, was a "middle-of-the-line" company with a turnover of between R5 million and R7 million "though this has been reduced to around R3,5 million as a result of the downturn in demand in the motor industry".

"Fawick are involved in a number of areas not directly related to the automotive market — industrial power transmissions, clutches and brakes, and instrumentation. In addition Fawick Manufacturing (Pty) Ltd, manufactured conveyor systems."

Fawick's turnover, the spokesman said, was "in the vicinity of R2 million".

"But Fawick's expansion has been hamstrung for a long time by the fact that they did not have manufacturing facilities but were obliged to source their manufacturing contracts elsewhere and import.

"So here is Grundy with reduced capacity in its manufacturing line and another company, Fawick, which has a lot of manufacturing contracts, but can't get them out — and there's the synergy."

Negotiations began during May, according to the spokesman, and effective date of the takeover now concluded will be July 1. While Mr Stobie will become chief executive of Fawick Corporation, Sir Stanley will "withdraw over a period of years but remains a minor shareholder, and on the board".

Mr Stobie, who returns to Port Elizabeth shortly, was described by the spokesman as a "local boy who started Fawick from scratch six or seven years ago and does not share the opinion that South Africa is a banana Republic".

"He's putting his money where his mouth is, and he is particularly confident in this city.

"It offers the engineering and manufacturing infrastructure he requires, the skilled workforce he requires, and is well situated as an export port."

According to the spokesman the change of control will not affect Grundy substantially, though since a number of Fawick's operations will become absorbed by Grundy, potential exists for upward promotion of Grundy staff.

"Definitely exports is now becoming the name of the game, and our targeted turnover by the end of next year is R10 million, with a target of between R22 and R30 million by the end of the '80s."

Police called after strike

June 1985

61

A BRITISH multi-national operating in South Africa has called police to disperse dismissed black workers who have been on strike over wages — and the action has angered trade unionists.

Workers at Winding Wires in Springs downed tools on Monday after wage negotiations between the Engineering and Allied Workers' Union and management had collapsed.

Police who were called to the plant ordered the workers to leave the premises. Workers left peacefully after being addressed by a police officer.

EAWU's national organiser, Mr Shepstone Sothoane, has accused the company of not adhering to the European Economic Community code of conduct and for refusing to bargain with the union in "good faith".

The company's managing director, Mr S Engelbrecht, said the police were called after workers were repeatedly told to vacate the premises.

Mr Engelbrecht has refuted claims by the union that white workers were given salary increases and that the company was not adhering to the code. He has advised the union that wage talks will only take place at the Industrial Council. He said workers were dismissed because they refused to take instructions.

28/6/85

John Battersby

REPORTS FROM LONDON

Owen sets out his plan for sanctions

61

THE leader of the Social Democratic Party-Liberal Alliance in Britain, Dr David Owen, is not a man of extreme views or irrational policies.

All the more surprise then when he used strong language to criticize South Africa's bona fides and called for selective sanctions. He did this in a recent, but little publicized, exchange of letters with the British Foreign Secretary, Sir Geoffrey Howe.

Writing to Sir Geoffrey on May 25 (after the raid on Cabinda, but before the one on Gaborone) Dr Owen said: "Once again, South Africa's word in international negotiations is shown to be worthless.

"The South African government dislikes being exposed as international liars and has always had a bogus image of being the upholder of the rule of law.

"In fact, of course, they have frequently lied, frequently broken international law and frequently misled governments with whom they have been negotiating about their true intentions."

Doctor's prescription

It was extremely important, he said, that action should now be taken to pressurize South Africa to abide by the United Nations independence plan for Namibia.

"It is no good the British government and others complaining, saying there is no action that can be taken."

Strong words for a former foreign secretary with direct negotiating experience over SWA/Namibia independence.

But what was the doctor's prescription?

A freeze on new investment and international loans to South Africa.

The detail provided by Dr Owen gave the first insight into how a Security Council resolution on a loan and investment freeze might work.

Establishing his credentials as a man of reason, Dr Owen ruled out total or selective sanctions against South Africa as unworkable in the light of the history of sanctions-busting in Africa.

He also ruled out total economic disinvestment as unworkable for the same reason, as well as the fact that it would be "too damaging to black living standards".

But a ban on new investment, Dr Owen insisted, was the "one economic pressure which has a chance of universal acceptance ... and this could be monitored reasonably successfully".

Human economic development

Dr Owen proposed that Britain should take the lead in pressing for a Security Council resolution banning new investments. It should empower members to consult companies likely to be affected and identify any special needs the companies might have and accom-

Sir Geoffrey Howe

Dr David Owen

The ban would extend to banks which gave new loans to South Africa. It would also prohibit SA companies, or even SA-linked companies, from raising money in any of the member states.

What effect would such action have on South Africa?

"Given the present economic situation in South Africa, a restriction on new investment would only bite gradually, but it would be a powerful stimulus to the South Africans to respond and for them to get the international community off their backs — particularly in relation to Namibia," Dr Owen said.

Dr Owen appears to have thought through the implications of a loan and investment freeze more thoroughly than many of his counterparts in the United States Congress, who have joined the clamour for disinvestment.

But as Dr Owen plays his sanctions card there are indi-

□ The sanctions package which finally passes through the Congress, even if it includes a ban on new investments which is thought increasingly unlikely, would have a limited impact on the South African economy. Its effect would be largely psychological insofar as it added to the international momentum to persuade Western Europe to follow the same course.

□ As long as countries like West Germany, Israel and Taiwan continue to increase trade with, investment in and bank loans to South Africa — and as long as Japan engages in such prolific two-way trade — the US moves will remain largely academic.

□ Disinvestment which has already taken place by major US companies such as Ford, Coca-Cola, the Perkin-Elmer Corporation and others shows that there is no shortage of local and foreign investors

□ Western threats of any stronger forms of pressure, such as total disinvestment or trade sanctions, are a bluff because they would do more harm to the West's economic and strategic interests than they would to South Africa and at the same time would probably curb the pace of reform.

□ Once the moral argument for sanctions — "How can you trade with a system you have branded as evil?" — has been balanced against the practical arguments against sanctions it is difficult to make a convincing case for economic disengagement.

□ The argument that by staying put in South Africa foreign business has more leverage to exert pressure for change is gaining ground and is likely to lead to a more rigorous application of the Sullivan principles for US firms and the EEC code of conduct for Western European firms — even if the Sullivan principles are not made mandatory in terms of pending US legislation.

□ Britain and West Germany are a long way from conceding the principle of sanctions and Japan, Israel and Taiwan never will.

South Africa is vulnerable

In his second letter to Sir Geoffrey, following the raid on Gaborone, Dr Owen insisted that a loan and investment freeze was neither "disengaging nor disinvesting".

"I believe South Africa is vulnerable to a carefully calculated strategy of economic sanctions, neither promising what we cannot deliver nor refusing to take any action in the economic field."

With a rationale like this President Botha's government would be foolish not to call Dr Owen's bluff.

What he is saying embraces the implied paradox of selective sanctions: If we impose sanctions which do not harm you, you will take seriously our threat that we will impose more serious measures which will be counter-productive to both you and us.

Sir Geoffrey had argued in his letter to Dr Owen:

"It is, of course, a matter of judgment whether a ban on new investment and new bank loans will force South Africa to finally withdraw from Namibia.

"But, frankly, I doubt whether the SA government will respond in the way we wish.

Little new investment

"They are determined not to have their affairs dictated to them by outsiders and, given its underlying strength, their economy could probably adapt.

"Moreover, there is very little new investment by British companies in South Africa at present, and we cannot prevent companies re-investing

Gaborone) Dr Owen said: "Once again, South Africa's word in international negotiations is shown to be worthless.

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Human economic development

Dr Owen proposed that Britain should take the lead in pressing for a Security Council resolution banning new investments. It should empower members to consult companies likely to be affected and identify any special needs the companies might have and accommodate them in any legislation.

"Such domestic legislation would empower the member state, in exceptional circumstances, to grant exemption where a new investment could be shown substantially to have a direct and advantageous effect on black education, training and human economic development," Dr Owen said.

"Any such exemption would have to be reported to the UN and scrutinized by a special UN committee, who could report to the Security Council."

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Dr Owen appears to have thought through the implications of a loan and investment freeze more thoroughly than many of his counterparts in the United States Congress, who have joined the clamour for disinvestment.

But as Dr Owen plays his sanctions card there are indications that the emotive disinvestment tide is giving way to some realities:

□ A limit to which South Africa can be pressured by diplomatic and economic action into doing what the West wants it to do. The SA government's defiance of criticism over the Cabinda and Gaborone raids and the internal administration in SWA/Namibia has made that clear.

□ A difference between eliminating apartheid and ending a white monopoly on political power.

□ The sanctions package which finally passes through the Congress, even if it includes a ban on new investments which is thought increasingly unlikely, would have a limited impact on the South African economy. Its effect would be largely psychological insofar as it added to the international momentum to persuade Western Europe to follow the same course.

□ As long as countries like West Germany, Israel and Taiwan continue to increase trade with, investment in and bank loans to South Africa — and as long as Japan engages in such prolific two-way trade — the US moves will remain largely academic.

□ Disinvestment which has already taken place by major US companies such as Ford, Coca-Cola, the Perkin-Elmer Corporation and others shows that there is no shortage of local and foreign investors ready to snap up the investments. Such disinvestment — made on economic grounds but accounting for the "hassle factor" — is likely to continue for a long time before white domination of national politics is eliminated.

□ The threat of disinvestment has concentrated the international focus on South Africa's internal and regional policies, but gestures such as the loans and investment freezes will only have effect as long as South Africa is receptive to pressures in sympathetic Western countries.

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□ The argument that by staying put in South Africa foreign business has more leverage to exert pressure for change is gaining ground and is likely to lead to a more rigorous application of the Sullivan principles for US firms and the EEC code of conduct for Western European firms — even if the Sullivan principles are not made mandatory in terms of pending US legislation.

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"But, frankly, I doubt whether the SA government will respond in the way we wish.

Little new investment

"They are determined not to have their affairs dictated to them by outsiders and, given its underlying strength, their economy could probably adapt.

"Moreover, there is very little new investment by British companies in South Africa at present, and we cannot prevent companies re-investing profits made there.

"I also do not believe that, once imposed, such measures could be easily lifted.

"...now is surely not the time to disengage, to withdraw those interests which give us influence, and perhaps weaken those positive forces for change which we should be encouraging," the British Foreign Secretary said.

Dr Owen, clearly, is not convinced and is pushing for a debate in the House of Commons on the desirability of a loan and investment freeze — a position now supported by Labour and the Alliance

Anthracite project kicks off

Times 61 30/6/85

By Don Robertson

ALFRED McAlpine & Son will start immediately on an extensive evaluation of the KaNgwane anthracite deposit near the Mozambique border.

As reported in last week's Business Times, a deal with the KaNgwane Economic Development Corporation (KEDC) gave McAlpine a 60% stake in the deposit, KEDC holding 40%.

McAlpine managing director Bill Gillespie says the investigation will be conducted in three stages. Firstly, a complete evaluation of the site will be conducted to establish what capital expenditure might be needed. At this stage a decision will be taken on whether to go ahead with the project.

If it is decided to go ahead, a viable small production facility will be built, followed by expansion to full-scale production.

Early indication suggest reserves of 100-million tons of anthracite in situ, which could support a mine producing about 500 000 tons for export a year from total output of about 850 000 tons.

The coal would be exported either through Maputo or Richards Bay when the line from Komatipoort joins the existing line from Swaziland. It is expected that the first coal could be produced by the beginning of 1987.

Messina

A second deposit at Nkomati, south of KaNgwanem, is being investigated by Messina.

Danie Kirsten, general manager of the mining division at Messina says the company is far advanced with exploration and feasibility study and bulk sampling is being undertaken to establish the coal's quality.

A decision on whether to go ahead with the project, which has an estimated 60-million tons in situ, will be taken before the end of the year. The deposit will initially be mined by opencast methods and then by underground mining.

The KEDC is looking for partners for a third deposit called Southern Anthracite.

Took job of striker, stoned to death

61

Star 1/7/85

By Mike Siluma
[redacted]

The two month-long recognition battle between the Metal and Allied Workers' Union (Mawu) and the British subsidiary, BTR Sarmcol, has spilled over into the local community of Epophomeni near Howick and has so far claimed two lives.

The two died after a bus carrying Sarmcol workers was stoned in the township.

One of the dead is believed to have been a new employee of Sarmcol, hired by the company after 975 Mawu members were fired in April.

A mob of youths and women was said to have searched the bus for new Sarmcol workers. They then attacked people and tried to set the bus on fire.

Huts belonging to new Sarmcol workers are reported to have been set on fire last Monday night.

SHOPS BOYCOTTED

Township residents have also been boycotting white shops in the area for their alleged failure to support workers against BTR Sarmcol.

The attacks came after the union had warned that the dismissals could lead to the "destruction of the community of Empophomeni" as many of those dismissed lived in the township.

The dismissed workers have said lack of income would harm their families as BTR is the only major employer in the town.

This week all meetings and gatherings in the Empophomeni magisterial district were banned.

The union has cautioned that the banning could "have the effect of escalating the violence in Empophomeni because the ban will drastically undermine the union's ability to maintain some order and discipline".

UNION OFFER

It said it was willing to meet the company "unconditionally ... to prevent further deaths and violence".

Repeated efforts to reach company spokesmen last week failed.

At the centre of the dispute is the company's decision to fire the workers two months ago.

The workers had struck over the recognition of their union, Mawu.

A series of accusations and counter-accusations then followed, with the company saying the strike was illegal and the union insisting it was not.

The union accused the company of "union bashing" while the company blamed the union for intimidation.

The list of claims and counter-claims is endless. Meanwhile the fight at Sarmcol is having far-reaching consequences in the Empophomeni community.

Fosatu warning to UK subsidiary

Star 3/7/85

The Federation of South African Trade Unions (Fosatu) said yesterday it would mount a region-wide campaign in Natal against the British multinational subsidiary BTR Sarmcol for dismissing about 1 000 workers in April.

The Sarmcol workers, members of the Fosatu-affiliated Metal and Allied Workers' Union (Mawu), were sacked after striking to back a demand for the recognition of Mawu.

Two workers died last week as the battle between Sarmcol and Mawu spilled over into the local Empophomeni township.

A spokesman from Sarmcol's Johannesburg headquarters said today he could not comment on Fosatu's plans as he had not heard of them.

The company was also unaware of a letter Mawu said it sent the company asking for an "unconditional" meeting.

Asked if the company would be willing to talk to the union, he said there was no point in doing so as there were no longer Mawu members in Sarmcol's employ.

Post Business

61

British United plans export drive

Business Reporter

BRITISH United Shoe Machinery (Pty) Ltd, manufacturers of tacks and nails for the shoe industry and for general industry, is poised to enter the export market.

Product manager for BU in Port Elizabeth, Mr Barry Bouton, told Evening Post that since the beginning of the year the company, which has its factory in Port Elizabeth, had spent a quarter of a million rands on overhauling plant and buying new machinery.

Additional funds — which would also amount to about R250 000 — had been budgeted for improvements to the plant next year.

The main idea behind the improvement and extensions to the plant was to consolidate the company's position in the South African market with a view to exports.

Mr Richard Jourdain, engineering manager for BU Shoe Machinery, will be going to Leicester, England, this month for a four-week training programme to keep abreast of the latest techniques of tack and nail manufacturing.

Project manager for BU in Leicester, England, Mr Owen Webb, is in Port Elizabeth to supervise the overhauling of the PE plant and the installation of the new machines.

The director of footwear materials, Mr Martin Done, first mooted the overhauling and improvements to the plant last year.

Mr Webb visited the factory in Port Elizabeth in December for two weeks when the plans were initially drawn up.

He returned for four weeks in March.

Mr Webb paid his third visit to Port Elizabeth last month to supervise the final stages of the project, which is likely to last a month.

MR RICHARD JOURDAIN, engineering manager at British United Shoe Machinery (Pty) Ltd casts a critical eye on a machine in the plant at the company's Port Elizabeth factory, which is getting geared up to enter the export market.

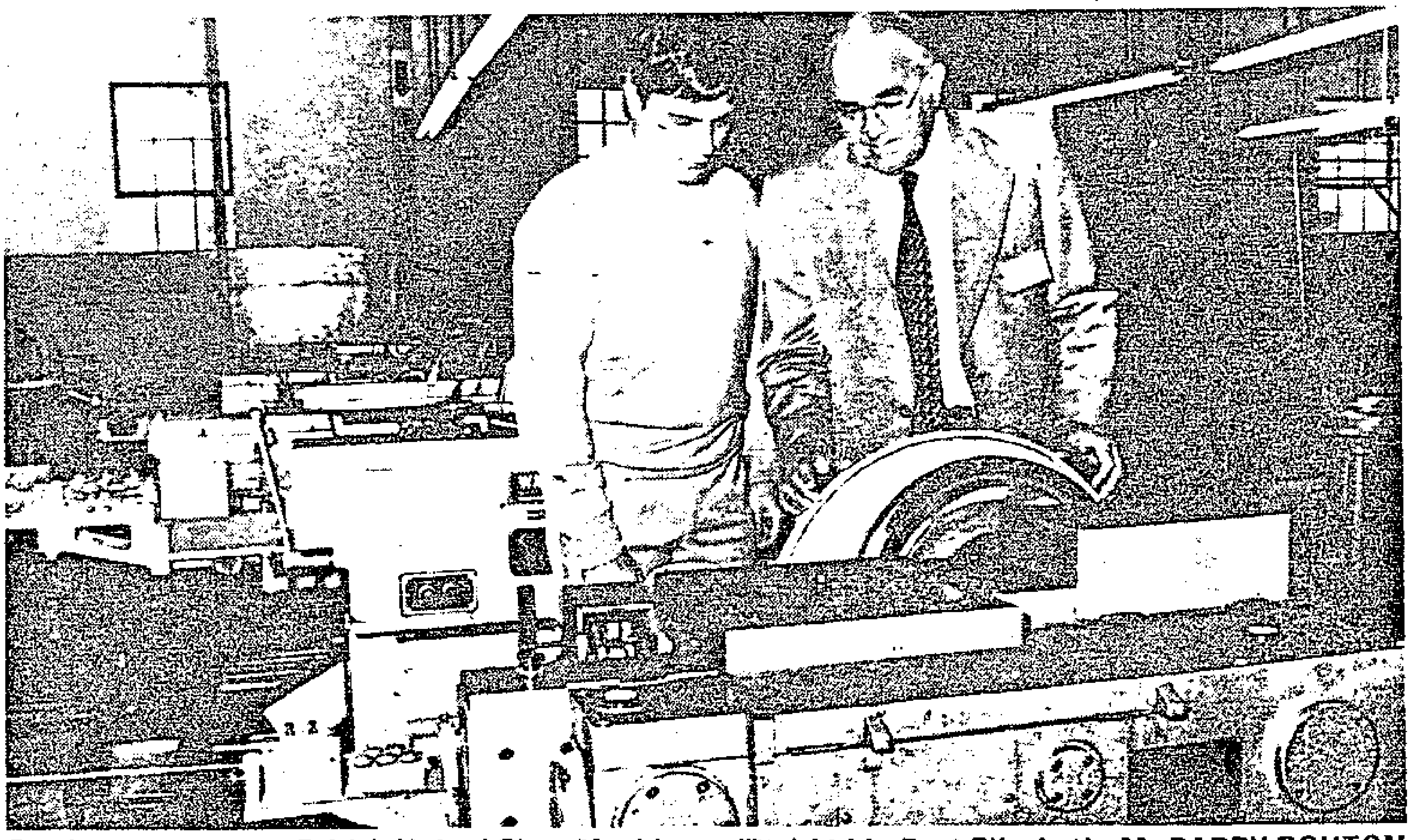
Mr Webb has 51 years' experience in the nail and tack manufacturing industry.

In 1962 he spent eight months in India helping to build a complete factory for the manufacture of tacks and nails for shoes.

He spent some weeks in Paris at a tack factory there and has paid short visits to Holland and Sweden in the course of his work.

BU are suppliers of all kinds of materials to the shoe industry but have also perfected techniques for the hardening of nails — their nails will drive through steel.

By improving their plant for the manufacture of tacks and nails BU are planning to improve their output and the quality of the goods and they will soon be making a thrust into the export market.



Product manager at British United Shoe Machinery (Pty) Ltd in Port Elizabeth, Mr BARRY BOUTON (left), and MR OWEN WEBB, project manager for BU at Leicester, England, discuss some aspects of

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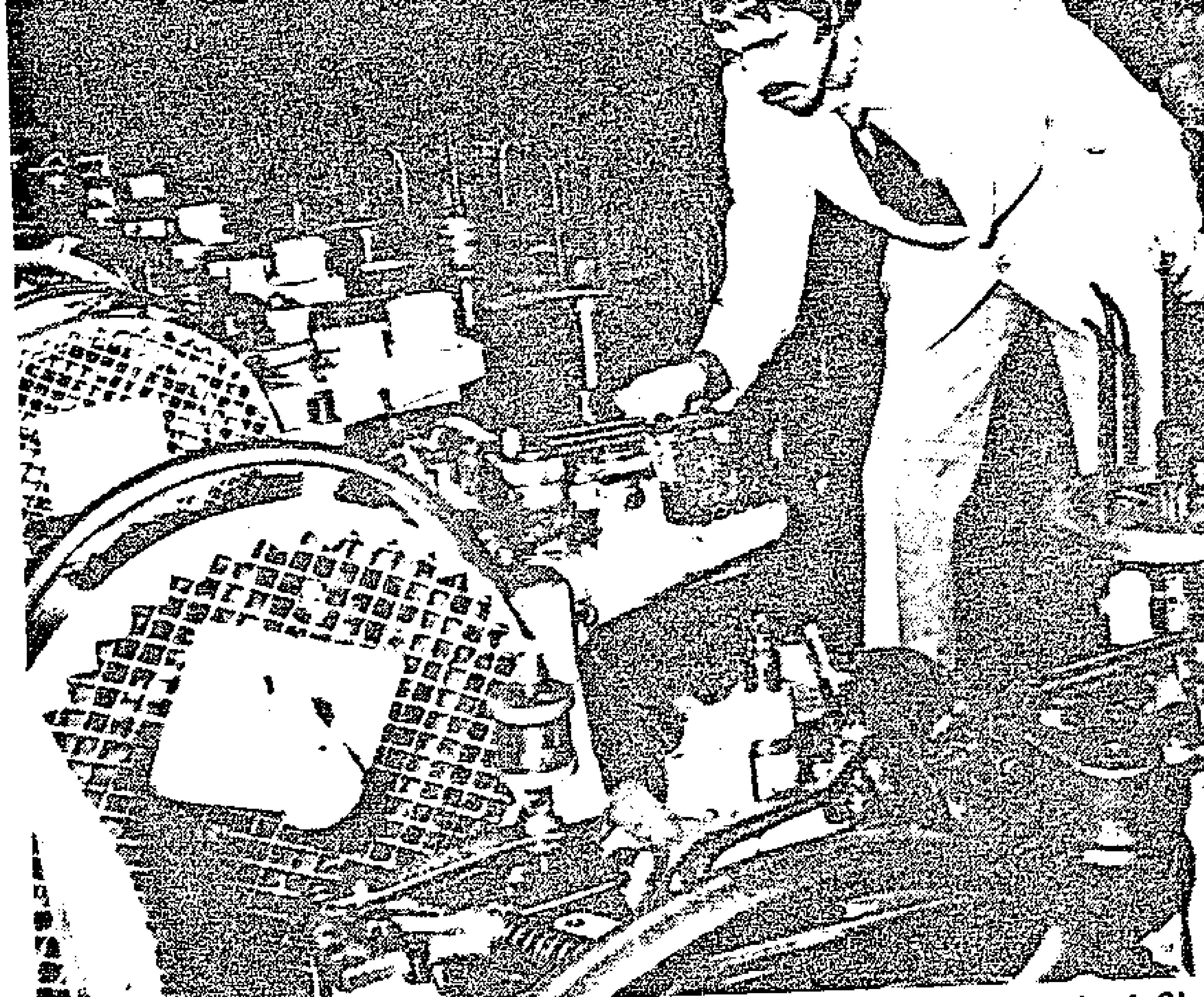

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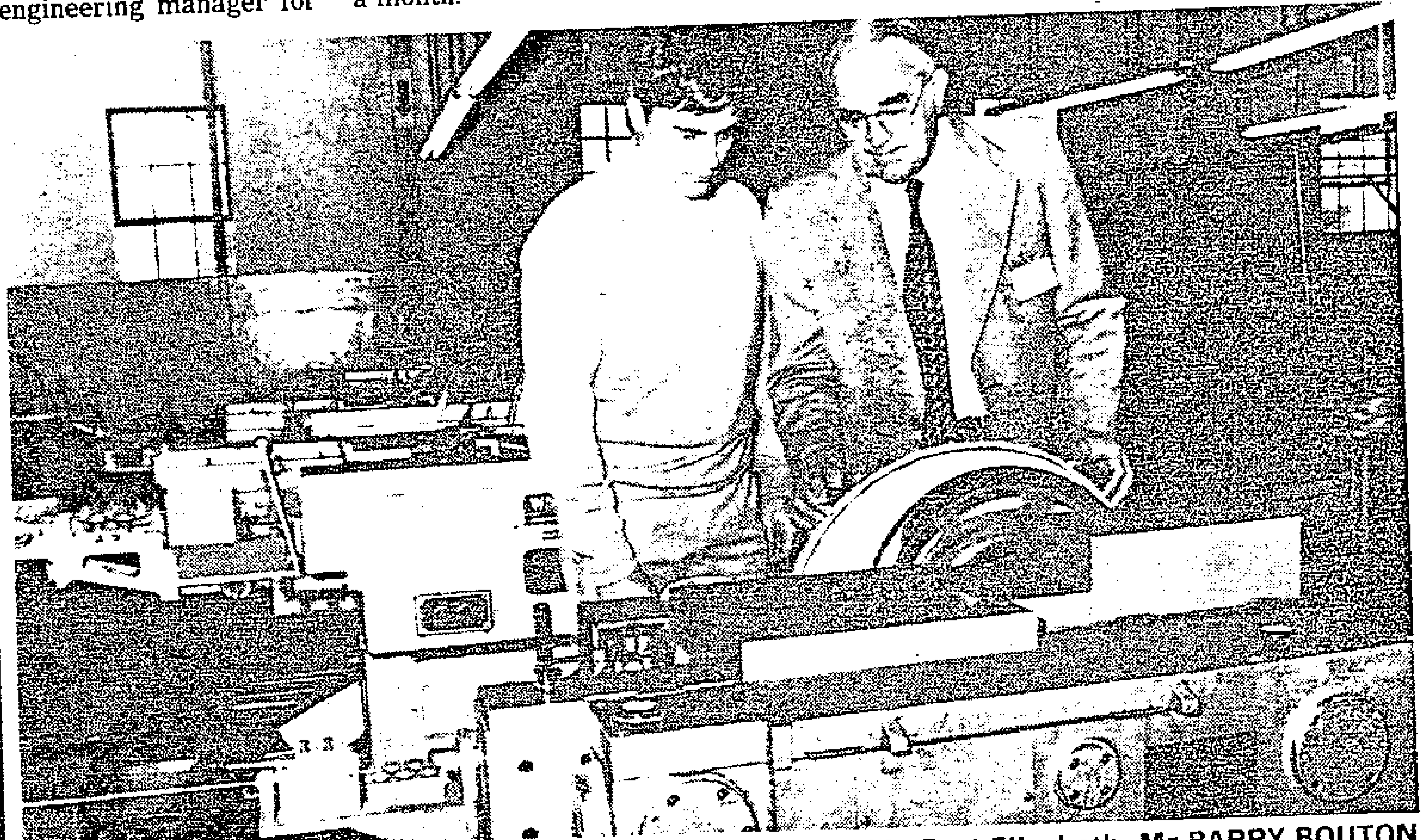

Product manager at British United Shoe Machinery (Pty) Ltd in Port Elizabeth, Mr BARRY BOUTON (left), and MR OWEN WEBB, project manager for BU at Leicester, England, discuss some aspects of the plant in Port Elizabeth.

Skilled office staff in strong demand

Business Reporter

THERE is so much gloom and doom around that it is pleasant to hear of good news for a change and the good news for office staff with good skills is that there is strong demand by commerce and industry throughout the country for them.

A recent salary survey released by Kelly, the largest general office consultancy in South Africa, highlights the demand for shorthand secretaries earning R1 000 and over, receptionists with typing skills earning R750 and trained word processor operators earning R1 000 and over.

Kelly Personnel Group's general manager, Mr John Dawkins, says qualified applicants in those job categories are needed in most areas throughout the country.

He said there was a market shortage of staff with good general office skills.

Salaries were not decreasing, but were stable and increasing due to the shortage of available skilled staff in certain job categories.

TERENCE WILKINSON

61

Running with Rowland

The worldwide wheelings and dealings of international conglomerate Lonrho — and its controversial chief Tiny Rowland — have traditionally been shrouded in mystery. Tight-lipped diplomacy and behind-the-scenes manoeuvrings are the mega-group's hallmark. And Lonrho SA's new CE and group MD, Terence Wilkinson, looks set to continue in this long-established tradition.

Wilkinson (39) is far more approachable than his predecessor, Syd Newman; but he does have at least one thing in common with the outgoing chairman — and that's a penchant for saying "I can't comment."

This isn't entirely unexpected. Newman and Wilkinson have had a long and close association dating back to the days when Newman headed Rand Mines' (RM) gold division and Wilkinson worked in coal. When Newman left RM to head up Lonrho SA, his protégé followed. Wilkinson joined Lonrho as chief accountant, later became financial manager, and then financial director. So by now he's had about 12 years' training in Lonrho "no-speak."

What he does say is that "the peculiar group structure of Lonrho makes it difficult to assess the group's worth. Though Lonrho is quoted on the JSE, shareholders are in fact buying directly into the British company. No Lonrho SA company report is available, as it's unlisted.

"Lonrho SA," Wilkinson goes on, "is simply a holding company with four quoted subsidiaries (Coronation Syndicate, Tweefontein, Witbank Collieries and Duiker) and a number of other unlisted mining and non-mining activities — such as Western Platinum Mines and Lonrho Industrial with its motor and aviation interests, including the agencies for Beechcraft and Lear jets.

"We believe in getting companies to stand alone in their own right, with self-contained management in all the subsidiaries. It's a well put-together structure with good management. No radical shake-up is intended, nor is it necessary."

After all, as financial director, Wilkinson has played a central role in group operations — in the establishment of Western Platinum Mines and the development of Duiker in its present form. "I've been intimately involved in building up the region, so I'm not going to make it stand on its head. But Syd's departure will open up numerous senior opportunities within the group," he says.

With 10 000 employees, one of Wilkinson's first priorities will be the appointment of a senior executive to monitor developments in the labour arena. In fact, he expects to be devoting an increasing amount of time to labour problems himself. In the light of allegations last year by the British Labour Party that Lonrho SA was paying below "starvation level wages" to its employees, this is probably a wise move.

Wilkinson dismisses the allegation as "absolute rubbish." He says Lonrho SA subscribes to the EEC Code (on employment practices) and adheres to its stipulations. "The problem is that definitions of minimum wage levels vary," he comments.

Wilkinson . . . difficult to assess Lonrho's worth

"We aim to pay wages in line with the Household Supplementary Level as defined by Pretoria University — and this isn't consistent with the minimum wage level stipulated by the EEC Code. The allegations were aimed at our non-mining companies, as all our mining operations pay wages laid down by the Chamber. Anyway, we haven't had any labour problems yet."

But what of rumours in the marketplace that Lonrho UK is contemplating selling off its SA interests? Wilkinson pauses a long time before answering. "There's talk about a lot of things," is all he's prepared to say.

And exactly how close is he to Tiny Rowland? "Who *is* close to him?" he laughs. "The way the group is run, obviously one reports to head office, and I have a lot to do with a lot of people there. Lonrho has about 800 companies worldwide and I wouldn't really say Rowland has any day-to-day involvement in the running of the SA operation. We have an agm and meet in London once a year. Sometimes it's more often, sometimes less."

Yet, in other parts of Africa, Rowland has reputedly been closely involved with group activities, as well as with the political problems of the country in which the subsidiary operates. Zimbabwe is a case in point and Lonrho Mozambique currently looks set to play an active political role there.

Wilkinson, however, sees his new position as having "zero to do with politics. My job is simply to run the business; to be a good businessman — not a diplomat. My single greatest worry is maintaining profitability in the light of inflation."

He chainsmokes. And that, he says, is a function of the pressures of his job. There's little time for anything outside Lonrho — except his family, a bit of golf and swimming. ■

Uplifting blacks 'is still important' for UK firms

(61) B. Day 5/7/85

LONDON — The retiring chairman of the United Kingdom-South Africa Trade Association (Uksata), Sandy Marshall, has said the contribution of British companies towards improving employment conditions and prospects for black workers continues to be an important factor in the achievement of peaceful change in South Africa.

ENCOURAGEMENT

Marshall, who has been chairman of Uksata since 1982, said the association encouraged its member companies to develop higher levels of technical skills and management expertise among their black employees and to contribute in the field of social responsibility.

"The responses by companies are bound to vary because of differing levels of profitability within different sectors of industry, and the effects of the economic recession on these sectors and on each separate company, and on the level of technical skills within the companies," he said.

Marshall recalled that in 1977 Uksata encouraged its member companies to comply with the voluntary provisions of the European code of conduct for companies with interests in South Africa.

"While providing useful guidelines, a weakness of the European code of practice is that it lays down a specific standard for all companies, failing to take account of these important variables between businesses," he said.

SUCCESSOR

Marshall will be succeeded as chairman by Neil Forster, who is also chairman of the Europe/Southern Africa Shipping Conference and managing director of the British and Commonwealth Shipping Company.

Uksata is a non-political trade association of the major British companies with investment or trading interests in South Africa. — Sapa.

'Whipping boy for US problems'

The Star Bureau

WASHINGTON — The United States Senate was told yesterday to stop using South Africa as a whipping boy for America's own problems.

This admonishment came yesterday from Republican Senator Steve Symms of Idaho, one of only eight conservatives who tried unsucessfully to prevent a Bill calling for economic sanctions against SA from reaching the floor of the Senate.

Senator Symms said nobody in the US liked apartheid — but nobody wanted to harm the ordinary people of SA either.

"I know of no way of hitting at the extremist supporters of apartheid without striking at moderates too," he said.

South Africa was more fair than any other country in the communist bloc or in Africa.

● UDF leader Dr Alan Boesak was the public gallery when Senator Symms spoke.

Republicans lose battle on sanctions

Stew 11/7/85

The Star Bureau

WASHINGTON — Conservatives in the United States Senate appear to have lost their battle to hold off the debate on American economic sanctions against South Africa.

During proceedings marked by bitter exchanges between liberal Democratic Senator Alan Cranston of California and his conservative colleagues, the Senate voted 88—8 to limit a filibuster attempt led by Rightwing Republican Senator Jesse Helms of North Carolina.

The vote limited each senator to one hour of speaking and effectively foiled the Helms plan of delaying a sanctions vote by endless talking.

But a handful of conservatives kept up their delaying tactics, making use of their one-hour allocations to keep the sanctions Bill off the Senate floor yesterday.

The majority leader, Senator Robert Dole of Kansas, said last night that he hoped the Senate would be able to deal with the Bill today.

The vote is seen here as an indication that there will be bipartisan support among the senators for sanctions this year — probably a ban on new US bank loans to the South African Government and restrictions in some trade areas.

The conservatives were angered by the sharp attack on them by Senator Cranston. Earlier in the week, Senator Cranston said there was an undercurrent of racism in US rightwing opposition to sanctions. Yesterday he accused Senator Helms of racism.

"If the senator had been in the Senate 122 years ago, he probably would have opposed emancipation because it would throw four million slaves out of work," he said.

But Senator Cranston aimed most of his invective at the South African Government, calling it a despotic regime that "sends terrorists into other countries to kill those against it".

Senator Helms accused Senator Cranston of violating tradition and displaying a lack of courtesy in calling him a racist.

He said it would be arrogant of the Senate to decide that it had all the answers to the complicated South African situation.

The question was whether the US should undermine a staunch ally because it did not like what was happening there.

Senator Helms said he agreed with President Ronald Reagan's view that sanctions would not help to encourage reform away from apartheid which all Americans opposed.

Senator Jesse Helms

There was nothing racist about that view. It was common sense.

Any senator who could not see that needed a white stick and someone to guide him around the debating chamber.

Conservative Senator Steven Symms of Idaho also clashed with Senator Cranston, accusing him of "demagoguery" and of being "sanctimonious".

He rejected the allegation that Senate conservatives were "crazy commie-hunters", saying that was an absurd treatment of an important issue.

We're not worried — Worrall

(ii)

The Star Bureau

LONDON — South Africa was not worried by disinvestment, said the Ambassador to London, Dr Denis Worrall. Star

But he conceded that any withdrawal of international bank loans to the country would hurt in the long-term. 11/7/85

Dr Worrall was speaking at a Diplomatic and Commonwealth Writers' Association lunch yesterday.

He was greeted by a small, but noisy group of anti-apartheid demonstrators who chanted slogans calling for the release of Nelson Mandela and the expulsion of Dr Worrall from Britain.

They later invaded the plush hotel where the lunch was held and hurled abuse and a stink bomb at the guests.

Dr Worrall told a questioner that disinvestment had more to do with internal American politics than with South Africa.

w/t ACSS 13/7/88

61

NEWS

R560 million foreign exchange saving for ADE

By TOM HOOD

MORE than R560 million in foreign exchange has been saved by the local production of 69 000 engines since Atlantis Diesel Engines started in 1981, says Mr Otto Scholtz, director of finance and management services.

Total investment in fixed assets is R290 million, priced at a time when dollar was $1,36 to the rand.

The same development today would cost upwards of R700 million, he estimated this week.

"The project has become more and more justified with the devaluation of the rand."

Criticism had been levelled at ADE for its price increases but Mr Scholtz claimed the increase in prices of petrol engines manufactured elsewhere and ADE's increases were practically in a straight line.

However, the recession had hit ADE's plans for six.

The country's total diesel engine market was 25 000 engines a year when it started but this had dropped to about 8 000 this year. The normal market would average 14 00 to 15 000 a year.

The plant was designed for double shift operation. But it was working only one shift a day and at about 50 percent of capacity and so could meet South African demand for some time to come.

There could, however, be a sudden increase in demand, especially if agriculture recovered.

In its planning ADE expected the replacement market to drop because its engines were likely to have a longer life span than many currently available.

One of the long-term benefits to ADE was that practically every garage would be trained to work on its engines so there would be considerably less down-time for users, said Mr Scholtz.

Standardisation would bring tremendous benefits. There could be three or four spares dealers in any town competing.

A major development would be the production of components for petrol engines.

The Mercedes-Benz organisation had placed orders for petrol-engine blocks and crankshafts and more components could be produced without increasing costs.

Natal stayaway call

Sowetan 18/7/85

61

By JOSHUA RABOROKO

THE battle between black emerging trade unions and multinationals is gaining momentum with community organisations calling a stayaway from work in Maritzburg today.

The stayaway has been planned in support of dismissed workers from BTR Sarmcol company — a British multinational in Howick, Natal. The workers were sacked two months ago.

About 975 members of the Fosatu-affiliate Metal and Allied Workers Union (Mawu) were fired after going on a legal strike over wages and working conditions.

Campaign

Since the sacking of the workers the union has launched a campaign against the company products, organised demonstrations and picketing.

The union has held meetings with community-based organisations and called for support from residents, according to sources.

Meanwhile the public relations officer for the Natal division of the SAP, Captain Pieter Kitchen, said the planned stayaway would probably result in no bus service in the greater Maritzburg.

Captain Kitchen warned employers not to enter black areas.

Workers not wanting to participate in the campaign would propably have no means of getting to work.

He advised employers to go into the townships to collect workers and said if anyone — employers or employees — experience any problems, they should ask police for help.

He said police will be on duty at strategic points.

Employers should make arrangements to collect any employees at pre-arranged places not in the townships.

Major role for SA as merger creates manganese giant

ARGUS 19/7/85

Argus Foreign Service

LONDON. — The Delta Group is merging its South African managanese refining interests with those of Electrolytic Metal Corporation, a company associated with South Africa's Gencor group, to create the world's largest producer of manganese.

Delta said the combined company would have about 50 percent of the world's manganese refining capacity, with an output of about 35 000 tons a year.

South Africa is the world's largest source of manganese which is used extensively in making special steel and aluminium alloys.

Under the deal Delta is exchanging an 85 percent stake in Delta Manganese for 49 percent of the voting rights in a new company, Manganese Metal Company.

The other 51 percent of the voting equity will be in the hands of Electrolytic Metal Corporation.

In addition, Delta will receive R7-million cash and possible further profit-related payments.

Delta's 70 percent stake in Delta EMD, previously held through Delta Manganese, is excluded from the deal and will stay in Delta's hands.

Delta said the aim of the deal was to rationalise the electrolytic manganese metal business to win cost savings. But both Delta Manganese's plant and the refinery owned by Electrolytic Metal would remain open.

Delta said there would be no material impact on its attributable profits. While net assets employed in electrolytic manganese production would fall by £0,8-million this would be more than offset by the cash payment.

MARITZBURG STAYAWAY

Biting the bullet

The majority of black workers in Maritzburg and surrounding areas responded to the call for a work stayaway last Thursday in support of the 975 members of the Metal and Allied Workers' Union (Mawu) dismissed from the British-owned Howick company BTR Sarmcol nearly three months ago. But there is no indication so far that the action has caused local commerce and industry to shift from its position of refusing to intervene in the dispute.

Mawu estimates that 70% of the total workforce in the area stayed away from work and says that all Indian-owned businesses in Maritzburg were shut, as were all schools in the total area affected by the stayaway. According to the preliminary results of a survey conducted by the Labour Monitoring Group (LMG), a group of academics based at the University of Natal, 92% of those who stayed away were black workers. The LMG says its statistics are based on interviews with management at 49 factories, a 20% sample.

A spokesman for the Pietermaritzburg Chamber of Industries (PCI) estimates that the stayaway was 60% effective. The stayaway was directed at the PCI which had previously turned down a Mawu demand that it "intervene in the (BTR) dispute and secure from the company the necessary commitment" to negotiate the re-engagement of the dismissed workers. A joint statement issued by the PCI, the Pietermaritzburg Chamber of Commerce and the Afrikaaanse Sakekamer two days before the stayaway, argued that a dispute involving one company should not be permitted to disrupt the lives of people not directly involved. And the PCI spokesman says its views have not been changed by the stayaway. BTR declined to comment to the *FM* on the stayaway, but is expected to issue a statement later in the week.

Procedural agreement

The workers went on strike on April 30 when Mawu and BTR failed to reach agreement on the terms of a recognition and procedural agreement after two years of negotiations.

The company has replaced the strikers and has remained firm in its resolve not to reinstate them — in the face of one of the most concerted union campaigns ever seen in SA. In addition to the stayaway, it has included a consumer boycott of white-owned business in Howick and threatened sympathy strikes at BTR subsidiary Dunlop.

The dispute has also taken on an international dimension. The union has received moral support from the International Confederation of Free Trade Unions. Mawu has accused the company of contravening the EEC Code of Conduct and the British Trades Union Congress (TUC) appealed to the British government to intervene, but this was rejected. Labour Attaché at the British Embassy, Tony Gooch, who has had talks with Mawu and the company, says there is "no reason to think the company has contravened the letter of the EEC Code."

There have been several violent incidents involving people who have taken up new employment with BTR. In June two people, one of whom was a BTR employee, were killed when a bus entering Howick's Mpophomeni township was stoned. The homes of others have reportedly been attacked in recent weeks, and there have been a number of other police reports of unrest in the township. Meetings in Mpophomeni were banned for three weeks, and more than 100 people have been arrested and charged with intimidation, assault or disturbing the peace. Five have already been convicted and sentenced to one year in prison.

Does Mawu have any arrows left in its bow? Observers believe that the union may now attempt to extend the boycott of white-owned business from Howick to the rest of the area, including Maritzburg. And with BTR and organised commerce and industry standing firm, it seems this bitter labour dispute is far from over. ■

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Guidelines include unofficial trade union recognition

Dr Owen prescribes ethics for European firms in SA

● DAVID OWEN

JOHN BATTERSBY

LONDON — UK Social Democratic Party leader Dr David Owen has proposed the following Code of Conduct for European companies operating in South Africa. It embraces aspects of the Sullivan and EEC codes and introduces some new elements:

□ Pay: Equal pay for equal work, with the further condition that the minimum wage for employees should be equal to what is known as the household effective level; a thorough study of incomes and needs;

□ Training: Equal pay provisions have little meaning if black employees are kept in inferior jobs. British companies would, therefore, be obliged to set aside a fixed sum for each employee annually for education and training schemes, with some of the cash perhaps going to a trust that would set up industrial training centres and commercial colleges. Scholarships and bursaries might also be funded;

□ Desegregation: Employers would have to introduce desegregation of all company facilities;

□ Outside benefits: Companies would have to contribute a sum in line with the size of their South African operation for the benefit of the local black population. Such a programme has been an integral part of the Sullivan Principles. It would be used for improving local facilities such as housing and transport.

□ Trade Unions: Companies should recognise and deal with the trade unions freely chosen by their workforces to represent them, regardless of whether such a trade union is registered or not with the government.

FOREIGN OPINION

Argus 29/7/85 61

SA economy in a mess — British paper

PETER MANN of The Argus Foreign Service in London reports on a major examination of the South African economy by one of Britain's most influential newspapers

SOUTH AFRICA'S economy is in a mess and widespread disturbances would have profound implications for Britain, the influential Sunday Times of London has concluded.

In a major, full-page business survey the paper paints a gloomy picture of South Africa sliding deeper into recession and wrestling with growing unemployment, increasing emigration and vast sums of "funk" money leaving the country.

It notes that 250 000 British jobs depend on South Africa.

If Britain attempted to impose sanctions South Africa could retaliate by cutting off strategic raw materials — a move which experts say would cost 180 000 British jobs.

The Sunday Times says South African attempts to counter the plummeting gold price and the strong dollar last August, by raising interest rates three percent to an unprecedented 25 percent and imposing "savage" hire purchase restrictions, did not work.

The fall of the rand did not stop, it lost 47 percent in a year. And South African companies misread the foreign exchange markets when buying dollars forward and lost another R5,2-billion.

Inflation was now seven percent. Unemployment was up 68 percent in a year, with an estimated three million blacks unemployed. Half of these were in the "hated" black homelands.

"More crucially," says the Sunday Times, "the black National Union of Mineworkers is set to strike over pay in 27 gold mines and collieries.

"This would cripple the minerals sector, the one bright spark in the economy."

Port Elizabeth, once the Detroit of South Africa, was now derisively called "the ghost on the coast". The large car manufacturers, General Motors, Ford and Volkswagen, were operating at half capacity.

Only three of the country's 10 car makers expected to make a profit this year. Sales figures for June were 52 percent down on June 1984.

The housing market had crashed. Thatched houses in Johannesburg's elegant suburbs which were selling at R350 000 a year ago were now marked R190 000 and "very negotiable".

Last week, after the announcement of the State of Emergency, prices simply nosedived with falls of up to 50 percent at the top end and 20 percent on homes below R120 000.

The outlfow of funk money was accelerating. In the first quarter of 1985 Reserve Bank figures showed that nearly R2,9-billion left the country for "safer" destinations, the same figure as for the whole of 1984.

In April emigration rose by 35,5 percent to 903 people. The number of immigrants chasing the good life fell 58 percent to just 608.

British investment was more than twice that of all its partners in the EEC put together.

South Africa was Britain's 12th largest esxport market and she enjoyed a substantial balance of trade advantage — nearly R1,3-billion last year.

Four British trade missions had visited South Africa this year and there seemed little likelihood of the Thatcher Government imposing sanctions, despite the state of emergency.

Explosion might be linked to Barclays' ties with SA

The Star Bureau

61

LONDON — Leeds police are investigating the possibility that a bomb explosion outside an office complex housing Barclays Bank Trust might be connected with the bank's links with South Africa.

Star 2/5/85

The bomb was found outside glass doors which lead into the complex in Park Place in the Leeds' business area at 6.50 am yesterday when a man arrived to open the premises.

Detective Chief Superintendant Tom Newton of Leeds said police were treating the incident as "serious".

He added that a small explosion had taken place shortly before 6.50 am. It did not cause any damage.

Nobody was injured.

● Barclays Bank said yesterday it would maintain its investments in South Africa despite the threat of economic sanctions against Pretoria.

The chairman of Barclays, Mr Timothy Bevan, told reporters the bank was behaving in a "morally courageous way" in terms of its policy towards South Africa.

Barclays has about seven billion sterling (about R20 billion) of its assets in South Africa and such sizeable investments were not easily moved, he added.

His comments came in the wake of an announcement by the third largest bank in the United States, Chase Manhattan, that it would stop making loans to private South African borrowers. — Sapa-Reuter.

The Star Friday

August 1985

Firm may talk to union over sacked workers

61

Hopes rose today that a month-long deadlock between BTR Sarmcol in Howick, Natal, and the Metal and Allied Workers' Union (MAWU) could soon be broken, with a public declaration by the company that it is not opposed to negotiations with the union.

The dispute centres on the dismissal in April of about 1 000 workers who went on strike to back demands for recognition of the union.

The company, which is a British multinational, dismissed the workers and started replacing them with new labour, an action which lead to the dispute spilling into the surrounding black townships of Maritzburg and Howick.

With the support of local community organisations, the union has been campaigning against the company to force it to reopen negotiations on the reinstatement of the dismissed workers.

PREVIOUS STAND

Last month, the groups launched a stayaway in Howick and Maritzburg which received considerable support, prompting business leaders in the area to openly suggest a meeting between the parties.

In an apparent departure from its previous stand, Sarmcol today said it would be willing to discuss to any propositions the union would make.

BTR chairman in South Africa, Mr Peter Fatherly, said the company had received the union's proposals and it was possible that a meeting with the union would take place "in the future".

He said the matter would still be discussed internally before a response to the union's propositions was made and a date set for the meeting.

The union could not be reached for comment at the time of going to press.

Keep up trade, says bishop

62 61 NM 3/8/85

London Bureau

A FORMER Bishop of Johannesburg has defended the rights of British companies to continue trading and investing with South Africa in spite of repeated calls for economic sanctions.

The Rt Rev Timothy Bavin, now Bishop of Portsmouth, believes economic pressure from Western governments could lead to increased unemployment and poverty in South Africa's black community.

Bishop Bavin, who was replaced by Bishop Desmond Tutu in February this year after 10 years as Bishop of Johannesburg, made his remarks in the diocesan magazine *Link*.

He attacked those 'who will have nothing whatsoever to do with South Africa in investment, playing sport or buying South African goods'.

'Revolution'

'I believe that commercial interests in South Africa have helped the advancement of the black community.

'We may never know how much economic factors have played in the gradual reforms, inadequate as they are, which have marked the past few years,' he said.

Cutting off South Africa could lead to 'increasing unemployment, poverty, suffering, possible revolution and the long-predicted bloodbath'.

He said the interests of the black community was the most crucial issue.

'It is all very well for us to pontificate and criticize from a safe distance, but it would seem that the black community is as divided on disinvestment as we are.'

Maritzburg shops now facing boycott

STAR 5/8/85

In a further effort to force the British-owned mulitinational BTR Sarmcol to negotiate, the Metal and Allied Workers' Union (Mawu) and community organisations will extend the boycott of white shops in Howick to Maritzburg.

Mawu and Sarmcol have been in dispute since the dismissal in April of nearly 1 000 workers who struck over the recognition of the union.

The union has said a meeting would be held this week to decide on the date and duration of the proposed boycott.

In the meantime, union and community representatives would meet the mayor of Maritzburg and organised commerce and industry to discuss the Sarmcol issue.

Mawu would hold a further meeting with the Maritzburg Chamber of Commerce to "facilitate" the reopening of negotiations between the dismissed workers and Sarmcol.

A residents' meeting would be held on Saturday to report back on the various meetings, Mawu said.

Pointing out the scope of the campaign to force Sarmcol to negotiate, the union said the issue had been raised in the British Parliament and had been taken up by the British Trades Union Congress.

European firms to stay in SA despite unrest

61 STAR. 7/8/85

LONDON — European business leaders are showing few signs — in public or private — of adjusting their attitudes to South Africa in the light of recent unrest.

Whether British or German, French or Swedish, company executives with substantial operations in South Africa still believe they are a force for good, and that they are contributing to the improvement in living standards and civil rights for blacks.

Most find apartheid abhorrent and many believe it is hurting the development of the South African economy and their businesses.

Some are reducing their presence in the country, but few admit to thinking seriously of total withdrawal.

European industry leaders also believe that full economic sanctions would do more harm than good.

They would be difficult if not impossible to enforce, and ineffective as a means of pressuring the Government to abolish apartheid.

The disruptive effect on the economy would, the industrialists believe, hurt blacks more than whites.

These are the main points mentioned in an informal survey of business attitudes to South Africa carried out in the past few days by *Financial Times* reporters.

Even though these views are well known and relatively uncontroversial, few leading European industrialists were willing to express them publicly.

Some European companies with large South African operations, such as ICI, Nestle, Siemens and Unilever, refused to answer questions at all about their interests there.

Those who did respond were emphatic that their operations are, as Sir Timothy Bevan, chairman of Britain's Barclays Bank, said last week, "a force for good".

They said they provide blacks with good employment opportunities and are at the forefront of efforts to remove apartheid in the work force.

Sir Timothy said Barclays' South African subsidiary employs 40 percent of all blacks in the banking sector.

Dr Rolf Sammet, chief executive of Hoechst the West German chemical company, said the company's black employees in the Cape were earning more than double the rate recommended by the European Community Code of Conduct.

Almost all the companies contacted said their South African operations complied with the EEC code, and, in most cases, surpassed its minimum requirements.

Getting out

The exceptions are the mining finance companies, because by law black workers may not obtain a blasting certificate and this limits promotion potential.

Many European industrialists have thought of getting out of South Africa altogether, but have discarded the idea.

Lars-Ivar Hising, executive vice president of Sandvik the Swedish tools group, said: "We believe the best way to contribute to an improved situation, even in a small way, is to remain on the scene."

Anton Schrafl, deputy chairman of Holderbank, the Swiss cement concern, says the group has never thought of leaving South Africa, where it has been since 1938.

Rowntree Mackintosh said pulling out of its Wilson-Rowntree subsidiary would entail either closing down a company employing 2 500 people or merely passing ownership to someone else.

"This subject has been debated, but withdrawal was not con sidered to be in the interests of the business, its employees or the blacks in general," a spokesman said.

This does not mean many companies are still investing heavily in South Africa. Many are just maintaining their existing interests, and others are reducing their presence.

Prudential Assurance sold 32 percent of the shares in its South African subsidiary in 1983 through a public share offer for £14,8 million. Associated British Foods sold its 52 percent stake in a South African company in the same year for £198 million cash.

Also in 1983 Metal Box sold its 51 percent stake in its South African subsidiary in return for £40 million cash and 25 percent stakes in two South African companies.

Metal Box said it did the deal mainly to reduce its borrowings, but acknowledges that the political and social climate was a factor.

Even Consolidated Goldfields, the British mining finance group founded 100 years ago to develop South African gold mines, is much less dependent on South Africa than it was 30 years ago.

Goldfields embarked on a diversification programme in the 1950s and today 75 percent of its £675 million in net assets are outside the country.

Rio Tinto-Zinc's last major investment in South Africa was the Palaborwa copper development in 1963, although the Rossing uranium development in Namibia began in 1975. Only two percent of RTZ assets are now in South Africa, and less than four percent in Southern Africa, including Namibia and Zimbabwe.

Barclays Bank has reduced its stake in its South African subsidiary from 55 percent to 50,4 percent by the simple expedient of not taking up its shares in rights issues. But the £133 million investment is still a significant one and the subsidiary's £6 billion in assets represents 8,5 percent of the Barclays total.

Standard Chartered, the other British bank with a major stake in South Africa, has also been running down its interest by standing back from rights issues of Stanbic, and now holds only 42 percent of it.

Influence

A few European companies, notably Daimler Benz and Volkswagen and France's Compagnie d'Electricite, have been building up their South African investments.

Daimler Benz has invested more than R200 million in the country since 1981 and has boosted its stake in its South African holding company to the controlling 50,1 percent level. This not only secured its business interests, said the company, but also gave it more influence on the work and social conditions of its mainly black labour force.

GGCE's CGEE-Alsthom subsidiary has injected R4-million into boosting the capital of its electrical equipment assembly subsidiary in the past four years. — *Financial Times*.

CAPE TIMES 7/8/85 (61)

UK investment value in SA shrinks

From NEIL BEHRMANN

LONDON. — The value of British investments in South Africa has shrunk in sterling terms because of the dramatic decline of the rand.

The rand has fallen by 41 percent to 33p in only 55 weeks.

UKSATA, the UK, South African trade association estimated that total British direct and indirect investment was worth £11 billion (R20 billion) before the South African currency's decline.

So British companies operating in South Africa have experienced a sharp reduction in the value of their South African assets.

On crude estimates, the value of their investments at present sterling/rand exchange rates have declined to around £6,5 billion, although possible appreciation of direct and portfolio investments could have offset the depreciation of the currency by a small extent.

British holders of South African gold shares have seen their holdings in sterling terms halve in value in the past year.

Companies with interests in South Africa are also likely to experience a reduction in earnings in the coming year because of flat profits and the weak rand.

But UK mining houses such as Consolidated Gold Fields may not be affected because the depreciating rand boosts the export revenue of their gold mining interests.

Some company spokesmen said assets in foreign countries were permanent and should not be revalued following swift currency changes.

But the rand traded between 56p to 59p for five years and since the middle of last year has slid against sterling month after month.

Between July and December last year, it fell 31 percent to 38,5p, recovering to 51p in February. Since then it has fallen by 35 percent.

Currency dealers believe that a major and lasting rand recovery is remote.

"The rand is oversold; it may recover slightly, but is likely to slide further," says Mr David Charters, a director of Investment Research in Cambridge, a forecasting company which predicted the currency's demise.

The rand is falling even though South Africa is expected to have a current account surplus of R6 billion.

But the country is encumbered by large capital outflows because of the poor political climate and the growing band of bankers who are reluctant to lend money to the government and its agencies.

The Bank for International Settlements (BIS) estimates that net South African foreign debt is around $17 billion (R12,6 billion).

Over 60 percent of these loans are short term and must be rolled over or repaid within a year.

South African companies or banks, worried about the weakness of the rand have been covering themselves by buying foreign currency forward. Their sales have depressed the rand.

The rand's weakness, however, is boosting South African exports to Britain.

South African exports in the first five months of this year rose to £402m, compared with £337m in the same period last year.

In the whole of 1984 exports to Britain totalled £1 205m.

South African imports from Britain fell to R467m in the first five months of this year, against R501m in the same period the previous year.

Britain mainly imports minerals and foodstuffs from South Africa.

Strategic metals include platinum, manganese, chrome and vanadium. But dealers say that sanctions would be ineffective because metals trade is international and Britain would receive the metals from third parties.

But there could be indirect shocks.

London is a leading gold centre. If the UK agreed on sanctions, South Africa might sell more gold to Zurich.

De Beers' international diamond marketing network, the Central Selling Organization is also based in London. So in the event of sanctions, the UK could lose invisible exports from precious metals and diamond trading.

The weak rand will be a disincentive for British companies to sell interests in South Africa. But regardless of political problems, fears of a further decline in the rand are likely to discourage new investment.

(61) B-Day 14/8/85

Blackwood Hodge digs in deeper

Industrial Editor

BLACKWOOD HODGE, the British earth-moving equipment group, is planning to extend its South African involvement.

Officials yesterday denied rumours that the company, which distributes JCB earth-moving equipment in this country, was reconsidering its SA investment.

John Vos, MD of the local operation, said the company had just consolidated operations at Jet Park, near Jan Smuts Airport.

He added: "The Blackwood Hodge board in Britain is very confident of its investment in South Africa. In questioning our involvement here, rumours being put out by competitors refer to the disinvestment issue but it does not apply, either for Blackwood Hodge or JCB."

Bob Cameron, a director of the British parent, said that having recently reorganised its SA subsidiary, there was no question of the company closing.

Jim Harrison, JCB's UK-based sales director, added that SA was among the world's 10 biggest earth-moving machinery markets. Because of the recession, however, some sectors of that market were estimated to be up to 40% below last year.

In order to maintain orders, Blackwood Hodge is increasingly looking at trade-ins as a means of encouraging new custom. This, in turn, is leading to a healthy export trade in second-hand earth-moving equipment.

Barclays PLC forgoes rights on issue to raise R254m

(61) B. Day 15/8/85

Barnat control returns to SA

● Basil Hersov

● Chris Ball

HAROLD FRIDJHON

CONTROL of Barclays National Bank (Barnat) will return to South Africa after a rights issue to raise R254m announced yesterday.

As parent company Barclays Bank PLC of London will not follow its rights — which will be taken up by the Anglo American group and Southern Life Association — the control of the bank will once again be in SA hands after a lapse of 60 years.

At present Barclays PLC controls Barnat with a 50,4% shareholding. After the rights issue (of 14,5-million preferred ordinary shares at 1 750c a share) the parent's interest in Barnat will drop to 40,4% with Anglo becoming the seond largest shareholder with a 25% stake, up from 19%. Southern Life's holding will rise from 3% to in excess of 7,5%.

The change of control will also bring about a change of name "within a few years", according to Barnat chairman Basil Hersov at a Press conference in Johannesburg yesterday.

Barnat MD Chris Ball added that the parent company did not approve of the use of the Barclays' name when it did not

BARCLAYS

control a bank. A case in point was the Union Bank of Nigeria. He also said that when Barnat went international, as it would in time, the use of Barclays in the bank's name could cause confusion in foreign financial circles.

But Barnat was in no hurry to bring about a change of name. "As far as we are concerned it's business as usual."

Hersov insisted no form of disinvestment by Barclays PLC was involved. "It had not sold any shares and would continue to be the largest single shareholder in Barnat.

"The shareholding of PLC in Barnat started to reduce in 1973 when we went public. It reduced further on the acquisition of Wesbank, on the acquisition of our interest in Southern Life and as a result of sales of shares in Barnat by PLC to SA investors. On this occasion PLC again had decided not to subscribe."

However, **NEIL BEHRMANN** reports from London that banking analysts believe the timing of the announcement, especially when linked to a name-change, indicated political pressure was a major factor.

Chief general manager of the UK bank, Peter Lesley, was overwhelmed with questions relating to disinvestment at yesterday's London Press conference. Barnat's assets of some £6bn are 8,2% of total Barclays assets. But pre-tax profits, as high as 25% in previous years, are now running at only 0,9%.

Barclays PLC had systematically allowed its percentage holding in Barnat to drop following the request in 1973 by the South African monetary authorities for foreign banks to lower their shareholdings in their SA subsidiaries to 50%.

Hersov said the decision to proceed with the rights issue at this stage was motivated by Barnat's capital needs and because funds were available in the marketplace at present.

"With the outlook for growth and profitability now improving, we decided this was the appropriate moment. We had to weigh the implications for the bank against the need to improve its capital structure."

The capital position of SA banks had been eroded in the last few years by the rapid increase in the demand for credit.

● Turn to Page 2

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Barnat control for SA

B. Day ● From Page 1 15/8/85

At the same time there had been a general re-assessment around the world of banks' capital requirements. This had been precipitated to some extent by the international debt crisis.

In South Africa these trends had resulted in amendments to the Banks Act which modified the method of measurement of capital adequacy.

In addition Barnat had embarked on a huge capital expenditure programme aimed at enhancing its electronic systems and this investment had to be funded from capital resources.

Ball estimated this capital expenditure would amount to about R140m in the current financial year, the same amount as had been spent in the previous year.

Hersov said the profit outlook for the next few years was good.

"While we appreciate the political situation at this time is difficult, we believe there is a good chance the climate both inside and towards South Africa will improve over the next few months and we clearly had to take a long-term view."

The change of control does not mean there will be any change in the relationship between PLC and Barnat — including lines of credit and facilities which Barnat enjoyed.

The new preferred shares which will be issued on the basis of one new share for every four held will pay a fixed non-accumulative annual cash dividend of 157,5c, payable half-yearly. This will give a yield of 9% a year on the issue price of 1 750c. The preferred ordinaries will automatically be converted into ordinary shares when the ordinary dividends amount to 157,5c for the year. The cost of paying the preferential dividend will be R22,9m in a full year.

Ball pointed out that the rights issue will result in a saving of interest to the bank of about R44,5m before tax if the funds were used to redeem deposits costing 17,5%. The net after-tax saving will be about R22,9m.

Ball forecast results for this year at a level not much different than those of last year "in view of the high level of bad debts in the current recession".

British Barclays to cut back holding in S A

15/8/85

(61)

MERCURY

Finance Editor

SOUTH Africa's largest bank, Barclays, is to become locally controlled and the British-based majority shareholder, Barclays Bank plc, has decided to cut back its holding.

In due course the bank will change its name and shareholders will be offered 14,5 million preferred ordinary shares at R17,50 each to raise R254 million new money.

British Barclays, which has three directors on the local board, and which owns 50,4 percent of Barclays S A, has decided to reduce its holding to 40,4 percent of the enlarged share capital and pass its rights on to Anglo American and associated companies and Southern Life.

Anglo already holds 13,8 percent of Barclays and will increase its holding to 25 percent, while Southern Life's share goes from 3 percent to more than 7,5 percent.

Barclays recently took up a major stake, with Anglo American, in the soon-to-be-listed Southern Life.

The South African Government has indicated in recent years that foreign control of banks must be reduced, and others such as Standard and Nedbank, have cut back their foreign holdings.

British Barclays had progressively reduced its holding since Barclays had been listed on the Johannesburg Stock Exchange in 1973 by not following rights issues.

While British Barclays will probably deny any political motives, or admit that it is the consequence of political pressure, their timing is questionable.

The British company's chief general manager in London, Mr Peter Leslie, said the move was entirely natural and the timing purely coincidental.

'We are not disinvesting at all. It is only change in the actual percentage shareholding.'

Barclays' chairman, Mr Basil Hersov, told a Press conference in Johannesburg yesterday that the British Barclays decision was in line with the practice it had followed since Barnat was listed in 1973.

People might choose to see this as a form of disinvestment but it had not sold any shares and would continue to be the largest single shareholder in Barnat, he said.

Barclays bows to political pressure

The Star Bureau

LONDON — Barclays Bank's announcement yesterday that it is reducing its stake in its South African subsidiary will be seen around the world as "a desertion in the face of political pressure", writes *Daily Express* financial editor Patrick Lay.

He criticises Barclays for not holding back its statement until Mr Botha makes his crucial speech tonight. "To be fair, Barclays is not pulling money out of the harassed country. On the other hand, it has chosen not to invest further."

STAR

Lay adds that no matter how Barclays tries to deny it, the Anti-Apartheid Movement will mark it up as a victory.

Stock analysts noted last night that Barclays' decision not to subscribe to the rights issue may also have been influenced by Barnat's poor performance recently. Barnat's profits fell after it failed to anticipate a sharp rise in interest rates.

In the first half of this year they were also down. Net income was R30,1 million compared with R35,7 million in the first half of 1984. However, Barnat forecasts in its rights issue documents that profits for the whole of 1985 will be level with those for 1984, implying a much improved second half.

15/8/85

Barnat accounts for about 8,5 percent of Barclays' total asets of £71 billion. In the first half of this year, Barnat contributed about one percent of Barclays' profits, though in previous years this share was higher.

The deconsolidation will affect Barclays' financial position in two ways. If it had occurred before Barclays' recent interim results, it would have pushed the group's free capital ratio up from 6,5 percent to 7 percent, giving it a stronger balance sheet. It would also have reduced Barclays' pre-tax profits of £431 million by £10 million.

News of a pending announcement from Barclays yesterday sparked off lively trading in its shares, which drove the price up 15p to 400p in London.

When the Barnat disclosure came in mid-afternoon, however, the shares fell back to close unchanged at 385p.

South Africa is now "a bad investment because of the political crisis", reports Peter Rodgers in today's *Guardian* Financial Notebook column.

For proof he points to Barclays' share price on the London Stock Exchange which rose 16p yesterday as rumours circulated that it would extricate itself from its stake in Barclays National Bank of South Africa.

"But the news shortly after lunch that it was dropping its holding from majority control to just over 40 percent disappointed those who had hoped that this troublesome involvement might be over — and the shares closed only 5p up at 389p," he adds.

Even if one separated out the moral arguments, and looked at South Africa through the eyes of a team of neutral economists and political risk analysts, "the country's future looks bleak".

Nevertheless, it would be wrong to see Barclays' (and Standard Chartered's) move to drop below 50 percent holding as disinvestment in the accepted sense.

"Barclays remains unshakeably complacent in its belief that its investment in and influence over South Africa is a force for good. What we are seeing is therefore the ice-cold commercial logic of corporations which retreat from difficult areas into more prosperous ones."

However, unless there was a political and economic miracle in South Africa, "it would be unsurprising if by 1990 both banks had such small South African stakes that a final pull out would hardly be noticed", Rodgers writes. "Meanwhile, they can fend off anti-apartheid protesters by saying they no longer control the local banks."

'The Bank' will now raise R250-m with rights issue

By Peter Farley
Investment Editor

Barclays National Bank (Barnat) is raising over R250 million by way of a rights issue, the ramifications of which are likely to have major repercussions throughout local financial circles.

Not only does control of the bank return to South Africa, with Barclays UK not following its rights and accordingly seeing its stake slip from just over 50 percent to just over 40 percent, but the name Barclays will be dropped in the next few years.

Barclays chairman Mr Basil Hersov yesterday played down the significance of the developments, by emphasising that the bank had to raise additional capital to meet the perceived requirements of new banking legislation.

He told a press conference that it had always been anticipated that Barclays UK would not put additional capital into Barnat — a policy it has pursued on each occassion since the bank was first listed on the JSE in 1973.

Therefore, the 7,25 million shares Barclays UK is entitled to will be taken up by Anglo American and Southern Life. And, although this still leaves Barclays UK as the single biggest shareholder, Anglo's stake goes up to 25 percent and that of Southern to 7,5 percent.

For the record, the issue is a one for four non-cumulative preferred ordinary priced at 1 750c a share and carrying a fixed nine percent — or 157,5c a share — annual dividend. The new shares will be converted to ordinaries once the dividend on the ordinaries exceeds 157,5c.

Last year the bank paid total dividends of 95c a share and on the JSE yesterday the shares shed 10c to close at exactly 1 750c.

It may not be the best time to come to the market, with industrial shares more than 10 percent off their recent peak. But Mr Hersov said that the capital had to be raised before the end of the year and that now was seen as the most propitious occassion.

The money raised via the rights will, however, only meet around half of the additional capital Barclays is likely to need when the details of the new Banking Act are made known. It will go towards a combination of reducing deposits, aiding the extensive ongoing capital expenditure programme and increasing the bank's lending base.

"But Mr Hersov said that another rights issue would not be necessary as Barclays would rely on a mixture of asset sales, improved profits and possibly the issue of term-dated securities to meet any additional needs.

The book value of the bank's properties is listed at around R230 million, though this is based on a valuation undertaken at the time of the 1973 listing.

MD Mr Chris Ball pointed out that UK banks had used this latter aspect to great effect in recent years to bolster their balance sheets and though he did not expect Barclays to have to go to the lengths of the British banks in this regard he saw it as a likely development.

The main official motivation appears to be twofold, with Barclays SA now wanting to compete internationally against its former parent and Barclays UK maintaining its policy of preferring not to have its name on operations where it has less than a 50 percent stake.

Whatever the actual outcome of all these developments, business communities both here and abroad are bound to interpret this as a partial disinvestment coming as it does in these difficult times.

It is also no secret that Barclays UK has been under extreme pressure from a vociferous left-wing element among both its shareholders and customers. By not following its rights, and passing over control, it neatly sidesteps these issues.

The other advantage for Barclays UK is that it may no longer have to consolidate the SA figures, which have been having a negative impact on its own capital ratios. Although UK banks traditionally consolidate both associates and subsidiaries, Mr Ball said that the UK bank was considering de-consolidation.

of manufacturers' price-cutting moves, outside the usual discounts on fleet sales. "We're not in the banking business," affirms marketing director Brand Pretorius.

Nissan chairman Peter Whitfield says that jugular marketing to make sales is likely to leave dealerships in worse shape when the discounting ends. Even Toyota has been largely powerless to stop its dealers discounting heavily to shed stock quickly.


s Whitfield

The split in strategy on discounts and special incentives between makers has created a "hawks" and "doves" rift in the troubled industry.

Alfa Romeo (AR), which fired the first public shot, is extending its sales blitz for another month. Samcor, however, will not say when its Mazda 323 promotion ends.

The doves, who oppose discounts, say cut prices will merely delay the inevitable fall in AR and 323 sales. They expect Naamsa's monthly new-sales figures to show the discounters rapidly losing market by the fourth quarter of the year, as a result of bringing sales forward.

There may, however, be other motives for the apparent madness. The current Mazda strategy appears to be designed to clear stockyards before a new model 323 is launched, towards the end of the year. Samcor is banking on the current sales drive to give the new 323 an extra push.

Clearly, the industry's troubles are far from over, and a very different manufacturer-dealer scenario is expected to emerge in the next year. It will certainly be a leaner industry, but whether it will be healthier only time will tell. ■

FM 16/8/85 (61)

MANGANESE

Ex unitate . . .

The merger last week of the world's two largest manganese metal producers — Delta Manganese and the Electrolytic Metal Corporation (Emcor) — creates a new company which carries heavy clout in world markets for the metal.

The new company, the Manganese Metal Company (MMC), exports 98% of South Africa's production which, in turn, meets 75% of the West's demand for electrolytic manganese — a high-purity metal used for high-strength, low-alloy (HSLA) steels and aluminium and copper alloys, particularly in the motor industry.

Delta Manganese is a subsidiary of the UK's Delta Group. Delta Manganese and Gencor-controlled Emcor have worked together in the past, following each other's price leads.

But the new deal will lead to rationalisation benefits, and inevitably strengthen the producers' bargaining power in overseas markets.

Delta's Nelspruit plant, with a rated capacity of 26 000 t/year, will operate at full capacity while Emcor's smaller Krugersdorp facility will absorb the overflow and the smaller runs.

MMC stresses that there are no moves to close Krugersdorp. "The main thrust behind the merger was to rationalise plants and pool resources and shipping arrangements to avoid duplication," says MMC MD John Jacobs. "We are not carteling," he adds.

Although the Delta plant is bigger, Jacobs explains that it was agreed that Gencor would have the majority shareholding. Emcor now owns 51% of the merged operation.

The move is in line with most of Gencor's acquisitions, which tend to give it a majority stake.

Emcor is to pay R8m to Delta's shareholders in an immediate down payment, and a further tranche may be paid on a performance-related basis in 1988.

Abroad, the depressed state of manganese markets has triggered a spate of mergers to combine resources and establish corporate ties with consumers — the SA Manganese Corporation, for example, owns a ferro-alloy plant in the US.

Elkem, the major Norwegian ferro-alloy producer, recently acquired a minority shareholding in Gabon's Comilog. It also manufactures electrolytic manganese in the US, along with Kerr-McGee.

The manganese industry has suffered from stagnant demand, tumbling prices and the fact that manganese is a virtual hostage to the steel industry.

Electrolytic manganese has fared rather better, but virtually static demand in the Seventies and early-Eighties mothballed the Foote plant in the US and squeezed Yamagata of Japan out of the market altogether.

Currently, manganese metal prices are buoyant, but there are storm clouds on the horizon.

Competition for the SA producers will increase when Brazil's Metallur electrolytic manganese plant comes on stream with possible production of around 20 000 t/year. This is likely to upset the market unless demand picks up.

In April, Delta MD Langham Carter told a minor metals conference in Paris that a new plant coming on stream "will provoke aggressive retaliation from producers," which will severely dampen prices.

Since SA producers currently control 60% of world market sales it is hoped the newly-formed MMC will be a potent force in counteracting the Metallur threat.

Already the industry is shouldering the financial penalties of excess capacity. Although world sales increased from 44 000 t to 58 000 t between 1981 and 1984, installed capacity is around 76 000 t/year.

"Merging the two plants," says Jacobs, "will undoubtedly help us take up the slack."

Other SA exporters, particularly of strategic materials, are bound to look increasingly at similar moves to strengthen their bargaining position in world markets as the sanctions threat grows. ■

Barclay's move a victory for Anti-apartheid movement

MERCURY

16/8/85

61

Mercury Correspondent

LONDON— The decision to change Barclay National Bank's name and the dilution of the UK controlling bank's share in the company is a major victory for the anti-apartheid movement.

For years Barclays Bank has been a major target of anti-apartheid demonstrations and attacks.

Anti-apartheid pressures included a 'Barclays Shadow Report and Board of Directors.'

The chairman of the shadow board is Gerry Gillman, general secretary, Society of Civil and Public Servants. Directors include Neil Kinnock, leader of the opposition, Julie Christie and Donald Woods.'

Investors

The latest report states: 'Barclays is the largest foreign investor in South Africa. Any move by Barclays to pull out would thus have an enormous impact on both the South African economy and other British investors there.

'The Shadow Board therefore believes that Barclays, as apartheid's main financial backer, should be a major focus for those concerned by the role British business plays in supporting apartheid.'

Fleet Street newspapers, the Wall Street Journal and International Herald Tribune, prominently displayed stories about Barclay's reduction in its South African investment.

They objectively and faithfully reported the statements of Barclays executives that the bank had decided to dilute its stake and change the name of Barclays National.

But they expressed widespread scepticism that politics did not play a role in the decision making process.

'There are sound commercial reasons for Barclays Bank's decision to reduce further its stake in Barclays National Bank', commented the Daily Telegraph.

'But the timing of the decision could hardly have come about at a worse time. The pressure on American and European companies to reduce their ties with South Africa has been growing steadily and the recent wave of killings in the black townships has focussed world criticism on the South African system.'

'The Barclays name is also being withdrawn and Barnat will eventually have to find a name for itself.

'That decision too, is consistent with Barclays policy of taking back their name when they cease to be the controlling shareholder.

'But Standard Chartered was less abrupt with Stanbic when it cut its stake from 50,3pc to 41,9pc.

Danger

'In the meantime, there is a danger that Barclays will find it has fallen between two stools. A statment reaffirms the view that Barclays investment and influence in South Africa was a force for good and will remain so, which is hardly likely to placate the anti-apartheid lobby.

'But white South Africans may see the move and especially the precise timing, as another attempt by foreign investors to twist their arms.'

'Barclays firmly denied that its action stemmed from political considerations,' said the Times, but 'the decision is sure to be interpreted as an attempt by Barclays to distance itself from the country's troubles.'

'The dogged insistence that it is purely a commercial decision and the timing is quite coincidental, can be taken with a bag of salt,' commented Kenneth Fleet, financial editor of The Times.

Union keeps open door on boycott

(MM) B. Day 61 22/8/85

Business Day Reporter

THE Federation of South African Trade Unions (Fosatu) wants a quick end to the Maritzburg business boycott but said this depended on BTR Sarmcol and those who influence the company.

The boycott is aimed at forcing BTR Sarmcol, near Howick, to reinstate workers dismissed during a strike over union recognition and to negotiate a settlement under an independent chairman.

Fosatu said the business boycott had been extensively discussed among and supported by the black community before it was started.

Fosatu added it seemed that leaders in the Martitzburg Chamber of Industries and Sakekamer were supporting Sarmcol's action though many affiliated companies had different views.

"The Metal and Allied Workers' Union has taken all possible steps to avoid the boycott of businesses by calling on all the Maritzburg chambers, and other major bodies, to intervene and get Sarmcol to the negotiating table. But these steps have been to no avail."

"The Chamber of Industries has simply attacked Mawu and the black community. The Sakekamer has done likewise. The Chamber of Commerce undertook to endeavour to set up a meeting between the parties with an independent mediator but they have never come back to the union."

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clays group, but will now be able to expand abroad to capture SA corporate business linked to international trade — a field of activity in which Nedbank has so far been the only SA bank with strong representation. Ball's overall verdict on the issue is that it represents "business as usual."

So the rights proceeds will be used to lay the foundations for sustained longer-term profit growth. An expansion of lending can now be accommodated more easily on improved margins, as the cost of money raised is lower than the average cost of Barnat's funds. The dividend of 157,5c on the preferred ords will yield 9% on the issue price, identical to Stanbic's issue, and one analyst calculates that bottom-line earnings could benefit by R15m or more as a result. Spending on systems automation will also be more easily financed and McKenzie notes that capital expenditure, largely on systems, could reach R600m in the five years to end-1988. Capex totalled some R140m in 1984, with another R140m earmarked for this year and R100m in 1986.

Quite apart from competitive pressures, there is the need to phase in capital reserves over a period yet to be determined. New capital reserve requirements are being finalised between the Reserve Bank and the banks, and could amount to 6% on foreign liabilities and 4% of contingent liabilities and repurchase commitments. The banks as a whole will need some R1,2 billion in extra reserves, analysts think, and McKenzie agrees that Barnat's additional reserve needs would be around R630m. If the reserve requirements are less, the figure could lie between R400m and R600m.

Barnat's strategy, says Ball, is to use the rights proceeds to generate a stronger profit flow to meet reserve requirements. Borrowings, in the form of irredeemable debt and subordinated floating rate debentures, could also be raised to meet a reserve shortfall. But this plan places a heavy emphasis on boosting profitability — something which Ball and his team have failed to achieve in the last two years — and raises the question of whether Barnat will need to raise more capital in the next two to three years.

McKenzie says another rights issue would depend on as yet undecided factors, such as the timing of the next economic upturn, which could see asset growth shooting ahead of reserves. "We might have to raise more capital sooner than we expect," he says. "It's a very complex situation. In a year's time, we should be able to make a better assessment of our capital requirements."

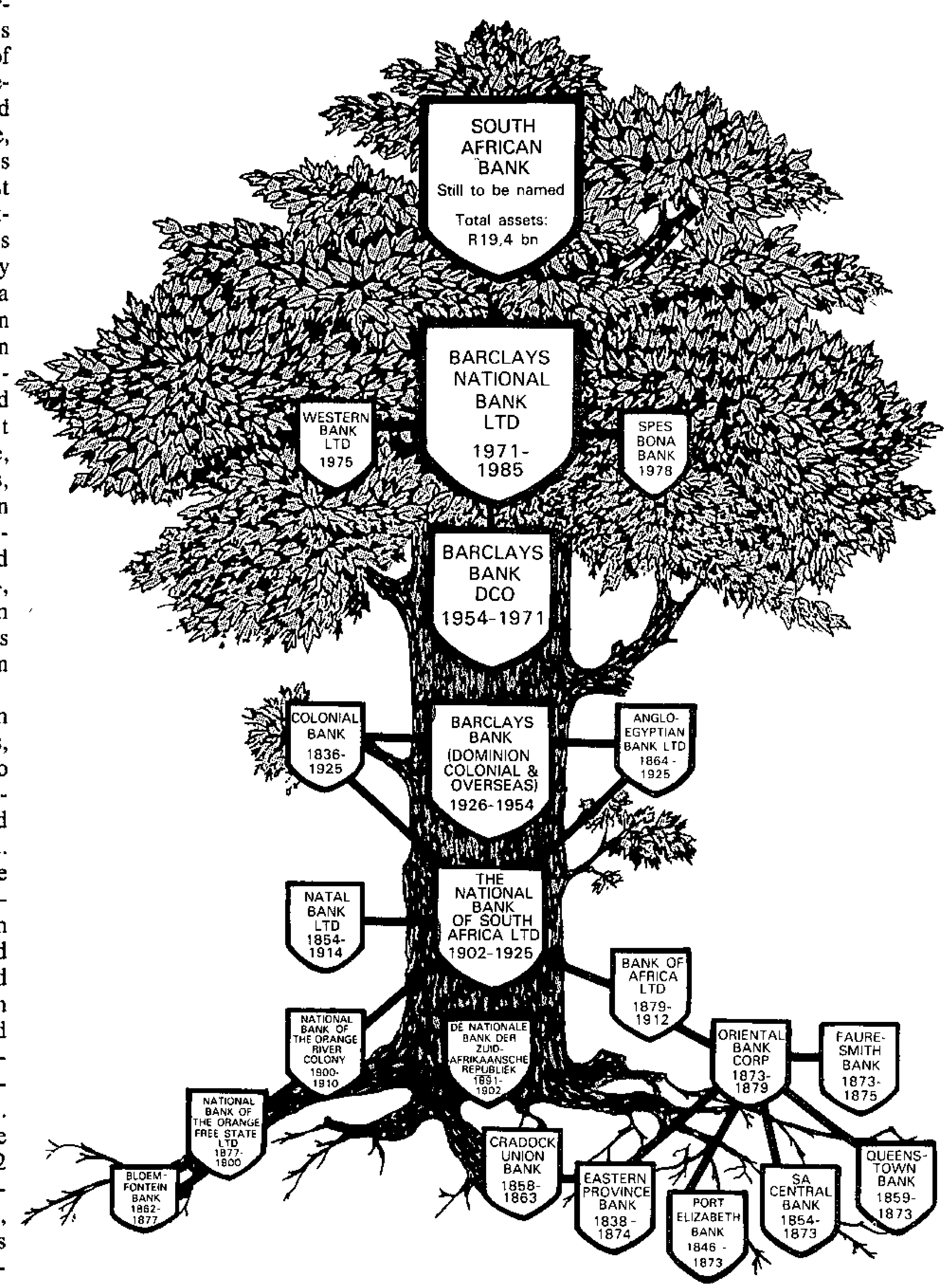
However, McKenzie argues that the profit tide is turning. He expects net profit in the second half of the financial year to end-December to rise nearly 90% on the first half (and 10% on last year's second half), leading to maintained earnings for the year as a whole. He adds: "We think the results would be better than last year were it not for the difficulty in judging the level of bad debts."

Certainly, a softening interest rate structure is already contributing to greater profitability, as Barnat, with the shortest book in the banking sector (some 66% of total assets compared with second-placed Stanbic's 57%), is well placed to gain from interest rate falls. Automation should keep costs under control and market share has been held, although there has been some loss of share in the HP market as Wesbank has become more selective in its business written.

So when will total dividends on the ords (95c last year) reach the 157,5c level at which the preferred ords and the ords can be merged? Hersov reckons that conversion will take place in the next three to four years; but a more pessimistic view on earnings or dividend growth might lengthen that period to 1991. Near-term dividend growth on the ords could be slow, as the dividend has been held despite the earnings slide, so slicing cover in 1984 from 2,5 to 1,6. But fixing the dividend on the preferred ords should allow more scope later to increase the dividend on the ords.

At 1 775c, the ords yield 5,4% on dividend, compared with the bank and financial sector average of 5,1%. Short-term gains are likely to depend on a general advance in banking shares, which are sensitive to interest rate falls. The preferred ords, at R20 (a R2 premium to the ords), would yield 7,8% on dividend, compared with the 5,9% on Stanbic's preferred ords. The NPLs might be priced at a premium greater than R2, as the preferred ords would trade at R26,25 to yield a comparable 6% dividend. Subscribers to the issue could benefit from capital gains. *Christopher Marchand*

BARNAT'S FAMILY TREE



FM 23/8/85

mirrored in his business record. He likes to make things happen, as an end in itself.

If he does ever say at some point that he's had enough — and it's certainly not now — he thinks he might spend more time with his kids, or take a month to ski and play tennis, or get an appreciation of art. It's as simple as that. And if he were starting out again, would he approach things in the same way? "Oh yes. I think so. Perhaps I'd have a little more balance in my life, but I'd still have a full go."

The curious thing about Sol Kerzner at 50 is that his achievements make him seem older, while his phenomenal energy and enthusiasm give the impression of enduring youth. But this is irrelevant. In essence, he lives for today. ■

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BARCLAYS

The Great Trek home

The fact that Barclays is to become a South African bank had its origins in a government decision as far back as 1973. Which is not to say that the UK parent is not happy to reduce its shareholding, or that local shareholders need be concerned about the change of control.

Barclays National's R254m rights issue is grounded in the simple fact that it is under intense competitive pressure from its closest rival, Stanbic. Of course, this reality does not dispose of the question whether the rights issue ushers in a process of disinvestment by parent company Barclays PLC of the UK.

But there is no doubt that Barclays National (Barnat) is undercapitalised. At end-December, it controlled total assets of R19,4 billion compared with Stanbic's R16,1 billion, but shareholders' funds were only R638,1m versus Stanbic's R751,2m.

Barnat has the largest shortfall on capital and reserves of any of SA's major banks and, despite its larger rights issue, will still have less shareholders' funds than Stanbic — nearly R900m versus Stanbic's R928,9m.

Senior GM McKenzie ... 'we're going to be better off'

But it will be better placed to confront the Stanbic challenge.

The phasing-in from January 1 next year of more stringent capital reserve requirements is another reason to strengthen the capital armoury. Indeed, the issue has found favour from analysts on the JSE. "The timing is not bad," says Martin's Richard Jesse. "It's removed uncertainty about the rights issue and it is normally better to go for a big issue than for a small one."

Barclays shareholders will be offered one pref ord for every four ords, which will pay a 157,5c non-cumulative annual dividend. Anglo American and Southern will take up Barclays PLC's rights and 82,3% of the shareholders have already indicated that they will subscribe. Smaller financial institutions will sub-underwrite the balance and Barclays Merchant Bank will act as head underwriter. Analysts say the nil paid letters (NPLs), depending on the discounted value of Barnat's future earnings, should be valued at a premium of R1,25 to R1,50 to the ords. If account is taken of the greater certainty of earnings, the pref ords could trade at a R2 premium to the ords.

However, the timing was politically a case of bad luck. Stanbic's R177m rights issue just four months ago was accompanied by shouts of acclaim from the JSE and barely a disinvestment murmur from the world press. Stanbic produces better results than Barclays, but not even its management could have foreseen the State of Emergency, and the jolt to confidence contained in Barclays PLC's decision. Complains chairman Basil Hersov: "We decided on the rights issue some time ago. It wasn't a spur of the moment decision. We didn't know what Chase was going to do, nor what the State President would say in Durban."

Comments senior GM Jimmy McKenzie: "The rights issue presented a dilemma. We recognised that any move would force PLC into a corner, as any following of rights would have created the most almighty outcry. But we had to make sure the bank was adequately capitalised. The alternative would have been to shrink the balance sheet by selling off assets, reducing lendings and maybe even selling parts of the bank.

"The result of the rights issue is that we are going to be better off. We'll be soundly capitalised, we'll have support from Anglo and Southern; Barclays PLC will hold 40% (which is a substantial investment in a large bank); we will have a clear South African identity and our staff are in favour."

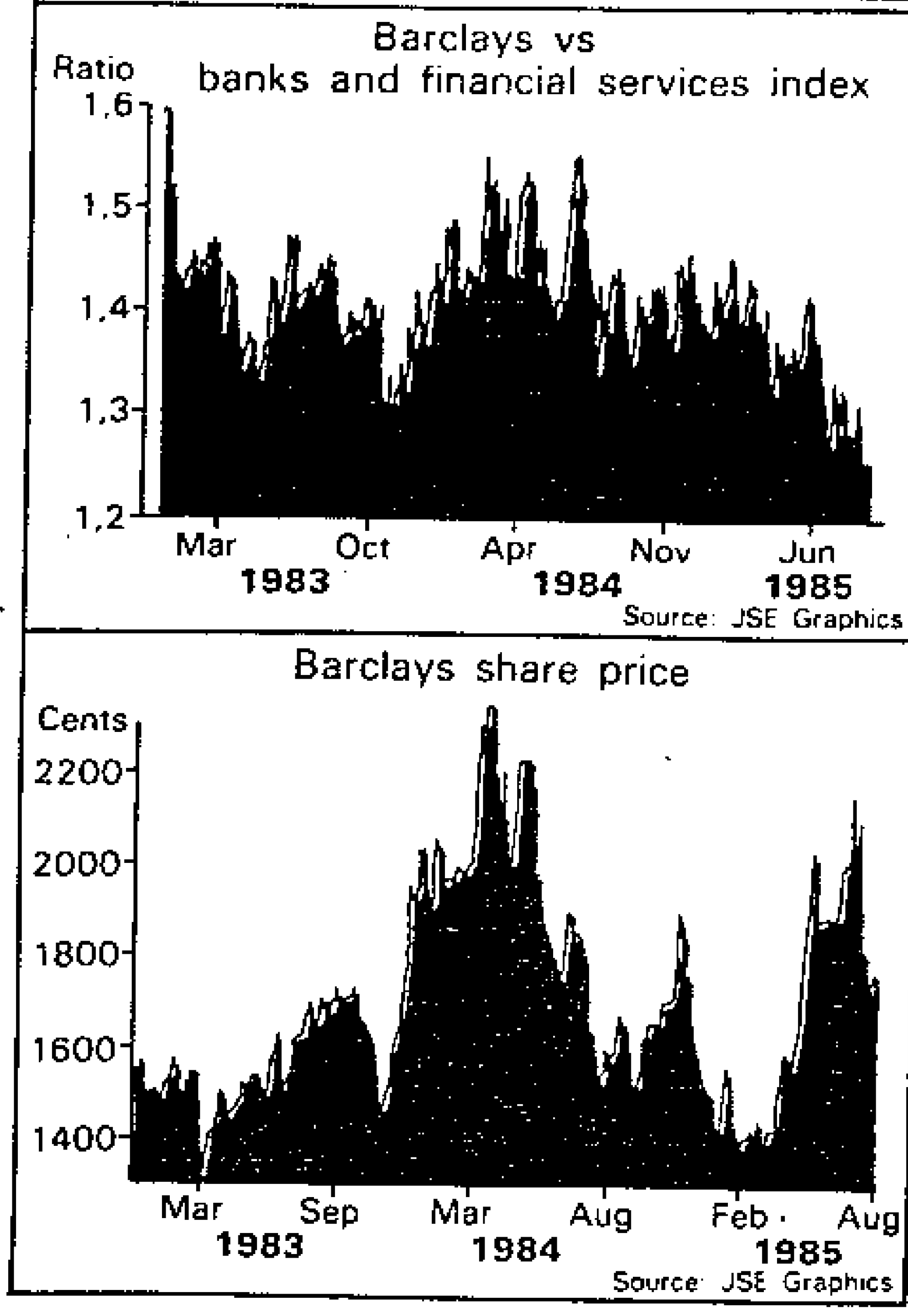
If the rights issue constitutes a form of disinvestment by Barclays PLC, the seeds were sown in 1973. Then Finance Minister Nic Diederichs laid down that government wanted the majority shareholdings in SA banks eventually to be held by SA institu-

MD Ball (left) and chairman Hersov ... long-standing decision tions. That same year, the SA subsidiary changed its name to Barclays National from Barclays Bank DCO and acquired a listing on the JSE, which saw the British parent reduce its stake from 100% to 85%. A rights issue in 1975 to finance the Wesbank purchase saw the UK company's stake diluted to 64%. Its holding fell further as shares were sold on the JSE, and stood at 50,4% after last year's R81,4m rights issue to fund the purchase of a 30% stake in Southern Life.

Barclays PLC's stake will now fall to 40,4%. But, in view of the growing political flak and Barnat's recently declining profitability, its initial reluctance to lose any part of its formerly most profitable subsidiary may well have been supplanted by enthusiasm. But if a 40% stake marks a milestone for "disinvestment," it is attributable to a series of factors: government's economic nationalism, Barnat's slipping profits in the post-Aldworth era, the political hassle and the SA economy's present weak state.

The crucial issue, however, is not whether Barclays PLC is disinvesting, but the likely impact on future credit supply lines from overseas banks. If overseas lines of credit start to dry up, a growing capital shortage would again exert upward pressure on interest rates, with all the economic consequences that that entails.

BELOW AVERAGE



Hersov emphasises that Barnat's foreign credit lines, while not irrevocable, should remain unchanged in the foreseeable future. Of course, as Hersov notes, "If we went down the tube it would be a different matter." But Barnat went to great lengths to communicate its plans to foreign business associates and PLC is adopting a supportive role.

MD Chris Ball emphasises that Barnat will continue to enjoy technical and staff exchanges with Barclays PLC, whose four representatives will stay on the 24-man board. PLC's role will become essentially a monitoring and advisory one and Barnat's name will be changed in the next five years. This reflects both a more South African identity and PLC's policy of refusing to let non-subsidiary companies use the Barclays name. The *Financial Times*'s Lex column recommends that Barnat be renamed the Anglo American Bank, but McKenzie says this "is not an option."

Barnat will remain a member of the Bar-

THE BRITISH CONNECTION

Barclays' involvement in SA dates back to 1925 when it bought the entire shareholding of the National Bank of SA in order to provide this bank with a much-needed injection of cash reserves and the muscle of a major backer. Ironically, Barclays National's present need to raise capital has resulted in the British parent's shareholding slipping below 50%.

The National Bank was a merger of the State Bank of the old South African Republic; the State Bank of the Orange Free State; the Natal Bank, that colony's leading bank; and the Bank of Africa, one of the leading banks in the Cape. The National Bank had also taken over the Eastern Province Bank, SA's second oldest bank.

After World War I, the National Bank underwent a period of rapid expansion which imposed heavy capital strains. Profits plunged in the year to end-March 1922, and the dividend was passed. The result was the resignation of the chairman and MD — setting a precedent which SA business no longer observes. The new chairman was James Leisk, who had worked as financial adviser to Lord Milner and as the Union government's Secretary of Finance.

Conditions, however, worsened in the severe 1922-23 depression and the National Bank was plagued by bad debts, losses on operations in New York, and a shortage of capital to underwrite new business. Heavy losses were incurred in the year to end-March 1923, the whole of the bank's reserve funds were used up, and the board recommended that the nominal value of the £10 fully-paid shares be cut to £7. The year to end-March 1924 saw deposits fall by £5,5m to £34m. Net earnings recovered enough to set aside £150 000 in reserves, but the shortage of reserves was a severe constraint to expansion.

National's first major link with Barclays was forged in 1919 when it bought 10 000 ordinary shares in the Colonial Bank, a London-based bank with interests in the West Indies, and in which Barclays held 5 000 shares. Barclays then purchased a 2% stake (5 000 shares) in National and got representation on the National Bank's London committee.

These moves presaged the emergence of an "empire bank," a pet project of Frederick Craufurd Goodenough, the chairman of Barclays Bank. In 1916, he had written that "in the coming struggle for the markets of the world, the manufacturers of Great Britain will look to their bankers to assist them to a greater extent than hitherto. It would be a clear advantage to Barclays' customers (in trading abroad) to be able to deal throughout with a single organisation."

Goodenough was a great believer in SA's potential, and was receptive to an approach from the London auditing firm, Fruhling & Goschen (which had different partners who were chairmen of the Colonial Bank and the National Bank's London committee) that Barclays should take over the National Bank. Leisk was very much in favour, and he sailed to England in December 1924 to discuss the terms with Goodenough. He took a boat from Durban rather than the regular Cape Town mailboat, which was frequented by businessmen, so as to avoid speculation.

Things moved space.

Leisk and Goodenough agreed that each National share should be changed for two cum pref shares and five A ords in a reconstructed Colonial Bank. The deal valued National on a 7,98 earnings multiple, and Barclays was to invest £1m in cash reserves in National. The new Colonial Bank, renamed Barclays Dominion, Colonial & Overseas Bank (DC & O) in 1926, comprised the West Indian interests, the Anglo-Egyptian Bank, as well as the National Bank.

The deal's conclusion was held up by a lengthy investigation by Barclays staffers sent out from London and by the need for the British Parliament to approve the creation of Barclays DC & O. The *Cape Times* leaked the terms (nearly aborting the deal), but the SA government was in favour. It was ratified by shareholders in Johannesburg on December 15 1925 with one dissentient, George Hay. In protest at the bank's loss of its SA identity, Hay demanded and got possession of his certificate for one share.

Sources: *The DCO Story*, Sir Julian Crossley and John Blandford, Barclays Bank International, 1975. *The History of the National Bank*, Di Arnott, Pretoria University thesis, 1983.

S A reforms before loans, say U K bankers

Mercury

30/8/85 (61)

London Bureau

INTERNATIONAL bankers are likely to demand political reforms in South Africa when they renew outstanding loans. Bankers in London, New York, Frankfurt and Switzerland emphasised yesterday that 'there must be a political initiative' to stabilise the country and improve its viability.

From their statements it is evident that international bankers feel they have the economic muscle to force President Botha into reforms and possibly even into talks with black leaders who are acceptable to the black populace.

Dr Gerhard de Kock, governor of the Reserve Bank — an apolitical and liberal personality — was on the receiving end here yesterday for the mistakes of what is seen here as an unimaginative and stubborn Government.

Dr De Kock was unavailable for comment but bankers believe that he was persuading lenders to roll over short-term debts and to provide credits to bolster the Reserve Bank's foreign exchange reserves.

A gold swop using a portion of the bank's 6,5 million ounces from central or commercial banks is also mooted.

The collateral value of the total gold value, which would be at a discount to the market value could be in the region of $1 500m, less than 10 percent of net foreign debts totalling $16 500m at the end of March.

But a billion dollar package and guarantees of credit renewals, however, may be sufficient to bolster the rand in the short run because the currency tends to swing on small volumes.

The rand was quoted at 40 - 45 cents in London on limited deals.

Dealers were reluctant to predict what rates would prevail when the market opens on Monday.

There are advantages and disadvantages in the various options.

The Reserve Bank can keep the rand floating.

It is believed that most banks and other currency operators have short or bear positions in Rands.

If the Reserve Bank has a line of dollar credits it can squeeze the market by buying rands.

Operators will be forced to cover, companies may reverse hedge positions against the rand and exporters and importers will reverse the leads and lags position and buy the currency.

The buying and selling spread in rands indicates where the market expects the currency to go.

In a squeeze the rand could shoot up to the 45 - 50 cents range and then settle around 42 cents, the midpoint of yesterday's range.

If the Reserve Bank continues to float the rate could weaken again, unless a firm political initiative restores international confidence.

Since the Reserve Bank is not in control of the politicians, it may be forced to institute managed floating once the rate settles.

The second option is automatic managed floating at a higher rate than the closing level.

There would be strict controls of the foreign exchange market.

This would be a controlled squeeze. The disadvantage is that the market will perceive the pegged rate to be a peak and will start selling rands once the squeeze is ended.

The rate could start slipping and the Reserve Bank will be a target of the speculator.

The Reserve Bank could devalue the rand to say 30 cents and manage a float.

The advantage would be a surge in exports and a mammoth surplus on the balance of payments account.

Weak holders of rands would get out and the currency would begin to appreciate again.

The economic result, which seems likely anyway, is an inflationary boom, provided black boycotts don't affect the retail sectors too badly.

Besides rampant inflation, the obvious disadvantage would be a surge in the rand value of foreign debts, possible bankruptcies and fears about certain South African banks.

The Reserve Bank could peg the rate at the closing level of 35 cents. This option would be similar to a devaluation.

A dual exchange rate system would hardly help because the securities markets have not been the prime cause of the run on the rand.

Business Mercury

(61) FM 30/8/85

McALPINE

Disinvesting from SA?

In what appears to be a major disinvestment move, Sir Alfred McAlpine & Son is almost certainly poised to withdraw from SA. The coal group, sources say, will announce a deal this week which provides for the sale of its coal interests to Trans-Natal.

McAlpine's share was suspended on the JSE last week and executives at both McAlpine and Trans-Natal were tight lipped ahead of an announcement. The only official comment forthcoming was from Johan Fritz, Gencor executive director mining, who conceded that "we have been negotiating with McAlpine," but he would not comment further. I understand, however, that McAlpine's UK-based parent is selling its stake for about R8,20 a share, which would value the deal at around R57,4m. The UK group now looks likely to concentrate on developing its UK and US interests.

Gencor's Johan Fritz

Slow progress in negotiating a deal arose partly from the fall in the rand after the declaration of a State of Emergency. The share first rose from its 425c yearly low in mid-April, prompting speculation that a deal was in the offing. It reached 670c before falling back to its pre-suspension price of 600c. But the deal is understood to contain provisions which give McAlpine protection against the fall in the rand.

It is probable that McAlpine's motivations for the deal are similar to those which prompted Barclays PLC to reduce its stake in Barclays National: political pressure and unexciting returns.

McAlpine's major SA interest was its 40% stake in Optimum colliery, whose earnings are considered unlikely to show strong short- or medium-growth.

Optimum's coal exports are sold under contract to Trans-Natal, which exports this coal as part of its own quota. But, because Trans-Natal pays McAlpine a fixed price for Optimum coal, the windfall on the rand's depreciation accrues solely to Trans-Natal. Dividend growth on Optimum's earnings will be slow, as a large debt burden has to be repaid.

The local McAlpine is relatively undergeared, with a debt:equity ratio at end-October 1984 of 0,07, but the UK group apparently decided that disinvestment is a more attractive alternative to building its stake in SA. It is expanding in the US and UK, where it carries on construction, mining, quarrying and homebuilding activities. British growth has been centred in Scotland, which previously was the terrain of the rival McAlpine company owned by Sir Robert.

Trans-Natal was the obvious candidate to buy McAlpine's assets, because McAlpine was heavily involved with it under the Optimum agreement. The two also have a history of co-operation in their joint venture at the Transvaal Navigation Colliery in the eastern Transvaal.

Trans-Natal is looking in better shape than a year ago, with an 83% advance in attributable profit to R102,9m in its year to end-June. But its debt remains high, the legacy of the group's rapid growth in the early-Eighties and the debt:equity ratio is probably around 0,80. Details of how Trans-Natal will finance the takeover will have to await official disclosure of the deal. However, it is expected that an offer will be made to minorities and the share will be delisted.

The SA investor can only regret the imminent withdrawal of another share from the JSE. Even more important is the question of which other UK companies may withdraw or wind down their presence in SA.

Christopher Marchand

SOUTHERN LIFE

Stagging tax

More than 1m Southern Life shares changed hands last week, as the stags moved in to take early profits. On an issue price of 425c, early sellers could have notched up gains ranging between 125c to 150c a share. But the stags would do well not to spend their riches yet. In their haste, it seems, they may have romped straight into a tax trap.

Profits on shares bought as speculative purchases, rather than as investments, have always been taxable. In the past, the Receiver of Revenue has not placed too much emphasis on taxing individuals' share dealings. But investors who suffer "lapses of memory" when it comes to disclosing their deals on tax returns will almost certainly come unstuck with their Southern stock. It was widely rumoured in Diagonal Street this week that the Receiver had called for details of all transactions in the share.

When I put this to Johannesburg Receiver of Revenue Bertie van Dyk, he didn't deny them, but would only say that "we certainly have the facility to call for any details of these transactions."

To avoid being taxed on his share dealing profits, an investor must prove that he intended to hold his shares as an income-producing asset. If he sells them, he must prove that there were special reasons for doing so, and that he did not waiver from his main objective of holding a long-term investment.

According to Ernest Mazansky, tax partner at Kessel Feinstein, "it is just about impossible for an investor to prove such long-term intentions in relation to his stag dealings." Mazansky adds, however, that special circumstances do exist, and each transaction would be viewed on its own merits.

Escaping tax net

To stand a reasonable chance of escaping the tax net, he says, the investor should hold onto his shares for a "reasonable length of time." Some believe that a safe period would be about three years, although Mazansky claims that even then the investor is not totally safe. "It comes back to what his intentions were when he bought and sold his stock."

Mazansky points out that Van Dyk need do little more than call for Southern's allotment register, which he can compare to the relevant tax returns at the end of the 1986 tax year, while tracing any allotments that have not been disclosed.

It seems that while Southern's stags can be pleased with their quick profits, they should not forget the sleeping partner that resides in Rissik Street.

Neville Glaser

BANKING SECTOR

Some good news

The landmark Appellate Division (AD) decision in Commissioner for Inland Revenue *vs* Standard Bank of SA (see *Economy*) was long awaited by the market, but apparently forgotten about, too. The decision was handed down on August 22, but most bankers and analysts approached this week were unaware of it. Banking shares held steady over the period between the judgment and the *FM* going to press, although Stanbic gained 30c to trade at around 1 930c.

The extent of the benefit which banks and borrowers will derive from this decision is not yet clear. But SA's big five banks held shares in other companies at end-March 1985 amounting to R1,3 billion. The breakdown was: Stanbic R414m, Barclays R356m, Nedbank R258m, Volkskas R111m and Bankorp R140m. Non-preference shares are obviously included, but the bulk is likely to relate to preference share investments.

The way could now be open for the banks and companies which issued the preference shares to benefit from lower dividends on preference shares as compared with loan interest. I estimate that the total benefit could be up to R100m. Bankers approached for comment evidently had expected a decision in favour of Revenue rather than the *contra fiscum* outcome.

Although the litigation concerned only Standard, the judgment is regarded as a "test case." Sources say appeals involving the same cause of law were held back pending the Standard Bank judgment and it is unlikely that the Commissioner will proceed with these appeals. The decision unfreezes R28m for the Standard group, which would have been forfeited to Inland Revenue if the unanimous AD decision had gone the other way. For Barclays, the windfall could be R22m.

Barclays and Standard are the only banks with published figures on amounts created to meet the outcome of a Revenue victory. However, the disputed scheme was particularly prevalent among banks which emphasise corporate clients, such as Nedbank and Senbank, suggesting that the overall figure may exceed R100m.

Senior management at Standard and Barclays was guarded as to the destiny of the windfall millions. Perhaps the most common decision, once the question has gone the boardroom route, will be to add the cash to reserves.

Banks are awaiting legislation which will have the effect of increasing reserve levels and an add-back of the windfall should help reduce dilution of shareholdings in possible future rights issues. Whatever the destiny of the cash set aside by banks to meet Revenue's claim, the AD decision has the effect of toning up the banking sector's muscle. However, the next step may be legislation to prevent or limit future use of the schemes.

Barry Sergeant

FEDERATED-BLAIKIE

Moving out

When Barlow Rand bought control of Blaikie-Johnstone and merged it with Federated Timbers with effect from September 1983, Blaikie-Johnstone minority shareholders had the option of retaining their shares or receiving 550c in cash. But those who chose to keep the shares must have been frustrated with the group's subsequent performance. And, since the deal, the share has reflected their disenchantment, as the price fell to a low of 275c last year.

Now, in a deal which should result in the delisting of Fed-Blaikie, Barlow is giving shareholders a second chance to sell at a price equivalent to 550c. Relatively few minorities are involved as Barlow currently holds some 95% of the building supplies group's equity.

The new offer, at a 50% premium to the 365c market on August 20 before the deal was announced, is likely to be received with enthusiasm. MD Doug Howie feels the offer is correctly timed and says the price reflects management's view that "shareholders must be offered something worthwhile."

Operating profit for the six months to end-March declined to R257 000 from R9m for the seven-month period to end-March 1984. Building and construction expenditure has been cut heavily. It is noted in the offer announcement that the outlook is expected to be tough — which probably suggests there could be a loss in the second half and, possibly, in the 1986 year. Howie, however, continues to defend the merger and remains optimistic about Fed-Blaikie's long-term prospects. He says that, despite this year's poor performance, there will be "no management or structural changes."

Instead of being paid in cash, Fed-Blaikie shareholders will receive Barlow ordinary shares, based on Barlow's closing price on the record date, expected to be November 22. The new scrip will qualify for Barlow's final dividend in respect of the year to end-September. Fed-Blaikie's 5,5% redeemable cumulative prefs are to be redeemed at 140c. This compares to the August 20 price of 73c and shareholders will be paid in cash.

Howie adds that he is satisfied with the performance of Thesens, which was bought from Rand Mines Properties, effective October 1, for R28,7m. He says Fed-Blaikie is well positioned to take advantage of the economic upturn when it arrives and expects the group to make a positive contribution to Barlow in the long term.

Stephen Richter

LIBERTY LIFE

New peaks

In its half-year to end June, Liberty Life produced the kind of results that have analysts struggling for the right words. How does one describe its new premium growth of 40,7%, when a short while ago many were heaping praise on the Prudential for raising its own new premiums by 17%? In total, Liberty saw its net premium income rise by 36% to R338,1m.

Investment income, on the other hand, advanced by 37,5% to R167,6m, while investment returns on both life and pension assets were again among the best in the industry. Indeed, the sharp rise in new business is largely related to Liberty's proven strength in its investment activities.

In particular, the pension division has seen an explosion of new business in recent months, according to chairman Donny Gordon. "Increasingly," says Gordon, "the big players in the pension game are starting to get the message that we can consistently outperform our competitors."

The group had assets at end-June totalling

Liberty's Gordon . . . beating the competition

R5,17 billion, but once it consolidates its recently-acquired stake in UK-based Capital & Counties (C & C), the asset base could be boosted to around R6 billion.

C & C, which is listed in London, recently became a subsidiary of Liberty, after the insurer raised its holdings in C & C to 89,8% from 29,7%. Arrangements are in progress, Gordon says, to place some of C & C's equity with third parties, thereby increasing the stock's tradeability. The UK property developer, with a market capitalisation around R440m, is expected to spearhead Liberty's international growth.

Interim profits and dividends, respectively at 170c (143c) and 125c (104c) were calculated simply by halving the previous year's results. The true profit picture will only emerge after the end of December, when Liberty undertakes a full actuarial valuation of its assets.

Liberty's share price, after slipping to R73 early in August, has rebounded to trade at R90. At this price the dividend yield is a shade under 3%, making it the best rated counter in the insurance sector. At least one senior analyst believes that the share deserves to be rated with the likes of Rembrandt, on an even thinner dividend yield.

LIBERTY SPARKLES

Six months to	June 30 '84	Dec 31 '84	June 30 '85
Net premium income (Rm)	248,7	261,6	338,1
Net investment income (Rm)	121,9	153,8	167,6
Earnings (c)	143,4	196,6	170,0
Dividends (c)	104	146	125

UK firms express concern

31/8/85 61

The Star Bureau

LONDON - Thousands of British companies are watching developments in South Africa with deep concern, knowing that either increased internal turmoil or, in the longer term, outright sanctions would rob them of one of their most lucrative markets.

STAR

The deliberately low-key way in which Britain conducts its global business has made South Africa an under-rated business partner, but one which is valued by executives in a vast range of companies involved in exports and imports and in the invisibles sector.

British visible exports there last year were worth R4 000 million, or 1,7 per centof everything sold abroad. Earnings from the supply of services, such as banking, insurance, transport and tourism, are reckoned to have equalled that figure.

In terms of the UK exports league, South Africa ranks just behind Spain and Saudi Arabia, and is considerably more important than Japan in seventeenth place, which last year spent R350 million on British goods, or just 1.3 Per cent of total world sales.

GFSA 'admits' ~~it could~~ easily meet ~~union demands~~

2/9/85

61

The Star Bureau

LONDON — Gold Fields of South Africa (GFSA), one of the three South African goldmining companies at the centre of the dispute with the Mineworkers' Union, has admitted privately that it could "easily" afford to meet the union's 22 percent wage demand, according to a report in the *Guardian* today.

STAR

"The company's resistance is based more on the belief that conceding would raise black workers' expectations and confidence in their industrial muscle," the paper says.

The report — which names GFSA as "controlled from London" because of its close association with the British mining investment group, Consolidated Gold Fields (CGF) — also claims that GFSA has the lowest gold production costs in Africa.

Analysts believe that GFSA, together with Anglo Vaal and Gencor, have been chosen to take on the union because in their mines membership is weakest.

The union is strongest in the Anglo American mines, with some 80 percent of its total membership of about 150 000.

CGF claims that there are only 74 registered black union members at its hugely profitable Kloof mine out of a workforce of nearly 14 000.

But, says the *Guardian*, "this almost certainly does not take account of the clandestine members and the power of solidarity in the present critical political situation."

The reports adds that GFSA has the reputation of paying the industry's lowest wages. "This is confirmed by unpublished research material, based on interviews with GFSA workers, by the Counter Information Services group of London.

"A machine operator there last year earned less than R300 a month, compared with the average for unskilled black workers of R358.

White skilled workers," the report adds, "earn five times as much".

Bankers give SA four months to produce change

STAR 3/9/85

61

The Star Bureau

LONDON — President P W Botha will have to produce political change within four months - if he hopes to "roll over" the country's $12 billion of short-term debt, say City of London bankers and stockbrokers.

Interviewed as the market opened to nervous, speculative trading, they were not surprised by South Africa's unilateral four-month moratorium on repaying capital, especially after the failure of Reserve Bank Governor Dr Gerhard de Kock's rescue mission overseas.

Trading was confused because the Labour Day holiday in the US meant their markets were not open, and because of doubt over the mechanics of how the reintroduced financial rand would apply.

When the two-tier currency was last in force it initially traded as "Blocked" currency, meaning that a non-resident selling South African assets for financial rands could use it only to buy other South African investments.

He was effectively stuck unless he wanted to take his money out of the country at the much reduced financial rand.

Later, however, the system was relaxed so the financial rand could be traded between foreigners. The City is waiting to see which of the two will apply this time.

But it was the politics that were most important Monday. Mr Anthony Richardson of brokers Rowe and Pitman, which has one of the most respected South African desks, said: "Until the unrest stops and there is political change, it is hard to see the banks agreeing to roll over the debt.

London banker Alan McDonald said South Africa had been forced to act to stem the outflow of deposits.

"Unless they took action South Africa's dependence on short-term deposits would have had a dramatic effect on the economy.

"It would appear the moratorium on principal repayments until December 31 was necessary and will be sufficient to deal with the problem. They have bought a breathing space.

"But they will have to make a more permanent announcement, and one can't separate it from the need to make political changes.

"The European banks, mainly in the UK, do not regard what has happened as a problem. The City of London doesn't react that way. But US banks might be less happy about what is going on," Mr McDonald said.

Mr Richardson found it "extraordinary" that South Africa had not forseen the problem with the banks earlier.

"Now people will be reluctant to lend money under any circumstances."

He added: "It must be most depressing for Dr De Kock, as an economist, to have to go and argue politics. It's the most amazing turnabout. Only two months ago we had expected an end to exchange control altogether.

"The positive thing for the South African economy is that it won't be affected by wild swings in the currency.

"The reintroduction of the financial rand will probably stop people disinvesting. It will also stop South African companies investing overseas."

But he warned that the Reserve Bank could "get its fingers burned" if it tried to interfere in the market.

This was confirmed by dealers who said there was some speculative trading in the rand by investors who believed the Reserve Bank would maintain its price.

UK firm buys Vulco

By Zelda Zaayman 61

A GIANT British company has defied the disinvestment campaign. 23/3

Smith & Nephew Associated Companies has bought Vulco Latex Industries of Johannesburg.

Kenneth Lunn, Smith & Nephew's director responsible for South Africa, says: "The purchase had nothing to do with politics — it was an excellent business oppurtunity."

Smith & Nephew, with a turnover of about £375-million in 1984, is a leading manufacturer of health-care products.

Earlier this year the group bought an American company, Affiliated Hospital Products. One of its subsidiaries, Perry, is the largest manufacturer of surgical gloves in the US.

Vulco Latex, with an annual turnover of about R10-million, is SA's major manufacturer of rubber latex products. It is Smith & Nephew's second acquisition in the surgical and examination glove business.

S. Times 8/9/85

'Cowardice' for business to pull out of S A

Mercury (61) 10/9/85

London Bureau

IT WOULD be an act of cowardice for British business to withdraw from South Africa, according to Sir James Cleminson, chairman of the Confederation of British Industry (CBI).

Sir James, who is also chairman of Reckitt and Coleman, said his business presence gave him leverage to influence the South African Government to bring about essential change.

In the BBC television programme *Heart of the Matter* on Sunday night, he said he would be doing exactly this when he addressed the Association of Chambers of Commerce of South Africa next month.

What he would tell the meeting 'won't be popular with the South African Government — that is what business is doing in South Africa'.

Foreign business did have a bad conscience about its past involvement in South Africa, but was now in the forefront of positive change.

Sir James, who claimed that there was no apartheid in his company in South Africa, expressed outrage that blacks as well educated as he was, were not allowed equality of movement and therefore job opportunity.

Inequality

He described the 'real inequality facing the black man' as 'the inability to take whatever job you would, where you want, in whatever skill you want and to move your home to wherever you want.'

'These are the things that matter more to black people and this is what I believe the business community is determined to change.'

BTR has 'anti-union reputation'

Mawu dispute to be raised in EEC Parliament

61

Business Day Reporter

The Social Democratic group of European MPs are to raise the Metal and Allied Workers' Union's disputes with BTR Sarmcol and Transvaal Alloys in the European Parliament when resolutions on South Africa are debated this week.

Mawu said in a statement yesterday that it had accused both companies of breaching the EEC code of conduct for companies in South Africa.

Workers at the German subsidiary — Transvaal Alloys near Belfast in the Transvaal — were fired after a wage strike in October last year, and about 975 workers were dismissed from Sarmcol, a British subsidiary, after a strike over union recognition in April.

Last year Mawu, through the International Metalworkers' Federation, laid complaints against Transvaal Alloys with the International Labour Office and the EEC.

The EEC commissioners have also been requested to carry out hearings in Brussels to determine whether BTR and Transvaal Alloys have breached the code of conduct.

Mawu said in a statement yesterday that BTR had an "international reputation for being anti-union and anti-worker".

"BTR in Britain has even refused to talk to the unions which operate in its plants there. It has unilaterally cancelled agreements between its new subsidiary Dunlop and the unions."

Mawu said Transvaal Alloys' German management had stated that companies in South Africa told them not to compromise with Mawu because this would establish bad precedents.

These companies also advised Transvaal Alloys that no settlements had ever been made which included compensation in cases of "illegal" strike action.

Mawu says there have been many out of court settlements in which compensation has been granted.

Mawu wants compensation for dismissed Transvaal Alloys workers and a timetable for their re-employment, which the union believes has been too slow following an agreement with the company to reinstate workers as vacancies arose.

The union said the communities in Maritzburg and Howick had carried out a "very successful" work stay-away in protest at Sarmcol's refusal to reinstate workers dismissed in a legal strike. A boycott of all white businesses in Maritzburg and Howick is under way in protest at BTR's actions, it said.

Mawu disputes go to European Parliament

The disputes between the Metal and Allied Workers' Union (Mawu) and two European multinationals will be on the European Parliament's agenda when it meets this week.

The disputes between Mawu and the British subsidiary, BTR Sarmcol, in Howick, and the German-owned Transvaal-Alloys, in the Eastern Transvaal, will be raised by the Social Democratic group of Euro MPs.

DISMISSAL

Mawu said in a statement yesterday it had also prepared papers with a view to taking the Sarmcol dispute to the Industrial Court.

STAR

The dispute with Sarmcol centres on the dismissal of about 1 000 workers in April for striking over the issue of the recognition of Mawu.

They went on strike after nearly three years of negotiations broke down.

10/9/85

In an effort to force the company to open talks on the reinstatement of workers, the union and community groups have launched a boycott of white businesses in Howick and Maritzburg.

They also called for one-day work stayaways which received considerable support from township residents near both towns.

A union spokesman said the dispute with Transvaal-Alloys was sparked by the dismissal in 1983 of about 240 workers over wages.

But the company's general manager, Mr G R Hovener, said as far as the company was concerned the dispute had been resolved by the Industrial Court last year.

Both Sarmcol and Transvaal-Alloys have denied charges by Mawu that their employment practices in South Africa contravene the European Economic Community's code of conduct for European companies in South Africa.

Mawu said the EEC had been requested to convene hearings in Brussels to look into the companies' contraventions of the EEC code.

Church investments are 'doing nothing' to dismantle apartheid

STAR The Star Bureau 61 12/9/85

LONDON — Church of England investments in SA are doing nothing to hasten the dismantling of apartheid, says a Labour MP who is a member of the General Synod.

Mr Frank Field, MP for Birkenhead, has written to the Archbishop of Canterbury, Dr Robert Runcie, calling for urgent action.

His letter followed a survey of the 44 companies in each of which the Church Commissioners invest more than R3,3 million and which have substantial investments in South Africa.

His inquiry centred on an analysis of the 1983-84 company returns to the EEC Code of Conduct for firms with SA interests.

It revealed that two companies in which the church invests — Trusthouse Forte and Sun Alliance — have "consistently refused" to respond to the Code.

Mr Field says he found "little evidence of any pressure from the Church Commissioners to improve performance or the quality of information".

He cites APV Holdings which admitted to having four employees below the minimum recommended wage level in 1982-83 and 32 the next year.

The main findings from the survey of the 44 companies are:

- Eighteen firms failed to give direct answers to part or all of the EEC Code's question on collective bargaining and the freedom to join a trade union — including Midland Bank and Shell.
- Seventeen companies failed to pay wages to black South African employees above the minimum recommended level.
- Three firms failed to commit themselves in principle to equal pay and job opportunities or to state what progress had been made in achieving these aims — APV, Cadbury Schweppes and Bowthorpe.
- Twenty-nine companies failed to provide details which would show whether training schemes encouraged the advancement of black employees.
- Three firms failed to publish company policy on recruitment of white employees from outside South Africa — BPB, General Electric and Legal and General.

In his letter to Dr Runcie, Mr Field urged him to ask the Church Commissioners to approach the "offending" companies and persuade them to publish relevant information omitted from the response to the EEC.

Mr Field said on Monday: "The defence for investing in companies operating in South Africa is that these companies should make the running in a policy which disengages from apartheid. Crucial to such a move is the implementation of the Code."

tinues to be extremely ... pressed, though Mr Ross says ... shares again

R240-m surprise

STAR 1.10.85 (6)

The Star Bureau

LONDON — The strongly anti-apartheid Greater London Council (GLC) has learned that more than a quarter of its R3 000 million (£960 million) staff pension fund is invested in companies with strong South African links.

About R240 million (£75 million) of this is placed with British and multinational companies which are on a United Nations blacklist for making "a major contribution to the maintenance of the apartheid system."

But so far, despite the fact that there do not appear to be insurmountable obstacles to disinvesting, none of the shares has been sold.

A meeting of the GLC's Finance and General Purposes Committee this week was told its duty was to do its best by the fund. But legal opinion is that disinvestment for political reasons can be defended as legitimate.

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	13 877	14 492
	38 080	43 339
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E RESULTS

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ing the second half of the year to June 30 1985 00 on trading operations.

ke forecasts in the current climate, all of our for a trading profit in the coming year. Full formance and projections will be made avail- distributed in early October.

REFERENT AND ORDINARY

lared payable for the year ended 30 June 1985. r of the Board,

M E PALMER
Secretary
11 September 1985

TRANSFER SECRETARIES
Hill Samuel Registrars (SA) Limited
101 Market Street
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(PO Box 1053
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Hon C P C de Wet, A G Marshall Smith, R E Entmoven,

D580996

Call for Barclays to opt out of rescue

The Star Bureau

LONDON — Barclays Bank is coming under pressure to opt out of the likely financial rescue being pieced together for South Africa.

61

The new demand for Barclays to withdraw from any rescue deal was made on Monday by the bank's "shadow board", which includes Labour leader Neil Kinnock, the actress Julie Christie, and Adelaide Tambo, wife of ANC president Oliver Tambo.

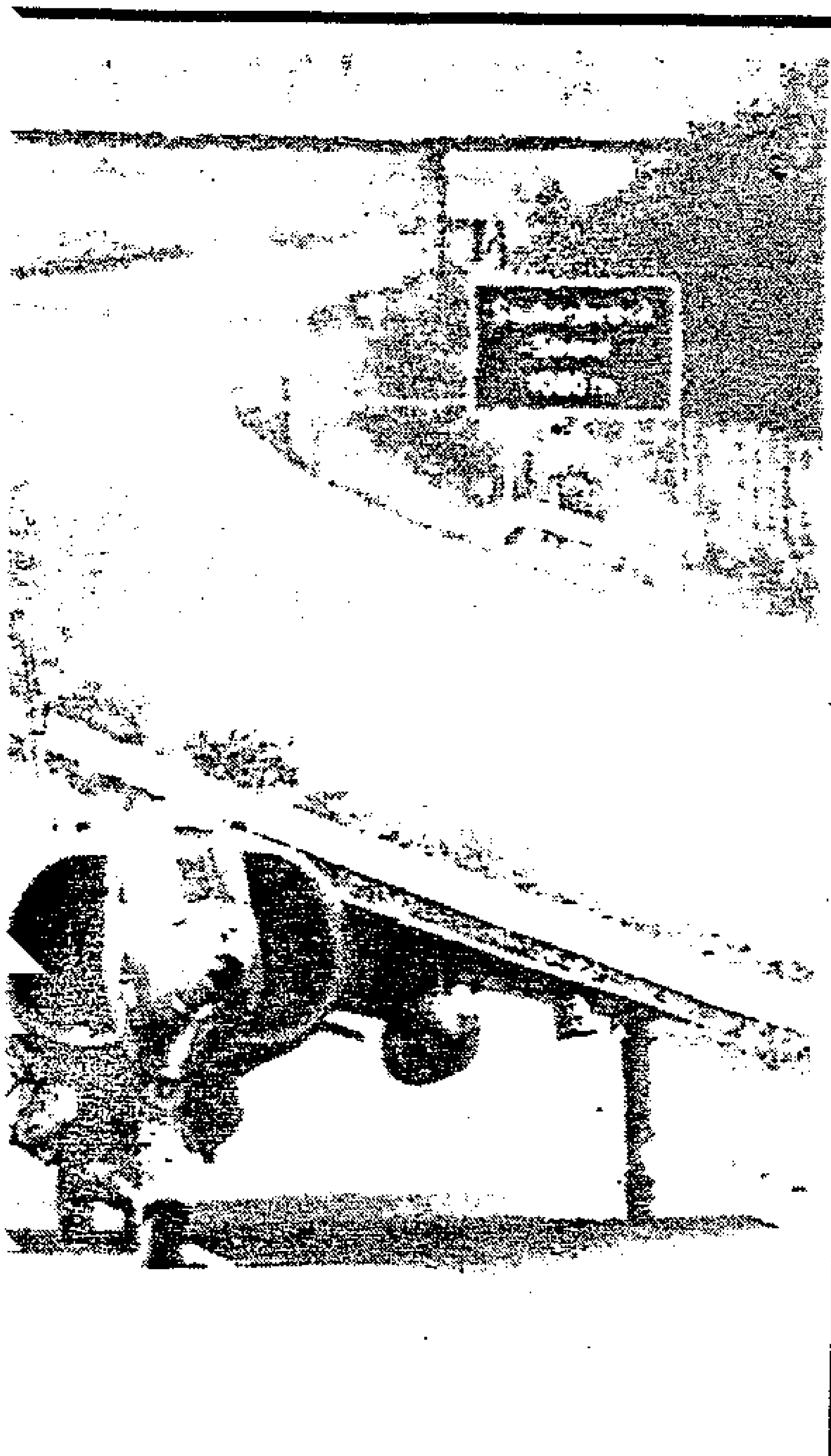
STAR

The board says in a statement that Barclays should press for all its outstanding loans to South Africa to be repaid on time and for the bank to stop selling Krugerrands.

17/9/85

Barclays' representatives are thought to have held discussions with the South African Reserve Bank governor, Dr Gerhard de Kock, during his recent visit.

The "shadow board" believes that Barclays' 40,4 percent stake in Bar-Nat of South Africa is worth around £130 million, making it the largest shareholder in the bank.



›ahn near Bielefeld, West Germany, during the
n was closed to traffic while the manoeuvre took
.

UK firm accused of selling defence air system to SA

LONDON — The British electronics firm Plessey sold an air-defence system to South Africa in defiance of a UN arms embargo against the South African Government, media reports said yesterday.

The BBC and the *Mirror* newspaper identified the system shipped to South Africa as an AR-3D radar system. Jane's Weapons Systems yearbook described the system as a "three-dimensional air defence radar" capable of giving information on targets and transportable by land, sea or air.

Mirror reporter Paul Foot said that Plessey documents leaked to him "show clearly that the system was designed to track enemy aircraft".

The reports followed similar allegations in recent months from Britain's Anti-Apartheid Movement. Those charges were denied by South African authorities.

61 STAR 19/9/85

The reports quoted a public relations firm acting for Plessey as reiterating the stand yesterday. "This was an air traffic control system which was sold in the 70s with the full approval of the British Government," the firm said in a statement.

The reports said that components of the air defence system were shipped out in great secrecy from Hurn airport near Bournemouth, England. One shipment was delayed when the component was diverted to the South Atlantic to help defend British ships during the 1982 Falkland Islands war with Argentina.

The system had been built at Plessey's Chessington factory "under South African supervision", the BBC said. It quoted from what it said was a secret Plessey document warning, "the identity of the customer must not be disclosed". — Sapa-Associated Press.

Sarmcol rejects union claim

(61)

Mercury

Pietermaritzburg Bureau 20/9/85

BTR Sarmcol in Howick has rejected accusations of hypocrisy and double dealing levelled at it by the Metal and Allied Workers' Union.

Responding to a Mawu statement which alleged Sarmcol had refused to refer a dispute to the Industrial Court, Sarmcol said yesterday that Mawu's access to any court was not dependent on agreement by the company.

MAWU accused the company of 'obstruction by refusing to agree to refer an alleged dispute to the Industrial Court, hypocrisy, double dealing, blatant lies, lack of concern for communities and union-bashing'.

'As it is still under threat of court action, BTR Sarmcol cannot be expected to respond in detail to every statement Mawu chooses to release but rejects all the above accusations and reserves the right to respond fully to the above allegations,' the company said.

'Whilst not conceding that any dispute, in the legal sense, exists, BTR Sarmcol has pointed out ... that Mawu has not taken its alleged claims to court.'

SA groups warned of 'protest'

The Star Bureau

LONDON — South African organisations here and British firms with South African links have been warned of "direct action" demonstrations against them on Monday.

The threats come from an extreme left anarchist group and are aimed at firms within the city

The group has no history of involvement in the anti-SA movement, but has taken action before in a bid to bring the city to a halt to publicise its anti-nuclear and anti-capitalist stance.

Police spent yesterday warning organisations, from *The Star* at its offices in Fleet Street to Boots Stores, of the threatened action.

A police spokesman said: "Past experience of these people indicates they will attempt to enter such premises, pull out telephone wires, prevent employees getting into their offices and generally to disrupt business."

The Anti-Apartheid Movement in London has denied any link with the group.

STAR 27/9/85

61

Rubicon speech ravaged rand

Unilever chief affirms group's presence in SA

S. Day 3/10/85

IF A Unilever manager sold a new product as badly as President P W Botha sold reform he would be sacked immediately, said Unilever chairman Sir Kenneth Durham.

Durham is in SA on a short visit in response to the "massive hysteria" overseas about SA and to see the situation for himself.

He said that no amount of pressure would cause Unilever to "abrogate its responsibilities" and pull out of SA, adding that it was naive of the Federation of South African Trade Unions to maintain that disinvestment was one of the only ways to bring about political change.

"SA has terrific potential and a great future, as long as it can eradicate its offensive race policies that affect personal relationships.

"It is idiotic to talk about Unilever pulling out of SA. We are here, and we believe we can help. At times the SA government makes this very difficult, but we will continue to try," he said.

Durham, however, was harshly critical of the manner in which government attempted to introduce reform, saying Botha's Rubicon speech in Durban had done enormous damage to the value of the rand.

He added that the rand would regain its value if government were positive about reform.

He said Unilever's SA operation was probably the most efficient and best run in the world — it was both important and large-scale, with an annual turnover of about £500m (about R1,7bn).

He continued that he and two other members of Unilever were in the process of making a "hostile bid" for the huge Richardson Vicks company with branches in 40 countries.

Unilever has been in SA since 1907. The original Lever Brothers merged with Union Margarine to become Unilever.

He said it was ridiculous for the SA government to worry about its "power base" when it had unified support among people of all languages and races for reform which would lead to the abolition of racially abhorrent laws.

"Whoever you talk to, wherever you go, there is a feeling of unity for change to move more quickly."

When asked about possible expansion in southern Africa, he said Unilever still had to reach out to 20-million blacks in the country whose standard of living it attempted to improve.

"We are on a bridge-building exercise and will continue to show the flag and improve the lot of the people. We can't do this by disinvestment," he said.

Durham was a Royal Air Force bomber pilot in the Second World War.

He has very determined priorities as head of the huge company, namely to satisfy the needs of customers, employees and shareholders.

"We owe loyalty to the generations of retired people who were loyal to Unilever in their time. — Sapa.

IN MY OPINION

BERNIE FANAROFF

Transnationals and responsibility

Bernie Fanaroff is national organiser for the Metal and Allied Workers' Union.

Three representatives of the Federation of SA Trade Unions (Fosatu) gave evidence at the recent hearings of the UN Sub-Committee on transnationals in SA. The representatives from the Metal and Allied Workers' Union (Mawu) and the National Union of Textile Workers (NUTW) presented very substantial reports to the sub-committee, documenting in great detail the anti-union and anti-worker activities of transnationals BTR, Bata, Tidwell and Transvaal Alloys.

In evidence to the committee, and in answering questions, our representatives made the point very forcibly that the various codes of conduct — Sullivan, European Economic Community, and the Urban Foundation/SA Consultative Committee on Labour Affairs codes — have been an abject failure and that the international community has to create more satisfactory mechanisms to prevent unacceptable behaviour by transnationals in SA.

It has to be accepted that transnationals are here to exploit the markets and the labour conditions. They have not come here with the objective of improving the living conditions of the people of SA. For many years they, like other companies here, have benefited from apartheid.

Workers are no longer prepared to accept this situation. The codes of conduct have, however, failed to make any significant change. They are not mandatory or enforceable. They cannot deal with the sophisticated union-busting tactics of the transnationals nor the disputes which result. They do not require corporations to commit themselves to eradicate apartheid as a national policy and practice.

A radically new approach is required. We proposed at the hearings that the international community create a mechanism whereby breaches of internationally-accepted labour standards could be aired. Where such a breach is established, the metropolitan governments should undertake to take action against the offending transnational corporation (including, for instance, refusal of government contracts, export guarantees, trade credits, etc.)

Obviously, pressure would have to be exerted in SA first. In the case of BTR, for instance, massive pressure by Mawu members, other Fosatu unions and the community have all failed to move BTR. So, up to now, has pressure from the international labour movement through the International Metalworkers' Federation, Trades Union Congress and the International Confederation of Free Trade Unions. Given BTR's union bashing in other countries, this is not surprising, and clearly something more is needed.

Besides their unacceptable labour practices, the four companies about which our representatives testified directly and indirectly, support apartheid. BTR, for instance, has had the SA Police extensively involved in their labour affairs for the past 12 years. And their chairman, Peter Fatharly, is on record in the London *Sunday Times* as saying that the State of Emergency was necessary and that change should not come too quickly in SA.

It is clear, then, that BTR, their advisers Andrew Levy & Associates, and many other transnationals are substantially out-of-step with even the conservative business establishment. This obviously raises the question of whether they should stay or go.

Our attitude, which was explained at the hearings in New York, is straightforward. We believe that maximum pressure should be exerted on the apartheid regime. To the extent that disinvestment is one pressure, it should be maintained and intensified. Proper account must, however, be taken of the fact that the greater part of the wealth and assets of the transnationals in SA has been created by South African workers — so transnationals have no right to ship out this wealth.

The South African employer representatives at the UN hearings seemed to understand that something more is needed than simply more talk of codes. During their session, they argued that they are well placed to facilitate negotiations between the political groups to end apartheid, and that if they had not fulfilled this responsibility within one year, they understood that the international community would have to go ahead with economic pressures. They also committed employers to one-man-one-vote, albeit within a federal system.

The media in SA seemed to be scared to report this. Despite the extensive coverage of the hearings and press statements from Mawu, there was very little reporting of the union delegates' presence or evidence. Nor was there a report of the remarkable commitments of the employers' representatives. It seems that it is not only the SABC which is "protecting" the public...

U K firms 'helping S A blacks'

61

Mercury

LONDON—The United Kingdom South Africa Trade Association said yesterday that British companies in the Republic had contributed a great deal to black advancement but could not continue to do so if sanctions or disinvestment were introduced.

The association, representing British companies with trading or investment interests in South Africa, emphasised its opposition to racial discrimination and said it supported calls for the rapid abolition of apartheid.

In a statement, the association's executive director, Mr John McQuiggan, said the association believed that 'the reform process now set in train — maybe reluctantly and slowly — by the South African Government is fundamental and irreversible'.

11/10/85

'Any further destructive economic action will prove counter-productive and harden the extremist attitudes on both sides.'

Mr McQuiggan said justice and equality for South Africa's peoples would most surely come from a peaceful solution. — (Sapa)

Union cuts S A links

11/10/85 Mercury 61

London Bureau

THE National Union of Seamen has disclosed that it has sold all its investments in companies with connections in South African business.

Shares worth R7 920 000 have been sold in BP, Beecham, Commercial Union, Courtaulds, GEC, Glaxo, Grand Metropolitan, Plessey, the Prudential, Racal, Shell, Royal Insurance, Unilever and Trust House Forte.

(61) FM 18/10/85

trauma, and the balance continues free of premium to death or maturity."

Bob adds: "It has generated considerable interest, with local imitators and with buyers abroad — we've launched it in the UK on a direct-response basis. Locally, we have 14 times as many applications for it this year as we did last year."

The Rowands both came to life assurance through broking. Their father founded the broking firm of A R Rowand in the Forties. "I was six years old at the time," Bob remembers, "but that was when I had my first insurance lesson."

Willis Faber UK bought 50% of A R Rowand. After their degrees — at the Univerity of Cape Town Don did a Legal BA and Bob majored in politics and economics — both brothers joined it.

In 1972, the brothers sold their share of the business to Safmarine. Don explains: "Once I was no longer a shareholder, I felt the urge to be my own proprietor. I left Willis Faber after 20 years in 1977, though I remained on the board, and started my own reinsurance broking business, International Reinsurance Brokers (IRE)."

IRE used Willis Faber London for its international service. Don says: "By 1980, Willis Faber in SA felt that it should be in reinsurance broking, and offered to buy me out. David Brown, chairman of Crusader Life, was looking for an MD, and I indicated I'd be interested if we could acquire a stake."

Bob agreed that prospects in life assurance were good, and when negotiations were finalised in 1981, he moved over from his position as Willis Faber marketing director to work as deputy under his brother.

The brothers complement each other, Bob with his marketing skills and public relations aptitude, and Don with his financial and technical expertise. Or that's how Bob tells it. "I'm essentially a jack of all trades, more of a generalist," is how Don describes himself. However they put it together, it seems this is a team that works. ■

SIR KENNETH DURHAM

Keeping fit

Sir Kenneth Durham, chairman of Unilever, is just the sort of man to bring a sigh of relief from those reform-minded South Africans who despair of ever getting a positive international audience.

Durham's recent visit to this country confirmed his opposition to disinvestment and left him with the impression that "things have happened here which are quite significant. My feeling is that your State President is a very decent man who really wants reform. This is something that can be built on."

Durham is the old-style British executive. Looking vigorously healthy beneath the Mala Mala tan at the Jan Smuts VIP lounge on his way back to London, the ex-RAF bomber pilot had the easy-going style of a

Durham . . . 'your State President is a very decent man.'

man who doesn't feel the need to impress.

This springs, no doubt, from the fact that Unilever operates in economies of just about every scale and style across the globe. As a result, Durham may have learnt some realities at the business and politics turnstyle.

"I am personally conservative, but that doesn't mean Unilever is. We have people on the board from the opposite end of the spectrum. Unilever is not conservative. We work with any government, of any complexion, anywhere."

Durham headed a research team at Levers before switching to the management team. The company is one of the largest in Europe and is increasingly acquisition-minded in the US.

It may seem a bit old-fashioned among the crisp new hi-tech companies that clutter the industrial boards. But in the quarter-century after the war, Unilever wrote the book on branded domestic product marketing in Britain and Europe. And the legacy in this country is it still completely dominates the detergent, margarine and various other markets.

On the multinationals' role on the South African political scene, Durham says: "It's not our business to be involved in politics. I think we do have a role to play in bridge-building between the various communities here, and more important, between SA and the international community. I think we have to be a force for good."

He is against the proposed moves to make the European Economic Community's code of employment practice for this country more stringent: "I don't need a code. I have a thing called a conscience, and so has my top management. We not merely obey the codes, we're better than the codes and have been for some time. We don't have to be told how to behave by these people."

But Lever Bros in this country has found that politics inevitably restricts the best intentions of the employer.

"It's very difficult for us to pursue a policy of black advancement, partly because of where these people have to live. For example, a black manager goes home at night to a different area — he doesn't share an area with his other managerial colleagues, and so he has to completely reorient himself every morning when he comes in."

Durham understands the fears some whites have that reform could lead to economic-business changes in which their standard of living and role in business will be lost. But he says: "My impression is that the fear is misplaced. The black people I spoke to agreed that a black professional middle class is essential. In fact one chap told me: 'You're absolutely right — what we want to get is the framework in which we participate in the free enterprise system.' That gave me a great deal of hope."

Unilever's determination to stay in this country is certainly supported by the strength of its business here. Durham is favourably impressed with the quality of the retailing business here, and is particularly struck by the black consumer's preference for quality merchandise.

With operations from Nigeria to South East Asia, the chairman of Unilever is not exactly desk-bound. In fact, in the last 30 days he and his wife have logged over 25 000 miles at cruising altitude in the first class cabin. This possibly explains why, when asked what credentials are necessary in the modern multinational executive, he promptly responds: "The first thing is stamina. If you can't take the stress and the pressure you won't make it.

"But really it's intellect and integrity — an eclectic ability. It doesn't really matter which discipline you come through." ■

ROCKY RIDGWAY

Leading the way

Rocky Ridgway, newly-elected Assocom president and a Port Elizabeth businessman, is an unusually short man with a twinkling expression and a disarming ability to say simply "I don't know" when he doesn't know.

At 60, he is MD of Giddy's, the furniture and appliance chain with 10 outlets, nine of them in the Cape.

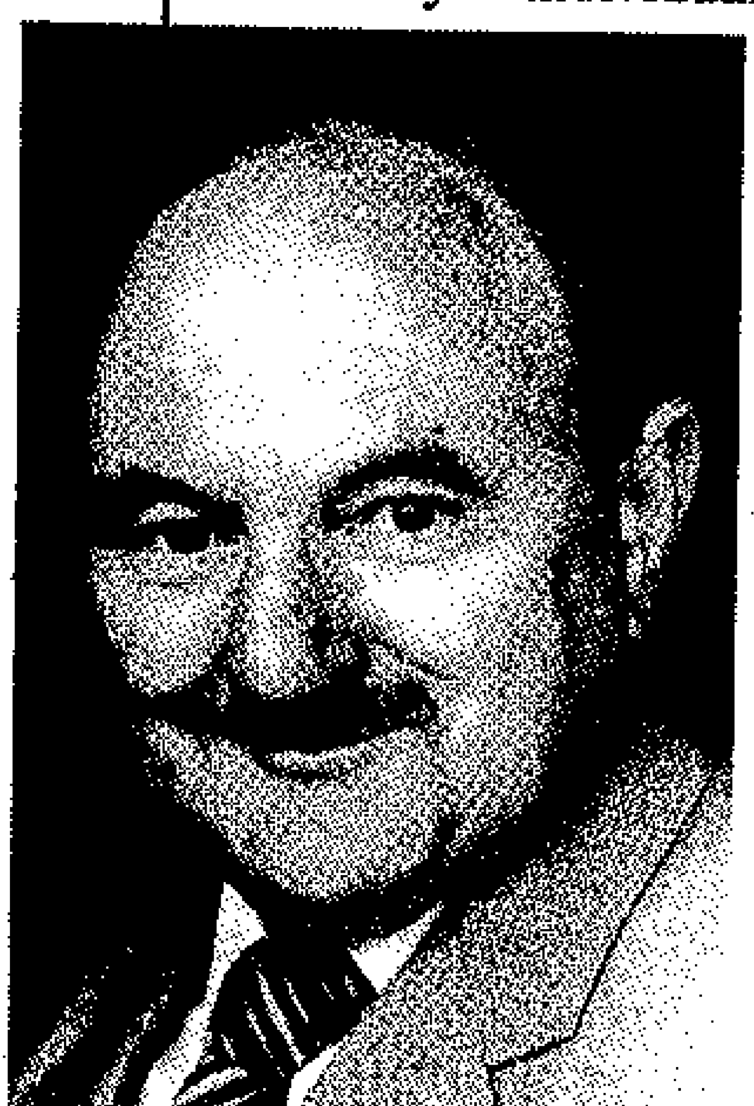
It seems almost poetic that at this time Assocom should be headed by someone from a city that always seems to contract a more virulent strain of whatever ailment besets the nation — be it strikes, political action, consumer boycotts or economic recession.

"Yes, it does appear that the eastern Cape is a training ground for what will happen in SA in the long run. It certainly happened with the labour movement. But what is often not recognised is that we also took a leading role in developing techniques to deal with strikes — and we are certainly no longer the strike headquarters of SA," says Ridgway.

He has served as Chamber of Commerce president and as chairman of the Greater Algoa Bay Development Committee in Port Elizabeth, which commissioned a report on the development potential of Port Elizabeth-Uitenhage some four years ago. Ridgway also serves on the executive committee of the Regional Development Advisory Committee.

He believes: "Assocom's first priority is to ensure that business is able to operate — not unduly fettered — in a congenial economic environment." However: "Social and political reform can best take place in a climate of relative prosperity. There are fewer options in a recession."

At a time when the role of business in politics has become a major point of debate (see page 41), Ridgway says business is in a position to act as intermediary, "because we are not government, we have some degree of credibility. Individual businessmen have amassed a considerable amount of experience in negotiations with black people in the post-Wiehahn era."


Ridgway

So, would he attend future talks between businessmen and the African National Congress? Ridgway is evasive, "No — as far as I know, Assocom has never been approached." But he admits to knowing considerably more about the talks than the general public.

Business acting as intermediary, "could achieve much within our own boundaries," he adds. But it is not an easy role, as businessmen learned from the eastern Cape consumer boycotts.

"The initial demands made by boycott organisers in the small towns related to local and social issues. The demands being made in PE simply cannot be met by business — they include finding the murderers of Matthew Goniwe; producing three community leaders who disappeared in May; withdrawal of the police and Defence Force from the townships; and ending the State of Emergency. "It is impossible for the business community of PE to meet those conditions."

On restoring normality in the eastern Cape, he says the massive unemployment — estimated at 56% among the black population of Port Elizabeth-Uitenhage — most severely affects the young, under-educated and unskilled.

"This can only be overcome by improving education and training, but one must also remove the fetters from small business and start deregulating business."

In the face of the continuing boycott of schools in the region, he believes it is important to demonstrate to black people they are getting the same educational advantages as others: "I would prefer to see a single ministry of education as being a visible demonstration of this."

With his intense involvement in his community, and personal experience of what black political action in the form of consumer boycotts can do to one's business, Ridgway should be particularly well suited to his position as head of Assocom this year. ■

LEN ISRAELSTAM

Spreading it out

Established in the dark ages of computer technology, soon-to-be-listed Systems Programming Ltd (SPL) started out with chairman and founder Len Israelstam's foresight and his careful direction has kept the group growing.

As the first computer company on the JSE's boards next month, SPL will be raising R1,47m to exploit various opportunities in the software industry.

Historically, the group has designed specific larger systems for individual clients, but more recently it has broadened its base to include packaged microcomputer software.

Born in SA, Israelstam now lives in Israel, one of the many countries in which SPL has set up office. Although the Israeli, Australian, US and Singapore SPLs aren't financially linked to the SA operation, they share ideas and staffers often move between them.

Israelstam moved to Israel in 1976, when SPL (SA) was mature enough, profitable and he felt he'd spent enough time at the helm. However, he still has shares in the various outlets, keeping a tight rein on them. In the last year alone he spent two-and-a-half months travelling between them.

Indeed, Israelstam hasn't lost that rare combination of computer fundi and businessman. "Often, computer boffins aren't able to put their schemes to work," he remarks.

His reasons for starting SPL were simple. He saw SA companies buying hardware, but saw the lack of related software technology. "In other countries, hardware sales growth prompted the fast development of software systems builders and suppliers," he says.

After studying maths and chemistry at Wits, Israelstam launched into several jobs varying from teaching to working in the chemical field.

His first brush with computers came with an advertisement for a computer programmer which called for a maths degree. "These were the early days and such ads were rare. So I went on a course with the company (ICL's SA predecessor, Howarth), working with first-generation monstrosities of computers, with no disks, only cards."

The job sent him to ICL UK, after which he enrolled at Leeds University to do a post-graduate degree in electronics computing — since renamed computer science. This equipped him to work in various computer-related fields including design, investigation, sales and later management.

With the 1961 advent of second-generation computers, Israelstam was exposed to the new concept of systems building. And in 1966 he left ICL to go alone, freelancing on design and project development.

All his assignments came from London-based SPL, an early software house. "By 1968, having witnessed that company's work, I decided to come to SA. I got permission to use the SPL name and the association meant I could use its consultants, and open an office in SA with a wider image," he says.

In 1968, armed with R4 000 in borrowed money, Israelstam opened his Braamfontein office next to a secretarial service so he wouldn't need to employ full-time clerical staff.

"Growth was fast. It had to be, as we foresaw US and UK software companies opening offices in SA," he adds.

Israelstam's first large contract was with government. By the end of his first year, turnover hit R170 000 and he employed 15 people.

"The novelty factor meant drawing experienced staff which wasn't too much of a problem, but the time spent on selection prompted the opening of Computer Personnel Ltd (CPL) in 1969."

By 1970, larger contracts meant more credibility and the company had grown out of its first office.

"With an early contract for JCI, we learnt that system building entailed a certain amount of repetition which wasn't essential for the job's specific needs. This was the start of our concept of building a structure around which specific systems could be built — isolating that part of the program which is not part of the tailored job.

"This was implemented on the JCI project and standardised our working methods on future projects: breaking down projects so they were easier to manage and simpler to cost," he says.

For a man who used to hate going to work in the mornings, Israelstam has come a long way. ■


Israelstam . . . computer fundi and businessman.

25/10/83 (61) CM

PETER FATHARLY

Hanging fire

The merger of BTR and Dunlop in SA, to follow their holding companies' move, has been hanging fire for seven months. The delay has given rise to a number of speculations in the market place, among them the possibility of BTR pulling out of SA. But Deputy MD of the holding group and chairman of its eastern region, Peter Fatharly, stresses that this is "totally untrue."

BTR's recent interim results were disappointing. The drop was due almost entirely, Fatharly (60) says, to the tortuous and bitter labour dispute, followed by dismissal of the entire workforce, at BTR Sarmcol's Howick plant.

The delay in finalising the terms of the merger, he explains, is because "both BTR and Dunlop in SA have very substantial minority shareholders — 40% in BTR's case and 49% in Dunlop's. We also have some areas of market competition, particularly in the manufacture of conveyor belts and industrial hoses, that have to be sorted out."

The deal was close to being finalised at the end of August, he adds, when problems with the rand and with exchange control caused the brakes to be slammed on again. "Now we probably won't move until both groups' profit plans for 1986 are completed in November. The merger will probably be finalised by the beginning of January."

On the rumours that BTR was considering pulling out, particularly after being burned in Howick, Fatharly says: "BTR has always been bullish on SA, a part of our operations. Economically and financially SA is changing, but that's a phase we can live with."

But because of the political situation, he

(61) FM 25/10/85

says. BTR is unlikely to consider any further capital investment in SA, at this stage. "I've lived in some difficult economic circumstances, but all have been to some extent predictable. The trouble here is that there is no logic you can apply: so much occurs, not as a result of events but because of how they are perceived, with SA at the centre of world focus."

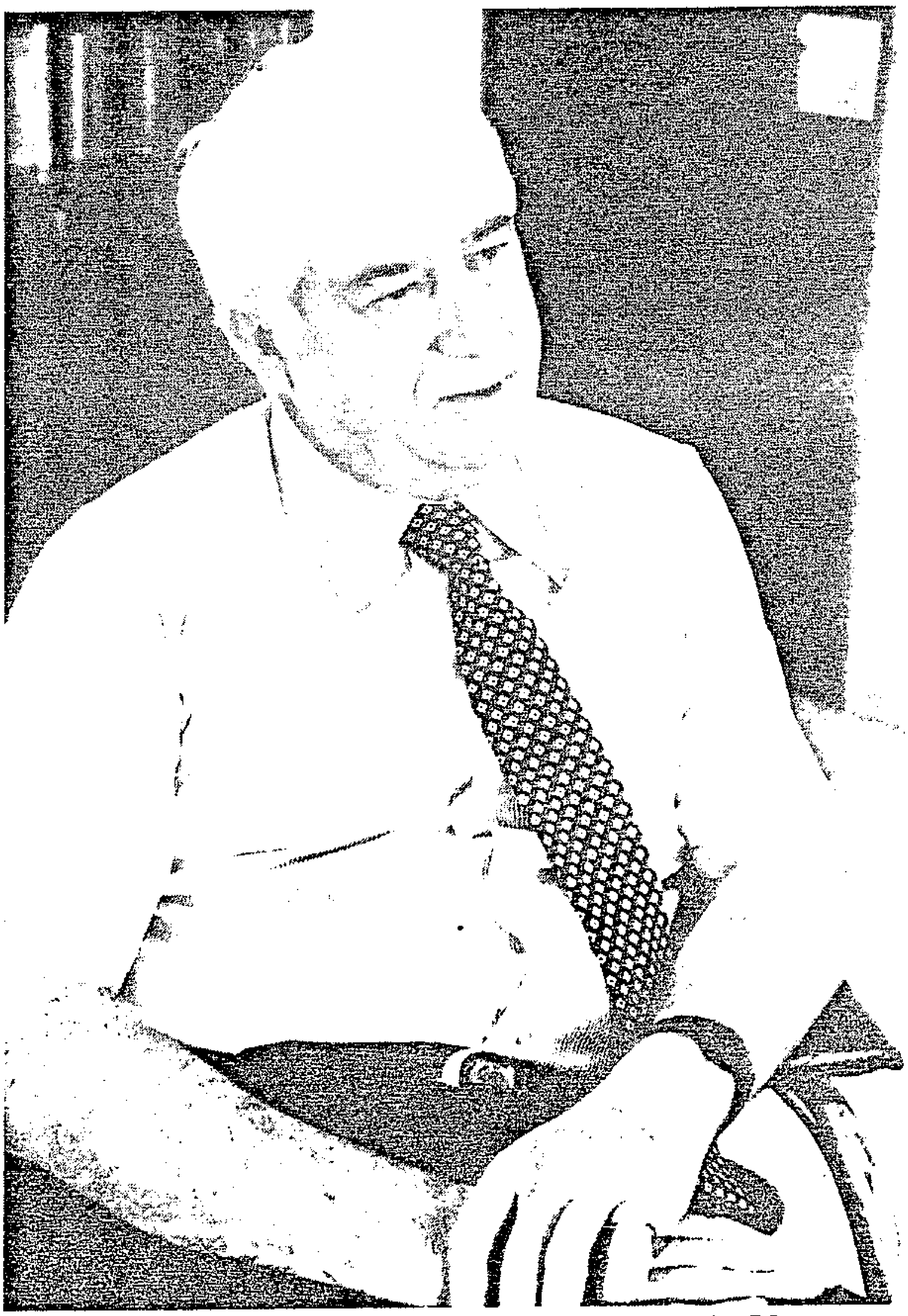
The events at Sarmcol were to some extent a spinoff of the times. "I don't believe we were particularly singled out because of poor industrial relations — in fact, I believe Sarmcol has advanced industrial relations. Multinationals are singled out for attention — as Siemens and Dunlop were as well — because trade unionism is one of the few ways that blacks can legally express their views."

But, he adds, Sarmcol's order books are back up to about 90% of the value of orders a year ago.

As chairman of BTR's eastern region, Fatharly is responsible for its interests in Australia, New Zealand, Africa, and Asia. His Asian responsibilities include Japan, where he is the only non-Japanese chairman of a Japanese company, as well as Singapore, Malaysia, Thailand and Hong Kong.

Before making SA his base at the beginning of 1984, he operated from Singapore, and before that, from Sydney: "Where I'm based depends on circumstances. I was in Australia to oversee the build-up of our interests there — they rose from sales of A$14m in 1977 to A$400m this year. With that off the ground I went to Singapore, to build up our Asian interests, but the economies there are in decline."

BTR SA had a poor year in 1983, so "I decided to come here and take it over in addition to my other eastern region responsibilities."



Fatharly ... there is no logic to apply, in SA

Fatharly trained as a mechanical engineer in Britain after serving in the RAF during World War 2. He worked in telecommunications research and development for IT & T, before joining the scientific civil service to work on research and development of nuclear weapons.

But "because they believed I was a poor scientist and had to find something else for me to do" he moved over to the Ministry of Supply headquarters to manage manufacturing and financing of nuclear weapons production.

During the Fifties he went into private industry as technical and commercial manager of a mechanical engineering company. He then went into management consultancy and training: "I intended to stay five years but lasted 10 because I became MD of industrial administration."

In 1969 he joined Slater Walker, becoming deputy MD of its industrial group. He was responsible, he says, "for getting it ready to go public in 1971, and went with it as both chairman and MD." When BTR took over APG at the beginning of 1978, Fatharly joined the BTR board and moved into his present job.

The scope of his job, geographically and financially, would intimidate most, "but I've grown up with it. BTR has grown from £300m in 1977 to a group worth £5 billion through mergers and by maintaining a 30% a year rise in earnings."

Argus 18/10/85

TRADE

British industry braced for SA losses

MICHAEL MORRIS of The Argus Foreign Service in London reports on British reaction to the Commonwealth sanctions package

BRITISH exports will suffer and jobs will be lost when subsidies for trade missions to South Africa are cut as part of the Commonwealth sanctions package, say industry spokesmen.

British companies have found South Africa one of their most lucrative markets and trade missions have helped to improve their stake.

But they warn that Britain's share of the market will decline because trade missions will be forced to pull back when Government funding stops.

Trade will continue they say, and trade missions will still be able to visit South Africa, but not nearly as frequently.

British industry sends an average of one trade mission a month to South Africa and each mission of about 20 people receives in the region of R40 000 in Government subsidies, through the British Overseas Trade Board.

Industry spokesmen say that for an annual subsidy outlay of between R480 000 and R520 000, British industry wins orders of as much as R560-million.

Since 1980, government funding for trade missions to South Africa has more than doubled — from R220 000 in 1980 to R520 000 last year.

But Ms Anna Small, export director of the Engineering Industries Association, says industry will be the loser if government funds run dry.

"British industry will lose important contacts with the market because we will not be able to go on trade missions as often on our own.

"It also means there is very little incentive for first-time exporters."

She said the association representing firms country-wide sent three trade missions to South Africa annually and each one brought in about R1[illegible] million in orders.

"South Africa is a highly competitive market. If we cannot go as often as that, we will lose out. A cutback will also cost jobs — it could be about 30[illegible] a year."

She said smaller companies would suffer first, while bigger firms could probably afford to back joint missions, but still not as frequently as over the past few years.

There is some doubt over an Engineering Industries Association mission due to leave for South Africa next month.

Industrialists in Britain's West Midlands — where South Africa is highly regarded as an export market — will also have to slash their trade mission programme.

Mr John Hambidge, chief executive of Sheffield's Chamber of Commerce — which lists South Africa among its favourite trading partners — said "I have led trade missions there four or five times in the past six years and they have always been successful. It's a popular market."

He said he believed "small and new" companies would "suffer" from a cut in trade mission subsidies.

"It is not helpful," he said.

And in Birmingham, assistant secretary of the Chamber of Commerce, Mr Keith Lawley — who believed it was not up to businessmen "to tell South Africa what to do" — envisaged a reduction in trade missions.

F M (61)

MAWU VS BTR

8/11/85

The next round

In a new development in the long-running dispute between the Metal and Allied Workers' Union (Mawu) and British multinational BTR Sarmcol, the union is to institute Industrial Court action against the company.

Mawu has instructed its attorneys to apply for the establishment of a conciliation board to consider the dispute which has developed into one of the most high-profile campaigns in South African labour history. This is seen as a sure indicator that Industrial Court action is in the pipeline.

The dispute between Mawu and Howick-based BTR arose out of the failure of the two parties to reach agreement on the contents of a recognition agreement. Nearly 1 000 employees went on strike on April 30 this year and were dismissed soon thereafter.

Since then the union has gone to extraordinary lengths to try to force the company's hand. Its action has ranged from a consumer boycott and a worker stayaway in Howick and Maritzburg to the submission of evidence about the dispute to the United Nations Subcommittee on Transnationals in SA.

Papers sent by Mawu to the Minister of Manpower allege that BTR's actions have been unfair because of:

- The company's failure or refusal to conclude a recognition agreement with the union on the union's terms;
- The dismissal of union members on a lawful strike;
- The failure to reinstate employees after they had offered to return to work; and
- The selective re-employment of some of the strikers. ■

(61) B. Day 27/1/85

Thorn EMI not pulling out

CHERILYN IRETON

ALTHOUGH it has sold its stake in the local television rental market, Thorn EMI is not disinvesting in South Africa.

Teljoy announced on Friday that it had absorbed Thorn's television-rental operation, but Thorn insisted the deal was not a move towards disinvestment.

Explaining the merger of operations, Teljoy MD Theo Rutstein said: "In the last few years we have not had any opportunity for dynamic expansion. Although we've had steady growth of about 20% per annum, we've been looking for something greater."

By acquiring Thorn, Teljoy hopes to challenge the hire purchase market.

Since the start of TV, Rutstein says rental companies have never controlled more than 20% of the total television population. "By synergising operations, we believe we can exceed the 20% growth rate."

Rutstein will head up Teljoy, and Thorn MD Mike Caffery will become joint deputy MD. All Thorn staff will be absorbed into the Teljoy structure.

Barclays directors held meetings with Tambo

Star

29/11/85

The Star Bureau

LONDON — Directors of Barclays Bank met African National Congress president Mr Oliver Tambo and colleagues a number of times during his recent visit to London, it is learnt here.

It was part of a series of informal meetings between the ANC and British businessmen.

Sir Timothy Bevan, speaking at a branch managers' dinner in London on Wednesday, announced that Barclays had "met and talked to the ANC in London", as well as meeting and talking to Chief Mangosuthu Buthelezi, whom he described as a "great believer in foreign investment".

Barclays is the first company to confirm its involvement with the ANC.

An ANC spokesman in London said: "We aren't authorised to discuss this at all."

Sir Timothy also accused South Africa of being "woefully slow" in dismantling apartheid, which he called "repugnant, wrong, unchristian and unworkable". He also deprecated the "muzzling" of the news media.

The speech marks an extraordinary reversal of Barclays's usual low-key defences of its involvement in South Africa, which have never contained strong language about the South African regime.

It comes days after Oxfam announced that it would withdraw its account from Barclays. A spokesman said the two were not connected.

Barclays recently reduced its stake in Barclays National Bank of South Africa from 50 percent to 40 percent and it has been increasingly sensitive about its identification in public with its South African associate.

● A spokesman for the Confederation of British Industry said he did not know of any members meeting the ANC.

But he disclosed that the CBI's Overseas Committee had decided that any approach from any South African political groups should be considered on merit.

The CBI had met the Urban Foundation, the spokesman added.

Barclays slams Pretoria

(61) B-Day 29/11/85

JOHN BATTERSBY

LONDON — Barclays Bank has raised its profile against apartheid because it had been unfairly singled out as one of the prime examples of those supporting the system, Barclays chairman Sir Timothy Bevan said yesterday.

He also called for the release of Nelson Mandela and an end to "institutionalised racial discrimination" in SA.

"My plea to South Africa is to stop wasting time and act before it is too late," he said.

Sir Timothy was explaining an extraordinary speech he made at a Barclays branch managers' dinner on Wednesday night.

In the speech Bevan accused the SA government of being "woefully slow" in dismantling apartheid, which he described as "repugnant, wrong, unchristian and unworkable". He strongly condemned the recent "muzzling" of the media.

He also disclosed that Barclays executives had met the president of the African National Congress, Oliver Tambo, several times during his recent visit to

● To Page 2

Barclays urges SA to change

(61) B-Day 29/11/85

● From Page 1

London.

He added, however, that he deprecated violence.

The speech came three days after it was announced that Oxfam had withdrawn its R160m-a-year account from Barclays because of the bank's involvement in SA and SWA.

In a BBC radio interview yesterday, Bevan said Barclays had always been "violently opposed" to apartheid.

He denied that the Oxfam decision had played any role in Barclays' decision. He insisted that he had written his speech before the Oxfam decision and that Barclays ran the Oxfam account at a loss.

He said Barclays had reduced its stake in SA for "purely commercial" reasons.

Bevan said that when Barclays had controlled its SA subsidiary — Barclays National Bank — "that bank was in the vanguard of liberalism".

"I am proud of what Barclays National has done to advance the cause of justice in South Africa. It is a major force for good there and progress towards a better society."

In another development yesterday the Rev David Haslam of Eltsa — the anti-apartheid lobby group which has spearheaded the 10-year campaign against Barclays — said the chairman's remarks were "10 years too late".

CPT Tim

Bank's new SA profile

Own Correspondent

LONDON. — Barclays Bank had raised its profile against apartheid because it had been unfairly singled out as a prime example of those who support the policy, Barclays chairman Sir Timothy Bevan said yesterday.

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"My plea to South Africa is to stop wasting time and act before it is too late," he said.

Sir Timothy was explaining a speech he made at a Barclays branch managers dinner here on Wednesday.

In the speech he accused the South African Government of being "woefully slow" in dismantling apartheid which he described as "repugnant, wrong, unchristian and unworkable".

He also accused the police of "violence and inhumanity" and strongly condemned the "muzzling" of the media.

London council is under fire over SA investments

STAR 6/12/85 The Star Bureau (61)

LONDON — The Greater London Council — officially virulently opposed to apartheid — has investments of R1 030 million in companies identified as major props of apartheid.

Despite its stated intention of disinvesting from companies doing business in South Africa, it has this year bought new shares in 18 companies operating in the country — most of them named by the United Nations or the Washington-based Investor Responsibility Research Centre as important to the apartheid economy.

The investments have been made by the GLC's Superannuation Fund Investment Joint Panel and total more than a quarter of its holdings.

MAJOR LEAFLET CAMPAIGN IS BEING PLANNED

They have been exposed by a GLC-funded group, Partizans (People Against Rio Tinto Zinc and its Subsidiaries).

Partizans and GLC and Inner London Education Authority (Ilea) workers plan a major leaflet campaign and demonstration to protest against the GLC's investment.

The Partizans report says GLC Superannuation Fund members have been "at best, dilatory, and at worst deceitful when it comes to putting their principles into action".

They acknowledge that "some disinvestment from objectionable companies" has taken place. A considerable holding of 380 000 shares, worth more than R2 million, in Standard Chartered Bank has been sold, as had shares in BP, Plessey and Shell Transport.

ICL puts the byte on IBM

(61)

STAR 11/12/85

By Stan Kennedy

Aggressive selling campaigns by ICL and Hitachi have squeezed IBM out of Zambia — one of its major African markets outside South Africa.

IBM SA is not involved in Zambia as it is serviced by the Areas Division Africa South from its Paris headquarters. For this reason, the local company felt it inappropriate to comment.

Following a string of mainframe orders for ICL equipment to replace IBM sites, the blow came when Hitachi was chosen as supplier to the State-owned mining company, Zambia Consolidated Copper Mines.

The contract to replace mainframes at the copper mines went to Hitachi after going to global tender. IBM equipment has also been replaced at the Office of the President and the National Railways by ICL.

To maintain its presence in Zambia and to provide a service to the country, IBM has sold out to Woodgate Holdings.

FOREIGN FIRMS IN SA- BRITISH

1986

Investing in SA a betrayal of the clergy — minister

STAR 6/2/86

61

The Star Bureau

LONDON — The Church of England's Commissioners have been accused of betraying the trust of the clergy by not withdrawing investments from South Africa.

The Rev William Whiffen of Oxford says the commissioners are failing to observe a Synod resolution of 1982 supporting "progressive disengagement" from the South African economy.

In a report to this week's Synod, the commissioners confirm the Church has South African investments that earn about R24 million (£8 million) a year.

Mr Whiffen, whose motion to the Synod calling for disinvestment is being held over until July, said in an interview yesterday:

"I find it hard to accept that they (the commissioners) are fulfilling the objectives of the Church for which they have been set up if they do not listen to the voice of the Church, which has said it wants progressive disengagement.

"The commissioners counter that they would be betraying the trust of the clergy if they withdrew South African investments, risking or reducing the Church's income, but I say they are already betraying our trust."

In their report, the commissioners say the South African investments are not direct, but a small part of the Church's stake in large UK and US companies which have South African interests.

Complete withdrawal would seriously damage the Church's long-term interests.

They say they monitor companies in which they have an indirect stake, to ensure that the EEC Code of Conduct or the Sullivan Principles are applied. Where they are not applied, investments are withdrawn.

But Mr Whiffen said: "They have made it clear that there are social and ethical factors in deciding their portfolio of investments, so therefore there is nothing preventing them from withdrawing because of our views on apartheid.

"When I propose my motion in July, I will make it clear that withdrawing might increase the risk or reduce income.

"My feeling is that although withdrawal of Church investments would not apply significant financial pressure on the South African Government, it would be a clear moral lead to others," he said.

Anti-SA demos picket banks

STAR 27/2/86

(61)

The Star Bureau

LONDON - Anti-apartheid campaigners in Britain have mounted a nationwide protest against banks with South African links.

The protest, focused primarily on Barclays Bank, was mounted on Tuesday and continued yesterday in 50 cities where pickets urged the banks to stop providing financial aid to South Africa and called on clients to withdraw their money.

More than 100 000 pamphlets explaining the Anti-Apartheid Movement's call for disinvestment were distributed by demonstrators.

Cautious outlook from Barclays

61 STAR 3/3/86

By Peter Farley

The political and economic uncertainties in the year ahead have resulted in a cautious outlook from Barclays Bank management that forecasts only unchangedor slightly better results this year.

The bank turned in a strong performance in the second half of 1985, on the back of a steep decline in interest rates, to both reverse a disappointing first six months and produce healthy growth for the year as a whole.

Nevertheless, management is reluctant in the annual report to anticipate a continuation of this trend after a recovery from the awful results posted in 1984.

The major problems precluding an even more sparkling improvement last year were massive increases in both taxation and bad debts. The first soared to R95 million from R39 million, while the latter almost doubled to R157 million.

The end result was an increase in net income to R103,7 million from R86,7 million.

However, virtually all the increase came from the commercial bank, with all other subsidiaries either showing lower profits or losses.

With interest rates still looking soft and the potential for profit improvements in the likes of both Wesbank and the Merchant Bank (Barname) there should therefore be scope for improvement this year.

The incidence of bad debts should also now have reached a peak, with virtually all risk uncertainties now provided for.

Adding to the positive aspects this year is the R253 million raised in the last quarter of the year through the rights issue and the decision by the regulatory authorities to abolish the need for banks to hold long-dated prescribed assets — gilts.

Though this latter aspect will still cause short-term distortions as gilt portfolios are wound down, it should allow more flexibility on the bank's lending operations in future years.

The increase in the commercial bank's net earnings to R96,5 million from R50 million was also partly due to increased efficiencies during the year, both through a reduced staff complement and a tighter management structure.

Both these factors can be expected to produce further positive contributions in the current year.

Manufacturing activity is beginning to revive in certain sectors, along with consumer demand, and this should also produce a resurgence of credit demand as firms replenish inventories and renew capital spending programmes.

Earnings from the bank's share in associate companies last year — principally Southern and Bowring Barclays — jumped from R10 million to R17 million — and should also continue to grow in the current 12 months.

The big black spot last year was a R17 million loss in other subsidiaries, which principally centred around property. That area of the economy has also bottomed and, with prices improving and Barclays' losses in that area seemingly already taken on the chin, it too should show a turnaround.

All the major factors, therefore sound extremely positive. But with a possibility of rising interest rates later in the year and so many other political and international imponderables these potential improvements could easily be reversed.

Nevertheless, the bank does appear to have re-established itself on an even keel after the huge wobble in 1984 which saw earnings almost halved in one fell swoop.

A more realistic approach to the adventurous and expensive foray into home financing has also enabled that portfolio to return to profits, while other areas are all seemingly being run in a more conservative manner.

The share price broke through the 2 000c mark at the beginning of this year, but has fluctuated either side of that mark. There is every chance that in the near future a consolidated push could see it start to break new ground.

Barclays decision 'remarkable' — PFP

STAR 7/3/86

(6)

By David Braun,
Political Correspondent

The announcement by Barclays Bank in London that it will refuse to make any new loans or formally reschedule existing debts to South Africa was described today by the official Opposition as "remarkable".

Mr Harry Schwarz, Progressive Federal spokesman on finance, said the Barclays decision was remarkable in view of the bank's very substantial interest in Barclays South Africa.

Besides, he said, it was really not necessary for the bank to make such a statement when in fact, in terms of the recent Leutwiler arrangements, there had been no formal agreement to reschedule South Africa's debts or provide new facilities.

The Minister of Finance, Mr Barend du Plessis, said in reaction to the Barclays statement that he would be meeting Barclays chairman, Sir Timothy Bevan, soon and would hear, then, precisely what Sir Timothy had to say at firsthand.

"I am not going to comment further now," he said.

According to reports Sir Timothy said, at a routine meeting to announce annual results yesterday, that Barclays would refuse to make any new loans to South Africa or reschedule existing debts.

"We shall commit no new money to that country, nor shall we be party to any formal debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness and meet its obligations and until there are changes which confirm an end to the bankrupt policy of institutionalised racial discrimination," he said.

The bank's stance raised eyebrows in London banking and financial circles, apparently as British banks do not normally link loans to political demands.

Mr Schwarz said he had warned at the time of the announcement of the Leutwiler proposals of the danger of not negotiating the country's rescheduling of its debts and for new facilities.

He said if one took into account the money was not covered by the debt standstill which had to be repaid, then the payment of five percent of South Africa's foreign debts meant that virtually the entire surplus on the balance of payments would be used for this purpose this year.

On this basis the country could not grow and nor could it directly create jobs.

Mr Schwarz added it was clear that Barclays, while not doing anything that was in contradiction of the Leutwiler arrangements, had decided to make a public statement to pacify its critics in England.

Barclays has been heavily criticised for its involvement in South Africa, and has lent more than R2 312 million to South Africa, mainly to Barclays National Bank.

SA FINANCE

ARGUS 7/3/86 (61)

Barclays takes new, tougher line on SA

The chairman of Barclays Bank has launched an outspoken attack on the South African Government. The Argus Foreign Service reports from London

SIR Timothy Bevan, chairman of Barclays Bank, has announced that the bank will lend no new money to South Africa or reschedule any debts until the Republic shows that it can meet its business obligations.

Sir Timothy launched an outspoken attack on the South African Government after the bank announced record pre-tax profits of R2 468-million yesterday.

He accepted, he said, that like many European and US banks, Barclays had been caught by the unilateral standstill on loan repayments imposed by South Africa last year.

"Our policy on further lendings to South Africa is quite simple," said Sir Timothy.

"We shall commit no new money to that country, nor shall we be party to any formal debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness and meet its obligations and until there are changes which confirm an end to the bankrupt policy of institutionalised racial discrimination."

He added: "Our position will only change if the authorities demonstrate there is some movement in their position, and when we are able to get our money back."

Barclays, which has been heavily criticised for its involvement in South Africa, has lent more than R2 312-million to South Africa, mainly to Barclays National, which made a reduced contribution to profits last year.

He said Barclays' attitude was not a reversal of its policy of constructive engagement, but it was now being stated with greater clarity.

"We have always lent to South Africa in areas which have tried to help the situation of the non-white population.

"Here we have been known as the 'apartheid bank' but in South Africa we have been accused of being anti. Now the moratorium and the apartheid system cannot be divided. They are twin problems."

He said the present moratorium meant it would be even more difficult for South Africa to promote economic growth to employ the ever growing non-white population because the inflow of foreign capital was virtually nonexistent.

The five percent down payment plan which had been put forward as part of a deal between South Africa and its main creditor banks was probably the best which could be expected at present, he said.

● The Argus Political Staff reports that the announcement by Barclays Bank that it would refuse to make any new loans or formally reschedule existing debts to South Africa was described today by the official opposition as "remarkable."

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Barclays decision on loans regretted

W/Argus 8/3/86 (61)

Weekend Argus Financial Staff

THE decision by Barclays Bank, London, not to make fresh loans to South African companies was not unexpected, but was none-the-less regretted, according to Cape Town bankers.

They pointed out that the demand in South Africa for loans from Barclays, London, is expected to drop simply because under the Leutwiler agreement they are to cost borrowers an extra 1,5 percentage points.

Bankers believe that because of the increased cost, borrowers might attempt to repay these loans and switch to domestic funds.

However, they do not rule out the possibility that the Reserve Bank will adjust the cost of forward exchange cover so as to eliminate the difference between the cost of borrowing overseas and in South Africa.

The Reserve Bank would not want to see an upsurge in the capital outflow or an increase in the demand for domestic funds and cause domestic interest rates to rise, a banker said.

However, regret was expressed about the medium-term implcations of Barclays' decision. There have been expectations in official circles that foreign loans might start flowing more freely to South Africa in a year's time or so. Barclays' call for political reforms before it again makes loans to South Africa would seem to be a serious blow to these hopes.

UK and SA bank ties strained as politics comes to the fore

Fall-out at Barclays

(16) BUS - TIMES 9/3/86

(280) (61)

By David Carte

LINKS between Barclays UK and South African associate Barclays National could be weakened further after political demands on SA by Barclays UK chairman this week.

Sir Timothy Bevan said: "We shall commit no new money to that country, nor shall we be party to any formal debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness ... and until there are changes, which confirm an end to the bankrupt policy of institutionalised racial discrimination."

Picketing

Sir Timothy's statement was embarrassing for Barclays National, which fears losing business at home as its SA rivals capitalise on what they term "political meddling by foreigners".

At the same time, the SA connection has long been an agonising embarrassement for Barclays UK.

Recently 125 of Barclays UK branches were picketed by anti-apartheid demonstrators. For years, the Barclays general meetings have been disrupted by demonstrators. Thousands of accounts have been lost to other banks in the UK because of the SA connection.

Barclays UK has reduced its stake in Barclays National from 65% in 1983 to 40,4% by failing to follow two rights issues and permitting the SA company to issue shares in the acquisition of Southern Life.

Emphasising the growing gap, Barclays National has five years in which to change its name. It has shown its independence of the international group by setting up its own offices in New York, Hong Kong and Zurich.

Credit lines

Barclays UK also has an apolitical excuse for distancing itself from South Africa — too much exposure to one country. In 1983, when the rand was high, Barclays National accounted for more than a quarter of the international division's profit.

Apart from ordinary credit lines, at present amounting to £800-million, Barclays UK has not put any new money into South Africa for more than a decade. It has taken out millions annually in dividends.

Barclays National played down Sir Timothy's statement as "nothing new". It explained that foreign banks feel obliged because of political pressure to "make their views known" and stressed that "as a South African bank, we have a different view of the issues".

But other bankers said the relationship between Barclays UK and the SA group was becoming increasingly untenable.

They expected its two biggest shareholders, Anglo American and Southern Life, eventually to take up more shares in the SA bank to end the mutual embarrassment. London was a hotbed of rumour on this score only a month ago.

Outspoken

Chris Ball, managing director of Barclays National said: "There has been no discussion about a change in the relationship."

Anglo American holds 25% of Barclays National and Southern Life 7,7%. Unless they get Reserve Bank permission, neither may hold more than 30%, so as things stand together they cannot absorb more than another 27%.

Mr Ball has been an outspoken critic of the Government. Some of Barclays rivals maintain the UK parent applies pressure on him to do so. Recently, all Barclays UK staff members were given a brochure explaining how Barclays National is a force for democracy and the general good in SA.

But until the relationship is put at even more than an arm's length, both the UK and South African banks stand to lose accounts because of political differences.

Barclays stance did not shock SA govt

10/3/86

61

● STALS

STAR

CHRIS CAIRNCROSS

THE strong line taken by Barclays Bank (UK) in announcing it would not be party to any formal debt-rescheduling arrangement with SA has come as no surprise to the country's monetary authorities.

"Nor does it in any way affect the interim debt arrangement negotiated with SA's 34 debtor banks by Swiss mediator Fritz Leutwiler," Director-General of Finance Chris Stals told *Business Day*.

"The stand taken by Barclays' chairman Sir Timothy Bevan is still in line with the discussions and agreements reached in London last month," he said.

Stals stressed the agreement did not imply any formal rescheduling arrangement. It was merely a flexible scheme, he said, to be reviewed on an ongoing basis with the object of achieving some sort of equilibrium with regard to SA's foreign debt and its domestic capital needs.

Stals said it had already been made clear some banks — including Barclays and those in the US — were determined to reduce their exposure to SA, and that no further loans were likely from them unless there were significant changes on the socio-economic front within the country.

● COMMENT: Page 6

On the other hand, he maintained there were certain banks that had indicated their preparedness to agree to a longer-term arrangement than that negotiated by Leutwiler.

In terms of this arrangement, SA must take steps to repay 5% of its short-term debt, currently amounting to about $14bn, with this situation being reviewed in February 1987.

Stals said this was an entirely flexible arrangement which could be restructured at any time, depending on changing circumstances.

Meanwhile John Battersby reports from London that Barclays has welcomed the lifting of the state of emergency in SA, but warned that there was still "a long way to go" before normality was restored.

Peter Leslie, Barclays' chief general manager, made it clear in a television interview on Friday that the lifting of the emergency would not change the banks's tough stand on new loans to SA.

On Thursday, Barclays chairman Sir Timothy Bevan said Barclays would commit no new money to SA nor enter into a formal rescheduling agreement on its existing £800m credit, until there were changes confirming the scrapping of apartheid.

He said Barclays would also require a reduction in SA's overall foreign debt before they would be prepared to make new loans.

CTimes
10/3/86

61

Big business meets secretly on apartheid

Own Correspondent

LONDON. — Chief executives of leading South African, US and British companies gathered at Leeds Castle in Kent last night for a closed meeting today to review business strategy on dismantling apartheid.

The top-level meeting, similar to one held at the same venue last year, is considered crucial for the future of multinationals in South Africa.

The meeting will be attended by about 30 company executives under the chairmanship of Mr Edward Heath, the former prime minister.

Comment

The high-powered business summit has been organized by the Rev Leon Sullivan, author of the Sullivan Principles which recently called on US business in South Africa to assume a bolder role in opposing apartheid laws.

Mr Sullivan will make the opening address to the conference in which he is expected to urge multinationals to endorse his "passive resistance" guidelines for foreign business.

General Motors, which will be represented at the meeting by its chief executive Mr Roger Smith, recently became the first company to implement the new Sullivan stand when it offered "legal and financial assistance" to any of its employees who opted to defy Port Elizabeth's beach apartheid laws.

Two key South African figures at today's conference will be Mr Jan Steyn, director of the Urban Foundation, who is due to address the meeting, and Mr Tony Bloom, executive chairman of the Premier Group.

The meeting is expected to be given a full briefing on the Federated Chamber of Industries' (FCI) strongly reformist Business Charter which lays down the guidelines for a free, non-racial and democratic South Africa.

At the meeting will be Sir Timothy Bevan, the chairman of Barclays (UK), who shocked the South African business community with a tough warning that Barclays would commit no new money to South Africa until there was legislative evidence that apartheid was going to be scrapped.

Collapse

Sources close to the Leeds group said last week that the political backdrop to the Leeds summit had altered so radically from last year that even the premises had changed.

Since last year the Reagan administration has adopted a limited sanctions package, the policy of constructive engagement has collapsed, leading South African businessmen have held unprecedented talks with the ANC and there has been a collapse in the rand following a capital boycott last year.

Another year of violence and repression in the black townships and the ascendancy of the ANC have put new pressures on business.

STAR 13/3/86 280 61 88

BoP 'must be carefully handled'

The announcement by Barclays Bank that it will not provide any new loans to SA or have any part in any formal rescheduling emphasised the problem the country will be facing in obtaining foreign capital, Trust Bank says in its weekly economic report.

This will have a negative impact on the economy, says the report.

"Considering this, it once again emphasises that the coming budget should not be too stimulating as the balance of payments must be carefully handled," comment the bank's economists.

Indications are that the Reserve Bank would like to stabilise the rand above 50 US cents depending on the revenues available, their control over the flow of funds on the forex market, a stable dollar and the dollar gold price, Trust says.

"We expect the rand to remain at current levels for the time being," says the bank. — Sapa.

Shell told to quit SA '. . . or else'

STAR 21/3/86

61

The Star Bureau

LONDON — Anti-apartheid bodies in Britain and Holland have called on the Royal Dutch/Shell group to withdraw from South Africa and Namibia by mid-May or "face the consequences".

The warning is given in a letter from Bishop Trevor Huddleston, president of the Anti-Apartheid Movement, which was being delivered to the group's London headquarters today.

The letter says "campaigning activities" against the group will be intensified unless it withdraws.

The new action is aimed at intensifying a campaign to stop oil supplies reaching South Africa.

The action is being undertaken by the AAM, a new organisation called Embargo!, the Holland Committee on Southern Africa and the working group Kairos.

The group has been singled out for action because of what the AAM calls "its very significant involvement in and support of the apartheid regime" and because of its multinational nature.

NEWS PLUS+

★ BARCLAYS National Bank Ltd has donated R100 000 to Operation Hunger. 6/4/86 (61)

Barclays senior manager Jimmy McKenzie said he hoped the donation would encourage other companies to give freely to the food-aid organisation.

BUSDAY 8/4/86

Lebowa man dies after detention

LEBOWA police have confirmed that one person died in detention at the weekend and two people arrested on Friday night have been hospitalised.

Colonel J M D Mphahlele said he knew of the death of a man who had been arrested but said he did not know his name or occupation.

The *Sowetan* said yesterday that a journalist working for the *Lebowa Times*, Lucky Kutumela, died shortly after he was arrested with three members of the Azanian Peoples' Organisation (Azapo) on Friday night.

The report also said the three Azapo members had been hospitalised. Mphahlele said he knew of only two people hospitalised after they had been arrested.

The newspaper said that one of the Azapo members was in the Ga-Rankuwa hospital near Pretoria in a serious condition while the others were admitted to the Makopane Hospital in Potgietersrus.

It said the three Azapo men arrested were Terry Kekane, Kgalabe Kekane and Dan Thobejane. — Sapa.

Mawu asks for talks

BUSDAY 8/4/86

DIANNA GAMES

INDUSTRIAL action at four manufacturing plants belonging to BTR Dunlop, a British-based company, continued yesterday.

The Metal and Allied Workers' Union (Mawu), told last week by management that its application for a dispute meeting was inadequate, made another request for talks yesterday.

Mawu declared a dispute last week after more than 2 000 workers in four plants downed tools in support of the 11-month-old strike at BTR Sarmcol, in Natal, which began after 970 workers were dismissed.

The plants are at Durban (two), Benoni and Ladysmith.

BTR strike in second day

10/4/86
BUSDAY. (61)

DIANNA GAMES

WORKERS at three BTR Dunlop plants yesterday went into the second day of a total work stoppage, and indications last night were that they would not leave the premises overnight.

A Metal and Allied Workers Union (Mawu) spokesman said yesterday that talks between union and management were in their third day at the Benoni plant.

Mawu said the unions had expressed their concern to the company about their continued refusal to discuss the dispute, which began last week.

And management said yesterday it would continue to take disciplinary action — nine workers were dismissed this week — where intimidation and violence took place.

A Mawu statement said the present stoppages were unrelated to the 11-month-old BTR Sarmcol strike, although this had sparked them off last Thursday.

It said workers at Benoni, and two Durban plants — Sydney Road and Dunlop Sports — were currently on strike demanding the re-instatement of colleagues and withdrawal of written warnings from Dunlop.

Management said yesterday work stoppages at the Dunlop Durban plants resulted from the dismissal of two workers because of their violent behaviour.

● Picture by Rebecca Hearfield.

spokesman.

2 000 Dunlop workers on strike

11/4/86 STAR

By Mike Siluma

A further 500 BTR Dunlop employees in Ladysmith yesterday came out on strike, bringing the number of strikers at Dunlop plants in the Transvaal and Natal to nearly 2 000.

This was said by a spokesman for the Metal and Allied Workers' Union (Mawu) and the Chemical Workers' Industrial Union.

1 000 FIRED

Workers at two Dunlop plants in Durban and one at Benoni have been on strike since Tuesday, demanding the reinstatement of two colleagues fired after a brief work stoppage last week.

The dispute is a sequel to the longstanding battle by Mawu for the reinstatement of about 1 000 strikers fired from a Howick plant last April.

The unions said workers from the company's four plants in Benoni, Durban and Ladysmith had staged wildcat strikes last week after the company's refusal to meet union representatives over the Howick dispute.

While the unions had managed to persuade members to return to work within hours, managements had issued mass written warnings and threatened some individual workers with dismissal.

According to the unions, this provoked a fresh round of wildcat strikes on Tuesday at one Dunlop factory in Benoni and two in Durban.

Mr Glen Sutton, Dunlop's group industrial relations spokesman, said the two workers were sacked "due to their violent behaviour".

In both cases management informed the Metal and Allied Workers' Union of the situation and a dispute had been declared with the union.

● See Page 5.

Reinstate workers or get out, BTR told

SPAR
11/4/86

61

(86)

The Star Bureau

LONDON — A black South African trade unionist has told the British-based multinational BTR to reinstate its sacked South African workers or get out of South Africa.

And he appealed to employees of BTR in England to take concrete action, such as strikes or demonstrations, to persuade BTR to "stop enjoying the fruits of apartheid".

Speaking at a Press conference at the House of Commons yesterday, Mr Moses Mayekiso of the Metal and Allied Workers' Union (Mawu) said: "The company is just exploiting black workers. If BTR can't reinstate the workers and recognise Mawu, then we would like BTR to get out of South Africa."

Almost 1 000 striking workers were sacked from BTR's Sarmcol plant in Howick, Natal, over Mawu affiliation a year ago.

Mr Mayekiso, Transvaal secretary of Mawu and chairman of the Alexandra Action Committee, has been in Britain for the past three weeks to appeal for support from the British labour and trade union movement for the Sarmcol strikers.

SUPPORTED

He said the multinationals supported a system under which people were "mowed down" in places such as Alexandra.

With Mr Mayekiso was Mr Jeremiah Zulu, president of the Transport and General Workers' Union of South Africa, who has been in Britain to make contact with unions. Both men said they were pleased and encouraged by the British response.

Also present at the Press conference was Labour MP, Mr Dave Nellist who said: "We can find all the ways in the world to help keep strikes going, but what I want to see is action to help end disputes in favour of working people.

"That means organising and arguing with BTR's home base here in Britian to recognise the union, to reinstate and compensate the workers and their families, and to improve conditions."

S. Times 13/4/86

61

Lloyds sees necessary evil in Stancha SA connection

Pariah in the package

By Edward Russell-Walling: London

IF Lloyds Bank succeeds in its £1,2-billion bid for Standard Chartered Bank, strain could be placed on the relationship between Standard Bank of SA and its UK parent.

Lloyds made it clear this week that it regards Standard Chartered's large South African interests as a necessary evil.

Unlike Standard Chartered (Stancha), Lloyds has a large number of customers in the UK and is vulnerable to popular anti-apartheid action. Lloyds would be obliged to distance Stancha from Standard Bank.

Lloyds deputy chairman Sir Lindsay Alexander stresses in a letter to veteran anti-apartheid campaigner Bishop Trevor Huddleston the bank's opposition to apartheid.

The bank will not release details of the letter, saying that it was personal.

Big Five

Lloyds is the only member of the Big Five British banks not doing significant business with SA.

Managing director Brian Pitman says Lloyds does not welcome the idea of buying into the SA operation, but it would have to take it as part of the package.

He told Business Times: "Our attitude would be very much the same as the attitude Standard Chartered has pursued for some time — that of reducing reliance on South Africa."

Asked if he would seek to reduce Stancha's £800-million in loans to SA, he replied that Lloyds would simply take Stancha's place at the Leutweiler negotiating table.

Lloyds lends very little to SA. Its few loans are all in support of British exports,

Resisting

A formal offer for Stancha has yet to be made.

"We're still trying, maybe vainly, to talk to the company," said David Horne, managing director of Lloyds Merchant Bank, the bank's in-house financial adviser. "We are still hoping for a recommended bid."

Stancha has resisted all attempts to get around a table, saying that a merger would not be in the interests of shareholders, staff or customers.

Stancha managing director Michael McWilliam said: "The approach cuts clean across the clear line of thinking of the whole board. If we thought we could do better by joining up with one of the clearers, we would have made an approach of our own."

Premium

A marriage would make commercial sense, however. Lloyds, the smallest of Britain's Big Four, has an extensive UK network which brings in 80% of its profits. Its international network is concentrated in Europe and Latin America.

Stancha has a weak UK base, but a strong presence in Africa and the Far East. Its recent performance has been less than sparkling. It has been looking for a partner for some time. It bid for the Royal Bank of Scotland five years ago, only to be barred by the Monopolies Commission. It has even considered buying a building society.

Lloyds says it will pay 750p a share, against Stancha's net asset value of 795p. Because banks usually change hands at a premium to net assets, the market thinks a higher offer may be forthcoming.

Banking analysts are waiting to see if a counter-bid emerges, perhaps from a white knight in the shape of BAT Industries, the giant tobacco to financial services group. American Express is said to be interested. Another possibility is that Stancha will mount a bid of its own — sources suggest Midland Bank could be a target.

Part of Breyten's prize will aid prisoners

61 Cape Times 14/4/86

PRETORIA. — Afrikaans poet and former political prisoner Breyten Breytenbach said here on Saturday night that he would donate part of his R15 000 literary prize money to aid political prisoners.

He was receiving the first Rapport Prize for Literature.

The audience of about 500 mainly Afrikaans authors, publishers and literary figures erupted into applause and eventually gave him a standing ovation.

The poet seemed overcome.

Bouquet

His Vietnamese-born wife, Yolande, was also invited on to the stage and presented with a bouquet of flowers.

Mr Breytenbach, 46, seemed unchanged since he was released from Pollsmoor Prison in December 1982, with his hair, moustache and beard greying.

Mr Breytenbach thanked the newspaper for promoting literature, Afrikaans literature in particular, and said he considered it a special honour to have been chosen as the first winner.

Immediately after accepting the prize money, he said he would use part of it to help political prisoners, but gave no details of how the money would be used.

He also joked about being able to speak, of all places, in Pretoria, the city where he was on trial in 1976 and sentenced to seven years' imprisonment on charges of terrorism.

Breyten Breytenbach

After the presentation, he was interviewed by the BBC and told Britons that he found despair and confusion among many Afrikaners today.

He said there had been a breaking loose of the guidelines that used to exist with nothing to replace them.

This was evident among the Afrikaners with whom he mixed.

In answer to a question, he said he was not compromising his stand against apartheid by accepting a prize in Pretoria. As a native-born South African, if he had any contribution to make it was that he could still get some ideas across to those in South Africa like him.

He said he believed that, historically speaking, this was one of the last times that something could still be said.

Speaking of his jail term, Mr Breytenbach said he did not regret the reasons that made him do what he did.

He said one of the things he had learnt was the inevitability of change that had to come in South Africa. If the authorities needed to put people as ineffectual as he was in jail for such long periods of time, it must mean that the changes looming were very profound.

Attack

The poet launched a savage attack on British investors in South Africa. He said: "If only we could get the British leeches, the bloodsuckers, to let go of the fat profits and start living up to their pretence of moral rectitude."

He added: "If one day it is decided that apartheid is a crime against humanity, I would cite successive British governments as accomplices to the crime."

They were not the only ones in Europe, and he wouldn't leave out America. They all continued to bolster the South African Government while pretending to be upset, to be "so hurt and concerned" about human rights in South Africa.

Mr Breytenbach said he himself could not support violence. But he could not see how changes were going to come in South Africa without some violence. — Sapa and Own Correspondent

14/4/86. The Star Monday

61

UK admits error in SA wages report

STAR

The Star Bureau

LONDON — Britain has admitted an error in an official report on the numbers of employees paid "starvation wages" by British-owned companies in South Africa — and that the figure is much higher.

A Department of Trade and Industry report said the number of employees at British-owned companies paid below the lower datum level had fallen from 1 900 to 900 in the year ending June 1985. But there has been no fall.

Whitehall's misleading figures were spotted by a researcher in the Labour Research Department. A spokesman for the Department of Trade and Industry admitted: "It is a simple arithmetic error."

The error was found when the DTI figures were matched against a report by the Pritchard Services Group, which employs most of the lowest-paid black workers, and admits paying 1 660 of them below the poverty level. That figure is close to double the overall figure given in the DTI survey.

Two injured as bombs hit youth leader's home

Pretoria Bureau

Two men were injured when a home-made explosive device and a petrol bomb hit the home of the president of the Saulsville Atteridgeville Youth Organisation, Mr Sam Morotoba, yesterday morning.

A police spokesman, Colonel Victor Haynes, confirmed the blast at 47 Mokolobotlo Street and said that two men were injured in the attack.

Mr Morotoba was not at home but his brother, Harry, who was sleeping with his cousin, Eric Makhala (21), a visitor from Venda, in the front room said the heavy explosion rocked their home at 2.10 am, ripping open the roof and shattering all the front windows.

Mr Makhala, who suffered wounds on the right arm and on the left side of the body was treated at Kalafong Hospital and discharged.

16/4/86

BTR Dunlop makes court bid to end work stoppage

By Mike Siluma 16/4/86 (61)

BTR Dunlop, plagued by strikes at four Natal and Transvaal plants for more than a week, has asked for an urgent Industrial Court interdict to end the stoppage at its Sydney Road, Durban, factory.

A Metal and Allied Workers' Union (Mawu) spokesman, Mr Bobby Marie, said the company had made the application yesterday. Proceedings had to be adjourned to give the union leadership, who were in meetings with workers at the time, a chance to respond.

About 1 000 workers have been on strike at Sydney Road since last Tuesday to demand the reinstatement of two colleagues fired for alleged violent behaviour. An equal number of workers have also been on a solidarity strike at Dunlop plants in Ladysmith, Durban and Benoni.

UNSUCCESSFUL MEETINGS

Several unsuccessful meetings have been held between Mawu and Dunlop, the last on Monday.

Mr Marie said the case would come before the court tomorrow morning. The union was consulting its membership and lawyers. He said the workers were annoyed and surprised at the company's decision to go to court because negotiations with the company were still in progress.

The dispute broke out after management issued workers with warnings following recent wildcat strikes against the comapany's alleged refusal to talk to unions about the 1 000 sacked at Dunlop's Howick plant last April.

● The first round of annual wage negotiations affecting about 350 000 metalworkers was adjourned in Alberton yesterday, according to union sources. The talks will resume on April 25.

Police shoot terror suspect in Transkei

16/4/86

UMTATA — Transkei police have shot and killed a suspected terrorist and detained two others at a roadblock, according to Prime Minister Chief George Matanzima.

Chief Matanzima, who is also the Minister of Police and Defence, said yesterday police had been manning roadblocks throughout Transkei during the past three days, but did not say when or where the incident occurred.

He said after the driver of the car carrying the suspected terrorists turned and drove from the roadblock, police gave chase. As they closed in the vehicle stopped and the occupants attempted to flee on foot.

The police arrested a woman and a man, but the third occupant ran to a ditch and opened fire on the police. They returned the fire and the man was killed. — Sapa.

Following Miss Smit's death and a Rent Board

1 700 'bitter' strikers return to Dunlop

STAR 18/4/87.

By Sheryl Raine

The 1 700 workers at four BTR Dunlop plants on strike for more than a week returned to work yesterday.

This was because the employers were about to seek an interdict from the Industrial Court declaring the strike illegal, according to Mr Bobbie Marie, branch secretary of Mawu (Metal and Allied Workers Union). No agreement had been reached. "Workers have returned to work extremely bitter but determined to continue their fight."

Plants affected by the strike, co-ordinated by Mawu and the Chemical Workers Industrial Union, included Benoni, Ladysmith, Mobeni and Durban.

The strike started when about 1 000 workers downed tools at the company's Sydney Road plant in Durban, demanding the reinstatement of colleagues fired for alleged violent behaviour. More workers went on strike in solidarity at Dunlop plants in Ladysmith, Mobeni and Benoni.

18/4/86 BUSDAY 61

Dunlop strikers go back to work

Own Correspondent

PRODUCTION at BTR-Dunlop plants throughout SA returned to normal yesterday after the 2 000 workers ended their two-week strike.

They resumed work hours before the Industrial Council was due to hear an urgent application by the company to have the strikes declared illegal.

Metal and Allied Workers' Union (Mawu) branch secretary Bobby Marie said the workers returned to work feeling "extremely bitter". But they were determined to continue their fight on the issue of the dismissals and the BTR-Sarmcol dispute.

"Our experience at Sarmcol, and now with Dunlop under the BTR direction, exposes clearly the role of foreign investors in SA — to extract profits at the cost of the welfare of workers under the pretext of developing our country," he said.

Dunlop's group industrial relations manager Glen Sutton said that by mutual consent of the parties, the Industrial Court adjourned the application by the company for an interdict against the union to call off the strikes indefinitely.

"But the interdict can be applied for on a 24-hour or no notice, depending on the circumstances," said Marie.

"The company has always indicated to the unions that it is prepared to discuss the BTR-Sarmcol issue at plant level.

"The unlawful strikes were originally orchestrated by the unions to show solidarity for the dismissed BTR-Sarmcol workers. This in turn led to various unlawful actions by workers and disciplinary action by management, wherever it was deemed necessary."

STAR 22/4/86.

Activists to picket Barclays over SA

LONDON — Anti-apartheid activists will picket Barclays Bank's annual meeting tomorrow in protest over its R2,4 billion investment in South Africa.

Members of End Loans To Southern Africa (ELTSA) will attend the meeting to lodge a protest over the Barclays' investment policy and challenge its role in the negotiations to reschedule South Africa's debt.

Other issues ELTSA will raise are the plight of three Barclays employees detained in Namibia in January last year and recruitment in Britain for South African jobs. — The Star Bureau.

Barclays now known as the 'anti-apartheid bank of SA'

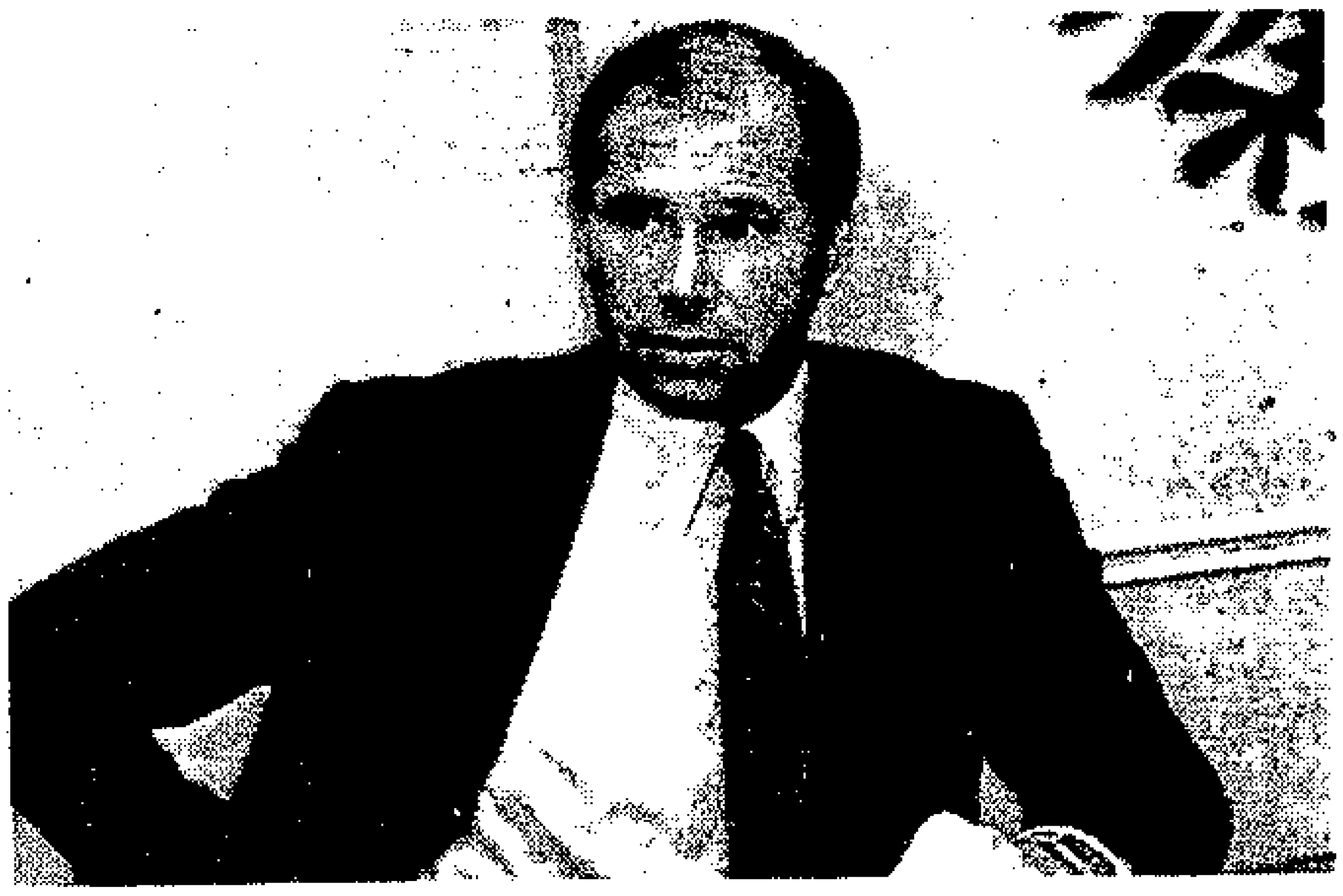
STAR 24/4/86 61

The Star Bureau

LONDON — Barclays chairman Sir Timothy Bevan has repeated his pledge not to commit new money to South Africa — but the possibility of Commonwealth-backed loans to help the black South African community was raised by him at the bank's annual meeting on Tuesday.

Sir Timothy also said Barclays would not be a party to any formal debt rescheduling "until the regime there gains international credibility".

As members of the End Loans to Southern Africa campaign demonstrated outside, Sir Timothy said it was possible that Barclays might consider fresh lending "should it be in respect of a social project regarded nationally and internationally, possibly on a Commonwealth basis, as directly benefiting the black community".



Barclays man in SA, Chris Ball

The Barclays chairman was pressed on the bank's South African policy by ELTSA's Rev David Haslam, who also managed to question the chairmen of Lloyds and Midlands as well.

All three banks held their annual meetings this week within a short walk of each other in the City.

Sir Timothy said: "I am convinced, and so is this board, that Barclays National (of South Africa) is a force for good,. In South Africa we are known as the anti-apartheid bank."

Lloyds chairman, Sir Jeremy Morse, told Mr Haslam that he could not expand on Lloyds's bid for Standard Chartered because of takeover rules.

But he reiterated that, if successful, Lloyds would continue Standard's policy of reducing its stake in its South African subsidiary.

Standard has already cut its holding from majority control down to 39 percent by not taking up shares in a recent rights issue.

25/4/86 FIN MAIL

UK TRADE

FEATURE

Cementing the links

(61)

UK business has, in general, remained remarkably staunch in its support of long-established trade links with SA. Local exporters and importers who rely on British connections for their trade should be happy for that in an ever more hostile world.

But the far-sighted are not content to assume that the long-standing special relationship will survive just because it has existed for so long.

Working constantly at nurturing the links, often behind the scenes, is the South Africa Britain Trade Association (Sabrita), which celebrates its 21st anniversary next month. The low-key organisation can look back on a successful run of cementing and improving trade and investment links between two traditional trading allies.

And the value of the Sabrita contribution is obviously not totally unrecognised. "Support has been steadily increasing, and we have signed up 45 new corporate members in a surge of interest since last June," Sabrita executive manager Evonne Roux tells the *FM*. Sabrita membership now stands at 320, of which some 300 are corporate members.

New members include groups like Cementation, Fisons Pharmaceuticals, Norwich Union, Murray & Roberts, Clicks Stores, Boots (SA), Cargo Carriers and Escom.

In fact, the membership register reads like a corporate Who's Who. A cursory alphabetical glance shows names like Afrox, AECI, ATC, Babcock Africa, Blue Circle, BP (SA), Bowring Barclays, Brooke-Bond Oxo, BTR (SA), Cadbury-Schweppes, EMI (SA) and major South African groups like Anglo American and Rembrandt and all SA's major banks.

Although most members are British-based companies, South African groups like Federale, Wesco, Sasol, Escom and Volkskas add to the cross-pollination.

Sabrita's "tight, shoe-string budget" is financed from annual membership fees and by contributions from five sponsor groups — Barclays, Standard, Anglo American, Rembrandt and ICI.

What are Sabrita's aims?

Says Roux: "Together with the UK-based United Kingdom South Africa Trade Association (UKSATA), we play a vital, if low-key, role in keeping trade and political communication lines open. It is in both countries' interests that Britain's large South African investment is protected, while strong two-way trade is vital to both economies."

The latest UK-SA trade figures, for the period January to October 1985, show a R550m balance in the UK's favour. British exports totalled R2,276 billion while South African exports to the UK were worth R1,73 billion.

Sabrita's important role in keeping relations on an even keel is partly reflected by the fact that the SA-UK relationship has been less subjected to the traumatic sanctions and disinvestment threats that characterise SA's stormy links with the US. But, that said, the two-way trade has for years survived strong trade union opposition.

Sabrita's Roux ... working at trade

Using its high-level business, financial and political contacts in both countries to strengthen the bilateral links, Sabrita promotes and supports missions to the UK by senior South African executives. It maintains personal contact and liaises with visitors, holds monthly meetings, business lunches and constantly communicates with trade, industry and foreign affairs officials of both governments.

Roux says the recently-formed British Industry Committee on SA (Bicsa), backed by the Confederation of British Industry and by UKSATA and supported by major British companies with substantial South African interests, is also playing a vital role in explaining UK business policy on apartheid and its support for peaceful change and reform in SA.

Bicsa chairman Sir Leslie Smith visited SA in February to assess the socio-political-economic situation for himself, she adds. Smith met Sabrita president Murray Hofmeyr and other senior council members.

Apart from the socio-political function, Sabrita's strongest involvement is in trade and investment.

"We receive about ten trade inquiries from the UK every month, but potential South African exporters could make far greater use of our contacts and information bank to expand this trade," says Roux. "Our monthly bulletin — sent to 400 local and 50 British subscribers — could be used more extensively.

"We welcome inquiries from South African businessmen who want to promote their goods or establish new trade links with the UK. After all, it is in the interests of all in SA to promote and retain British investments."

East India Club on Wednesday was a — RU know that they were going.

Keep off Stancha, AAM tells Lloyds

BUS DAY

28/4/86

61

JOHN BATTERSBY

LONDON — Lloyds Bank is coming under intensified pressure to drop its £1,2bn offer for Standard Chartered Bank (Stancha).

The London-based Anti-Apartheid Movement, which led the successful campaign to force Barclays to reduce its SA interests, has warned that it will take similar action against Lloyds if the take-over of Stancha goes ahead.

A letter to Lloyds chairman Sir Jeremy Morse — signed by AAM chairman and Labour MP Bob Hughes and End Loans to SA campaign chairman the Rev David Haslam — warned that Lloyds would become one of main "collaborators with apartheid" if the deal went ahead.

The Lloyds offer is being contested by Standard Bank.

A Lloyds spokesman emphasised yesterday that it did not welcome the prospect of taking over Stancha's SA interests but would have to accept it as part of the overall deal.

"We will continue and accelerate the process of divesting ourselves of Standard's SA interests," he said.

Earlier Lloyds' deputy chairman Sir Lindsay Alexander told AAM president Archbishop Trevor Huddleston in a letter that the bank opposed apartheid.

In last week's letter to Lloyds' Morse the AAM expressed its "grave concern" at the take-over plans.

"Should your take-over bid be successful and unless Standard's SA and Namibian interests were immediately disposed of, then Lloyds will become one of the main collaborators with the apartheid system.

"In such circumstances we would have no alternative but to advocate to our members and supporters similar action to that being taken against Barclays, namely a boycott of Lloyds Bank."

The AAM said a takeover of Stancha would mean that Lloyds would be in ownership of "a company which is playing a key role in sustaining the system of apartheid and SA's illegal occupation of Namibia.

"We understand that Standard's SA exposure is currently in the order of £1bn," the AAM said.

'Bank broke law'

JOHN BATTERSBY

LONDON — Barclays Bank has produced a video in which it boasts Barclays National had been breaking SA laws.

A Barclays (UK) spokesman said yesterday the video was intended for showing to staff at more than 2 000 outlets in Britain.

He added it was in line with Barclays' campaign to project Barclays National as the anti-apartheid bank in SA.

The video was shown last week at Barclays' general meeting at which chairman Sir Timothy Bevan announced that Barclays was prepared to reconsider its tough no-new-loans stand if funds would directly benefit blacks.

Star of the video was Barclays National (SA) chief executive Chris Ball.

It showed how Barclays pioneered a succession of measures aimed at breaking down racial barriers — from employing the first black cashier to recognising a black trade union which — it claimed, were against the law at the time.

Ball claimed some credit for the meeting in September between SA businessmen and leaders of the African National Congress.

"I think we have come to terms with people who are genuine South Africans . . . and I think there is a great deal of scope for conciliation," Ball said.

Star 28/4/86

Cnt Times 16/5/86

61

Shell defends presence in SA

From JOHN BATTERSBY

LONDON. — The main reason for violence in South Africa was the frustration felt by blacks at the "total absence of meaningful political rights", the chairman of Shell International, Mr Peter Holmes, said yesterday.

Mr Holmes was addressing Shell's annual shareholders' meeting at which he faced hostile questioning from about 20 anti-apartheid campaigners who demanded that Shell withdraw from South Africa.

Shell has been singled out as a target for a major boycott campaign by anti-apartheid movements because of its South African involvement.

The campaign, already under way in Holland and the United States, is expected to reach a peak in Britain in July.

Hours before the meeting several leading British churches announced they had decided to sell their shares in Shell Transport and Trading because of its involvement in South Africa.

The church bodies included the British Council of Churches (BCC), the Methodist Church and the United Reformed Church.

'No unanimity'

In The Hague the annual shareholders meeting of Shell was suspended yesterday after more than 100 anti-apartheid demonstrators refused to allow the meeting to proceed to other business.

Mr Holmes said that while he did not disagree with those who wanted to keep up pressure on South Africa he believed trade sanctions and disinvestment would prove "counter-productive".

"It is crucial that the pressure is constructive and not counter-productive," he said.

"There is no unanimity of opinion whether such measures are desirable."

"Shell's South African assets cannot be removed and the company is managed and staffed by South African citizens.

"With disinvestment all that would be removed would be the Shell emblem and the support given to the company by its shareholders for continuing its enlightened employment and social policies," he said.

GKN selling off division

BUSDAY .22/5/86.

61

HAMISH McINDOE

UK-owned engineering and materials-handling concern Guest Keen & Nettlefolds (GKN) has announced further changes in its SA operation.

GKN Mills is to sell its rebar and mesh manufacturing division in June to the Gillis Mason subsidiary, Reinforcing Steel Contractors, for about R4m.

About half of GKN Mills 720-strong workforce is expected to be retrenched by the end of the month.

The move is seen as shift away from GKN's manufacturing interests to its more recession-proof service industries.

GKN last March sold its electrical laminations manufacturer GKN Sankey to Steelcor-owned Universal Laminations for an undisclosed sum.

Top UK companies to fight sanctions move

17/1/86 SM. (61)

The Star Bureau

LONDON — More than 50 major British companies operating in South Africa are about to fire a broadside against sanctions.

The companies, including Shell, RTZ, Barclays, ICI, British Petroleum, BOC and Unilever, are members of the British Industry Committee on South Africa (Bicsa), which was formed in January to act as a mouthpiece on South Africa.

Representatives of the companies will meet in London tomorrow to consider a draft pamphlet setting out Bicsa's views on sanctions.

Once the draft is agreed, the pamphlet will be circulated as widely as possible, said Bicsa chairman Sir Leslie Smith.

He said yesterday: "In our view, sanctions will not work at all. They will be quite ineffective. People in this country underestimate the determination of the Nationalist Government."

He said he thought all 50 companies opposed sanctions.

Sir Leslie pointed out that all Bicsa members opposed apartheid, but it was difficult to keep a balanced and reasoned attitude to the situation in the present climate of emotion and anguish.

'One hell of a problem'

"It seems to us that there are really two routes to follow. One is the negative route which was followed by the EPG report. This finished up by saying 'There is no hope — let's wash our hands of the situation and finish in despair.'

"That's not the route that British companies want to follow. We believe there is a more positive part to play, which is essentially to say: 'Look, South Africa has one hell of a problem. What is it we can do to help.'

"I think we can help. We know that apartheid will go — it has to go. But we are looking through apartheid to the situation after there has been agreement on some form either of political power-sharing, or indeed of black political control.

"We believe we will have an important contribution to make as foreign companies to maintaining the South African economy."

Sir Leslie said the worst consequence of sanctions was that the South African economy would be damaged, and as a result it would be impossible to get through a non-violent process of change.

"That's what worries us."

to the guerrilla leaders we- ing of elections. — Sapa-Reuter.

23/6/86 (61)

UK firms want signs of reform

BUS DAY

LONDON — Twenty major British companies with South African interests have warned that new investment will dry up unless there is "solid evidence" of fundamental political reform.

But they have ruled out punitive economic sanctions and disinvestment on the grounds that they would retard the process of change in SA.

The statement is seen in London as the first indication of the measures Prime Minister Margaret Thatcher is prepared to adopt to defuse mounting pressure for economic sanctions.

It would pave the way for a UK government ban on new investment in SA and help defuse the growing rightwing Tory rebellion.

In a landmark statement, the 20 signatories — including Rio Tinto Zinc, Shell, Unilever, ICI, Consolidated Goldfields, BP, Rowntree McIntosh and the Hill Samuel Group — sided with recent calls by the SA business community for the abolition of apartheid.

JOHN BATTERSBY

The statement was released by the newly-formed British Industry Committee on SA (Bicsa).

Bicsa said political change and economic growth went hand in hand, and it was, therefore, opposed to any measures which would damage or undermine the SA economy.

"The best hope of a solution lies in economic growth over many years. The substantial inflow of capital required for this purpose will be forthcoming only if there is solid evidence that fundamental political reform and the abolition of apartheid are under way," it said.

Conspicuous by their absence in the list of signatories are Barclays and Standard Chartered (Stancha), Britain's two major banks with SA interests. The absence of the two banks, which are both winding down the scale of their SA interests, has fuelled speculation that Thatcher might be considering a ban on new commercial-bank loans to SA.

Barclays has signalled it will make no new loans to SA until apartheid is dismantled.

A Stancha spokesman said there was "no particular significance" in the fact that the bank wasn't among the signatories.

Banana ends Red bloc tour

VIENNA — Zimbabwe's President Canaan Banana, leaving Sofia to end a tour of three Soviet bloc countries, yesterday made it clear that his country would increase economic relations with communist nations because "it is striving to construct a socialist society".

Before coming to Bulgaria, the Zimbabwe leader visited Poland and Hungary, where he also received vocal support for his sharp criticism of SA policies and pledges of increased economic co-operation. — Sapa-AP.

Drivers' wages: BPSA speaks out

CAPE TIMES 25/1/86

BP Southern Africa (BPSA) ~~yesterday said~~ that while many truck drivers were still badly paid, "large numbers" received pay and worked under conditions of the highest standards.

The company, which employs 240 bulk-vehicle drivers, was responding to a recent Cape Times article which quoted a report saying minimum wages for most truck drivers were below starvation level.

Mr Ian Sims, BPSA chairman, said in the statement: "While I have no doubt that many truck drivers are paid below the Supplemented Living Level (SLL), there are a large number of others whose pay and work conditions meet the highest standards and this equally needs to be highlighted."

BPSA drivers' average remuneration was R968,47 a month, including the proportionate value of a 13th cheque bonus. The minimum wage for truck drivers was R758,31.

He said this was significantly more than the R560,39 a month SLL calculated by Unisa for Pretoria, which was the highest SLL for any centre where BPSA operated. The Cape Town SLL is R419,25.

BPSA's minimum remuneration for all workers was R620,33 a month, Mr Sims said.

Dutch demos march on oil firm's offices

61 99 OD 17/11/86

ROTTERDAM — More than 1 000 anti-apartheid demonstrators staged a noisy but non-violent protest here at the weekend against Royal Dutch Shell's operations in South Africa.

The protesters marched to the Dutch-British oil multinational's Rotterdam offices carring placards reading Shell Lubricates the Apartheid Regime and Botha and Shell, Go to Hell.

The demonstration was part of a nationwide protest day mounted by a coalition of Dutch anti-apartheid groups and was expected to involve nine other countries, including Britain, Denmark and Australia, the organisers said.

About 100 members of US trade unions and religious groups also protested in Washinton at the weekend.

Meanwhile, BP Southern Africa, the largest single British investor in South Africa, has called for the complete abolition of apartheid and provided R100 million for that purpose.

The organisation plans to provide bridging finance of up to R50 million for state schools admitting pupils of all races and to finance the rebuilding of District Six as the first open residential area. — Sapa

Cape Times 17/11/86 (61)

Cool response to District Six project

By PETER DENNEHY

BP Southern Africa's R50 million project to rebuild District Six as an open area and upgrade the suburbs adjoining has received a cool response from the community organization operating in the area.

Speaking on behalf of his executive, the secretary of the Salt River, Woodstock and Walmer Estate Residents' Association, Mr Anwah Nagia, described the project as "a spectacular public relations exercise by the sponsoring company".

"There may be immediate benefits for those in need of housing, but we believe there can be no concessions in regard to the Group Areas Act. It must be abolished in its entirety.

"The declaration of District Six as a 'white group area' caused untold suffering to thousands of former residents, and no amount of public relations can undo the effects of this crime against humanity."

BP has not named other institutions which are expected to help finance the project, and the R50m figure was said to be an "initial cost guide".

The company has also offered R50m to help finance schools which forego government subsidies by admitting pupils of all races.

Mr Ian Sims, chairman of BPSA, said in his report that the District Six scheme would be linked to an urban renewal project "of the depressed areas of Woodstock and Salt River".

Mr Nagia responded that this scheme, which fitted well with City Council and government upgrading plans, would involve the relocation of poorer people in the area.

"The scheme also gives legitimacy to the housing of members of the House of Representatives in the area," Mr Nagia said.

Mr Sims said in the report that involvement of international companies in the South African economy offered a better alternative to disinvestment, sanctions and other punitive measures.

Since BPSA had become a fully independent entity, Mr Sims said, the company had carried out its own active active programme of internal reform, and "there had been times when these efforts had run ahead of the policies of the authorities".

BP had urged the government to "quicken the pace of fundamental change", he said. His organization believed in universal adult franchise, common citizenship for all, peaceful negotiation towards a just constitutional system, an end to violence on all sides, freedom of association and equal education.

He called for participation by blacks in central government, the scrapping of the Group Areas Act, the abolition of the Population Registration Act and a free-enterprise economy open to all.

Pull-out a major blow to Bicsa initiatives

NM 27/11/86

John Battersby LONDON

FIRST the United States abandoned its policy of constructive engagement with South Africa. Now, with the sudden pull-out of Barclays, British business has taken its first giant stride in that direction and shattered the tenuous unity of S A-affiliated British companies.

The pressure will now intensify on other high-profile and consumer-oriented British companies to follow suit.

But the question that can now be asked seriously is: Will Mrs Margaret Thatcher ultimately find herself having to choose between breaking with British business or abandoning her 'no sanctions' stance on South Africa.

When Sir Timothy Bevan faced the British media after the announcement of the unexpected Barclays withdrawal this week his initial explanation was: 'Our reasons were basically commercial ... based on our view of the South African economy and the strategy of the Barclays Group.'

But it was not long before Sir Timothy was conceding that it was impossible to separate moral, political and commercial factors. He left no doubt at all that the major consideration in the Barclays' board decision to quit was the bank's judgement of the likely future loss of business flowing from increased political pressure on South Africa — particularly in the United States — and the projected further deterioration in the economic and political situation.

Turning point

In conceding that the tide of world opinion against South Africa was a major factor in the decision he cited the override of the U S presidential veto on sanctions as the crucial turning point.

But it was the chairman of Barclays National (S A), Mr Basil Hersov, who made the closest connection between the withdrawal and political pressure when he said: 'The decision in London to withdraw was based on commercial grounds but the development of this situation was brought about by anti-South African political pressure.'

Sir Timothy said that the political pressure on Barclays had been 'noticeable rather than significant' and that losses had not been substantial. But the projections were that Barclays was losing ground rapidly in the student market, a major source of future business, that it was forfeiting large and significant international loans because of Third World pressure and that the point was fast approaching where its expansion plans in the U S and Canada were going to run into anti-apartheid trouble.

It is difficult to overemphasise the psychological impact of the Barclays pull-out on the British business establishment and on the Tory government. The Times had the following to say in an editorial: 'There was always a sense in Johannesburg that British business, because of their great understanding of the country through political and financial ties stretching back to colonial times, would be among the last to quit South Africa.

'That illusion has been shattered, not by a sudden onset of virtue in the City, but because of the international character of banking today. Barclays is deeply involved in the competitive world of American finance where its South African ties have not been helpful.

'... So Barclays, like its American counterparts, has turned an economic necessity into a political virtue,' The Times said.

Sir Timothy found himself increasingly snared in a circular argument when he, at the same time, sought to show that the combined impact of the Barclays move and disinvestment by U S companies must have both a political impact and an adverse economic effect on South Africa, while clinging to the argument that sanctions don't work.

It is only two years since Barclays proclaimed in prominently displayed media advertisements: 'The policy of constructive engagement adopted by Barclays in its South African operations is founded on the belief that economic ties and investment are the only viable instruments of peaceful change in that country.'

'Meaningless'

Barclays' pamphlets until 1985 told students and anti-apartheid protesters that disinvestment 'would be no more than a meaningless token gesture'.

Well, it has taken two years of internal black revolt — and international pressure resulting from that — for Barclays to make that 'meaningless token gesture' with astonishing suddenness and new-found conviction.

It is a potentially disastrous set-back for the emergent 'constructive engagement' philosophy as articulated by the nine-month-old British Industry Committee on South Africa (Bicsa). The whole basis of the Bicsa philosophy has been to counter the sanctions argument by emphasising the contribution that U K-affiliated companies could make to the dismantling of apartheid and the social and economic upliftment of blacks.

It was less than six months ago that Barclays signed a Bicsa statement endorsing this philosophy.

The vast majority of British companies with South African links are counted among Bicsa's 42 members and they represent 80% of Britain's direct investment in South Africa. In recent months Bicsa chairman Sir Leslie Smith has been actively campaigning for a coordinated policy of targeted positive investment by U K companies. The Urban Foundation has been pursuing the same approach.

The recent local initiative by BP for the multiracial redevelopment of District Six and its plan for non-racial schools was the first tangible evidence of this approach catching on.

There have also been intense behind-the-scenes efforts to work in the longer-term towards a Marshall-aid package for South Africa financed by Western multi-nationals. But the Barclays move is a devastating — and in the long term potentially fatal — blow to these initiatives.

Sir Leslie did not attempt to hide Bicsa's disappointment at the Barclays move this week although he added that he could 'understand the economic pressures that led to it'. Bicsa will continue to canvass its view that political reform will best be achieved if foreign investors remain in South Africa and use their influence to help change from within.

But its task will be made very much more difficult by the Barclays decision coming hot on the heels of a stream of withdrawals by major U S companies which now total more than 100. There can be no denying the knock-on effect of withdrawals by major companies such as General Motors, IBM, Coca-Cola, Eastman Kodak and Barclays.

Sir Timothy made it clear that a major factor in the Barclays judgement was the foreign debt crisis and the refusal of major banks to make loans to South Africa until the political impasse has been resolved. Clearly, the collapse of the rand also had a major role in reducing from 10 to 2% Barclays' South African profits as a share of overall profits within a few years.

Barclays clearly sees no likelihood of improvement in that situation in the medium term and has abandoned hope of fundamental reform being implemented soon enough to turn the tide.

It may be that some of Britain's biggest investors in South Africa — like ConsGold, ICI, Blue Cirlce, Pilkington Brothers and BOC — will be able to ride the storm of public opinion and political pressure which is not nearly as intense as it is across the Atlantic in the United States.

But multi-nationals with U S exposure are particularly sensitive to anti-apartheid pressure. So are British companies that are closer to the consumer — and hence to brand boycotts. Further withdrawals are unlikely to materialise in the coming weeks. The logistics of disinvestment often require protracted secret negotiations which — in the case of Barclays — stretched over six months.

DD 29/11/86

UK business hails BP's R10m initiative in SA

(61)

Dispatch Bureau

LONDON — British businessmen have hailed BP's R10 million boost to non-racial education in South Africa and the re-development of District Six as a major breakthrough.

The chairman of the influential British Industry Committee on South Africa (Bicsa), Sir Leslie Smith, said he applauded the initiative.

"The BP initiative is splendid," he said. "This is exactly what we want to see and I hope that other companies will follow BP's example."

The BP move is seen here as one of the boldest moves yet by British-based business, because it puts constructive pressure on the government in areas where it is most open to making further changes.

Bicsa, which represents more than 50 UK companies responsible for 80 per cent of British investment in South Africa, is opposed to sanctions and has been urging its members to step up their investment in black upliftment programmes.

"The best hope for expanding the South African economy is to raise the skill levels of black workers by improving educational standards. This, in turn, will lead to an increase in black purchasing power," Sir Leslie said.

He said that while the BP plan would need the "nod of approval" from the South African Government, he would be very surprised if Pretoria took deliberate steps to stop such an initiative by the private sector, which was in line with many of the State President, Mr P. W. Botha's own statements on reform.

Sir Leslie said he was not aware of any other UK companies operating in South Africa which were contemplating similar initiatives on the "same scale" as BP.

Whitehall sources expressed surprise that BP had gone public "so soon and in such detail" on its plans.

In an editorial opinion, The Times newspaper said the BP proposals "offered the chance to ameliorate South Africa's problems without violence".

"The view of foreign companies as subtle underminers of apartheid is far more in accord with the facts of the South African economy, yet the opposite notion of business as the accomplice of apartheid has dominated the debate on sanctions and prompted the recent rush to disinvest."

FIN MAIL 28/11/86

BUSINESS AND SOCIETY 61

BP's reform fuel

BP appears to be lying low and waiting for the waves to settle following the rumblings last week caused by its plan to spend R100m to break down school and residential apartheid.

A company spokesman in Cape Town says chairman Ian Sims has nothing to add at this stage to the details of the plan spelt out in BP's latest social report. Questions regarding the plan's practical implementation therefore remain. For example, precisely which companies are involved; how firm are the financial pledges; will an endowment fund be created to ensure funding of proposed nonracial schools on a continuing basis and, chiefly, just how amenable is government to this bold scheme?

BP is the largest single British investor in SA. The plan is seen as one of the most ambitious corporate attempts so far to break down apartheid, and is in stark contrast to dozens of foreign companies withdrawing from SA, thereby lessening their contribution to social and political change.

Sims proposes that BP and other unnamed businesses, organisations and institutions raise an initial R100m for a two-pronged project: support for government schools whose controlling bodies want them desegregated, and the rebuilding of Cape Town's former coloured area, District Six, as a nonracial suburb.

According to Sims, BP and other parties to the plan are prepared to set up a non-profit making corporation to redevelop District Six. He sees a revamped District Six as a symbol of hope for all South Africans. Coloured residents were forcibly removed from the area in 1966 and it was destroyed by government.

Most of the land remains undeveloped, which is seen as an indication of Capetonians' revulsion at government's action which, ironically, was spearheaded by P W Botha as Minister of Coloured Affairs.

Assistance to State schools will in effect mean their privatisation and is likely to be far more acceptable to government than a nonracial District Six. The R50m proposed for the project would provide bridging finance for schools that might lose State subsidies if they decided to desegregate.

In Cape Town, alone, at least eight well-known State schools have recently expressed interest in desegregating. Government is believed to be considering the plan and may allow a "local option" on open schools.

Relatively few schools would be affected by a such a move and it is unlikely to have a significant bearing on conservative white voters (whose fears and interests appear to be of prime concern to government as a general election approaches).

But reaction so far to the District Six plan has been generally negative and is unlikely to be approved in the short term — particularly with the shelving of the President's Council report on the Group Areas Act, which would have recommended "local option" desegregation of residential areas.

Ben van der Ross of the Urban Foundation's (UF) Cape Town office says although the UF is not directly involved in the BP plan, it is an important move towards breaking down barriers and could point the way for other businesses and organisations with similar goals.

Open schools would be an important aspect of communication between blacks and whites even though relatively few children would be involved. He warns, however, that District Six is a sensitive issue in Cape Town. There are members of the community who do not want it developed and who believe it should remain as a scar on the city's conscience.

BP will have to involve all sectors of the community if it is to avoid having the plan backfire, says Van der Ross. He doubts, however, that government will be willing to consider the District Six move at this stage. ■

In a recent landmine inci- derground infrastructure based plunge t

'Marshall Plan for SA' says Shell boss

15/12/86.

61 STAR

The Star Bureau

LONDON — The outside world should pour money into South Africa in the manner of the Marshall Plan rather than weakening the country with disinvestment, the chairman of Shell, Mr John Holmes, has said.

His attack on disinvestment on Friday was in sharp contrast to warnings in October by Mr John Wilson, the company's executive chairman in South Africa, that it may be forced to pull out of the country unless President Botha pushed ahead faster with reforms.

Anti-apartheid campaigners have switched their attention to Shell in recent weeks following Barclays Bank's decision to sell its stake.

Mr Wilson's warning that the parent company may have to consider disinvestment if worldwide pressure against Shell's involvement in South Africa adversely affected its profits drew fierce criticism in a letter from President Botha which was leaked. But Mr Wilson's warning appears to sit equally uneasily with the views of Mr Holmes.

At a lunch for financial journalists, Mr Holmes said: "I find the logic of the anti-apartheid movement so wrong. If you really applied the logic you would pour money into the country. I really think disinvestment is the last thing you do."

He said he had suggested the idea of stepping up investment to governments "but they are under their own pressures".

Asked whether Shell itself would supply the investment, he said: "It is difficult to pour money in, given the economic situation. You only invest if there is something to invest in."

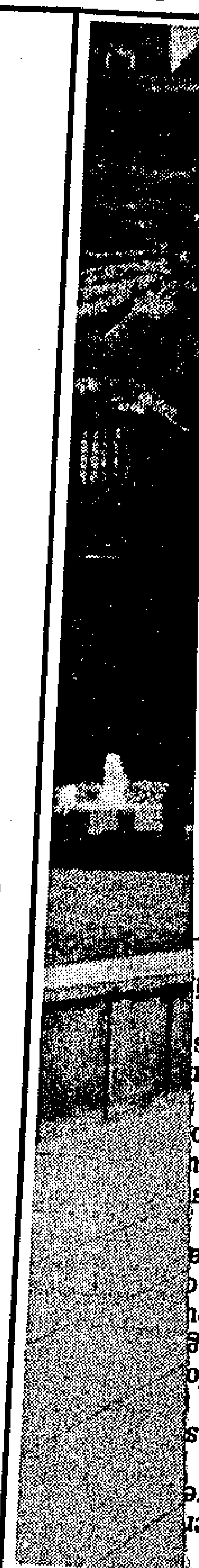
He said he meant a more general scheme, a "Marshall Plan thing". But reforms by the Government would have to be a *quid pro quo* for pouring in the money.

He added: "We are asking for reforms without being able to offer very much ourselves."

The South African authorities were pleased, he believed, because through disinvestment they were getting assets at knock-down prices.

If an oil company disinvested, it would change nothing.

Mr Holmes described the anti-apartheid campaigners' decision to put Shell at the top of their consumer boycott list as "more noise than heat".



A v
out

SA is heading for 'multiracia fascism' — ed

ARGUS 10/4/86

Foreign investment: SA getting too much stick, not enough carrot — BP chief

61

Financial Staff

REFORM is being hampered by economic factors not entirely of South Africa's making and it needs a healthy economy if violence and ultimately revolution or tough oppression are to be avoided, says the chairman of BP Southern Africa, Mr Ian Sims.

"To succeed, the reform process here needs more investment, not less: more freedom of trade and association, not sanctions, not disinvestment and definitely not isolation," he said last night at the SFW Nederburg wine auction dinner.

The turmoil in the country was the product of hope, not despair.

"The ferment of debate in South Africa is the result of changes taking place and the expectation of more to come — and come it will."

South Africa could, with the world's help, provide a model of First and Third World partnership by the year 2000, with a political system balancing the needs of its developing citizens with those of "its First World job creators".

He could foresee the growth of black professional managers and entrepreneurs who would increasingly join their white compatriots in lifestyle and aspirations.

"South Africans need help to speed up change. Indeed, the concern of the world over South Africa is welcome if it is positive and helps move aside the roadblocks thrown up by those at the left and the right, whose objectives do not coincide with the peaceful goals of power-sharing and equity.

"But while it is accepted that the carrot and the stick will be used, many feel that right now there is too much stick and not enough carrot."

Unemployment was a major cause of black unrest and provided fertile soil for demagogues of the left and right who would bring about a less free society.

"Nobody in South Africa, black or white, really wants to exchange one form of oppression for another even worse. The Western world cannot want that to happen either."

Cape Times 10/4/86

61

BP chairman calls for more investment in SA

By AUDREY D'ANGELO

ECONOMIC factors are hampering progress in SA and help is needed from the outside world to meet the high cost of reform, the chairman of British Petroleum SA, I J Sims, said last night.

Sims, a New Zealander who has been in this country for 10 years, pleaded for more overseas investment in SA rather than less.

"Given the world's help, SA in the year 2 000 could provide a model of first and third world partnership," he said.

"This country needs to provide jobs, education and housing for all its people.

"I can see SA evolving a political system suited to its circumstances, balancing the needs of its developing third world citizens with those of its first world creators.

"I can foresee the growth in numbers of black professional managers and entrepreneurs who will increasingly join the ranks of their white compatriots in lifestyle and aspirations."

Sims was speaking to an international audience at the Nederburg wine auction dinner.

Turmoil

He said the move towards change was not a new phenomenon and the current turmoil was caused by hope, not despair.

But "to succeed, the reform process here needs more investment, not less. More freedom of trade and association, not sanctions. Not disinvestment and definitely not isolation.

"The truth is that economic factors are at present hampering progress. Reform needs a healthy economy if violence and ultimately revolution or tough oppression are to be avoided.

"Unemployment is a major cause of black unrest. It also provides fertile soil for demagogues of the left and right who, if they succeed in engineering change of their design, will not provide a freer SA but a less free society."

Sims said that "once the legislated racial discrimination that still exists is done away with, the tremendous human potential that still exists in SA can be unleashed to create jobs.

"For this to succeed, we need international support and a healthy economy.

"Massive sums of money are needed to equalize education, to provide training, to create employment opportunities and housing."

Sims said it was South Africans themselves who had brought apartheid to the world's attention over the years.

"SA's own traditions of a free press and an independent judiciary have prevented the country from becoming a closed society."

The process of change had been "gathering momentum for 10 years at least.

Aspirations

"With it also has come a rising tide of black aspirations, hopes and passions which understandably from time to time boil over.

"Indeed, this is an inevitable part of the process of change.

"Also inevitable is that the pace of change will be too slow for some and too fast for others."

The ferment of debate in SA was the result of changes taking place "and the expectation of more to come — and come it will.

"Yet, ironically, this process is now being hampered by economic factors not entirely of SA's own making.

"South Africans need help to speed up change.

"Indeed, the concern of the world is helpful if it is positive and helps move aside the roadblocks thrown up by those at the left and the right, whose objectives do not coincide with the peaceful goals of power-sharing and equality."

Shell's black education role praised

BUS DAY 29/5/86

RICHARD WALKER

NEW YORK — Shell Oil, target of a black boycott campaign in the US, has been praised by University of Cape Town (UCT) president Dr Stuart Saunders for its contribution to black education in SA.

Shell and other US oil companies deserved high marks for providing scholarships, he said in an interview with the *New York Times* at the end of a six-week US visit in search of more scholarships.

In the past five years, UCT had graduated the first 70 black engineers, all through oil company scholarships. He singled out Shell Oil for a programme to place bright black pupils in private schools.

Shell Oil, a subsidiary of Royal Dutch/Shell, was made the target of a boycott by the National Association for the Advancement of Coloured People ((NAACP), which accused it of fuelling the SA military.

Students then made Shell a particular target for disinvestment.

SOWETAN 17/5/86

Shell's 'positive' role

Staff Reporter 6/18

THE Royal Dutch/Shell group of companies has stated that it is opposed to apartheid, but believes the company's presence in South Africa is a positive influence for a peaceful transition to a society acceptable to all its citizens.

The company has come under fire in the Netherlands because of its extensive business ties in South Africa. Pressure has included sabotage attacks on some of its filling stations in the Netherlands.

According to a press release, the president of the Royal Dutch Petroleum Company, Mr Lo van Wachem, and the chairman of the Shell Transport and Trading Company, Mr Peter Holmes, made a joint statement to the 1986 annual meetings of the parent companies in The Hague and London on Thursday.

They both said: "I believe that Shell South Africa's presence is a positive influence, no matter how modest, provided the aim is to cooperate towards peaceful transition in South Africa to a society acceptable to all the citizens of the country."

BP defends its policy on minimum wages in SA

STAR 61 10/7/86.

The Star Bureau

LONDON — BP, accused of paying its black South African workers less than the minimum European Community agreed scales, has hit back at critics, pointing out that the wages it pays include free housing, food and rural relief.

In a letter to *The Financial Times* yesterday, BP's managing director Mr Patrick Gillam says the company believes the provision of housing, food and other benefits free of charge are legitimately part of a worker's remuneration.

He says: "The supplemented living levels (SLLs) against which pay is measured for the code of conduct return are calculated and published by the University of South Africa.

"These yardsticks specifically allow for variations in the cost of living across the country and are designed to afford a modest standard of living for an employee and his family. They are more than a subsistence wage.'

Mr Gillam says Unisa has confirmed that the SLLs include free housing, food and benefits such as an allowance for families of married workers from rural areas.

13/6/86 : BUS DAY

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BP joins others to give staff a June 16 holiday

Business Day Reporters

BP SOUTHERN AFRICA has joined an increasing number of companies in announcing that it will close on June 16, 10th anniversary of the 1976 Soweto uprising.

BP chairman Ian Simms announced that BP would close its offices, installations and depots. It is understood that employees will not lose their pay on June 16.

Simms said: "In certain areas many of our staff will face problems if they attempt to go to work and I do not wish to risk the safety of human lives, nor penalise people financially if the circumstances are beyond their control."

This did not constitute a permanent departure from present absenteeism policy, he said.

☐ Cashbuild — a building company — will be closing all its branches in SA on Monday in recognition of June 16 as a national holiday. Black and white staff at the various branches have been informed that Monday will be regarded as a paid holiday. Cashbuild branches in Bophuthatswana and Botswana will remain open.

☐ Sandton Town Council offices will be closed on June 16 as a day marked for sober reflection and prayer to symbolise the turmoil in the country, council chairman Ricky Valente said yesterday.

"We believe that this date is a day which should be seen by all South Africans as a day of reconciliation, sober reflection and prayer for all, irrespective of race, colour, creed or religion," Valente said.

However, all essential services will be maintained on the day.

☐ Institute for Industrial Relations director Mark Anstey has appealed to all employers to respond to workers' actions over the next weeks with as much understanding and restraint as possible.

"Employer responses are an important statement to workers in our extraordinarily stressful and transitional society," he said.

"Events over the next week have every chance of polarising us further. All of us — authorities, employers, workers and communities assume responsibility to see our actions do not detroy any small hope that may remain for a non-violent, negotiated-change process," Anstey said.

☐ Millews Fashions, which is based in Johannesburg and Randburg, has said its 53 staff members will have June 16 as a paid holiday this year and next. It also grants May 1 as a paid holiday.

CAPE TIMES 7/11/86 61

Opinion

Business no cohort of government

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

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

Politics began to hurt business and to adversely affect the return on investments. The business sector tried to reason with government, but in 1976 was told in no uncertain terms by the then Prime Minister, B J Vorster, at a conference in Port Elizabeth, to "stop meddling" and to return to the business which concerned them.

Exactly 10 years later, the Federated Chamber of Industries (FCI) was accused of being un-South African and ridiculous by the State President as it tried earnestly to sound warning bells of the effects of a breakdown in communication between black and white as a result of the state of emergency regulations declared on June 12.

The private sector, in spite of its "ticking off" by Mr Vorster, felt a need to do something positive. This led to the launch of the Urban Foundation.

The introduction of the Sullivan Principles and EEC Code of Conduct in 1977 also led business to accept that politics, business and labour have necessary complementary roles.

Business recognizes that a sound economy presupposes a stable political system. Its attempts to reason with government are founded on this belief.

There was a period when businessmen thought they had broken through the communication barrier and the age of close consultation had arrived.

Government seemed ready to talk and listen to the private sector through the Carlton and Good Hope Conferences, held in 1979 and 1980 respectively.

What we rather naive businessmen failed to realize was that we were, in fact, being "set up"; that those conferences were nothing more than a forum for the propagation of government policies.

What government was trying hard to achieve, and indeed for a while did, was the creation of the impression that business and government were one.

When one looks at the results of exercises such as Project Free Enterprise, it is clear that it almost succeeded — business and government were firmly entrenched in the minds of many South Africans as one and the same thing.

It did not take businessmen long to realize that the honeymoon was over.

The country's economy worsened steadily, the promised "reforms" remained promises and the disastrous tricameral parliament simply entrenched apartheid in a new guise . . .

Also, political events were impacting on an already weakened economy, affecting business's returns. The pace of change was snail-like; things were not happening fast enough to satisfy the demands of South African blacks, backed by growing international support through calls for disinvestment and boycotts.

Business realized it had to make it quite clear that the cosy chats of the past had not made it a cohort of government.

Dialogue between government and the private sector relating to business issues and the economy has always taken place. In recent years, however, there has been a shift and socio-political issues are now key agenda items.

Those who say that this is a new development are obviously unaware of the many intense sessions that have taken place behind closed doors.

The strategy was to give minimum publicity to these meetings. It was sincerely believed that business could advance its cause far more successfully if it could speak freely and openly with government out of the spotlight of the media.

When resulting action from these meetings was not forthcoming, however, businessmen began to doubt the strategy.

BUSINESS realized, too, that it had to make it quite clear that the cosy chats of the past had not made it a cohort of government: that there were disagreements as to the road which government chose to tread, and that they did not wish to be identified with the hollow promises of change.

It became urgent that business should act. It was almost too late; already, in the minds of the majority of South Africans, business and capitalism had become synonymous with the apartheid system.

The internal and external pressures I have talked of certainly spurred business into political action, but I like to think it was the true corporate citizen within us that was the real catalyst.

A great number of people, both staff and outsiders, have asked me why Shell has been singled out for international boycott action. Other companies have their problems, but these are mainly localized.

Mobil, for example, has pressures from the US, Barclays from Britain. But Shell is faced with an onslaught from no fewer than nine different countries, and the number is growing. Shell is the only company having to handle an international campaign against it.

Remember Shell is big. For the last three years, it has topped the Fortune 500 list of the world's largest companies. And big is seen by many as synonymous with bad. Shell has British and Dutch parent companies and its US operating company, now a wholly owned subsidairy, accounts for 30 percent of the group's profit world-wide.

One couldn't choose a better or bigger target and the bigger your target, the more impact and publicity your campaign is likely to achieve.

In the US there was the added factor of a 20-month-old strike at a coal mine in which Shell Oil has an interest.

The Rietspruit strike, which has featured most prominently in the anti-Shell campaign, was therefore timed, fortuitously for some but unfortunately for us to coincide with the attack on Shell Oil by the United Mineworkers' Union in the States.

THIS was another barb to add to the anti-South African lash; not only was Shell union-bashing in America, but it was doing the same thing in South Africa, where it was accused of using slave labour to boot! And it was this slave labour which was furthermore depriving good, solid American citizens of their jobs on the coal mines of the US.

There has also been particular anti-apartheid and anti-Shell activity in the Netherlands.

This is understandable; not only is it the home of one of the shareholders, but the Dutch are burdened with tremendous guilt for their own part in creating the repressive system in South Africa. They seek atonement.

Indeed, the Dutch and the English share a common concern in South Africa, where their historical role in contributing towards the present system is an added dimension.

Shell's position is not comfortable.

The other countries from which we face boycott action are Sweden, Norway, Denmark, the United Kingdom, Australia, New Zealand and Canada, while France and Italy are ambivalent in their attitude towards trade with South Africa.

Why is Shell taking a high-profile political stance? The answer can be summed up in one word: "survival".

If you, as employees, are looking to me for comfort and reassurance, I can't give it to you. I wish I could.

The situation is not comfortable; Shell's position is not comfortable. The threat of disinvestment is real. It is important that everyone accepts that. It is important that every member of staff realizes that the survival of this company depends to some extent on their own commitment to the company's stance.

As you are all aware, in the "Chairman's Review" of the 1985 Business Report, I nailed Shell's political colours to the mast.

I stated that this company condemned apartheid and would do all in its power to eradicate this unjust system. The first half of 1986 has seen Shell unequivocally choose its direction at the crossroads; Shell has started down the road towards a new South Africa and there is no turning back.

We appreciate that the path we have chosen may not be easy or without criticism from some of our employees, suppliers and customers. But we will face what lies ahead in the interests of building a stable and prosperous country.

Business and the economy will have to change.

Clearly, the entire political framework will have to change. I would not deign to suggest just how: that would be just another unilateral imposition of a solution — the solutions must come from around the negotiating table, which must include participants of all shades of opinion.

Preconditions to setting up that negotiating table must be insistence on the unbanning of political organizations, the release of all political prisoners and the reprieve of all South Africans living in political exile as international refugees.

Business and the economy will have to change. The free enterprise system, for example, is espoused by some and rejected by others. In post-apartheid South Africa, the negotiated compromise between free enterprise and socialism could well lie in the greater involvement of capitalism and labour in industrial planning, strategy formulation and direction, and the allocation and use of resources for a more equitable distribution of wealth.

BUSINESSMEN will have to change. Companies will have to become far more active in accelerating black advancement in an industrial society, advancement based on merit and not tokenism.

The argument that blacks are not competent to govern is irrelevant when these very people have been denied the opportunity and educational foundations which will render them competent to take their rightful place as equal citizens in South African society.

We will have to learn, perhaps through sacrifice, to live in an equal, fair and just society under agreed laws.

We are totally committed to the concept of freedom for all in an equal society . . .

BUS DAY 26/5/86

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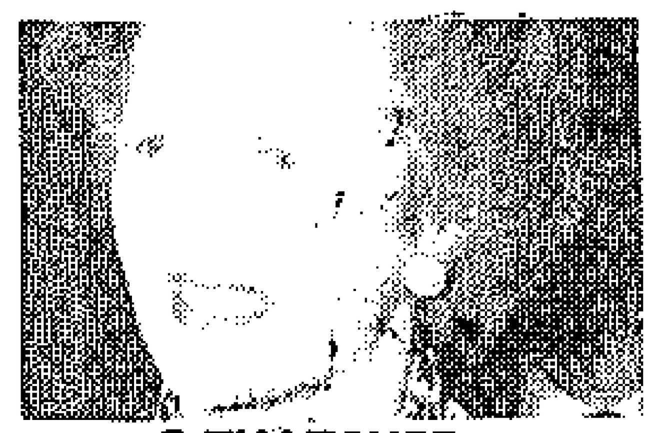
NEWS FOCUS

Tough UK line on SA if Labour wins



● THATCHER

MARGARET SMITH

LONDON — As the calls for mandatory and comprehensive sanctions against SA become more vociferous, the one person who speaks out most strongly against them is British Prime Minister Margaret Thatcher.

She stressed her stand again last week — despite the repeated calls from Labour's Neil Kinnock in the House of Commons — for government to unbend on this issue.

● KINNOCK

It is certain that for as long as she can possibly maintain this position, Thatcher will do so.

But how would the scenario change if Labour were to win the next election?

This question is not just a hypothetical exercise now, since the recent by-elections and local elections in which the Tories suffered disastrous setbacks, losing to Labour 700 municipal seats in 200 borough elections.

A Labour government's attitude to sanctions would differ greatly to that of the Tory government. In fact, Labour has made it quite clear that sanctions against SA would be a major plank in the Labour manifesto.

It is an issue shared by the extreme left of the party and the moderate right. It is a uniting issue, and would be sought as avidly by the more moderate Kinnock as by any of the more radical of his lieutenants.

Labour has certain policy objectives regarding SA which, unless completely overtaken by extraordinary events, would be the guidelines within which they would operate.

To gain insight into Labour's perspective on SA, I spoke to Donald Anderson, MP, Labour's front-bench spokesman on foreign affairs.

What emerges is a possible Labour government that would go further than supporting sanctions and would, in fact, take a leading role in initiating the demand in both the Economic Community (EC) and at the United Nations.

What also emerged was the strength of Labour's commitment to aid, "both morally and practically", the so-called "liberation movements" of SA and Namibia.

Anderson said it would be impractical for Labour, however, to have a policy towards SA which was so rigid that it could not adapt to the actual circumstances they would face when they came to power.

"We over-use the phrase 'last chance' in respect of SA. But those who are in the middle of the current violent evolution still see hope, however slim, of arriving at a relatively peaceful democratic SA with minimum bloodshed."

He said many saw the SA response to the Eminent Persons Group as the last chance to avoid a tragedy for the whole country.

The longer key decisions were delayed, the more certain would be a future "which no sane person would welcome".

That meant that, as American Secretary of State George Shultz said last October, unless the SA government accommodated itself to its majority, there would inevitably be a violent outcome, Donald Anderson said.

"Without giant steps to that accommodation — which Labour believes must have as its initial step the release of Nelson Mandela and the unbanning of the African National Congress (ANC) — the worst scenario must surely result.

"This would also involve steps on the part of the ANC. It is in no-one's interests that the internationally mobile members of the business, industrial and commercial community in SA feel, because of lack of confidence in their future, that they must leave.

"There must be reassurances to ensure that the economy, under the eventual black majority, is able to harness the skills within the country," Anderson said."

"We are pledged to isolate SA internationally and promote effective action to hasten fundamental political change.

"We are pledged to give financial and material assistance to the ANC, the Pan-Africanist Congress (PAC) and Swapo."

Anderson said the Labour Party had a particularly warm relationship with the ANC, but this did not exclude the PAC, which was recognised by the Organisation of African Unity.

He said a Labour government would make the embargo on arms and military material complete, working to end economic and military collaboration between the two countries.

"We will support the enforcement of UN economic sanctions with the objective, at all times, being to bring effective pressure for change."

SA would not be able to rely on a British government to act as a brake on pressure within the EC and Commonwealth, as now.

By contrast, Kinnock's government would be in the vanguard of those in the EC and the Commonwealth working for effective measures against SA.

Of course, it must be borne in mind that the Labour Party's programme comes from a part which now is in opposition and does not have to implement its manifesto.

Business Day

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29/5/86 BUS DAY 210 61 280

Lonrho denies rumours of R850m Anglo offer

LONDON — Lonrho, the international trading group, yesterday denied that it was considering an R850m (£250m) offer for its SA interests from the Anglo American Corporation.

Reacting to Press reports yesterday, Lonrho director Paul Spicer said:

"It's completely untrue. We deny the reports — there is not a shred of truth in them. There has been no offer."

He was reacting to reports that Lonrho was considering a £250m offer from Anglo which would have marked the biggest disinvestment by a foreign company in SA.

JOHN BATTERSBY

Charter Consolidated, Anglo American's operation in Britain, said the reports were "purely speculative".

"They are nothing more than rumours," a Charter spokesman said.

But the stock market was abuzz with speculation that a deal could still go ahead.

News of the alleged negotiations leaked out from a lunch which stockbrokers Simon and Coates are reported to have had with Lonrho directors Paul Spicer and Robin Whitten on Tuesday.

Spicer would not comment on whether the lunch took place.

Simon and Coates analyst Mike Smith was reported as saying:

"Lonrho told us they were looking at the offer, although they thought it was on the low side.

"But if they are prepared to consider it, it would indicate they are prepared to be sellers," he said.

"The deal would make sense for Anglo American because they are already based in SA," Smith said.

Another leading broker said:

"A deal would let Lonrho off the hook internationally.

"With particularly heavy involvement in the Southern African Frontline states, Lonrho's SA involvement is very embarrassing," he said.

"From Anglo's point of view it would also make sense.

"It would rationalise Anglo's mining interests in gold, platinum and coal and broaden its international penetration in the commodity markets," he said.

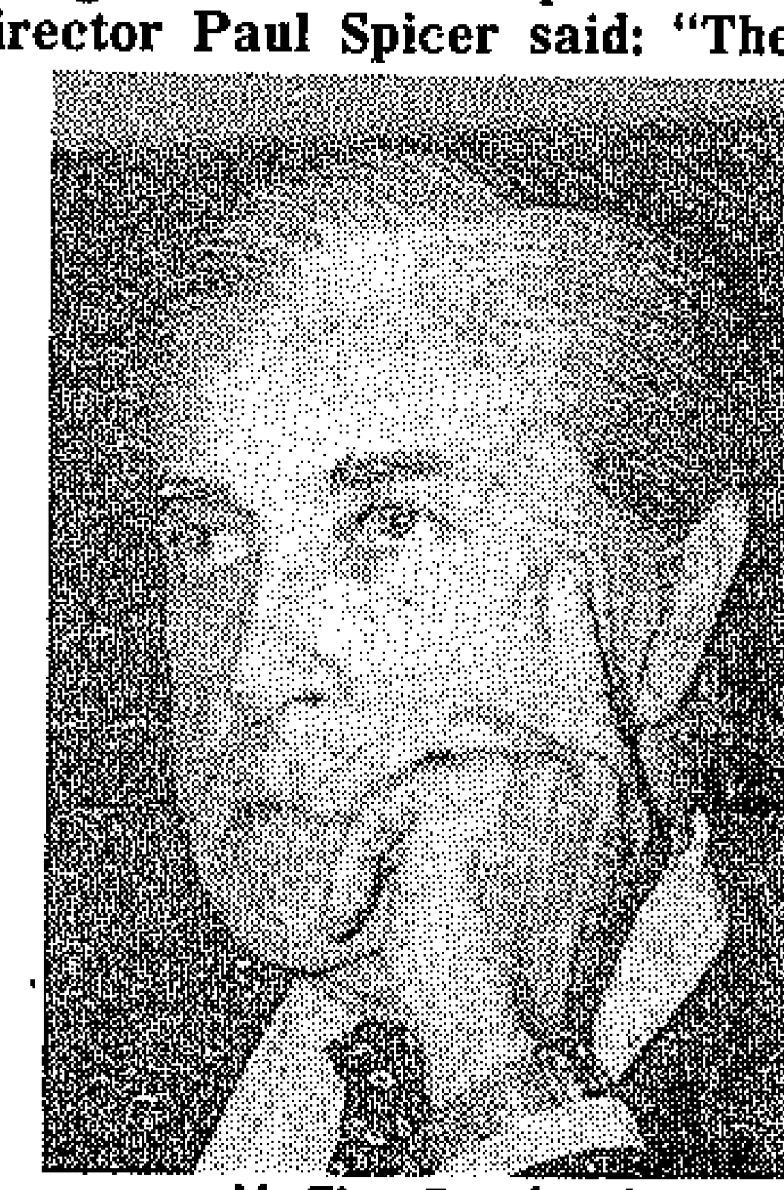
Lonrho again denies SA interests sell-out

STAR.

STAR 29/5/86 By Neil Behrmann (61)

LONDON — Lonrho Plc, the UK conglomerate ~~strongly denies~~ that it intends selling its South African interests.

Of reports in *The Times*, London, and *Evening Standard* that Lonrho was in discussions with Anglo American Corporation to sell its South African assets, director Paul Spicer said: "They are rumours on rumours. It was a rumour a year ago and once again we strongly deny the story."



Mr Tiny Rowland
. . . rumours denied

Lonrho is a London-based international trading group with 800 companies in over 80 countries. It has wide interests in mining, agriculture, industry, finance and general trading.

Most of Lonrho's mining and agricultural activities are in Southern Africa (South Africa, Zimbabwe, Swaziland, Malawi and Zambia). Southern Africa accounts for 8 percent of the company's £ 2,6 billion turnover and 17 percent of its £ 158,3 million pre-tax profits in the year ended September 1985.

Biggest southern Africa earner is Transvaal mine Western Platinum in which Lonrho has a 50,4 percent beneficial interest. It also has 66 percent in Duiker Exploration, a shareholder in Eastern Gold Holdings. Duiker has anthracite, coal and gold mines.

On the rumours Lonrho's shares rose 3 pence to 253 pence (1400 cents), against its peak of 273 pence. If the SA stakes are sold, Lonrho will lose heavily from the collapse in the financial rand (18p for R1, a discount of 37 percent to the commercial rand).

Mr Spicer said that a US fund, Mutual Share Corporation, had built up a 5,98 percent stake in the company. But he refused to confirm chief executive Tiny Rowland's remarks after the annual general meeting last month that several US parties had bought about 20 percent. Shareholders were left out in the cold because the statement of share ownership was not made at the meeting but at a separate media briefing.

NEWS FOCUS

(61) BUS DAY 2/6/86

UK still biggest investor in SA

DIANNA GAMES

THE UK still remains the single largest foreign investor in SA, and its investments here, both direct and indirect, account for about 8% of British global investment.

This is according to a representative of the British Consulate General's office in Johannesburg, who says SA is also one of Britsin's top 10 investment markets.

The cost of sanctions to Britain would be considerable and calls for sanctions, given momentum with SA's three-pronged attack on Frontline states, have reached a new peak with the threatened walkout of Commonwealth members from the organisation.

The UK has once again vetoed a United Nations Security Council resolution to impose mandatory sanctions against SA.

The book value of Britain's trade with SA is between £5bn and £6bn, while the market value is £11bn to £12bn.

And the UK earns an invisible £1,5bn annually from its investments in SA, the representative says.

"Almost every major company in Britain is represented in SA either directly or through subsidiaries," he says.

Several British-based companies have said they see the likelihood of a stern measure like a total trade embargo as unlikely and a number of those approached have not made contingency plans for such an event.

The effect of limited sanctions could only be speculative as their effect would be determined on what form they would take.

Boots SA, a wholly-owned subsidiary, said it had made no provision for sanctions being imposed, but a company spokesman said the operation would virtually cease to exist if they were.

He said their entire "active ingredients" supply for pharmaceuticals came from abroad, but it was hoped there would be some dispensation for pharmaceutical companies.

A Unilever spokesman said the effect of even limited sanctions on the company would depend on how stringent they were and, if effective, "we would find ourselves in difficulty with certain raw materials".

Wiggins Teape MD Derek Smith, also a wholly-owned subsidiary, said they had made contingency plans for the event of sanctions.

A spokesman for Collins Vaal, a subsidiary of Collins Publishers (UK) said the company could not countenance any kind of embargo on the "free flow of the printed word".

GIC parent B Elliot may cash in on sale

BRIAN ZLOTNICK

FOR some time now Goldfields Industrial Corporation (GIC) has been the subject of take-over talk that its UK parent is to disinvest.

However, the sale by GIC of its loss-making tool and engineering division for R4m cash, may in fact signal that, if anything, parent B Elliott is set to hold on to its 62% stake and cream off sharply higher dividend receipts.

GIC now finds itself awash with surplus cash and its earnings a share materially boosted by the disposal.

Earnings in the 1986 financial year to March would have been 45c a share compared with the reported 4c if the transaction had been effective for the full year and the cash proceeds reinvested in the money market.

GIC will now concentrate on its core activity — steel processing — and financial director Andrew Crawley says that the group "has nothing left to sell".

He admits that some of the proceeds will be used to upgrade plant and that it is on the acquisition trail.

However, with earnings now set to bound ahead and the group flush with cash, dividends this year of a minimum of about 25c a share are probably on the cards.

The UK parent now may well be content with returns of that order, considering that its subsidiary's three-year dividend drought was only recently broken with the declaration of a 3c a share dividend for the 1986 year.

While the share has almost doubled from mid-April's 145c to yesterday's 260c — mostly on speculative (knowledgeable?) buying — at this price it could provide a high prospective dividend yield of about 9%.

11/6/86 BUS DAY (61)

Hill Samuel denies sale rumours

LESLEY LAMBERT

HILL Samuel SA MD Hamish Donaldson has denied rumours that the merchant bank is up for sale and that its UK parent plans to reduce local market activity.

Donaldson's comment follows rumours, fuelled by an article in a recent edition of the international finance weekly, *Euromarket*, which said Hill Samuel was considering reducing its SA operations and was "more-or-less up for sale".

The publication quoted Dick Lloyd, London-based CE of Hill Samuel & Company and chairman of the Hill Samuel Group (SA), as saying the bank had no intention of withdrawing from SA. "We are looking at whether we can expand the bank as the SA economy comes out of the recession."

Donaldson did not cancel out the possibility the UK parent would consider selling part of its 71,5% interest in Hill Samuel SA if the offer was good enough.

However, while most other banks have battled through the past financial year, Hill Samuel has made a strong recovery to boost earnings-a-share from 7,1c to 21,1c in the year to March.

To expand in certain areas the local bank, which is listed on the Johannesburg Stock Exchange would have to boost its capital base.

Noting that Barclays Bank and Standard Chartered Bank had both reduced their presence in SA by not subscribing to local rights issues, Lloyd told *Euromarket*: "We are at the thinking stage, considering various options. We have taken absolutely no decisions."

While Hill Samuel holds 71,5% of the SA offshoot, the remaining 28,5% is in the hands of local minority shareholders.

Shares in SA-linked companies fall sharply in London

61

13/6/86

By Neil Behrmann

LONDON — Shares of UK companies with major interests in South Africa fell sharply on news of the state of emergency.

Those to tumble included Pilkington, Lonrho, Consolidated Gold Fields, Charter, Blue Circle and Standard & Chartered Bank.

Meanwhile mining shares quoted in London closed lower in reaction to the declaration of the state of emergency in South Africa but selling interest was moderate, dealers said.

Amgold was 200c down at \$58,50 and Randfontein at \$60,50 was also 200c down while cheaper issues had Vlakfontein 5c off at 90 and East Daggas weakened 15c at 255.

De Beers shed 5c at 615 and Anamint gave up 450p at £38,50. Platinums were mixed with Rustenburg up 10c at 778 after 763.

The market feared the possibility of UK sanctions following intensive pressure by Commonwealth nations.

The financial rand slumped to just under 20 US cents before recovering to 21,5c in London.

In sterling, the worth of South African divisions in British companies' balance sheets are only 14p for each rand worth of assets.

Two years ago each rand of South African assets was worth 59p.

If British companies decide to repatriate their assets at current rates, losses will be substantial.

At the current financial rand rate a rand millionaire's assets are now worth only £140 000 which would buy a small detached house in the less salubrious areas of London, or perhaps a two to three bedroomed flat in Chelsea.

Most market makers believe that the financial rand rate could fall further, but with the above values in mind it appears that the rand is singularly cheap, say some analysts.

"If you talk about South Africa Limited, do you write off the whole country at 20 US cents for a rand?," says Mike Gordon, South African specialist at stockbrokers James Capel.

Commonwealth unity likely to be shattered

15/6/86 S. TIMES

By EVELYN HOLTZHAUSEN: London

IRON LADY Margaret Thatcher has set the scene for a dramatic showdown at home and abroad over sanctions.

First, she faces the House of Commons on Tuesday in a stormy debate on her Conservative Government's policy on South Africa.

But the real battle is expected in August, when she will stand alone against the Commonwealth in her resolute opposition to an all-out economic blockade.

If she remains unbending — and she made it clear in a TV interview on Friday night that she was sticking to her guns — it could shatter Commonwealth unity.

Even that, she indicated, was a risk she was prepared to take.

Uncompromising

The British Prime Minister also made it clear that in return, she expected the South African Government to forge ahead with dismantling apartheid.

Mrs Thatcher is backed in her uncompromising anti-sanctions stand by her biggest foreign ally, President Ronald Reagan. In a major speech, he too bucked calls for tougher economic action against South Africa.

Mrs Thatcher said on Friday night that she was to embark on an urgent series of "extensive" consultations with leading Western Governments to work out the most effective way of bringing a "non-racial, one man, one vote" democracy to power in South Africa.

Rejecting the Eminent Persons Group's call for full-scale embargoes, she said that whatever happened in South Africa it was "essential that the economy survive intact".

The British Prime Minister's attitude may split the Commonwealth and anger the Queen who, as head of the Commonwealth, is reported to be concerned that the Commonwealth remains intact.

Asked directly if her attitude towards sanctions might cause a Commonwealth split, Mrs Thatcher said: "If I was the odd one out and I was right, that would not matter — would it?"

This remark caused a gasp in Westminister and an immediate explanation was rushed out almost before Mrs Thatcher's interview was finished.

Officials pointed out that there was no question of her meaning that she was prepared to precipitate the break-up of the Commonwealth, whose heads of Government are pushing for total sanctions.

She was making the point, said Government officials, that if you believe you are right you do not simply drop your case because others hold a different view.

Asked in the interview to comment on the Queen's attitude, Mrs Thatcher curtly replied that she did not discuss matters affecting the Queen except with the Queen.

Margaret Thatcher — sticking to her guns and fighting against SA sanctions, but D-Day looms in her war against the Labour Party and Commonwealth

She said those who advocated sanctions, including Bishop Desmond Tutu, the heads of the Frontline States and others, had no proof that they would be effective in bringing about their main objective — peaceful change.

"Sanctions may make things worse," she said, citing predicted black hunger as yet another factor which would have to be dealt with if sanctions caused the collapse of the economy.

She also said sanctions would harm many countries in Africa and hit 120 000 jobs in Britain which is facing its highest unemployment ever.

She said for sanctions to be effective they would have to be imposed by the "entire world", or countries not part of the blockade would take advantage of the situation for their own benefit.

She pointed out that South Africa and the Soviet Union were the only countries which supplied the world with platinum and there were considerations regarding the world economy which would have to be taken into account if sanctions were applied.

But Mrs Thatcher did not rule out that "tough measures" would have to be taken to bring pressure to bear on the South African Government to negotiate.

"There have been changes in South Africa," she said, "but not anything like enough.

"I do want effective measures, I do want to bring about an end to aparthied, I do think it is urgent and I will do everything possible," she said.

Mrs Thatcher said she would study the EPG report and embark on "extensive consultations" with Western Governments including the USA, Germany, Japan the Commonwealth countries and the EEC before deciding on what measures to adopt.

She said there was a moral argument for sanctions but there was also a moral argument against sanctions. Merely "hitting out" at the South African Government would not help South Africa.

Objectives

"One knows the arguments for and against and careful consideration will have to be given to the question before any decisions are made," she said.

She said no one should lose sight of the main objective which was to bring about peaceful change in South Africa and ensure the economy remained intact.

In six weeks, Mrs Thatcher will face the Commonwealth at a mini-summit which will be dominated by the sanctions proposals of the EPG.

It won't just be the Afro-Asian block that Mrs Thatcher has to handle. Britain's traditional allies in two World Wars — Canada, Australia, and New Zealand — have come out in favour of sanctions against South Africa.

The prospect of a major split with these nations will stir strong British emotions.

But first, Mrs Thatcher has to defend her stand in Tuesday's Commons debate, called by the Labour Party to discuss the EPG report.

Adding to her problems, there are reports that some Tory MPs have swung in favour of sanctions.

A snap poll on Thursday, only hours after the EPG report had been published, showed a significant body of Conservative MPs were now in favour of sanctions.

Former Tory Chancellor of the Exchequor, Lord Barber — who was Mrs Thatcher's nominee member of the EPG and who has opposed sanctions in the past — has now acknowleged that economic pressure was desirable to force the South African Government to follow a stepped-up programme of dialogue and reform.

Lord Barber is also the chairman of Standard Chartered Bank, which has a major interest in the Standard Bank (SA), and chairman of the board of directors of the Urban Foundation in Britain. The Labour Party's shadow Foreign Secretary, Mr Dennis Healey, said this week it was clear the EPG was calling on the Commonwealth to impose sanctions.

The risk of delaying a decision on the issue, "to save face for Mrs Thatcher", would lead to growing international "fury" at the British Government's failure to act, he said.

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15/6/87 S.TMS

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UK firms form united front against sanctions

STAR (6) 17/6/86.

Financial Staff

The more-than-50 UK companies constituting the British Industry Committee on South Africa (Bicsa) are forming a united front against sanctions.

The 50 are producing a pamphlet setting out their opposition to sanctions which, says Bicsa chairman Sir Leslie Smith, would be "quite ineffective".

"We believe there is a more positive part to play, which is essentially to say: 'South Africa has one hell of a problem. What can we do to help?' "

Bankers in London say that, while the interim debt rescheduling agreement is working satisfactorily, the state of emergency may prove a setback.

An imposition of economic sanctions might cause the foreign trade position to deteriorate further, leading to an interruption of interest payments.

The bankers' main anxiety is, however, political.

Though unwilling to define what steps South Africa needs to take to restore its international creditworthiness, they say reforms must be enough to satisfy public opinion in the west and lift pressure from lobby groups on bank creditors, particularly in the United States.

Considerable dissension and apprehension reigns in the European Economic Community about the emotive issue of sanctions against South Africa.

At this stage there is no agreement on what measures EEC nations should take. A key decision is expected next week.

A London broker said "private sector sanctions" already in force, had not prevented the state of emergency, nor had they brought the Government to the negotiating table.

Britain, singled out as an opponent of sanctions, had backing from Germans and Belgium at the EEC meeting.

● See Page 15

CAPE TIMES 18/6/86

61

Investment: 'Church cannot withdraw'

Own Correspondent

LONDON. — The Church Commissioners, supervisors of the Church of England's money, say they cannot withdraw investment from some 65 companies dealing with South Africa as this would damage the clergy's interests.

The commissioners, under General Synod pressure since 1982 to disengage from companies with South African links, admitted that the proportion of shares had hardly changed. The commissioners' shares in a firm are usually no more than one or two percent.

Sir Douglas Lovelock, First Church Estates Commissioner, launching the commissioners' annual report on Monday, said: "Some of our critics would want us to sell everything, but that would have incalculable consequences for our beneficiaries and would go directly against the law."

The 65 companies are half the firms in which the commissioners hold shares, representing about two-thirds of the equity portfolio by value. Among the companies involved are such household names as ICI, GEC, Beecham, British Oxygen, Shell and British Petroleum.

In a statement agreed on by the Church Commissioners, including the Archbishop of Canterbury, the commissioners said: "To exclude such a wide range of leading British companies would seriously damage the long-term interests of our beneficiaries."

While it was policy never to invest directly in South Africa, no institution with a large investment portfolio could avoid indirect involvement.

The General Synod will debate the church's involvement in South Africa in York next month.

British investors warn SA

CAPE TIMES 21/6/86 61

Own Correspondent

LONDON. — Twenty British companies with South African interests have warned that new investment would dry up unless there was "solid evidence" of fundamental political reform.

But they have ruled out punitive economic sanctions and disinvestment on the grounds that they would retard the process of change in the country.

The statement is seen here as the first indication of the measures the British Prime Minister, Mrs Margaret Thatcher, is prepared to adopt to defuse mounting pressure for economic sanctions.

In a statement the 20 signatories — including Rio Tinto Zinc, Shell, Unilever, ICI, Consolidated Goldfields and BP — sided with recent calls by South African businessmen for the abolition of apartheid.

The statement was released by the British Industry Committee on South Africa (Bicsa).

BUS DAY 25/6/86

INDUSTRY 61

Hi-tech bureau to set up shop

MICK COLLINS

● WATERMAN

A PROJECT with far-reaching implications for industry has been launched by the National Productivity Institute (NPI).

Pioneered in SA by NPI's Anthony Stocking, the concept of determining technological strengths and weaknesses within a company is being launched with the UK-based firm, Quo-Tec.

Quo-Tec MD Norman Waterman, who has visited SA seven times in the past 18 months, says there is a definite need for "a technological marriage bureau".

Waterman says: "The concept is simple in that it brings together a company with a technological problem with people who can take an overview of the situation and advise accordingly.

"We will provide a technological auditing service with aspects such as an expertise register.

"This register will comprise more than 5 000 names of individuals worldwide with the necessary expertise to help in any given situation."

He says the main breakdown point of any technological sortie is understanding the problems.

Waterman says: "From there it is but a short step to come to the realisation that high technology is transferable across a broad spectrum of industry.

"If expertise needs to be imported then so be it, but invariably we find that all the help needed is close at hand in institutes such as the CSIR."

This expertise can then be interfaced with research into what that particular industry needs.

Waterman says: "Companies must also know how they are placed in comparison with their competition and this is where we can draw up guidelines for their technological and planning needs."

While financial audits of a company look backwards at past performance, technological audits look forward.

Waterman says: "We look at technological advances that are vital to business and at which technologies we can afford to import."

200 non-taxpayers

Lloyds makes final offer for Stancha

Last-ditch bid to sway investors

30/6/86 BUS DAY (61)

LONDON — The directors of Standard Chartered will be mounting an all-out campaign in the next 11 days in a last-ditch attempt to persuade its investors not to accept Lloyds' final bid, made on Friday.

But the Standard big guns — headed by Lord Barber, chairman, and MD Michael McWilliam — appear to be facing an uphill task as London views the increased £1,3bn-offer as a winner.

One thing that could help would be Lloyds running into a problem with US regulatory authorities.

Thursday is a crucial day in the battle. The US Federal Reserve is investigating the bid because Standard owns Union Bank in California.

If the Fed has not given its verdict by then, Lloyds will find it impossible to complete the acquisition by August 2, the final time limit under the take-over code.

Own Correspondent

This is because the bid has to be subjected to a US Department of Justice investigation, which will take a mandatory 30 days.

Lloyds Bank CE Brian Pitman remains confident the problem will be overcome.

The profit forecast produced by Lloyds on Friday made UK banking history. It is the first time a clearing bank has given precise indications of its earnings expectations.

The document forecast that in the first six months of this year, pre-tax profits would be £333m, up 26% from £264m in the same period last year. Taxed profits would be £213m, up 51%.

Some forecasters say that, despite a £150m write-off of Standard's SA assets, Lloyds might be able to improve joint profits by £100m within two years.

RSPCA rejects anti-SA calls

BUS DAY 30/6/86 (61)

Own Correspondent

LONDON — The Royal Society for the Prevention of Cruelty to Animals has rejected demands — amid heated scenes — from members to dispose of millions of pounds' worth of investments in SA.

The RSPCA holds more than £14m worth of stocks and shares in its investment portfolio. Objectors at the annual meeting claimed that more than half were linked with SA interests, wanting them sold on moral grounds.

The 67 companies in the RSPCA's portfolio include Consolidated Gold Fields and Rio Tinto Zinc.

This investment portfolio raised nearly £1m in income last year and has helped the RSPCA recover from serious financial problems in 1980-81.

Income rose by 30% to a record £12,3m last year.

The RSPCA treated 192 573 animals last year and found new homes for 108 000. It also destroyed 137 632 sick, injured and homeless animals — a drop of nearly 4 000 on 1984.

1/7/86. BUS DAY.

BUS DAY. 1/7/86. (61)

A little sweetness expected

Investment staff

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

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

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

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

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

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

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

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

Dunair goes for R2,5m

Investment staff

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

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

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

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

SA-linked UK firms rejoice at EC delay

Own Correspondent

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

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

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

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

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

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

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

These companies have been cutting down their relative exposure where possible — and remitting as much as they can to the UK.

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

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

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

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

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

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

Airline merger approved

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

Yoder, a department administrative law judge, rejected the Justice Department's contention that the Northwest plan to acquire Republic would reduce airline competition and lead to higher fares in the markets served by the carriers.

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

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

Argus, 7/07/86

'Howe visit definite, only date to be set'

By DAVID BRAUN, Political Staff

THE visit to South Africa by British Foreign Secretary Sir Geoffrey Howe is definitely on, but the two governments are still negotiating on a suitable date, a spokesman for the Department of Foreign Affairs in Pretoria said today.

A spokesman for the British Embassy in Pretoria said earlier the matter was "still up in the air" but that an official announcement could be expected later today.

The Foreign Affairs spokesman said South Africa and Britain were still negotiating on a "mutually agreeable and suitable date" for Sir Geoffrey's visit.

"It's only a question of setting a date," the spokesman said.

Informed sources today dismissed as wild speculation reports that Pretoria had snubbed Sir Geoffrey.

Sir Geoffrey, as president of the European Community, proposes to visit South Africa on a last-ditch mission to promote dialogue and dismantle apartheid before further sanctions are imposed.

A visit by Sir Geoffrey to African National Congress leader Nelson Mandela has apparently not been ruled out.

CORDIAL

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

"Negotiations are under way at this very moment to work out a suitable date. As far as we are concerned we are talking to the British, so there is no need for wild speculation in the newspapers that we are snubbing Sir Geoffrey," one senior source said.

BP silent on soda ash project

BP Southern Africa has declined to comment on speculation that it is going ahead with its proposed R200 million soda ash project in Botswana.

12/7/86 (61)

A BP spokesman confirmed in Cape Town yesterday that an application had been lodged for an extension of the existing prospecting licence over 2 000 square kilometres of the resource area in the Makga-Dikgadi depression, sabc radio news reports.

BP has already completed a feasibility study on a 1000 square kilometre area in the north-east of the depression.— Sapa.

15/7/86 BUS DAY

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Industrial Staff

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Soda ash is used in glass-making, the paper and pulp industry, the steel industry and in the manufacture of certain detergents and chemicals.

Cape Times 15/7/86

Retrenchment of bank staff likely

Own Correspondent

LONDON. — A substantial reorganization of the Standard Chartered banking group — including further retrenchment in South Africa — is expected in the months ahead after its pyrrhic victory over Lloyds Bank whose £1,3-billion bid failed at the weekend.

Standard's chief executive Mr Michael McWilliam yesterday forecast the likely flotation of its note-issuing Chartered Bank in Hong Kong as one obvious repercussion of the bid.

Other parts of the bank may also be floated off as is happening with the Kenyan operations.

Other moves could include sale and leasebacks on the group's new £83-million headquarters in London and its £136-million, 44-storey tower block in Singapore and retrenchment in South Africa.

Lloyds ended up with 44,4 percent of Standard Chartered when its offer closed on Saturday afternoon but outside observers such as Keith Smith of Greenwell Montagu saw the result as a moral victory for the bidder.

It was the late and dramatic share buying of various "friends" of Standard — Mr McWilliam called them "squires" — who scuppered the deal.

The biggest power-play came from 68-year-old shipping magnate Sir Y K Pao, a former deputy chairman of the Kong Kong bank to which he is still an adviser.

Robert Holmes a' Court, a valued Standard customer who holds a $2-billion line of credit with the bank, and Tan Sri Khoo Teck Puat of Malaysia, also bought heavily along with other Hong Kong investors and Tiny Rowlands of Lonrho who is an important customer in Africa.

It looks as though together they bought from selling institutions around 35 percent of Standard's shares. But as Mr Smith points out with a further 44 percent backing from Lloyds there were very few shareholders who refused to sell and back Standard.

In fact barely 20 percent of the bank's shareholders on the register at the beginning of the year are still there now, according to Mr McWilliams.

Analysts are expecting Standard's shares to weaken on the weekend price of 775p which compares with the 870p for most of the recent share purchases when the stock market opens this morning.

However, the fall is expected to be limited while so many possible developments may stem from Standard's new shareholders. "Without them the price would be nearer 600-650p," Mr Smith said yesterday.

A seat alongside chairman Lord Barber is to be offered to Sir Y K Pao by Standard after his extra £125-million investment in the bank. "We would be honoured and flattered if he were to join the board," said Mr McWilliam.

SA forcing good guys into retreat

CAPE TIMES 15/7/86

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Washington Letter
by SIMON BARBER

EVENTS of a nature that may not under the present dispensation be described, overtook Mr Amon Msane, chairman of the Johannesburg branch of the Commercial, Catering and Allied Workers Union, when he stepped off an international flight at Jan Smuts Airport last Wednesday on his return from a two-month tour of the United States.

It evidently did not matter to those in charge of the events that Mr Msane was carrying a letter signed by Senator William Roth, a conservative Republican of some standing, and a Democratic colleague, Senator Edward Kennedy, requesting that the events not occur.

Nor, perhaps more importantly, was it deemed of much consequence that the events would be a considerable embarrassment to Mr Msane's employer, the 3M Corporation, the giant United States multinational, and, by extension, the 250 or so other American firms still operating in South Africa.

Senator Edward Kennedy . . . joint plea with a conservative Republic ignored by SA government.

Obscure reasons

The events were not entirely unexpected — witness the Roth-Kennedy letter — because Mr Msane had said some things in the US which, under current circumstances, tend to precipitate events. In particular he had publicly urged his employer to fold its tent. Ironically, the events may hasten the fulfilment of his demand.

Staying in South Africa is an increasingly Sisyphean proposition for the 250. It hardly needs to be restated that they are under intense domestic pressure to get out. And while it is chic to accuse them of exploiting South Africa's cheap labour, there are no longer fortunes to be made in them thar masses.

In 1984, US operations in South Africa suffered losses equal to nine percent of the book value of their direct investments there.

The reasons only — the modifier is used advisedly — 53 US companies have pulled out since the start of 1985 are becoming daily more obscure to the managements of those who remain.

Aside from a natural reluctance to abandon assets (Bell and Howell, for example, sold out to a European company for one dollar and took a $14-million bath), the explanations are tending towards the abstract.

There is talk of setting bad precedents, of looking unreliable, of loyalty to customers, of the need to keep fingers in the pie. But it is talk, and, when the city of San Francisco says it is not going to buy your $300-million trash-to-energy plant because of your South African connection, or school systems say they will not buy your books or equipment, talk becomes extremely cheap indeed.

For many companies the bottom line on staying has become a sort of corporate noblesse oblige. A member of the US Corporate Council on South Africa, Mr Sal Marzullo, told a meeting of Sullivan Code signatories in New York recently: "It isn't money anymore. No one makes much money there anymore, you know that. It's now a moral obligation to see this out."

Mr Marzullo is sincere. The captains of American industry have a tendency to see themselves as the guardians of capitalism and its reputation. In South Africa, they perceive a tremendous opportunity to prove that they and their beloved system are forces for good.

Although there are obviously other, more venal considerations, this is at least part of the rationale behind the $158 million the Sullivan signatories have spent on good works since 1977 and IBM's $30-million computerized reading-to-write project.

Unfortunately, the moral dimension becomes meaningless if it is not permitted to function. The argument that US companies are a benign and moral influence is vitiated when, for example, Pretoria sends events to overtake employee Mr Msane, or, more broadly, flatly refuses to be influenced by appeals for more meaningful reform while at the same time, through its actions, helps convince the would-be beneficiaries that American firms, indeed capitalism as a whole, are evil.

At this point even the most missionary of chief executive officers begins to sense the law of diminishing returns.

"It's a waste of money," sighed an executive recently on his return from a trip to South Africa. "There is no appreciation in the black community for the money spent. Black leaders look at it as dirty."

These are the words of a businessman in the last throes of deciding to withdraw. He is implying that the last justification for resisting the disinvestment activists and staying on has been cut from under him.

Under these circumstances, the Reverend Leon Sullivan's increasingly shrill exhortations for US companies to step up their positive efforts sound hollower and hollower, especially since he has promised to demand a total corporate retreat if apartheid is not certifiably dead by May 31 next year.

The applause was modest, according to a Wall Street Journal reporter who managed to attend the closed session unobserved, the audience numb. Most already believe they have gone the extra mile.

Modest applause

No doubt there will be the usual heated denials and clarifications, but it now requires a real leap of faith to believe that even companies like IBM and General Motors will not be retiring from what is literally becoming the field of combat within the next year or two.

The journal's man quoted a senior executive of major US manufacturer as saying: "I don't know of a single company down there that isn't looking at contingency plans to leave."

The consequences are hard to gauge. Yes, access to certain types of badly needed technology and expertise may be lost, but most firms will likely leave much of their existing plants in the hands of new owners, and will, as has been the case with many those already out (GTE and Bell and Howell, for example) continue to sell their products through local distributors — always assuming American law permits.

The real damage will likely be more intangible. Their record may have been spotty and fitful, but more than any other foreign investors, US firms have on the whole been trying to to do some good. Pretoria is doing its best to ensure their efforts and money are wasted. It wants isolation and it's going to get it.

'Tories have big SA financial links'

16/7/88

The Star Bureau

LONDON — Conservative Party reluctance to impose sanctions on South Africa is due to the party's financial links with that country, says the Labour Research Department, a trade union-backed research organisation.

In a survey to be published on August 1, the research organisation claims that almost a quarter of Tory MPs "have a financial stake in apartheid" and that last year the Conservative Party received more than one million pounds in donations from companies with South African connections.

"A total of 71 Tory MPs, including Mr Tom King, Northern Ireland Secretary, are directors, shareholders, parliamentary consultants or advisers to 85 companies which directly or indirectly have a financial stake in South Africa", the survey says.

Charter in higher gear

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BUS DAY
17/7/86 LIZ ROUSE

CHARTER CONSOLIDATED, which achieved a dramatic turnaround in the past year, is set for further earnings growth, says chairman Jocelyn Hambro in the annual report.

The UK group, with international mining interests, large manufacturing and civil engineering and construction operations and diverse investment holdings, improved attributable profit by 88% to £19,8m in the year to March 1986 from £10,5m in 1985.

Group debt has been reduced by £44m since March 1984 to £96m at the end of March. Extraordinary charges were reduced to £9,2m in the past year from £52,9m in 1985.

The most dramatic improvement was achieved by Johnson Matthey. Its taxed profit rose by 79% to £21,6m, and it resumed dividend payments. The value of Charter's interest is now £133m. Immediately before the banking crisis in September 1984, the holding was valued at £89m and, the day afterwards, collapsed to £24m. In addition it cost Charter £20m as underwiter of the rescue package, says Hambro.

The group's manufacturing division did well to more than double its operating profits. It is doing profitable business selling coalmining equipment to China.

The civil engineering and construction division fared badly as a result of depressed conditions in the UK and the Gulf.

Bicsa reverses stance and calls for limited sanctions

21/7/86

STAR

The Star Bureau

LONDON — The British Industry Committee on South Africa (Bicsa), which represents 50 of the largest British companies operating in the Republic, is to ask Mrs Thatcher to accept limited sanctions and ban new investment in South Africa.

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The move represents a policy reversal by the group, which only last month issued a strong statement against sanctions.

Sir Leslie Smith, the Bicsa chairman, said that if Mrs Thatcher took no action: "Then countries like Nigeria will introduce a Buy British Last policy, which will hit our exports.

"If a gesture or a sign by the Government will mean that we do not have to accept full comprehensive sanctions, then we would urge a ban on new UK investment in South Africa."

Sixteen of Bicsa's members, including Barclays Bank and Standard Chartered Bank, did not sign last month's statement, which said sanctions would "damage South Africa's economy and as a result retard rather than accelerate the process of change."

A Barclays spokesman confirmed that the bank disagreed with the statement: "We want to await the outcome of the present initiatives, and will then follow any decisions taken," he said.

A Bicsa spokesman said the 16 non-signatories were companies which "didn't want to put their heads above the parapet."

Bicsa now hopes to win corporate support for a more detailed report which will take a positive line on limited sanctions.

Sir Leslie Smith, a former chairman of British Oxygen, said: "We want to see the abolition of apartheid, and we believe that reforms are most likely in an expanding economy.

"The British Government is right to continue to seek a negotiated settlement. We are still against full comprehensive sanctions.

"But if a gesture or sign has to be made, and because of Commonwealth pressure this is probably necessary, then we would urge Mrs Thatcher to ban new investment."

MPs' stand on sanctions surveyed

Labour hits out at Tories' SA links

IAN HOBBS

LONDON — Nearly one in four British Conservative Party MPs have interests in companies directly or indirectly linked to SA and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including Cabinet Minister Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 UK firms with investments in SA.

Northern Ireland Secretary King has a large interest in the finance group Sale Tilney, which has an SA associate firm.

The survey adds that 73 companies with SA subsidiaries or associates donated almost £1,204m to the Conservative Party last year.

Introducing its findings, the Labour document says the Tory reluctance to introduce sanctions against SA is, therefore, not surprising.

It says three Tory MPs were connected to two firms which paid "the lowest sum possible" for an average family to survive on" to black workers in SA.

The three MPs are named as former party chairman Cecil Parkinson, a director of Babcock International; Sir Anthony Grant, an advisor to Pritchard Service; and Michael Forsyth, whose PR company advises Pritchard's.

Ten Tory and one Liberal MP were connected to six firms which paid black workers below the minimum wage recommended by the European Community code of conduct.

The one Liberal MP is Clement Freud, a consultant to a Grand Metropolitan subsidiary.

Seven firms with SA interests have connections with three or more MPs. They are the Midland Bank, with five MPs; the US corporation Marsh and Maclennan, four MPs; Grand Metropolitan, four; and Barclays Bank, BET, Commercial Union and Sedgwick with three each.

Only one Tory MP, Julian Amery, is a director of an SA-based firm having seats with two mining groups.

Three Labour MPs tied to companies with SA links are front-bencher Dr John Cunningham, Roy Mason and Gordon Oakes.

The one Social Democrat MP with such interests is Ian Wriglesworth.

The survey says 18 Conservative MPs were guests of SA or Namibia in 1985.

SHIPPING

BUD0041 (162) (61)

Jaguar may swop franchise

23/7/86

HAMISH McINDOE

MOTOR industry sources believe British luxury car-maker Jaguar is looking to end its franchise agreement with Leyland (SA).

The Jaguar franchise may be handled by Lindsay Saker Porsche.

This was confirmed by Porsche importers LSM Distributors, whose MD Christoph Köpke told *Business Day* yesterday: "We are negotiating with Jaguar but there is nothing final yet."

The move is thought to follow the retrenchment last month of Jaguar's local sales and marketing director, Arne Pitlo.

Doubts at Jaguar over the future of its franchise resulted in the car-maker's SA regional manager Alan Wemyss flying to SA last week to clarify the situation with Leyland executives.

But a Leyland spokesman stressed "Jaguar representatives regularly visit SA to keep abreast of trading conditions".

He stressed the franchise agreement with Jaguar was still being covered through its trading arm, Associated Automotive Distributors (AAD), which also handles Land Rover and Unipart spares and accessories.

Battery company to close

STAR 24/7/86

By Michael Chester

Duracell Batteries, whose parent company is based in Britain, today announced plans to close down its operations in South Africa.

Redundancy notices will start going out to the labour force of between 65 and 80 employees tomorrow. The closure is likely to take six months to complete.

General manager Mr John Klette said:

"Our business is entirely dependent on imported products from Europe.

"The dramatic continuing fall in the rand, coupled with the import surcharge, has totally eroded our viability.

"We see no prospect of these circumstances improving in the foreseeable future."

R12-m gap in battery market after pullout

STAR 25/7/86

Financial Staff

The departure of Duracell Batteries from South Africa has left a R12 million gap in the local battery market which should provide some relief to the remaining companies.

Apart from Everready, which has the major share of the market, National Panasonic is also in the market, which according to Everready's marketing mananger, Mr Alf Hicks, has been declining over the last couple of years.

Yesterday, Duracell Batteries, whose parent company is based in Britain, announced plans to close down its operations in South Africa after the low rand exchange rate coupled with the import surcharge had totally eroded the company's viability.

Mr Hicks agreed that the dependance of the alkaline battery industry on overseas raw materials was exerting a lot of pressure on local companies but added that Everready had done everything to cut down overheads as well as embarking on a local content programme.

"While volumes are marginally down, I would ascribe this largely to the trend towards better performance products. We are confident of the future of the South African battery market and have no intention of pulling out of a market in which we have operated succesfully for over 50 years," he said. He added that Everready, which is wholly owned by the UK based Everready group, has not been pressurised by anti-apartheid groups to pull out of South Africa.

Duracell pulling out

25/7/84

HAMISH McINDOE

DURACELL BATTERIES laid off 55 yesterday — virtually its entire workforce — as its UK parent announced the winding down over the next six months of its SA operation.

A company spokesman made clear the move was not politically motivated.

"There has been no overseas pressure on our UK parent to divest."

The sharp fall in the rand and levying of a 10% import surcharge in October made Duracell a loss-maker.

"Duracell relies entirely on imports and must support large overheads on the back of one product. In short, we tried to work through the recession but saw no light at the end of the tunnel," the spokesman said.

Company executives are negotiating a distribution deal with a third party.

The spokesman would not be drawn on the extent of the company's losses.

"Duracell's factories in Britain and Belgium have been absorbing, through transfer-pricing, a lot of the South African subsidiary's losses. Some sort of drastic surgery was expected," he said.

The decision to withdraw from SA was taken last week.

Skeleton staff will be maintained to service customers for five months.

Political comment in this issue by Ken Owen. Newsbills by Kevin Davie. Headlines and sub-editing by Michael Allwright, All of 171 Main Street, Johannesburg.

Lonrho boss won't parly with rebels

SML 61

29/7/86

The Star's Africa News Service

Mr Tiny Rowlands, chairman of the giant Lonrho multinational, has rejected an offer to negotiate the safety of his interests in Mozambique with rebels of the Mozambique National Resistance movement (MNR).

Sources close to the MNR said Mr Rowlands had been approached by a rebel representative a few days after guerillas had blown up the oil pipeline linking the port of Beira in Mozambique to Mutare in Zimbabwe 10 days ago.

Lonrho owns the pipeline and was recently involved in negotiations with the Mozambican Government to expand its economic activities in Mozambique.

The sources said the MNR's new representantive in Washington, Mr Tom Schaas, had telephoned Mr Rowlands in London to discuss the situation.

Mr Rowlands was told acts of sabotage against the pipeline would increase if he refused to talk to the rebels.

Mr Rowlands said he had nothing to discuss and then put the phone down.

RAY MITCHELL

FINMAIL 1/8/86

61

Landlocked in SA

While many British companies are pondering the pros and cons of divestment, British auto giant BBA has recently acquired a majority stake in JSE listed Landlock through a reverse takeover. But Ray Mitchell, BBA financial director and Landlock's new chairman, says that BBA's South African acquisitions are all in the interests of rationalisation.

"BBA has been in SA since the fifties," Mitchell (53) explains. "We're Europe's largest producer of friction materials and the number two producer of heavy industrial belting in the US and Europe. We owned glass manufacturer, Vivien Regina, and purchased Don, a manufacturer of friction material for brake linings and clutches, from Malbak last year. We then integrated it with Mintex, making the combination profitable and are now reversing them into Landlock.

"Brake and clutch reconditioning company Veltol/Parko is our latest acquisition. However, the R2,4m we spent on this company is only £400 000 in financial rand. In Britain, we have borrowings of over £100m, so it's actually a drop in the ocean."

BBA bought UK-based Automotive Products earlier this year and as a result acquired a 50% stake in brake manufacturing company Girlock SA. Now BBA is negotiating with Girling UK to buy the remaining 50% for Landlock. In addition, the probable acquisition of brake manufacturing company, Repco, in Australia gives BBA a possible 50% stake in Repco SA.

"We do anticipate making further acquisitions in SA through Landlock, but we won't be bringing more money into the country. We'll ensure that what we hold here is profitable and that we get a higher return on this investment than on our European investments since there's greater risk involved.

"But it would be in Landlock's interests to issue Landlock shares and to place the shares with individuals or institutions in SA. After the BBA/Landlock deal is finalised, we could land up owning 80% of Landlock. So we'll be placing some of our own shares on the market to widen the shareholding base and encourage local equity participation.

"Landlock would have gone to the wall if we hadn't come along and dumped assets into it. Our priority is to tidy up the automotive division which will take a number of months. Then we'll have a close look at the industries we've acquired."

Combined turnover of BBA's SA subsidiaries is around R120m, with profits in the region of R2,5m. Mitchell is adamant that profits will soon increase to at least R10m and plans to achieve this with tight financial controls and further rationalisation.

"We're not forecasting an economic recovery, but we can reduce the number of locations of our plants," he explains. "I see no reason why we can't make a profit while the motor industry is depressed. The replacement market isn't particularly buoyant, but there's a lot of spare capacity and high cost profiles.

"Instead of operating factories at 40%-60%, we'll close some factories and transfer operations into those we retain. This should improve capital ratios and reduce cost profiles. We're adjusting capacity to today's level of demand. It's simply a question of balancing the supply and demand equation. On completion, we should have a powerful automotive components division giving a good return on capital."

When Mitchell has finished tidying up BBA's SA operations, he'll move on to Australia to do the same thing there. As Landlock chairman, however, he'll visit SA at least once a quarter. "The chairman and Landlock board must restrict itself to formulating policy and objectives for the group. Anything more would be interfering."

A qualified accountant, Mitchell was headhunted to join the BBA group as financial director in 1974. He was made responsible for BBA's SA operations in 1984 because of the large loss incurred in Mintex and the political sensitivity of the investment. Having spent 11 years with BP, stationed at one time in Nigeria, Mitchell considers that today he understands Africa better than most European businessmen.

Arnold Pronto

Mitchell

"Though I think apartheid is an evil bit of social architecture, I recognise that making rapid changes would be disastrous for the welfare of the people we're trying to help. I believe that SA will get a better system of power-sharing. We must remember that Britain only gave females the vote in 1918 and we've had centuries of democracy. If we act sensibly and responsibly, at the end of the day we'll make a return on investment here." ■

Fin Mail 1/8/86

THE LOCAL OPTION

61

Sanctions proofing has become a major issue among microcomputer buyers and local production programmes have assumed a new importance.

One such venture is Psion Computers — recently acquired by ICL, one of the country's largest computer companies.

The merger will push ICL's turnover from an estimated R165m to more than R178m. ICL will use its resources to strengthen Psion's manufacturing programme and, says Psion MD Doug Gardener: "We have plans to launch more products and systems which will continue to show the computer industry here and overseas the depth of design and manufacturing ingenuity that exists in SA."

Another plus is that the new Psion/ICL organisation will maintain close links with Psion UK, a major software house. Psion's market penetration will also be increased.

The companies first joined forces on local micro production last year and about 300 of the machines are being sold each month. Psion sales manager John Marshall says about 2 000 of the Psion micros have already been sold. He estimates the IBM-compatible PC market to be about 24 000 units a year.

30 British firms oppose sanctions

(61)

1/8/86

Dispatch Bureau DD

LONDON — Opposition to economic sanctions against South Africa has come from more than 30 major British companies trading with South Africa.

In a report to be published later today the British Industry Committee on South Africa (Bicsa) says "we believe that external pressures on the South African economy will not achieve their objective if they are designed in such a punitive way as to destroy the South African economy."

The publication of the report comes as the government comes under greater pressure to introduce economic sanctions following the failure of Sir Geoffrey Howe's mission to South Africa.

Bicsa argues that the imposition of punitive measures could make the South African Government "even more resistant to change."

However, companies with interests in other parts of Africa were reluctant to be closely associated with any document that supported continued investment in South Africa.

Share prices of UK firms with SA links take a dive

5/8/86 STAR 61

By Neil Behrmann

LONDON — Investors in British companies which have major interests in South Africa are having a torrid time.

And sentiment took a turn for the worse when Mrs Thatcher, the last bulwark against sanctions, offered limited measures to demonstrate Britain's disapproval of apartheid.

Lonrho, Reckitt and Colman, Pilkington, RTZ, Consolidated Gold Fields, Barclays and Standard Chartered are only some of the shares that have fallen during the past week.

From its peak of 274 pence this year, Lonrho has slumped to 200 pence, Consolidated Gold Fields from 537 pence to 421 pence, Delta Group from 259 pence to 184 pence, Standard Chartered from 895 pence to 717 pence, Reckitt & Colman from 900 pence to 764 pence.

Pilkington has fallen from 475 pence to 411 pence, RTZ from 790 pence to 539 pence and Metal Box from 201 pence to 170 pence.

The only surprise about recent share price declines, however, is the belated market reaction.

Some 172 major British companies with interests in South Africa have already incurred substantial paper losses on their South African interests.

The only question is the extent to which they will have to write down these assets.

Four years ago R1 million of assets could be valued at £590 000.

But foreign investors can now only repatriate their assets via the financial rand. The financial rand is currently trading at 13 pence to R1,00, so each R1 million investment in South Africa has shrunk to £130 000.

The estimate of £6 billion British direct investment in South Africa four years ago is at current exchange rates worth only £1,3 billion.

Measures by the Reserve Bank to allow foreign investors to buy a substantial share in property via the financial rand did not have an impact on the rate in London.

At the rate of $0,19 to R1,00, a large Johannesburg house worth around R200 000 in a prestigious area costs only $38 000 or £26 000. A sum of £26 000 would not be sufficient to buy a studio or one room flat in central London.

INTERNATIONAL

More firms scrap racism, says report

5/9/86 61

The Argus Foreign Service

LONDON. — Britain's role in eliminating apartheid on the shop floor of British subsidiaries in South Africa seems to have dramatically improved, says a new report here.

British companies employ 370 000 people in South Africa, about 7,5 percent of total employment last year, says the report.

By contrast, American-linked corporations employ about 110 000 while companies with West German links employ 65 000, says the UK Labour Research Department, an independent trade union-funded research group.

Share

The report says this matches the role that British companies play in foreign investment in South Africa.

British investments account for more than 40 percent of foreign investment compared with an American share of about a quarter and a West German contribution of 10 percent.

The study of 281 British companies with investments in South Africa shows that in June last year, when the companies last had to report their activities, 58 of them paid some of their workers below the supplemented living level recommended by the European Economic Community.

Dramatic

However, several of the companies breaking the EEC code of conduct had made dramatic improvements in the past year.

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

In 1979, none of the companies recognised non-racial trade unions.

Johnson Matthey sells SA company

14/11/80 The Star Bureau

LONDON — The Johnson Matthey group of precious metals refiners and paint and chemical-makers has sold its South African transfer printing subsidiary.

The move is said to be part of its rationalisation programme.

The subsidiary, Matthey Printed Products (MPP), has been sold to Mr Stephen Loughton, owner of Clarion Display. MPP is a licensed user of materials from the US Meyercord Corporation, and its disposal follows the sale of Meyercord and Eagle Transfers, the UK licensee of Meyercord, earlier this year.

Johnson Matthey expects much of its rationalisation programme to be completed this year.

Fears in UK of a Botha 'grab list'

25/8/86 STAR

61

The Star Bureau

LONDON — Fears are growing in Britain that South Africa could retaliate against sanctions by nationalising up to 50 major British firms and confiscating investments valued at more than R20 billion.

It is suggested a takeover plan could be put into operation if the Economic Community imposes a new round of sanctions next month or in October.

British pension funds covering around 10 million people in the United Kingdom could suffer substantial losses in the event of a takeover.

British businessmen, however, have hatched a multimillion-rand plan to counter apartheid — and sanctions — by accelerating black advancement through a giant educational programme.

Fifty-four major companies are backing the scheme put forward by the chairman of the British Industry Committee on South Africa (Bicsa), Sir Leslie Smith, himself chairman of British Oxygen, which has investments of about R300 million in South Africa.

Sir Leslie, who believes that sanctions will be pointless because South Africa is prepared for them and many third countries are willing to take over trade, warns: "Nobody will gain when the blacks take control in South Africa and just inherit an economy destroyed by apartheid.

"The way to force P W Botha to react is to form a new educated middle-class in South Africa."

Businessmen returning from South Africa in the past few days, however, apparently have warned that the South African Government plans nationalising British interests if further sanctions are applied.

Giant companies likely to be on what the *Sunday Express* calls "President Botha's grab list" are thought to include Shell, BP and Barclays Bank.

LOW MORALE

Others might include Beecham Group, Cadbury Schweppes, Blue Circle Industries, Hanson Trust, ICI, Pilkington Brothers, Rio Tinto Zinc and Rowntree Mackintosh.

Sir Leslie admits that morale among British companies with South African interests is low.

"Some companies do not think it is worth the hassle," he says.

His advice is to stay put and not panic.

Business Day

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80c (71c + 9c tax)
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"THE VITAL VIEWPOINT"

61 BD DAY 25/8/86

Durr slates report that SA is poised to nationalise UK companies

Business Day Reporter and Sapa-AP


● DURR

A FRONT-PAGE article in a UK newspaper yesterday saying SA was "poised to nationalise" British companies in order to survive sanctions was described as "unadulterated rubbish" by Trade and industry Deputy-Minister Kent Durr.

London's *Sunday Express* said warnings of the SA government's intentions to take over British investments of about R22bn in more than 50 companies were given by unidentified businessmen returning from SA in the past few days.

It said such action would follow any decision by the European Community (EC) in October to impose sanctions.

But Durr said: "SA has always been a good and safe investment for British investors and things will remain that way.

"This is just part of the wicked disinformation that this country has been subjected to for years. British investors are used to it."

He said the report was such "utter lunacy" that he did not wish to comment on its details and added: "It has never crossed the minds of anyone near government."

MARGARET SMITH reports from London that Sir Leslie Smith, chairman of the British Industry Committee on SA (Bicsa), an organisation promoting trade between the two countries, dissociated himself from the *Express* report.

The report quotes Sir Leslie as saying that the nationalisation of foreign assets was a powerful weapon and the SA government knew it would be a last resort, as it would bring down world-wide anger.

Sir Leslie said he did say that, but denied the suggestion in the report that the government was "poised" to act.

He said he meant that in the event of total mandatory sanctions being applied, SA's ultimate retalitory action could be the nationalisation of foreign assets.

He said: "Other countries have nationalised industry. I don't say it is an immediate plan that would follow sanctions, but it certainly is in the arsenal of retalitory weapons."

The *Express* report claims that, on President P W Botha's "grab list", would be firms such as Shell, BP and Barclays Bank. Others could include Beechams, Cadbury Schweppes, Hanson Trust, ICI, Rio Tinto Zinc, Rowntree Mackintosh and Babcock International.

Cit* Times 25/8/86 (286) (61)

SA denies 'takeover' of UK business

Own Correspondent

JOHANNESBURG. — An article in a British newspaper yesterday, which said South Africa was "poised to nationalize" UK companies to survive sanctions, was described as "unadulterated rubbish" by the Deputy Minister of Trade and Industry, Mr Kent Durr.

London's Sunday Express said in a front-page report that warnings of Pretoria's intention to take over UK investments of about R22-billion in more than 50 companies were given by unidentified businessmen returning from South Africa recently.

It said such action would follow any decision by the European Community (EC) in October to impose sanctions.

'Safe'

But Mr Durr said: "South Africa has always been a good and safe investment for British investors and things will remain that way.

"This is just part of the wicked disinformation that this country has been subjected to for years. British investors are used to it."

He said the report was such "utter lunacy" that he did not wish to comment on its details and added: "It has never crossed the minds of anyone near government."

A spokesman for the office of the Minister of Foreign Affairs, Mr Pik Botha, yesterday also rejected the suggestion.

"It is simply not government policy to do such a thing — we are not even thinking about it," the spokesman said.

Other sources yesterday agreed with the Foreign Ministry spokesman's assessement.

Margaret Smith reports from London that Sir Leslie Smith, chairman of the British Industry Committee on SA (Bicsa), an organization promoting trade between the two countries, dissociated himself from the article.

It quotes Sir Leslie as saying that the nationalization of foreign assets was a powerful weapon and the SA Government knew it would be a last resort, as it would bring down world-wide anger.

Sir Leslie said he did say that, but denied the suggestion in the report that the government was "poised" to act against its "hit list".

He said he meant that in the event of total mandatory sanctions being applied, South Africa's ultimate retaliatory action could be the nationalization of foreign assets.

'Arsenal'

He said: "Other countries have nationalized industry. I don't say it is an immediate plan that would follow sanctions, but it certainly is in the arsenal of retaliatory weapons."

The Express report claims that, on President P W Botha's "grab list", would be firms such as Shell, BP and Barclays Bank. Others could include Beechams, Cadbury Schweppes, Hanson Trust, ICI, Rio Tinto Zinc, Rowntree Mackintosh and Babcock International.

Sir Leslie's own company, British Oxygen, has a reported R375-million investment in South Africa.

His advice to his company and others was to stay put and not to panic.

Workers accuse Plessey bosses of union-bashing

3/9/86 BUSDAY

ACCUSATIONS of union-bashing and intimidation have been levelled at managements of three Cape Town electronics factories belonging to UK multinational Plessey.

The Electrical and Allied Workers' Trades Union, which signed up most of the workers at the three plants in July, has asked Plessey workers in Britain to try to stop what it calls a campaign of terror against its members by the group's SA subsidiaries.

The British embassy in Pretoria has agreed to meet the EAWTU to discuss the allegations.

The union's case was broadcast in Europe yesterday after a news team filmed an EAWTU meeting where workers said management had threatened union members with police harassment and detention.

Own Correspondent

During the meeting workers accused Plessey of using the political situation to intimidate and exploit employees.

At Laingsdale Engineering, 60 resigned from the union after management allegedly described the EAWTU as part of the ANC and said members would be detained.

EAWTU officials accused Plessey of trying to smash the union to avoid negotiating wage increases.

Last month the union declared a dispute at Plessey's Renak plant when wage negotiations broke down.

The union's has asked for a minimum wage of R3,90/hour.

☐ A Plessey spokesman said yesterday management had "no comment".

CAPE TIMES 6/9/86

City firm accused of 'union bashing'

By HILARY VENABLES
Labour Reporter

ACCUSATIONS of "union bashing" and intimidation of trade union members have been levelled against a Cape Town subsidiary of the giant British multinational electronics group, Plessey.

The Electrical and Allied Workers' Trades Union (EAWTU), which signed up the majority of workers at three Plessey plants in Cape Town in July, has asked Plessey workers in Britain to try and stop what it calls "the campaign of terror" being directed at its members by the management of the Laingsdale plant in Plumstead.

The British Embassy in Pretoria has agreed to meet the EAWTU to discuss the allegations. Plessey management has declined to comment on the issue.

The union's case was broadcast on news bulletins throughout Europe this week after an international news team filmed an EAWTU meeting where workers said management had threatened union members with police harassment and detention.

Sixty Laingsdale workers resigned from the union recently after management allegedly described the EAWTU as "part of the ANC" and said its members would be detained.

The EAWTU regional secretary, Mr Brian Williams, accused Laingsdale management of trying to "smash the union" to avoid negotiating wage increases for its employees.

Last month the union declared a dispute with management at Plessey's Renak plant in Diep River when wage negotiations broke down.

Attempts to negotiate pay increases at Laingsdale and the third plant, Plessey SA Ltd, are being bedevilled because the union can no longer count on majority membership at these plants.

Argus 8/9/86 (61)

Workers walk out over employment of students

By DICK USHER, Labour Reporter

ABOUT 40 workers from Renak, a Diep River circuit board factory, today walked out over the employment of students during an overtime ban.

The workers belong to the Electrical and Allied Workers Trades Union which has already declared a dispute over wages.

Meeting at Firdale Hall, workers complained that University of Cape Town engineering students working night and weekend shifts were being paid R4 an hour, more than the R3,90 an hour minimum workers are demanding.

"Scab" labour

They are also complaining about new security measures and about harassment of workers since the dispute was declared.

Professor James Leatt, acting deputy vice-chancellor at UCT and chairman of the industrial relations management committee, said: "The university has had no part in the recruitment of 'scab' labour for any company. Nor will it do so.

Subsidiary

"I wish to appeal to members of the university to be informed about industrial relations and to consider carefully the issues involved before accepting offers of employment on sites of industrial relations conflict."

Renak is a subsidiary of the British multinational, Plessey. A spokesman for Plessey South Africa refused to comment.

Workers wait after labour walkout row

Staff Reporter

PRODUCTION has again been disrupted at Renak, a Diep River circuit-board factory where workers have been in dispute with the management for weeks.

The disruption followed a walkout on Monday over employment of university students and casual labour for night and weekend shifts.

Renak workers imposed an overtime ban in July in support of wage demands.

Workers said yesterday that when they returned to work yesterday they were given letters saying their actions were a serious breach of discipline. They were also told to attend individual interviews with the management.

Instructions

Some workers accepted the letters. Others refused and said they would not attend the interviews.

The management then told them to stay in the cloakroom. They spent most of the day awaiting further instructions.

They said a delegation saw the management on Monday and were promised their grievances about students and casual workers and new security systems would be investigated.

They said the management threatened that "instigators" of Monday's action could be prosecuted under the Public Safety Act.

The dispute declared with Renak by the Electrical and Allied Workers' Trade Union on August 13 is nearing the end of the 30-day "cooling-off" period required by the Labour Relations Act.

This could be followed by a strike ballot.

Talks on grievances of Renak workers

Cape Times 9/9/86

Labour Reporter

THE MANAGEMENT of the Plessey-owned Renak electronics factory in Diep River has agreed to discuss worker grievances with members of the Electrical and Allied Workers' Trades Union today following a walk-out by 40 union members yesterday.

Workers said they downed tools because management was employing UCT students as "scab" labour during an overtime ban.

They arrived at work yesterday to find the company had introduced new security measures, including time-sheets, passes and armed security personnel. Many workers said they felt they were being "watched" so they could not discuss union matters.

The union is in dispute with management over wage increases and the two parties will go to mediation today.

At a meeting of workers from three Plessey subsidiaries last night, Renak workers decided to return to work today, but to reconsider their position if management refused to end the employment of "scabs" and to withdraw the new security measures.

Renak's general manager, Mr Viv James, refused to comment on yesterday's walk-out.

R4m scheme to house UCT students

Cape Times 9/9/86

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Education Reporter

WORK starts next month on a R4-million student housing scheme, the Oppenheimer Housing Development.

The development, expected to accommodate 216 students, including flats for married students, is sited in the historical Woolsack area on the University of Cape Town's Middle Campus.

This follows a R2-million donation in June 1984 to UCT by its chancellor, Mr Harry Oppenheimer, for the construction of the complex.

According to a UCT spokesman, the residence is the second phase of development of the UCT Middle Campus development — the first phase, the new education building, is due for completion at the end of the year.

The development will be ranged on either side of the lawn in front of Woolsack.

The Woolsack was built by Cecil John Rhodes in 1898 as a summer house for visiting writers and artists — Rudyard Kipling spent the summers of 1900 to 1907 in the Herbert Baker-designed homestead.

The development seeks to continue the idea by creating a centre for the academic community of senior undergraduate and graduate students and academic staff, the spokesman said.

Acting chairman of the University Council, Mr Justice M A Diemont (left), and the Vice-Chancellor of UCT, Dr Stuart Saunders, with an architect's model of the new Oppenheimer housing development.

They would live in pavilion houses to the south and courtyard houses to the north of the Woolsack lawn. They will be linked by colonnades ending on either side of Woolsack.

The Woolsack itself would become the academic centre of the complex with a reading room, a number of seminar rooms and computer facilities. The outbuildings would be converted into the social centre with a small catering facility, a residents' pub and access to an outdoor recreational area.

The pavilion and courtyard houses will each accommodate 25 students who share a communal lounge area and service rooms. Their "mini-residences" would be further divided into smaller units of six students sharing a kitchen/dining-room and bathroom.

The design is influenced by Jefferson's neo-classical design for the University of Virginia at Charlottesville, where the "focal" building, the rotunda faces a lawn flanked by pavilions housing students and staff.

An independent environmental impact study has been commissioned and the project has the approval of the National Monuments Council.

Qwt (61)

Times, Friday, September 12, 1986 7

'Union-bashing' at UK-owned firm alleged

By HILARY VENABLES
Labour Reporter

GIANT British multinational Plessey is facing an international row over allegations that one of its subsidiaries, Laingsdale Engineering in Plumstead, is engaged in a "union-bashing" campaign.

Workers belonging to the Electrical and Allied Workers' Trades Union (EAWTU) say management has threatened them with dismissal and security force action if they remain in the union.

The general secretary of the EAWTU, Mr Brian Williams, has left Cape Town for London to appeal for help from the International Metal Federation.

The union has also asked the British Embassy to intervene on its behalf.

Neither Laingsdale nor the Plessey head office in Cape Town would comment on any matter involving the union.

'Lost 70 members'

EAWTU, which signed up the majority of workers at the plant earlier this year, says it lost 70 members as a result of a "campaign of terror" being waged by management.

EAWTU members at Laingsdale have formed an alliance with unionists at two other Plessey-owned plants in Cape Town, Renak and Plessey SA (Ltd). Workers at all three factories say they are prepared to "take positive steps" to support each other in cases of harassment or industrial disputes.

Union members at Renak returned to the plant, after a walkout this week.

Workers downed tools because they felt "intimidated" by increased security measures at the plant and because management was employing casual labour to pre-empt possible strike action over the current wage dispute.

A union official said management had since agreed to address worker grievances and stop employing temporary staff until a wage settlement had been reached.

FACE TO FACE

PARRY ROGERS

Pointing the way

FIN MAIL 12/9/86

British businessmen who know SA are generally dismayed at the prospect of sanctions. In Johannesburg this month the chairman of the UK's influential Institute of Directors, Parry Rogers, appealed for some conciliatory move by the South African government to strengthen Margaret Thatcher's anti-sanctions stand before the EEC meets to consider new tactics.

FM: How do you see conditions in SA?

Rogers: I know SA well, although I haven't been here for some 18 months. I can say, however, that I'm less alarmed about the situation now than I was before I left London. I have the feeling that almost everyone here is committed to trying to avoid catastrophe, that there is an awareness of the need for social and political change which was not here 10 years ago.

The perception overseas is one of total intransigence by the South African authorities, but I believe President Botha is deeply aware of the need for change. There are pressures on him which may be making him move more slowly than he would like, but I only hope that he can move fast enough to avoid more tragedy.

This is a fantastic country, with a wealth of natural resources and enormous potential. It would be one of the greatest tragedies of the world if this was to be thrown away — particularly when you look at the rest of Africa.

How do you see the best chance of bringing stability back to SA?

One of the things SA most desperately needs is a black middle class. Blacks must be seen to be succeeding in the private sector.

In the UK well over 50% of the population own their own homes, and it has been proved that a property-owning democracy is a force for economic stability.

I came to SA on this occasion for the launch of a new training programme on the responsibilities of company directors, and I find this very encouraging. Nowhere in the world is the need for this type of training greater than in SA; because unless directors can influence government in the social and political environment they have little hope of succeeding as creators of wealth and advancing the black entrepreneur.

How does the Institute of Directors view Margaret Thatcher's stand against full sanctions?

Mrs Thatcher has been remarkably staunch in her opposition to the strident calls for sanctions, and we support her fully.

Sanctions inevitably introduce the risk of economic collapse, although I believe SA is well-placed to withstand a general campaign. We fear that the people the West wants most to help, the under-privileged, will in fact be the people who are hurt most.

A number of countries which compete with SA in world markets stand to gain if sanctions are imposed against this country, and this will influence some governments.

I sincerely hope that the EEC will not impose sanctions, but some gesture from the South African government before October will help us to defend the present position. Moves to bring blacks into the decision-making process, freeing Mandela and ending the State of Emergency would all be steps in the right direction.

Democracy in SA, a strong economy and a sound private enterprise system will show the way ahead for the rest of Africa.

Revolt at Rowntree over role in SA

14/9/86

CP Correspondent

A MAJOR shareholder in Wilson Rowntree has called on the management to publicly deny charges that it had collaborated with the security police in SA.

In a statement in England, the Joseph Rowntree Charitable Trust – the second largest shareholder in Rowntree Mackintosh – said it was "disturbed" to learn that a Wilson Rowntree senior executive had been subpoenaed to give evidence in the Maritzburg treason trial of four SA Allied Workers' Union leaders.

The trust was "very sorry" that the company, having been involved against its will, "did not try at the time to distance itself publicly from the proceedings."

During the trial, a security policeman claimed there was collaboration between the security police and companies, including Wilson Rowntree.

The trust also criticised the firm for having joined the British Industry Committee on SA, which it calls an anti-sanctions lobby.

● Wilson Rowntree in East London said it had been advised that no statement could be made on the Maritzburg treason trial without the likelihood of a contempt of court action.

The firm said it reaffirmed that it had not called in the security police and was not working with the SA authorities in connection with industrial conflict in East London.

Sweets firm under fire from UK shareholders

WEEKLY MAIL

By FRANZ KRUGER

THE management of sweet manufacturers Wilson Rowntree has come under fire from one of its major shareholders for its role in South Africa.

In the statement by the Joseph Rowntree Charitable Trust, released in York, England, the firm's management is called on to rebut charges that it collaborates with the Security Police.

The trust, which bears the name of the founder of Rowntree Mackintosh, is also the second largest shareholder in the firm. The South African concern is a subsidiary.

The trust's chairman, Christopher Holdsworth, says it has decided to make a public statement because certain of the company's actions "may, rightly or wrongly, be seen to bring aid and comfort to the Pretoria regime at a time when people working for peaceful change are in detention, in hiding, or suffering intolerable harassment.

Holdsworth says the trust was "disturbed" to learn that a senior executive from Wilson Rowntree had been subpoenaed to give evidence for the state during the Pietermaritzburg treason trial of four leaders of the South African Allied Workers Union.

The trust was "sorry", the statement said, that the company, having been involved against its will, "did not attempt at the time to distance itself publicly from the proceedings", which had been widely seen as a political show trial.

During the trial, a Security Policeman made allegations about contact and collaboration between the Security Police and a number of companies, including Wilson Rowntree. "In the context of the South African situation, such allegations are extremely serious."

The company had always denied such collaboration. "In view of the sworn evidence, the trust believes that the company's best interests would be served if it published a detailed rebuttal in South Africa."

Despite praising the company for its "forthright condemnation of the apartheid system", the trust also criticised the fact that the firm has joined the British Industry Committee on South Africa (Bicsa), which it calls an anti-sanctions lobby.

The trust says the firm has "unnecessarily taken what will widely be seen in South Africa as a political stance inconsistent with its declared opposition to apartheid".

Britain urges business to promote SA reform

The Star Bureau

LONDON — The British Government has urged the international business community to step up its efforts to promote "fundamental political reform" in South Africa and to help improve the quality of life of blacks.

Foreign Office Minister for African Affairs, Mrs Lynda Chalker told a group of businessmen yesterday: "I hardly need to remind you that the more we are seen to back words with deeds, the more convincingly we shall be able to confound the critics."

In an address to Business International — a group of 80 British and foreign businessmen — Mrs Chalker re-stated Britain's position on South Africa, but emphasised the rôle of businesses which had a financial interest in South Africa.

She said Britain believed market forces "are a much stronger force for change" and the Government "attaches great importance to taking positive measures to advance the process of reform".

"Our guiding principle is to promote the advancement of blacks as the prime impetus for internal change . . . and this is an area in which government and business can co-operate.

"The main British subsidiaries in South Africa provide more than 100 000 jobs for black workers, making them the largest foreign providers of jobs in the country."

She urged the foreign business community to spend more on the education and training of black workers, to contribute more to community projects and to pay black employees above the minimum recommended levels.

The Government's role was to strengthen the code of conduct governing foreign businesses in South Africa, to provide language training and student scholarships and aid for trade unionists and refugees.

"We in government and business alike must leave South Africans of all communities in no doubt of our total opposition to apartheid.

"We must make clear to the South African Government that change is inevitable and that it is in their interest to promote it while it can still be achieved peacefully.

"We must continue to argue patiently and coherently for genuine national dialogue and against measures which will lead only to polarisation and chaos," Mrs Chalker said.

Duncan meets UK Minister

The Star Bureau

24/9/86 STAR

LONDON — Veteran Black Sash campaigner Sheena Duncan has had talks with Foreign Office Minister for African affairs Mrs Lynda Chalker on the situation in South Africa.

Mrs Duncan, a frequent visitor to Britain, had asked to meet Mrs Thatcher, but that was not possible.

The Foreign Office said the 40-minute meeting was taken up with a briefing from Mrs Duncan on the situation in the townships.

The Foreign Secretary Sir Geoffrey Howe met Mrs Duncan, a former president of the Black Sash, during his visit to South Africa.

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BUS DAY 25/9/86.

Data communications likely to grow

Racal-Milgo to go local?

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DAVID FURLONGER
Industrial Editor

RACAL-MILGO, the British-based data communications group, is holding talks on having its equipment manufactured in SA.

Reg Key, MD of Racal-Milgo Sales, is in SA to examine the potential for local manufacture by distributor Grinaker Data Systems (GDS), part of the Anglovaal group.

He expects a decision by the end of October. If GDS gets the go-ahead, it will strengthen its hand in applying to join the shortlist for government contracts.

Government's Standing Committee on Electronics has already named companies which may tender for government and parastatal needs in certain fields, and GDS MD Don Smyth is confident data communications will soon come under the spotlight.

GDS is already market leader in this field, with a major distribution share of a market estimated at between R30m and R40m a year. Racal last year sold equipment worth R15m to SA, to be the country's top data communications supplier.

Although GDS does limited local manufacture of other products, it imports Racal equipment as a finished product. While Key insists it is "GDS or no-one" for local production of Racal equipment, a decision not to go ahead could lead to GDS seeking agreement with another overseas supplier.

Smyth says: "We believe we can manufacture successfully. If not with Racal, then with someone else."

Key says: "We've been here since 1970 and GDS has always been our distributor to the private sector. At the same time, the way is open for GDS to proceed with local manufacture of key networking products demanded by the market — with Racal-Milgo's agreement."

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Argus 25/9/86

UK call on businesses to step up efforts for SA reform

The Argus Foreign Service

LONDON. — The British Government has urged the international business community to step up its efforts to promote "fundamental political reform" in South Africa and to help to improve the quality of life of blacks.

The Foreign Office Minister for African affairs, Mrs Lynda Chalker, told a group of businessman yesterday: "I hardly need to remind you that the more we are seen to back words with deeds, the more convincingly we shall be able to confound the critics."

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BIGGEST ROLE

"The main British subsidiaries in South Africa provide more than 100 000 jobs for black workers, making them the largest foreign providers of

1/10/86
BUS DAY
(61)

Cadswep buys Bromor for R22,3m

LIZ ROUSE

CADBURY Schweppes (Cadswep) has acquired Murray & Roberts Holdings' Bromor Foods division — which makes and markets well-known brand name products Oros, Lemos and Moirs — for R22,3m.

The interesting part of the deal is that Anglovaal Industries' wholly-owned subsidiary Bakers SA will get a 17,6% interest in Cadswep's equity, as the 1,1-million shares to be issued to M & R at a price of R20 a share are being passed on to the Anglovaal food investment holding company.

The UK holding company's 64,4% interest in Capswep will be reduced to 53,1% after approval of the transaction.

Cadswep Md Peter Bester said the deal should not be seen as disinvestment by the UK company as it now has a holding, although smaller, in a broader-based confectionery and soft drinks group.

The purchase price will be satisfied by the issue of Cadswep shares at a premium of 275c on the current market price of R17,25. M & R — which needs cash, not shares — asked Cadswep to find a taker. The Anglovaal group was a willing buyer as the 17,6% holding in Cadswep slots in with Bakers' extensive food interests.

Bester says the Bromor division will increase Cadswep's earnings by 10% this financial year, which ends on January 3, 1987. As well, net asset value will be increased by about 3%.

The Bromor division's brand names will complement and broaden those in the Cadswep fold and contribute a better balance in group earnings. In particular, the acquisition will enhance its position in the soft drinks market.

The Bromor division has a strong management team and will continue to run as a separate entity.

61 3\10\86

SAMCOR

Taking a global view

Andrew McNulty discusses Samcor's prospects after the merger of Amcar and Ford against the background of developments and trends in the world motor manufacturing industry. He recently visited plants in Japan and the US.

When Samcor was put together in February 1985 out of the motor interests of Anglo American's Amcar and Ford SA, the merger was given a two-year timetable with break-even projected for June 1987. Inevitably, commentators treated the forecasts with caution. Ford SA, as a privately-held interest of the multinational Ford Motor Company, had never disclosed its financial performance; Amcor had accumulated huge losses.

Confidence was not helped by the decline in overall vehicle sales since the merger was announced. Total 1985 car sales were 24% down on the 1984 figure and 32% down on 1981, while sales for the first eight months of 1986 were nearly 12% below those for the same period last year.

But some 18 months since the deal, Samcor MD Spencer Sterling says the merger is largely completed and so far meets expectations: "We are below budget on all cost indications and ahead of schedule with respect to plans for putting this company on a sound basis," he says.

After changes in the shareholdings of Anglo American and Amic, the Anglo group's 58% interest is widely spread, with the result that none of the shareholders now comments on Samcor's financial performance. However, sources say that Samcor has actually made profits since its improved sales figures at mid-year. If so, this would be significant for Anglo; for a number of years the losses of its motor interests were an embarrassment.

But sales performances for June and July were heartening. In June Samcor, with new models being launched, pushed its share of the car market up to 25,42%, nudging Toyota into second place. It held this share in July, but slipped back to 21,7% in August, when the industry's sales were again disappointing.

So it is clearly too soon to assume Samcor will necessarily maintain the hoped-for sales volumes. Management's view is that it's early days yet, and the company is happy with the share achieved.

Sterling contends that Samcor's sales could have been higher since mid-year, had production not been disrupted by the rationalisation.

"Overall, we've had two big problems," he says. "Firstly, industry volumes have declined continuously since 1981, and kept falling after the merger. The second is the exchange rate. Since the beginning of 1985 the rand fell dramatically against the yen and the pound. These two currencies are critical for us as we import components from Japan and the UK. The rand is everything to us now."

That Amcar and Ford decided to merge their South African motor companies, and that Samcor's management now stresses the importance of exchange rates, reflects trends that have also been shaking up the international motor industry. When South African journalists recently visited Samcor's source companies — Mazda and Mitsubishi in Japan and Ford Motor Company in the US — senior executives there spoke along similar lines.

Samcor's Sterling . . . working on exports

Japanese executives noted that various partnerships have been formed between international motor manufacturers, and forecast that the trend will continue.

Ford, for example, owns 25% of Mazda, while Chrysler has 20% of Mitsubishi Motors (whose commercial vehicles are assembled and sold by Samcor). "Throughout world markets, competition is becoming more severe and survival more difficult," says Keiji Asano, an MD and deputy GM overseas operations at Mazda Motor Corporation.

With demand reaching saturation in many industrialised countries, he estimates vehicle sales volumes will over the next decade show annual growth of only 1%-2% in the mature markets of the US, Japan and Europe, and 3%-4% in developing countries, with an overall annual growth of little more than 2%. Meanwhile, low prices for natural resources exported from developing countries are hampering growth in those areas: "This is forcing manufacturers towards mergers or partnerships," says Asano. "The industry is becoming more international and less regional."

The strong yen, now close to an all-time high against the dollar, is a serious concern for the export-orientated Japanese motor industry. Mazda, for example, was predicting a 40% drop in profits for its current year.

Mitsubishi's GM Oceana South Africa group, K Sato says: "On average motor manufacturers' profitability in our domestic market is low or negative. Now we are faced with a negative trend in export markets too. Our motor industry is facing a dangerous situation which will require new strategies." Notably, Toyota Motor Corporation last week reported a 15% fall in net profits for its year to end-June.

But if the Japanese giants are worried, in Detroit the Ford Motor Company is riding a wave of vigorous sales, a successful new product range, high morale and whopping profits. In the June 1986 quarter it reported net income after tax of just over $1 billion or R2,4 billion on the US45c exchange rate, earned on revenues of $17,3 billion. This brought the half-year net income figure up to $1,8 billion, against the previous year's first half of $1,48 billion.

The July figure was 54% up on the 1985 June quarter, and also better than the 1986 second quarter performance achieved by the larger General Motors (GM), whose earnings fell by 15,6% to $978m on revenues of $27,6 billion. GM could boast sales 60% greater than Ford's, but has been struggling to reduce costs.

Ford has, in fact, undergone an extraordinary renaissance. It had large losses between 1980 and 1982 — a total of $3,7 billion. At that time some US analysts were wondering if Ford would have to follow Chrysler in seeking Federal financial assistance. One reason given for Ford's recovery was the rationalisation of its entire organisation. Certain plant was closed, the payroll was slashed and breakeven substantially lowered. Samcor has, of course, been attempting to follow a similar strategy.

Ford's profits also got an important boost from its international operations. Although GM is larger in terms of US sales, Ford is stronger in worldwide markets, particularly in the Far East and Europe where its products have recently sold particularly well.

In total, Ford claims some 13,7% of worldwide passenger car sales and 15,5% of truck sales. The dollar's slide against sterling and the D-mark further increased the importance of Ford's profits from non-US markets, and its international profits tripled in the July quarter.

However, with sales expected to remain under pressure in the longer term, costs and efficiencies have become critical to motor producers. All international motor companies are moving further towards automation, with the Japanese setting the pace. Like other Japanese firms, Mazda is investing in the US. It is building a $450m plant at Flat Rock, Michigan, with annual production capacity of 240 000 Mazda 626 cars.

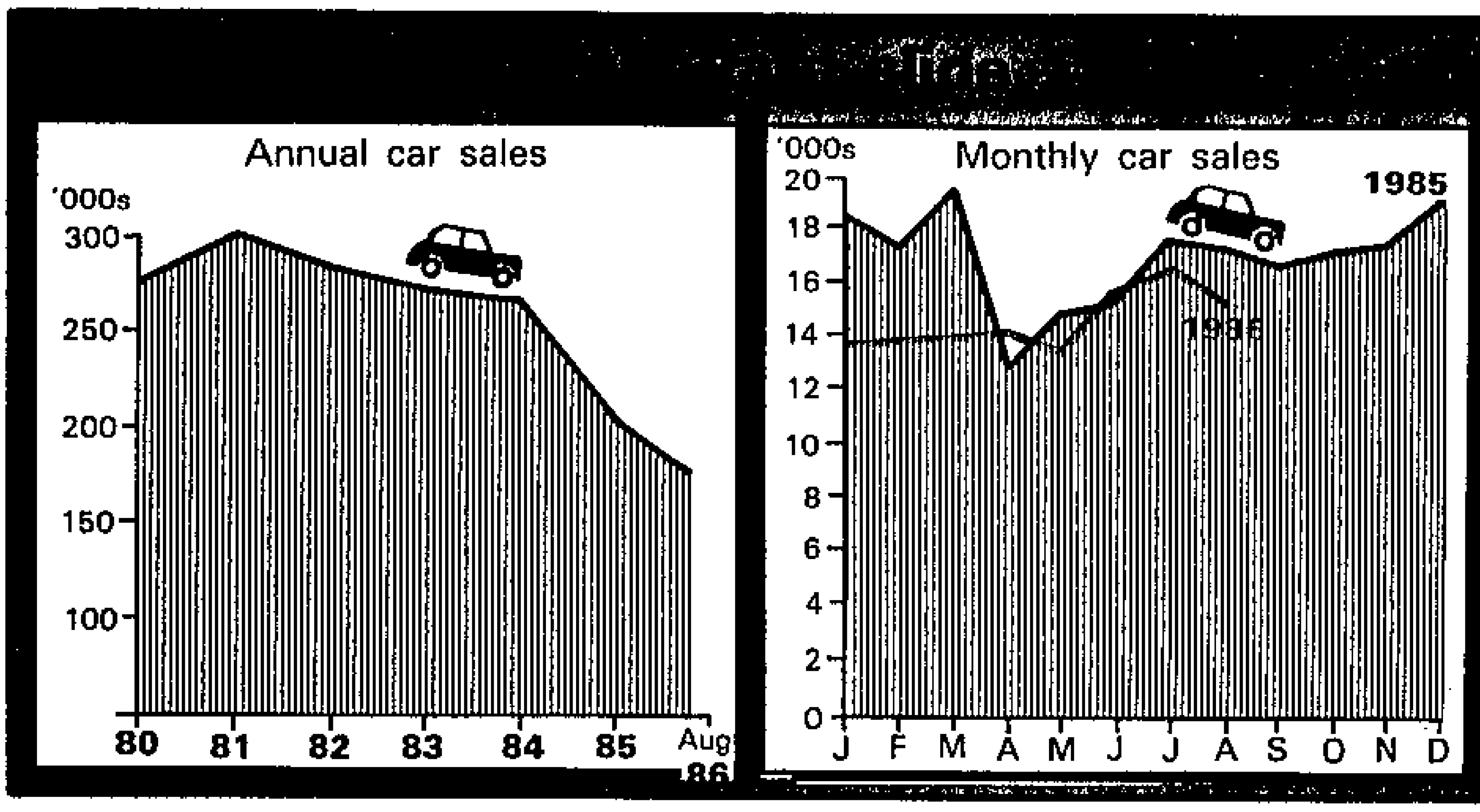
By way of comparison, in 1985 the entire South African motor industry sold only 204 322 cars from about 10 plants. But the highly-mechanised Flat Rock plant will employ only 3 500 people, compared with about 35 000 employed in the South African motor industry last year.

Mazda gained excellent experience at mechanised motor production at its four-year-old Hofu plant in Japan, which has a capacity of 300 000 units and employs only 1 800 people. When built, the Hofu plant was among the most automated in the world, with 150 robots; the Flat Rock plant will have more than 300.

Despite intense media concentration on SA, each of the overseas companies we visited denied any intention of withdrawing from the country. Phil Benton, Ford's executive vice-president international automotive operations, said: "At present the business prospects and the responsibility we have towards our people there outweigh all other considerations, including the so-called hassle factor."

Lindsey Halstead, Ford's vice-president Latin American automotive operations who is also responsible for its South African interests, stressed Ford's commitment towards global markets, and noted that arguments against staying in SA could be applied to various countries in which Ford is represented.

Obviously, however, any withdrawal would be a business decision, which may have to be constantly re-assessed. Halstead also noted that, should a decision ever be taken to get out, a withdrawal could be implemented in many different ways. The Japanese, too, emphasised the importance of SA to their global strategies, despite the relatively small size of the market here. As Mazda's Asano put it: "In all forms we export about 1m vehicles a year. As SA accounts for 3%-4% of that, it is an important market to us."



But can the merger produce a renaissance at Samcor? Like Ford's, Samcor's breakeven has been slashed. Shrunken volumes and the rand have caused Samcor's management to enact contingencies not envisaged in the merger plan. In some respects, the business is as lean as it can get.

The total workforce has been slashed from 8 500 to a projected 3 900-odd by end-1986. "If the total market continues to deteriorate, we will do what we have to do to survive," says Sterling. "But you can reach a point where the infrastructure of a motor company is down to the lowest possible in terms of resource utilisation. We will be at that level by the end of the year."

During the deterioration of both the markets and the rand, foreign motor companies — particularly those in Japan — are widely believed to have helped their South African representatives by providing leeway on component prices.

This appeared to be confirmed overseas. "Our prices are yen-based. If we did not make some sacrifices, then all the risk would have to be carried by our partner. That's not reasonable," says Mitsubishi's Sato. "After discussions with Samcor we made significant price reductions."

Longer-term benefits could, however, come from arrangements to export components or even vehicles from Samcor's plant. After closing three assembly plants, Samcor still has large excess capacity at its remaining assembly plant near Pretoria. But the initial platform for exports is the engine and components plant at Port Elizabeth: "As we've already achieved export contracts for engines and components, and are negotiating for further substantial orders, that plant is ideally situated," says Sterling.

Government incentives and the low rand have suddenly made exports look attractive for the local motor industry. Depending on volumes achieved, says Sterling, these could have a considerable impact on Samcor's financial position.

"The incentives are attractive and we're very competitive in world markets," he says. "We've just broken through in a number of markets and the contracts under negotiation are major ones. If we succeed with everything we are negotiating for, then in six to 12 months exports would be making a major contribution over and above everything we've planned or budgeted for."

Mitsubishi's Sato says: "The unbelievable changes in our exchange rate have affected business profitability very significantly. Our motor industry has reached a turning point, and Mitsubishi's executives have decided that we have got to find new ways of doing business. So-called tripartite relationships will become more common. For instance, we have already started exports from Australia to New Zealand." He adds: "The Japanese government prohibits investment in SA. But thanks to Samcor's large capacity, it could be possible to export from SA to other countries. We would have to arrange appropriate distribution channels first. But the key factor is cost. We've had useful discussions with Samcor, and if the rand stabilises there is good potential for exports from SA."

That comment was made when the rand was below US40c. Its recent recovery may have eased some of the pressure on motor manufacturers' import costs. But a stronger rand, and uncertainty as to where it will level out, could make exports harder to launch on a long-term basis. Even so, industry sources noted, "if you can't export at a US50c rand then you should forget about it."

While a number of manufacturers have plans for more exports, the benefits will take time to come through. Meanwhile, hopes for improved profitability must be pinned to cost controls and sales volumes.

Samcor has followed a strategy unusual among local motor firms in that it has two separate dealer networks; some of its products clearly compete with others in the Samcor range. Sterling readily concedes that the Mazda 323 competes with the Ford Laser and the 626 competes with the Sierra. But that, he argues, is one of the reasons why Samcor hopes to succeed. It has a wide product range, produced with a high degree of common components.

Samcor has commissioned a R150m body assembly line which uses automation and robotics (the only one in SA) at its Pretoria plant, and hopes to use more robotics and automation later. But further expansion will depend on volumes.

"If we go into a period of sustained growth in industry volumes then we will be in a position to continuously upgrade and modernise," says Sterling.

"If we are going to see a continuing reduction in market volumes we will have to remain in a survival mode."

It looks like being a long time before any significant funds are committed to expansion of capacity. After its rationalisation, Samcor is running its Pretoria plant at 45%-50% available capacity.

But if profits are indeed in sight on present sales volumes, and an acceptable market share can be held, that suggests potential for profitability to improve substantially if and when demand for vehicles eventually recovers to anywhere near former levels.

Sapa-Reuter

Evelest (61) 15/10/86

Oil firm replies to critics of its SA policies

ROTTERDAM — Shell oil company has gone on the offensive against critics who say the company's business operations in South Africa help maintain apartheid.

In a letter to Shell directors, a senior company executive, Mr L C van Wachem, said Shell played a "constructive" role in South Africa.

He said withdrawal of the company from South Africa would not contribute to solving the problems of the country's black population and might even prompt a Government takeover of company operations.

In their campaign to urge the oil giant's withdrawal, Shell's opponents "repeatedly use false and misleading information and make unfounded assertions", said Mr Van Wachem.

His letter condemned apartheid, called for the release of all political prisoners in South Africa and urged an end to the bans on black nationalist political and trade union organisations.

He said it was "a caricature of logic to try to foist the blame for the acts of its possible consumer on to the producer of a generally available product".

He was referring to a frequent statement that Shell aided Government repression in South Africa by furnishing petroleum products to its army and police.

Mr Van Wachem did not deny such deliveries.

"The fact that they (Shell) respond (to the charges) shows that they feel they're under pressure internationally," said Mr Kees de Pater, of the Dutch Committee on Southern Africa, which spearheads a boycott campaign against Shell products in the Netherlands.

Earlier this year, several Shell service stations were damaged in petrol bomb attacks to protest against the firm's involvement in South Africa. — Sapa-AP

(19) DD 28/10/86

Shell denies plan to pull out of SA

CAPE TOWN — Shell was not about to disinvest, nor was it contemplating disinvesting from South Africa, the chairman and chief executive officer of Shell SA, Mr John Wilson, said last night.

Mr Wilson, commenting on reports over the weekend regarding threats of Shell's disinvestment from South Africa, said in a statement:

"At the outset, let me make an unequivocal statement: Shell is not about to disinvest, neither is it contemplating disinvesting from South Africa.

"The Royal Dutch/Shell group, of which Shell SA is a wholly-owned subsidiary, has as recently as September 23 made its position regarding its continued existence in SA absolutely clear," he said.

"The chairman of the committee of managing directors of the group, Mr Lo van Wachem, on that date issued a letter to all senior executives of Shell operating companies throughout the world.

"In this letter, he examines the moral arguments in favour of disinvestment at some length, and then proceeds to put the Shell view: 'I have to ask myself what contribution to the relief of these (South Africa's) problems Shell would make by withdrawing. My honest opinion is none whatsoever.

'Withdrawal which has no positive and probably some negative effects on the community would not be a demonstration of moral rectitude, but of moral weakness.

'It would be washing one's hands of any further social responsibility, let alone any continuing responsibility for Shell employees in South Africa'."

"Mr Van Wachem does, however, stress the need for urgent change within South Africa. He says: 'I therefore support the call made by John Wilson and other business leaders in South Africa for the SA Government to release all political prisoners, to end the ban on political organisations, to stop detention without trial of community and union leaders, and others, and to begin the process of negotiation about the future with representatives of all South Africans'."

Mr Wilson continued: "Since this letter was issued, nothing has changed to alter the view of the Shell group. Shell has been in South Africa for over 70 years, and looks forward to a long continued existence in this country.

"The speech made by me to senior managers of Shell in SA, which was quoted extensively in the Daily Telegraph, and by a number of other newspapers, was delivered on August 4 1986 at an internal conference.

"The purpose of these meetings was to inform Shell employees of the international pressures being faced by the group, and of the possible ramifications thereof. It is regrettable that certain portions of that speech and its spirit and intent have been somewhat misconstrued.

"At no stage have I or the Shell group 'threatened the SA Government with disinvestment'. There was no suggestion in my speech or in any other statements made on behalf of Shell of 'change-or else'.

"Clearly, however, if the group's financial performance is significantly impacted, then in the words of Mr Van Wachem, the group would be faced with 'a very unhappy choice.'

"I made it clear to staff at that conference that the survival of Shell in South Africa depended to a large degree on the actions of the company in the SA environment. I also made it clear that the company unequivocally condemned apartheid, and that it was committed to doing all it could to bring an end to this system," Mr Wilson said.

"It is my company's belief that the maintenance of a Shell presence in SA can contribute substantially to providing change and to creating a viable and prosperous economy in a post-apartheid era," he said.

● A Daily Dispatch correspondent reports from Johannesburg that Shell stands to lose assests worth billions of rands if it does decide to quit South Africa.

The company will leave behind huge capital interests in service stations, oil refining, agriculture, chemicals and coal.

● The position of General Motors in South Africa was being reassessed, the managing director of General Motors, South Africa, Mr Bob White, confirmed in a statement from Johannesburg yesterday.

"This has previously been stated by the chairman of the board of GM in the US, Mr Roger Smith," he said.

"The interests of motorists, our 200 dealers and their employees and our 3 000 employees in Port Elizabeth will not be prejudiced," he said. — Sapa

Shell denies any move to disinvest

Mercury Correspondent

CAPE TOWN—Mr John Wilson, chairman and chief executive officer of Shell South Africa, said unequivocally last night that the company was not contemplating pulling out of South Africa.

He was commenting on weekend news reports on the threat of Shell's disinvestment from the country.

Meanwhile the managing director of General Motors, Mr Bob White, confirmed in a statement issued yesterday that the company's 'position in South Africa is being re-assessed'.

In his statement last night, the Shell chairman said: 'At the outset, let me make an unequivocal statement: Shell is not about to disinvest, neither is it contemplating disinvesting from South Africa.

'The Royal Dutch/Shell group, of which Shell S A is a wholly-owned subsidiary, has as recently as 23 September 1986 made its position regarding its continued existence in South Africa absolutely clear.

'The chairman of the committee of managing directors of the group, Mr Lo van Wachem, on that date issued a letter to all senior executives of Shell operating companies throughout the world. In this letter, he examines the moral arguments in favour of disinvestment at some length, and then proceeds to put the Shell view: "I have to ask myself what contribution to the relief of these (South Africa's) problems Shell would make by withdrawing. My honest opinion is none whatsoever.

Jetting

"Withdrawal which has no positive and probably some negative effects on the community would not be a demonstration of moral rectitude, but of moral weakness.

"It would be washing one's hands of any further social responsibility, let alone any continuing responsibility for Shell employees in South Africa."

Mr Wilson said that Mr van Wachem did, however, emphasise the need for urgent change within South Africa.

He continued: 'Since this letter was issued, nothing has changed to alter the view of the Shell Group. Shell has been in South Africa for over 70 years, and looks forward to a long continued existence in this country.

'The speech made by me to senior managers of Shell in S A, which was quoted extensively in the Daily Telegraph, and by a number of other newspapers, was delivered on August 4 1986 at an internal conference.

'The purpose of these meetings was to inform Shell employees of the international pressures being faced by the group, and of the possible ramifications thereof. It is regrettable that certain portions of that speech and its spirit and intent have been somewhat misconstrued.

'At no stage have I nor the Shell group "threatened the S A Government with disinvestment". There was no suggestion in my speech or in any other statements made on behalf of Shell of "change — or else!"

'Clearly however, if the group's financial performance is significantly impacted, then in the words of Mr van Wachem, the group would be faced with "a very unhappy choice".

Our Port Elizabeth correspondent reports that GM's Mr White said that 'the interests of motorists, our 200 dealers and their employees and our 3 000 employees in Port Elizabeth will not be prejudiced.'

The company's position in South Africa was being re-assessed.

Control

It is understood Mr White and fellow executives from GMSA will be jetting to GM's company headquarters in Detroit tomorrow, and although this has been described as a 'routine' visit the latest statement indicates that a crucial meeting awaits the South African delegation.

Our London Bureau reports that British newspapers have carried reports that Hill Samuel, the merchant banking group which has been under attack for its involvement in South Africa, is to give up control of its South African subsidiary.

According to reports the South African operation will also be renamed in the future. Dolf Mootham, group finance director, conceded that the move was partly prompted by the political situation but he said there were no plans to reduce the group's holding further.

61

Sanlam bid for Plessey frustrated

By Udo Rypstra

PLESSEY, one of the UK's major telecommunications and electronics groups, has rejected an offer from Sanlam to purchase its SA operations.

Sanlam already has 26% of Plessey South Africa. Its offer failed because the British holding company is determined to stay in the lucrative SA telecommunications industry.

Sanlam, meanwhile, is determined to increase its involvement in this field, and has asked Plessey to watch out for further investment opportunities.

Determined

Plessey SA, which boasts a substantial local research, design and manufacturing capability, as well as a high-tech product range with more than 80% "genuine local content", would have been a big catch at the right price.

Confirming that negotiations took place, Dr John Temple, MD of Plessey SA, told Business Times that the parent company was determined to stay on in South Africa "just as it did during the civil strife in Rhodesia/Zimbabwe.

Dr Temple says that, as a result, Sanlam and Plessey SA have established a kind of partnership arrangement in terms of which Plessey SA has been contracted to manage another Sanlam-owned high-tech company, Servitek, which specialises in PABX, mobile radio and navigational equipment.

Dr Temple says this company was first placed under the wings of Group Five, but the responsibility was "understandably" transferred because of Plessey's superiority in the field of telecommunications.

"A number of possibilities for acquisition have presented themselves, but at this stage there is not much of great interest to us," says Dr Temple, who admits spending more time at Sanlam headquarters than at Plessey's factories in Retreat and Diep River, Cape.

Plessey SA is to launch a number of "world-first" high-technology products in the next few months.

These include an SA designed and manufactured tellurometer for measuring distances of more than 25km with millimetre-accuracy; a traffic-control system aimed at cutting stop-go petrol consumption by 20%; and new components in the field of telecommunications, one of which has been designed at a cost of hundreds of thousands of rands in conjunction with University of Cape Town microwave specialists. Some of these are being patented.

Multi-million-rand testing and production equipment in Plessey's two Cape Town factories — one specially catering for singular and mass-produced circuit boards — demonstrates that Plessey has "considerable" computer manufacturing capability in South Africa. Some computer assembly organisations have been approached to make use of this local facility.

Overtraded

Plessey SA itself has no borrowings and is quite capable of expanding on its own. Only 30% of its undisclosed turnover is now vested in contracts with the Post Office and, with the PABX market now being overtraded, it simply has to look at other growth opportunities, says Dr Temple.

In this regard, Plessey is also looking at new opportunities in the mobile data terminal market, and intends to provide sophisticated equipment linking mobile clinics, ambulances, taxis and couriers with host computers located at their individual headquarters or branch offices.

Commerce cries foul

22/10/86

Own Correspondent

LONDON — Britain's chambers of commerce have asked the government to legislate against left-wing authorities discriminating against firms with SA interests.

The Association of British Chambers of Commerce has written to the government to say a significant number of Labour-controlled local authorities are abusing their buying power to cut out firms linked with SA.

ECONOMY

(61) Argus 22/10/86

UK firms likely to stay in SA

The Argus Foreign Service

LONDON. — British companies which have R48-billion invested in South Africa, are unlikely to follow the United States trend towards withdrawal, but some are considering diluting their interests.

Domestic pressure on British companies to pull out is far less than in the US and many industrialists and bankers continue to believe that substantial disinvestment would do more harm than good.

A typical reaction came yesterday from ICI. "We do not believe it is in the interests of our employees, shareholders or the black population in South Africa to withdraw."

IBM WITHDRAWAL SAD

Unilever said it wished to stay in South Africa. "We do not think that disinvestment serves the interests of our employees there who are an excellent example of how different ethnic groups in South Africa can work together harmoniously."

Mr Neil Foster, of the British Industry Committee on South Africa, said the withdrawal of IBM was particularly sad as the company had done so much for its black workers.

"Disinvestment is a nonsense. All it means is that you lose all chance to influence events."

Barclays Bank, which has been heavily criticised for its involvement in South Africa, said it would continue to stay as a matter of commercial judgement.

● The cost of sanctions to South Africa could be devastating, according to an important new report from the Federated Chamber of industries (FCI).

The FCI report is the first attempt to quantify sanctions costs based on scientific studies, reports Sapa.

Using a sectorally-orientated econometric model of the South African economy, the FCI investigates three scenarios.

These range from the set of sanctions measures currently being proposed worldwide through to mandatory United Nations sanctions "substantially supported by all its members".

In terms of longer term, structural policy, it is assumed there will be little change in economic and industrial strategy.

"MORE SERIOUS"

The overall message of the study is that, in terms of employment and production, sanctions can damage the South African economy "rather more seriously than appears to be generally perceived both inside and outside South Africa".

"Clearly the welfare losses involved in any escalating sanctions scenario could be very considerable indeed.

"In all cases unemployment will increase substantially, rising to alarming proportions as one moves up the scale towards heavier sanctions packages.

COMMODITIES

S A-linked firms hit at

(61)N VI 22/10/86

London Bureau

BRITAIN'S chambers of commerce have asked the Government to introduce legislation to stop Left-wing authorities discriminating against companies with South African interests.

Mr David Nicholson, deputy director of the Association of British Chambers of Commerce, has written to the Environment Secretary Mr Nicholas Ridley saying a 'significant number' of Labour-controlled local authorities were 'abusing their buying power' to cut out firms which have links with South Africa or which have contributed to Conservative Party funds.

He said Manchester and Birmingham were just two major city authorities with vast spending power which were trying to enforce 'South Africa' clauses on firms.

Others include Wolverhampton, Leicester and Sheffield.

Meanwhile, it was revealed yesterday that Britain's Trades Union Congress has compiled a 'hit list' of companies with large investments in South Africa and is urging trade union trustees of pension funds to press the companies to cut their links with the Republic.

BANKING

ARGUS 23/10/86 (61)

Standard plans to decentralise operations

From NEIL BEHRMANN

LONDON. — The announcement of Lord Barber's retirement as chairman of Standard Chartered PLC in next May is the precursor to strategic changes at the bank in the coming year, say analysts.

Lord Barber will be succeeded by Mr Peter Graham, currently senior deputy chairman. At 64 years he is also nearing retirement age. This indicates, say London analysts, that Mr Graham's sourjourn as chairman will be temporary and will leave the door open for Hong Kong tycoon Sir Yue Kong Pau.

Lord Barber, 66, a former Chancellor of the Exchequer, became chairman of Standard 12 years ago.

Mr Graham has been with the bank for 36 years.

As group managing director, Mr Michael McWilliam will still be responsible for the day-to-day operations of the bank.

But in a published message to staff recently Mr McWilliam said: "We are facing intense competition not only from other banks, but also from new entrants to the financial services industry."

That danger has been compounded "by new rules and regulations, complex technology, more sophisticated corporate customers demanding more efficient services and an unstable world economy".

The strategy put forward by Mr McWilliam is decentralisation of operations.

"The federal framework encourages country management to be responsive to the needs of customers in their own market," he says.

"At the same time it allows them to operate on a worldwide scale and draw upon the strength of our international network."

Part of the strategy, however, say executives is for the bank to distance itself from South Africa and to generate more earnings elsewhere. The South African division used to contribute more than half of the bank's profit, but that has now fallen to about 10 percent of pre-tax profits.

(61) NM 20/10/86

British firms hope for changes

London Bureau

BRITISH companies with links with South Africa generally feel they would like to remain and play a possible role in shaping South Africa's future.

This was said here yesterday by Mr Tim Bird, a spokesman for the British Industry Committee on South Africa (Bicsa), an organisation which promotes business between the two countries.

In this way they differed from those American firms which were disinvesting in South Africa, he said.

Many British firms were committed to staying in the hopes that things would change, and hoping they could contribute toward that change, Mr Bird said.

Commenting on the spate of withdrawals from American firms and rumours of further similar action on the part of British firms, Mr Bird said it was felt in Britain that pulling out served no useful purpose except to remove any influence these firms might have.

Hope

24/10/86

'If British firms pulled out, their influence would become external pressure. The South African Government has shown no evidence of taking notice of external influence.

'As long as we are part of the South African scene there is the hope we would be a force for positive change.'

Asked what British businesses with links with South Africa feared most, Mr Bird cited the possibility of intensified violence and the threat of an eventual marxist takeover.

In spite of the optimistic and hopeful tone of Mr Bird's stand regarding British disinvestment, some business quarters expect further withdrawals from South Africa by British companies.

McKechnie Brothers, the Midlands-based metals group which has extensive interests in South Africa, has confirmed that it was reviewing its stake in associate companies urgently.

'No likelihood' of UK pull-out

CAPE TIMES 24/10/86 (61)

Own Correspondent

JOHANNESBURG. — The chairman of the British Industry Committee on South Africa, Sir Leslie Smith, says there is no likelihood of a massive pull-out from South Africa by British companies.

Sir Leslie, who is on a private visit to South Africa, said yesterday that concern by British companies that the vacuum they would leave by pulling out of South Africa would quickly be filled from other market-places should not be underestimated, even in the event of a Labour government in Britain.

But he said it was unlikely that British companies would move into the vacuum left by United States sanctions.

He said the ending of apartheid in South Africa would not automatically restore confidence in the country for foreign investors, primarily because of unrealistic expectations raised in the black and coloured communities.

"Obviously with both General Motors and IBM pulling out there is increasing concern that the trickle could turn into a flood, but I am sure no major British interest will pull out in the forseeable future," he said.

Attitudes in British industry were becoming increasingly negative because there had been predictions that sanctions would only lead to a closing of ranks around President P W Botha.

He said that apart from some shareholder pressure, there was not "a great deal" of pressure on British companies, certainly not to the extent of that in the US. "Although, of course, there may be some companies that will feel the pinch."

No major British company had disinvested from South Africa although the majority had made cosmetic changes in the form of reducing their holding below 50 percent, he said.

"Our roots are deeper here and we have more at stake in terms of investment than the US and that makes British companies more reluctant," he said.

The committee has estimated that 120 000 jobs and an estimated £3 300 million in annual revenue would be at stake in the event of British disinvestment.

□ From Bonn Sapa-AP reports that leading West German industries are not considering following the example of the US firms IBM and General Motors, spokesmen for industrial associations said.

25/10/86

Firms want to stay — Bicsa

61

Dispatch Correspondent

LONDON — British companies with links with South Africa generally feel they would like to remain and play a possible role in shaping South Africa's future.

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In this way they differed from those American firms which were disinvesting in South Africa.

Many British firms were committed to staying in the hopes that things would change, and hoping they could contribute towards that change, Mr Bird said.

Commenting on the spate of withdrawals from American firms and rumours of further similar action on the part of British firms, Mr Bird said it was felt in the UK that pulling out served no useful purpose except to remove any influence these firms might have.

"If British firms pulled out their influence would become external pressure. The South African Government has shown no evidence of taking notice of external influence.

"As long as we are part of the South African scene there is the hope we would be a force for positive change."

Asked what British businesses with links with South Africa most feared, Mr Bird cited the possibility of intensified violence and the threat of an eventual Marxist takeover.

Despite the optimistic and hopeful tone of Mr Bird's stand regarding British disinvestment, some business quarters expect further withdrawals from South Africa by British companies.

McKechnie Brothers, the Midlands-based metals group which has extensive interests in South Africa, has confirmed it was urgently reviewing its stake in associate companies.

A report in the new national newspaper, The Independent, claims that unofficial estimates of Britain's total stake in South Africa suggest the cumulative total dropped from about £13 billion in 1984 to about £10 billion last year.

25/10/86 (61) DD

Massive pull-out unlikely — claim

Dispatch Correspondent

JOHANNESBURG — If British companies pulled out of South Africa the vacuum they would leave would quickly be filled from other market places, even in the event of a Labour government taking over in the United Kingdom, according to the chairman of the British Industry Committee on South Africa, Sir Leslie Smith.

Sir Leslie, who is on a private visit to this country, said there was no likelihood of a massive "pull-out" of UK companies.

Nor was it likely that British companies would move into the vacuum left by US sanctions.

He said the ending of apartheid in South Africa would not automatically restore confidence in the country for foreign investors, primarily because of unrealistic expectations raised in the black and coloured communities.

"Obviously with both General Motors and IBM pulling out, there is increasing concern that the trickle could turn into a flood but I am sure no major British interest will pull out in the foreseeable future," he said.

1/11/86 STAR

UK businessmen heave a sigh of relief over 'tame' investment ban

61

By Michael Morris
The Star Bureau

LONDON — Britain's business community has reacted with relief to details of the government's voluntary ban on new investment in South Africa, mainly because reinvestment of profits is not being outlawed.

The measures, announced by Trade and Industry Secretary Mr Paul Channon this week, cover new acquisitions of share and loan capital of South African companies and loans and capital injections through inter-company and branch or head office accounts.

The ban excludes financial support of normal trading, such as export credit guarantees or bank loans, as well as investment in health or education in South Africa.

The British Industry Committee on South Africa is still studying the details, but, in a preliminary response, a spokesman said: "They seem quite reasonable. They are certainly not damaging and are not likely to destroy or seriously hinder UK interests in South Africa.

"They are certainly rather more than symbolic, but they seem acceptable given that the government wanted to do something.

"If it had included a prohibition on the re-investment of profits, that would have been a different matter — and, anyway, I think it would have been impracticable to do that.'

He said Bicsa would still have preferred companies to be allowed to decide on their own whether or not to invest in South Africa.

None of the measures announced is compulsory. Businessmen are merely being asked, rather than instructed, to adhere.

Bicsa, however, does not foresee companies ignoring the ban.

The ban on tourism promotion is also voluntary.

Britain's Tourism Minister Mr David Trippier appealed to tour operators, travel agents and carriers not to carry advertisements for South African tourism.

But the manager of the UK and Eire branch of the South African Tourism Board (Satour), Mr Sakkie Hattingh, said in London yesterday he had not yet received full details and would not comment until he had. He said: "I just do not know - we'll have to wait and see. Until the media actually start refusing ads, it is impossible to say what the effect will be."

3/11/86 Bus Day (61)

McKechnie considers pull-out

MICK COLLINS

BRITISH-BASED McKechnie Brothers is considering disinvesting from SA.

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

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

Feek said a *Financial Times of London* report said the company had been steadily reducing its SA interests over the past few years.

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

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

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

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

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

W/r News 8/11/86

61 62 120

LABOUR AFFAIRS

DICK USHER

Pullouts: Spanner in the works

THE withdrawals of two multinationals from South Africa has become the source of intense union dissatisfaction and put their role under the spotlight.

GM's "pullout" led to a strike by several thousand workers in Port Elizabeth, while a withdrawal of a different nature has upset relations at Matthey Rustenburg Refinery (MRR) at Wadeville.

The GM workers demanded that they receive severance pay, the repayment of all benefit contributions, the right to appoint two directors and full disclosure of the new comapany's plans.

Their demands were supported by the Congress of South African Trade Unions (Cosatu), to which the union chiefly involved, the National Automobile and Allied Workers' Union (Naawu), is affiliated.

Cosatu said that GM had enjoyed 60 years of good business in "the land of apartheid and made huge profits from the sweat of South African workers".

It supported Naawu's demand that companies should give "timeous notice of their intention to withdraw" and that the terms of withdrawal should be fully negotiated with workers.

The pattern has been set, and it is unlikely that any other multinationals which withdraw from South Africa will escape without similar demands from workers and unions.

MRR's withdrawal is a horse of a slightly different colour.

The company is closing two platinum refineries — Wadeville and Royston in England — and moving operations to Bophuthatswana.

The Chemical Workers' Industrial Union (CWIU), also a Cosatu affiliate, sees this as an example of attempted "union bashing".

Bophuthatswana — which it calls a "union-free zone" — has labour legislation which forbids "foreign" unions from operating there. This includes South African unions.

CWIU says the move is nothing more than a thinly-disguised move away from the influence of unions and the protection they afford workers under South African legislation.

MRR says this is nonsense and that all 400 workers at Wadeville will get jobs at the new refinery as it does not want to lose their expertise.

SARMCOL

Mawu dispute set for month-long hearing in court

CITY PRESS 61

By S'BU NNGADI

A DRAWN-OUT dispute between the Metal and Allied Workers' Union and the British multinational BTR Sarmcol is set for an unprecedented month-long industrial court hearing, starting next Tuesday.

The hearing will centre around the "legality" of a strike by almost 1 000 Sarmcol workers and their subsequent "unfair dismissal" by management.

BRT Sarmcol has since merged with Dunlop – another British multinational – to form BTR Dunlop.

Mawu applied for a court order to have its dismissed members reinstated and that the union be recognised as the collective bargaining representative of Sarmcol's manual employees.

The hearing will sit at Maritzburg's Edendale Lay Centre from Tuesday to November 28.

The day before, the same case will be heard by the International Socialist Court in Brussels.

In papers presented to the Industrial Court, Mawu said the workers almost unanimously voted in favour of a strike on February 4 last year and, after negotiations between Mawu and Sarmcol through a conciliation board failed, factory staff called a "legal strike" on May 1.

Mawu alleges that management said, without giving reasons, that the strike was illegal and summarily terminated the employment of the strikers.

In an answering affidavit, Sarmcol said the strike action was "unnecessary and unjustifiable, because factory management had accorded and infact extended recognition to the union."

Sarmcol alleges that it engaged in negotiations with Mawu – particularly from February to April last year – and that by the end of April only a "limited number" of issues had not been settled.

The company further alleged that the strike action was"disruptive of the orderly continuation of those negotiations" and resulted in "disorderly, aggressive, violence and intimidatory industrial actions".

Sarmcol's activity in SA is governed by two international codes of conduct – the European Economic Community Code and the Tripartide Declaration of Principles concerning multinational and social policy.

Mawu said the company contravened these codes on numerous counts – including wages, migrant labour, job security and fair employment pracitices.

The British Trade Union Congress and the International Metal Workers' Federation have called on British Prime Minister Margaret Thatcher to put pressure on Sarmcol to settle the dispute. And the International Confederation of Free Trade Unions has started a campaign against Sarmcol.

The issue which brought violence into the conflict was Sarmcol's hiring "scab" labour to replace the striking workers.

Almost 800 workers have been employed – mostly from townships and rural areas far away from Howick. Violence between "scabs" and strikers and their supporters escalated. Workers were beaten up, some killed, houses burnt down and buses transporting "scab" labour attacked.

● The Home Affairs Department this week refused passports to six BTR Sarmcol shop stewards who were to travel to Brussels to give evidence before the International Socialist Court on the dispute.

Mawu said the six recieved letters from the department saying: "I wish to advise that after consideration of the particulars furnished on your application I do not see my way clear to authorise the issue of a passport to you".

Mawu-BTR case is closely watched

ALAN FINE

THE closely watched Industrial Court case between the Metal and Allied Workers' Union (Mawu) and BTR Sarmcol — which became part of Dunlop SA earlier this year — enters its second week in Pietermaritzburg today.

Mawu has alleged that BTR's actions related to the dismissal of nearly 1 000 striking workers from the Howick plant on May 2, 1985, constituted a number of unfair labour practices, and is seeking the workers' reinstatement. The strike arose from a dispute in negotiations between the two for a recognition agreement.

Counsel for Mawu, Martin Brassey, told Pierre Roux, SC, and two assessors in his opening address last week of a history of conflict between Mawu and BTR, and an unwillingness by the company to bargain in good faith. He described several attempts by the union to resume negotiations following the workers' dismissal.

But the company had replied that there was no point in meeting as there were no additional matters to discuss. It said as Mawu members were no longer employed by the company there was no point in continuing to correspond.

Keith McCall, SC, for BTR, rejected Mawu's allegations as "absurd". He said labour relations at BTR Sarmcol in the 1970s were enlightened for the time, and allegations made by the union were neither accurate nor correct.

The company had concluded a preliminary recognition agreement with Mawu in 1983, before it had achieved majority representation at the plant. It had also granted workers half a day off for May Day in 1985, when this was probably unique.

 ARGUS 11/11/86

(61) (62) (60)

INVESTMENT

British ready to replace US firms in SA — survey

The Argus Foreign Service

LONDON. — British companies are ready to step into the vacuum left by American companies pulling out of South Africa, according to a new, unpublished survey.

The Geneva-based Institute for Research and Information on Multinationals British says too that investment by United Kingdom corporations is showing "continuing resilience" in the face of political unrest.

In the survey British companies in South Africa came under fire for their anti-union policies.

UK-based companies in South Africa were more anti-union than those of other countries, were less active in opposing apartheid and, unlike the Americans, showed no sign of leaving.

The report gives four reasons why American companies have opposed apartheid more actively than their European counterparts.

- They are under much greater pressure from shareholders and anti-apartheid groups,
- The principles formulated by Leon Sullivan for multi-racial employment have influenced them, more so than the European Community code has in relation to European companies,
- Most have American managers while the European companies are often run as joint ventures by locally recruited managers, and
- Unlike the Americans, European multinationals believe that too rapid transition from apartheid would "unleash tribal antagonisms and eventually sweep away existing democracy".

Meanwhile, the British government announced plans for an extra £10-billion in public spending, drawing charges from the Opposition that it was trying to buy election votes.

The Chancellor of the Exchequer, Mr Nigel Lawson, has told Parliament that public spending targets for 1987 and 1988 had been raised by £4,6-billion and £5,5-billion respectively.

Mr Lawson said most of the extra cash would be earmarked for education and health, two politically sensitive areas in the run-up to general elections which have to be held in 1988, but are expected next year.

The Chancellor said the cash would come from a combination of extra tax receipts stemming from economic growth, the sale of more State assets, contingency funds and possibly higher than forecast oil revenues. There would be no additional public borrowing, he said.

Mr Lawson said the move did not represent any loosening of the government's tight hold on the economy.

"There can be no question of allowing the projected increase in public expenditure over the next two years to undermine the prudence of the government's overall fiscal stance," he declared to hoots of derision from the Opposition benches.

The government plans were immediately branded by the Labour Party leader, Mr Neil Kinnock, as "a strategy to bankroll the Tories for the election".

"This last-minute splash will be treated with contempt by a British public that doesn't believe the government any more," he said.

A joint statement from the centrist Liberal-Social Democratic Alliance accused the Chancellor of "cynically stoking up a pre-election consumer boom at the expense of long-term revival".

In a forecast on the British economy, Mr Lawson predicted economic growth, measured by gross domestic product of 3 percent in 1987, after 2,5 percent this year.— Sapa-Reuter.

ARGUS 11/7/86

Motor industry unions in joint stand on pullouts

Labour Reporter

THREE top motor industry unions have taken a joint stand on multinational companies and disinvestment.

They say pressure for sanctions and disinvestment are results of apartheid and that profits, and not jobs or worker safety, should bear the brunt.

Two are affiliates of the Congress of South African Trade Unions (Cosatu). They are the Metal and Allied Workers' Union (Mawu) and the National Automobile and Allied Workers' Union (Naawu) and are discussing unity with the Motor Industry Combined Workers' Union (Micwu). Their total membership is about 100 000.

MINIMUM CONDITIONS

In a joint statement, they demand that if companies pull out they must give timeous notice and provide details of their plans so workers and unions can decide their future.

Companies must negotiate withdrawal on minimum conditions that:

- No retrenchments or redundancies will result;
- New managements agree to negotiate with representative unions;
- They agree to minimum severence pay of one month's wage for each year of service;
- No benefits are prejudiced, and workers' earnings are guaranteed for 12 months.

Protests against Shell in Republic

13/1/86

Post Correspondent

LONDON — Anti-apartheid groups in a dozen countries are to co-ordinate protests against the involvement of Royal Dutch-Shell in South Africa and Namibia.

The days earmarked for action were today and Saturday.

Representatives of the Swedish Shell Pump Owners' Association will meet today with senior Shell management to press for the company's withdrawal from SA.

This follows a similar meeting with Shell in the Hague.

On Saturday, a "boycott Shell" lorry will tour London carrying a display of a Shell petrol pump fueling an "apartheid tank".

Centres it will call at include the Shell Centre, and headquarters of the Department of Trade and Industry.

Major protests are planned in the US, the Netherlands, the Scandavavian countries and Australia.

14/11/86 STAR

(3338) 61 (280)

US churches, unions withdrawing more than $12-m from Shell group

The Star Bureau

WASHINGTON — American churches and labour unions have announced $12,4 million divestment from the Royal Dutch/Shell Oil Group.

This action, announced here yesterday, was the latest in an 11-month campaign targeting Shell for its links with South Africa.

Anti-apartheid groups have chosen Shell Oil for a national boycott effort to drive other companies in the Republic to also quit.

VERY MINIMAL

The Boycott Shell Committee said many unions, churches and anti-apartheid movements worldwide were getting preparing for "co-ordinated demonstrations" in 10 countries tomorrow.

A Shell spokesman said from Houston that the boycott effort launched on January 9 had had a "very minimal" effect overall on Shell Oil in the US. Its impact had been virtually negligible.

"We are nevertheless concerned about the boycott because the people who will first feel it are the jobbers and corner-station businesses," the Shell official said.

These people, who hated apartheid as much as Shell Oil did, would be unfairly hurt.

ALSO URGING

A leader of the boycott campaign, United Mine Workers president Richard Trumka, said a great many consumers had been convinced not to buy Shell products and to destroy their Shell credit cards.

"Now we are also urging Shell's shareholders to divest themselves immediately of their stock until Royal Dutch/Shell leaves South Africa."

The $12,4 million divestments are made up of stock sales by a few labour unions, and several other church bodies, including the National Council of Churches.

According to the boycott committee, the union-church divestments followed similar divestments by Harvard University ($32 million), Los Angeles county ($15 million), and the city of Detroit ($1,3 million).

The countries where tomorrow's protests are planned include: The USA, Great Britain, the Netherlands, Denmark, Sweden, Norway, and Australia.

"Shell is one of the most strategic companies in South Africa," said Dr Arie Brouwer, general secretary of the National Council of Churches of Christ in the US.

"It helped oil the wheels of apartheid, he said.

Shell Oil Company in the US has repeatedly stated it has no investments or operations in South Africa, and that Royal Dutch/Shell Group is neither supplying nor shipping crude oil to South Africa.

● See Page 11.

ARGUS 28/10/86 (61)

We're not quitting — Shell

SHELL was not about to disinvest, nor was it contemplating disinvesting from South Africa, said the chairman and chief executive officer of Shell SA, Mr John Wilson.

Commenting on reports at the weekend, he said that at no stage had he or the Shell group threatened the South African Government with disinvestment.

Reports that he made such a threat were based on a speech he made which had been miscontstrued.

"The Royal Dutch-/Shell group, of which Shell SA is a wholly owned subsidiary, has as recently as September 23 made its position regarding its continued existence in SA absolutely clear," he said.

"The chairman of the committee of managing directors of the group, Mr Lo van Wachem, issued a letter to all senior executives of Shell-operating companies throughout the world.

"He examines the moral arguments in favour of disinvestment at some length, and then proceeds to put the Shell view: 'I have to ask myself what contribution to the relief of these (South Africa's) problems Shell would make by withdrawing. My honest opinion is none whatsoever.'

NOTHING CHANGED

"Mr van Wachem, however, does stress the need for urgent change within South Africa.

"He says: 'I therefore support the call made by John Wilson and other business leaders in South Africa for the SA Government to release all political prisoners, to end the ban on political organisations, to stop detention without trial of community and union leaders and others, and to begin the process of negotiation about the future with representatives of all South Africans.' "

Mr Wilson continued: "Since this letter was issued, nothing has changed to alter the view of the Shell group. Shell has been in South Africa for over 70 years and looks forward to a long continued existence in this country.

"It is my company's belief that the maintenance of a Shell presence in SA can contribute substantially to providing change and to creating a viable and prosperous economy in a post-apartheid era," said Mr Wilson.

● The Minister of Mineral and Energy Affairs, Mr Danie Steyn, welcomed the Shell statement.

Mr Steyn said the decision to disinvest or remain in South Africa was obviously entirely one for Shell to make.

"But I am pleased that the company has decided not to move out of the country." — The Argus Political Staff and Sapa.

12/11/86 SUN TIMES

UK firm pumps in aid to schools

61

BP Southern Africa — the largest single British investor in South Africa — has launched a bold new initiative to pump tens of millions of rands into assisting State schools which wish to go "private" in order to admit all races.

And it has offered help in rebuilding of the devastated District Six in Cape Town as an open residential and business area.

By RAY JOSEPH

In contrast to the growing number of multinationals either pulling out of South Africa — or talking of it — BP has committed itself to help prepare setting up a non-profit corporation.

This will be done in conjunction with other organisations to help bring about essential changes to help South Africa become a nonracial democracy.

Although BP spokesmen say it is, as yet, not possible to quantify the cost, they believe it would involve "many millions of rands".

Details of the new initiative are contained in the "BP in South Africa Social Report 1986" released this week.

In the report, BP propose two specific plans which they believe will help set precedents and show the way for similar schemes throughout South Africa.

They are:

- Financially assisting State schools which may lose their Government subsidies by being redesignated "private" in order to admit pupils of all races.
- "Contributing substantially" in setting up a private sector, non-profit corporation which could act as a "financial platform" to help establish the ravaged District Six.

The scheme to assist redesignated schools has already been put to the Government.

According to statements by Government members quoted in the BP report — the National Education Minister, Mr F W de Klerk, and the Minister of Education and Culture, Mr P J Clase — it seems sure to receive sympathetic consideration.

Sanctions

In a foreword to the report, the chairman of BPSA, Mr Ian Sims, says:

"Punitive steps, including trade sanctions, are already taking place, athough I personally believe these will retard rather than speed up change — and they will hurt the lower income groups quickly and harshly."

On BP's proposal to assist schools which wish to become "private", Mr Sims says:

"We have approached Government with the proposal that where individual schools vote to go 'open' (and we know of three cases in the Cape) they should be able to do so by using the mechanism of being redesignated 'private' instead of 'State' schools, but without financial penalty by loss of Government subsidies and assistance.

Mr IAN SIMS
Integrated education

Harmony

"We have offered to assist such schools with any financial implications that the change may bring and our intention would be to invite other companies in the private sector to join us.

"We know that friendships forged at school are life-lasting and I can think of no better way for our future generations to learn to live together in harmony than to take part in integrated education."

In the case of District Six, where much of the land has lain empty since its destruction and removal of the largely coloured population in 1966, Mr Sims says:

"We are convinced that it would be an act of symbolic and fundamental importance if District Six could become South Africa's first nonracial area, where all people could have the opportunity to work and live."

NATIONAL/INTERNATIONAL

'Get out of South Africa or else' warning to Shell

61

The Argus Foreign Service Argus 14/11/8?

LONDON. — A group of British local authority pension funds has told Shell Oil to pull out of South Africa or face withdrawal of millions of rands in investments.

Fifteen local authorities — including one run by a Tory council — have formed themselves into the Joint Action Against Apartheid group to pressure Shell to "break links with the apartheid regime".

They say they have more than R130-million in Shell shareholdings between them and will recommend disinvestment if the company does not act.

But in a meeting with Swedish anti-apartheid activists and Swedish Shell petrol station owners, the company indicated it had no immediate intention of withdrawing.

A spokesman said Shell would continue to influence events in South Africa through its programme of social and educational projects.

Demonstrations

Pressure on the company, though, is set to increase.

Anti-apartheid groups are making the oil company the focus of wide-ranging demonstrations and pickets tomorrow in Sweden, Holland, Britain and the United States.

● American churches and labour unions have announced a R25-million divestment from Shell, The Argus Foreign Service reports from Washington.

The move is the latest in an 11-month campaign. Anti-apartheid groups chose Shell Oil for a national boycott effort to drive other companies in the Republic to quit.

A Shell spokesman said from Houston the boycott effort had had a "very minimal" effect overall on Shell Oil in the US. Its impact had been virtually negligible.

"But we are nevertheless concerned about the boycott because the people who will first feel it are the jobbers and garage businesses," he said.

A leader of the boycott campaign, United Mine Workers president Richard Trumka, said consumers had been persuaded not to buy Shell products and to destroy their Shell credit cards.

"Now we are also urging Shell's shareholders to divest themselves immediately of their stock until the company leaves South Africa."

Heunis: BP's District Six plan not legal

18/11/86 BUSDAY

Own Correspondent

CONSTITUTIONAL Development and Planning Minister Chris Heunis says BP's R100m scheme to redevelop District Six as an "open" residential area does not fall within the law.

However, sources close to BP indicate it has been "heartened" by Heunis's "mild" reaction to a scheme that cuts right across the Group Areas Act.

BP announced the scheme at the weekend having had "informal" discussions with Heunis.

Heunis said yesterday the Group Areas Act, which controls occupation of residential areas, did not provide for a mixed or "open" residential area.

However, it did provide for mixed living on a permit system.

He could not comment further on the scheme which also envisaged mixed schools in the area.

The BP scheme comes amid rising speculation that the President's Council, which has been investigating the Group Areas Act, may recommend a form of "local option" which could pave the way for certain areas in a city to be declared "open" to all races as CBDs are.

A BP spokesman declined to comment on Heunis's reaction.

3 1986

13/11/86.

BUS DAY

No official instructions received

Air Zimbabwe denies flight cuts

Own Correspondent

AIR ZIMBABWE GM Augustin Mutyambidzi yesterday dismissed reports that direct air links between Zimbabwe and SA would be severed on November 15.

Mutyambidzi said he had received no instructions from the Ministry of Transport to discontinue flights.

Speculation about the termination of air services, which would leave hundreds of travellers stranded, stems from a statement made by Prime Minister Robert Mugabe.

Mugabe told a recent media conference Zimbabwe would take action "towards the end of November" to implement the Commonwealth sanctions package against SA.

Included in this, Mugabe said, would be the termination of all direct air links and overflying rights for aircraft flying to or from SA.

Harare sources reported this week that Mugabe's government might be forced by practical considerations to defer until next year a decision on implementing sanctions.

Diplomatic sources in Harare were equally adamant in denying reports in SA that the Zimbabwean Trade Mission in Johannesburg was to close shortly and that the SA Trade Mission in Harare would be ordered to withdraw.

The two missions, which provide a wide range of consular services, are thought likely to continue their operations.

BUSDAY

Anti-independence leaders held in raids

13/11/86

Business Day Reporter

THE deputy sheriff of KwaNdebele and five other people have been held in the latest raids on anti-independence movement leaders in the homeland.

Deputy sheriff Fannie Molapo, who is also the homeland's messenger of court and a police reservist, was arrested on Tuesday. Also arrested were Abram Skhosana, Joe Morgan, Joe Aphane, Jabu Mahlangu and Harold Skhosana.

A police spokesman said two members of the homeland's royal family, Princes James and Andries Mahlangu, were being held under the emergency regulations.

Rains lift farm hopes

Business Day Reporter

GOOD RAINS in most parts of the Transvaal have boosted farmers' morale but conditions in the irrigation areas are critical, a Transvaal Agricultural Union survey shows.

The financial problems of farmers have not been completely "rained away" and it will take more than one good season to bring significant relief, the survey says.

Prospects for normal and even above-average crops do, however, look better than at the same time last year.

BUSDAY

Protesters co-ordinate

13/11/86

Own Correspondent

LONDON — Anti-apartheid protesters in more than 12 countries will be co-ordinating protests against the involvement of Royal Dutch/Shell in SA and Namibia.

The two days earmarked as days of action will be today and Saturday.

Today, Swedish Shell Pump Owners Association representatives will meet senior Shell management to press for the company's withdrawal. This follows a similar meeting with Shell in The Hague.

The text of a letter will be released urging Shell to pull out of SA or face concerted disposal of shares by local councils.

These and future plans will be given in the House of Commons by Labour MP Richard Caborn.

On Saturday, a "Boycott Shell" lorry will tour London carrying a display of a Shell petrol pump fuelling an "apartheid tank". It will call at the Shell Centre and the Department of Trade and Industry's headquarters.

Internationally, major protests are planned in the US, the Netherlands, Scandanavia and Australia.

BUSDAY (61) 17/11/86

UK takes firmer SA line

Economics Reporter

THE British government has begun taking action to "dissuade" UK multinationals from making new direct investments in SA.

But the investment ban — part of the Commonwealth sanctions package — is voluntary. A spokesman at the British Consulate in Johannesburg said no formal campaign would be launched to support the measure.

The UK government would request companies to make no new investments "in the normal course of its contact with industry", the spokesman said. There was no mechanism attached to the measure to provide for enforcement or monitoring.

British Secretary of State for Trade and Industry Paul Channon told the House of Commons on October 30 that the voluntary ban applied to "new acquisitions of share and loan capital of SA companies, and also includes loans and capital injections through inter-company and branch/head office accounts".

The ban did not include financial transactions and bank lending "in support of normal trading activity", and investments in training, health and social programmes.

Channon said: "I believe British industry, which has repeatedly supported calls for fundamental social and political reform in SA, is ready to play its part in helping to bring this about by non-violent means. Given the extent of existing UK investment in SA, wholehearted co-operation by British companies with the voluntary ban on new investment should have a considerable impact."

The British consulate also said the UK's ban on the import of SA gold coins has been modified to conform to EC regulations.

The UK Department of Trade and Industry said the ban had been extended to include coins consigned directly from SA and those sent from other countries.

But the ban, implemented on May 24, does not apply to coins minted before 1961, to imports in transit to the UK on or before October 31, or to those which were the subject of contracts concluded before October 31.

Finrand is the stumbling block

Pullout set to cost Barclays Bank dearly

61

BUS DAY 25/11/86

IN MAKING a political statement to satisfy its critics, British banking giant Barclays Bank plc has landed itself with a R527m financial rand headache.

Ironically, it is South Africans who will benefit financially in the short term and Barclays plc that will suffer from the the sudden withdrawal:

☐ The deal will not deplete SA's dollar holdings or foreign reserves;

☐ In the longer term, SA will retain dividend income, rather than transfer it to foreign shareholders;

☐ The Anglo American-led consortium, as well as Barclays National Bank (Barnat) minorities, have the opportunity to buy excellent banking shares at a knockdown price. This confirms the pattern set by the disinvestment of both IBM and General Motors, where local shareholders benefited substantially.

"Anglo American, Southern Life and De Beers must be delighted to buy into the largest SA bank at R18 a share," says an analyst. Barclays shares were at R23 last Friday, the last trading day before the deal. The net asset value of the share

GERALD PROSALENDIS
Economics Editor

is estimated at about R14.

But, the London-based bank's dilemma is that the quicker it tries to repatriate its investment, now held in financial rands, the less it will get.

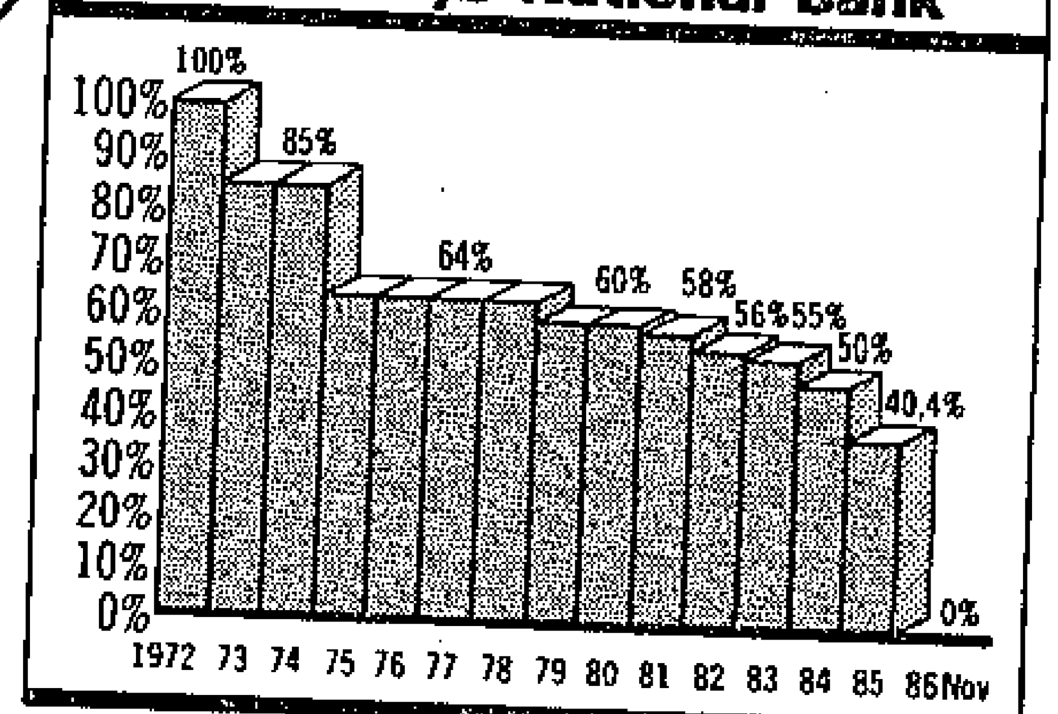
Barnat's former parent will either have to reinvest these funds to get a return, or take them out of the country by selling them to another non-resident for whatever price it can get.

"If they know what is good for them, Barclays will move their financial rands out very slowly — otherwise they will depress the financial rand rate subtantially in a thin market," says an SA monetary official.

Already the bank has taken a knock. Yesterday, Barclays plc's chairman Sir Timothy Bevan said the bank had effectively written off £48m of its holding in Barclays National in August this year when the book value was written down from the commercial rand value of

● To Page 2

Percentage of Shares Held by Barclays PLC in Barclays National Bank



BARCLAYS National Bank was carved out of the Barclays Group in 1972 as a vehicle to meet South Africa's then political demands that foreign-controlled banks should gradually reduce their offshore shareholdings. In 1973, Barnat was listed on the JSE after a public offer of shares to South Africans. London's stake in the bank was subsequently reduced, largely by not following up rights issues. Now UK political pressure has resulted in total disinvestment.

Pullout could cost dearly

61

BUS DAY

£106m to the financial rand value of £58m.

It is understood the bank initially intended reducing its shareholding in stages to minimise the effect on the financial rand, but decided against this method because the political impact of the move would not be maximised.

● From Page 1

But even the political mileage gained from its sudden departure is questionable. The Anti-Aparheid Movement (AAM) said yesterday that for Barclays plc the pressure was not yet off.

Barclays sells to SA groups

Eve Post 24/11/86

61

JOHANNESBURG — Barclays Bank PLC is withdrawing from South Africa and has sold its 40,4% share in the local bank to major institutions, including Anglo American, De Beers and the Southern Life Association.

In a statement here Barclays said the move would return control of the bank to SA interests for the first time in 61 years.

The transaction involves almost R530 million.

Anglo American will now hold 22,5% of Barclays shares, De Beers 7,5% and the Southern 25%.

Barclays is one of the biggest foreign investors in SA and the move was described by analysts as a major psychological blow for the country's sanctions-hit economy.

The decision follows a spate of similar moves by giant US companies.

IBM, General Motors and Eastman Kodak have pulled out, because of apartheid and a business slump.

Barclays' managing director, Mr Chris Ball, said the bank would get a new name next year.

He said the capital base would be enhanced by the issue to Barnat of R100 million in subordinated debentures.

Anglo American, De Beers and the Southern had acquired 20 629 500 shares of the 29 276 070 ordinary shares in Barclays National Bank previously held by Barclays PLC.

He said Anglo would make 4 798 500 ordinary shares available to existing Barclays National shareholders. A further 8 646 570 shares had been placed with major SA institutions and a trust.

"These shares have been acquired at a price of R18 per share, but excludes the right to the final ordinary dividend of 36,25c per share payable to shareholders registered at the close of business on November 14, 1986 in respect of the period ended September 30, 1986. The financial consideration is R526 969 260," he said.

To give all existing shareholders in Barclays National an opportunity to participate, the 4 798 500 ordinary shares which represent 6,6% of the total issued share capital, will be made available for purchase by them on a 1 to 4 basis.

Mr Ball said dividends of about R30 million a year paid out in foreign exchange to overseas shareholders would now remain in SA.

The new arrangement would not affect the working relationship between the two banks.

"The exchange of facilities, information and personnel will be maintained. The ability of Barclays National to transact business internationally will not be affected.

"The transaction means that South Africa's largest bank will now be totally owned by residents for the first time since 1925, when Barclays in the UK acquired the National Bank of SA.

"Management view this as a unique opportunity, giving us the potential to strengthen our position both domestically and internationally." — Sapa

Barclays sells SA stake for R527-m

ARGUS 24/11/86 (61)

From PETER FARLEY and CHRIS MOERDYK
The Argus Correspondents

JOHANNESBURG. — Barclays UK has sold its 40 percent shareholding in Barclays SA to an Anglo American-led consortium, including De Beers and Southern Life.

In the biggest single disinvestment move by an overseas company, Barclays UK has bowed to overt political pressure in both Britain and the United States and sold up its entire shareholding in South Africa for R527-million.

Barclays SA managing director Mr Chris Ball said today that pressure from both the bank's customers and staff on both sides of the Atlantic had eventually forced it to pull out of South Africa.

Sale price

The sale is being priced at R18 a share, well below the bank's share price on the Johannesburg Stock Exchange of R23,50.

Both Mr Ball and chairman Mr Basil Hersov will be staying on in their respective positions.

Mr Ball said it was a tremendous opportunity for South African investors to regain control of the country's biggest bank for the first time in 61 years.

Minority shareholders are also being offered the chance to pick up shares at the cheaper price, with an offer of one additional share for every four now held at R18.

As a result of the sale, Anglo American will end up with 22,5 percent of the bank, Southern Life 25 percent, De Beers 7,5 percent and half-a-dozen other major institutions with smaller stakes.

Reduced stake

Barclays UK has consistently reduced its shareholding in its South African investment from a peak of 100 percent in 1972 by not following a series of rights issues in the past 10 years.

This is the first time, however, that the British parent company has actually sold any of its shares.

Mr Ball said, however, that although Barclays UK would be taking out the R527-million through the financial rand, the withdrawal would have no effect on the country's balance of payments.

The money would be unable to leave until it was matched by fresh investments here — which create financial rands — from other sources.

He also pointed out that the

(Turn to Page 3, Col 3)

BARCLAYS

'Pressure not helping SA reform'

From MICHAEL CHESTER
The Argus Correspondent

JOHANNESBURG. — Overseas pressure groups forcing disinvestment in South Africa were warned today by Mr Basil Hersov, chairman of Barclays National Bank, that they were slowing down the rate of political reform rather than encouraging a faster tempo.

Mr Chris Ball, chief executive of the bank, said there would now be intense interest in how the British Prime Minister, Mrs Margaret Thatcher, reacted to the pullout by Barclays UK from South African operations.

Her reaction, he said, could provide new indications on the general attitudes likely to be adopted by more British companies towards their business links with South Africa.

CONFUSING TARGETS

Mr Hersov said it was unfortunate many protagonists on the disinvestment and sanctions campaign were confusing their intended targets.

At the moment, while they clearly sought to influence the Government's political stance on reform, they were doing more damage to the South African economy.

"Their actions are proving counter-productive", he said. "Instead of speeding up the reform process, they are actually slowing it down. The targets are being misread by many people.

"The situation is not perilous — but it is obviously causing concern, especially in the impact on the economy and slowing down the pace of job creation."

Mr Ball said Barclays had

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Argus 24/11/86

'Not helping SA reform' 61

(Cont. from Page 1)

been autonomous for many years and there would be no change in the daily running of the bank.

"International business interests of clients will in no way be affected by the redistribution of shareholdings."

The Argus Political Correspondent Tos Wentzel reports the Government was maintaining a low profile today on the political implications of the R527-million Barclays pullout.

A spokesman for the office of the Minister of Finance, Mr Barend du Plessis, would say only that he had an emphatic "no comment".

Mr Brian Goodall MP, one of the Progressive Federal Party's spokesmen on financial matters, said the deal was not unexpected.

For South Africa, the critical factor was not who owned Barclays but whether the South African bank would still have access to the international banking links of Barclays UK.

If South Africa did not have access to those links, the withdrawal was particularly unfortunate because South Africa relied more than most economies on international trade.

Dr Gerhard de Kock, Governor of the Reserve Bank, said today the Barclays UK decision was not expected to exert any adverse effect, nationally or internationally, on the South African banking system.

"Note is being taken of Barclays UK's intention to sell its holding of financial rand to non-residents in an orderly manner in order not to exert undue downward pressure on the exchange rate of the financial rand," said Dr de Kock.

Barclays sells its SA stake

(Cont. from Page 1)

deal would have a positive impact on the country's foreign exchange reserves, in that the R30-million paid out each year in dividends to the UK parent would now be kept in South Africa.

Mr Ball emphasised that the withdrawal of Barclays UK would have "not one iota" of effect on the bank's operations. "We are totally independent from the UK bank, both in terms of technology and management."

He added that the South African bank would still be maintaining a close working relationship with its former controlling bank. However, the bank's name would change and Mr Ball said a campaign to launch the new name would take place next year.

Mr Ball said that the bank had a 150-year history in South Africa and he felt this move would further strengthen its position.

At the same time as the disinvestment move, Anglo American is pumping an additional R100-million into the bank in the form of a preferred debenture issue.

Mr Ball said this would move Barclay s even closer to the reserve requirements recently stipulated by the financial authorities.

Barclays boss to SA Govt: We warned you

Cape Times 25/11/86 (6)

From JOHN BATTERSBY

LONDON. — The chairman of Barclays Bank, Sir Timothy Bevan, said yesterday that the bank would probably have stayed in South Africa if the government had heeded the bank's warning earlier this year to abandon apartheid.

He was speaking at a press conference at the bank's headquarters in London as the financial rand dived some 10 percent on the day.

"Had there been an end to the policy of institutionalized racial discrimination then the commercial results would have flowed from it and we probably would be staying," Sir Timothy said.

"The more companies that withdraw from South Africa the more pressure it puts on the government."

A spokesman for the Minister of Trade and Industries, Dr Dawie de Villiers, declined to comment on Sir Timothy's statement.

Sir Timothy said the bank had suffered "notable but not substantial" falls in profit, particularly in the student sector, because of the political campaign against it.

BARCLAYS

The Bank

BARCLAYS NATIONAL BANK LIMITED • REGISTERED BANK

R527m headache for Barclays PLC

Anglo leads bank buy-out

Pressure on foreign giants likely to mount

— PAGE 7

The Barclays decision intensified the pressure on other major British companies such as Standard Chartered Bank and Shell to follow suit.

But the Royal Dutch/Shell group and Standard Chartered yesterday reaffirmed their intention to remain in South Africa.

A spokesman for the Shell group said "while we and Shell, South Africa, are totally opposed to apartheid we do not believe that disinvestment by Shell would help to quicken the pace of reform".

A spokesman for Standard Chartered said they had no plans for further disinvestment in South Africa. Any decision in the future would be based on commercial judgment.

While these two multinational corporations sounded a positive note, the organization which has done much to influence Barclays into Monday's decision, End Loans to Southern Africa, was preparing for further campaigns.

Barclays would remain a major campaign target until "all links with South Africa and Namibia were severed", a spokesman said.

The London-based Anti-Apartheid Movement described the Barclays decision as an "important and historical victory in the international campaign for sanctions".

The British Government immediately distanced itself from the Barclays decision.

"The British Government was not consulted. This was a matter of commercial judgment for the firm concerned," a Foreign Office spokesman said.

☐ **G North and Son owners disinvest, page 9**

Standard, Hill Samuel won't quit South Africa

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25/11/86 STAR

By Neil Behrmann

LONDON — Standard Chartered plc and Hill Samuel say they will not withdraw from South Africa even though they ıave reduced stakes in their ɔcal companies.

A Standard spokesman said ːat the bank's investment was rrently worth around 50 million.

The intention over the long n was to reduce the holdin Standard Bank Invest-t Corporation from 39 per- to 25 percent, but a deci-was not imminent.

ɜ statements made to The came after Barclays plc's decision to sell out in Africa.

Richard Lloyd, chief exec-of Hill Samuel, said that ank's holding was diluted ɪre issues from 70,5 per-ɔ 13 percent, but it had no on of total withdrawal.

ssure, however is expect-ıcrease on other UK com-which have businesses in Africa.

'Trades Union Congress ned" the Barclays move ɔokesman warned: "This is by no means the end of the road."

A spokesman from the Anti-Apartheid Movement said that during the past year pressure had "grown astronomically" from pension funds, local authorities, and the TUC. Pressure would increase.

Directors are also complaining about the disproportionate amount of boardroom time devoted to South African matters.

The most important investments in South Africa controlled by British companies are now Standard Bank, AECI, British Petroleum, Shell, Consolidated Gold Fields, Blue Circle, Hill Samuel and Courtaulds.

These corporations, according to the *Financial Times*, control assets worth R14,5 billion and employ more than 172 000 people.

Britain is currently the largest investor in South Africa, but it is difficult to estimate the sterling value because of the low exchange rate of the financial rand.

About five years ago, direct investment was worth £6 billion, but since the funds can only be repatriated via the low financial rand, the worth of the investments have shrunk to around £1,5 billion to £2 billion.

Barclays chairman Sir Timothy Bevan told a media conference that disinvestment was bound to have an effect on the South African government. Ultimately the withdrawal of top businesses had to influence the government, he said.

He was still convinced that sanctions against Pretoria would not work. "The more companies that withdraw the more pressure it puts on the government."

"Our decision, taken with the recent decision by Eastman Kodak to withdraw, may inevitably put pressure on the authorities," he said.

"The decision was a commercial one, but it was based on the political and moral situation. All three are part of a circle," he said.

Sir Timothy stressed that in South Africa Barclays was known as the anti-apartheid bank, but abroad it was unfairly seen to be pro-apartheid and a supporter of the South African Government just because of its investment there.

Sir Timothy said that Barclays had discussed withdrawal at four board meetings starting in May this year. The final decision was taken two months ago.

Barclays approached major shareholders to buy its shares, he said.

The share deal would generate £6 million in profits. But assets in South Africa were worth only £80 million in financial rands against £120 million in August last year. Prior to the fall in the rand exchange rate the South African assets were worth between £200 million to £300 million depending on the market value of the shares.

Sir Timothy said that commercial considerations were affected by political conditions, more so in South Africa than in other countries.

"World opinion is important. It affects commerce," he said. "If we are looking at where to invest, the situation in North America is more certain than that in South Africa, which at the moment is disapproved of by the world."

He added the bank wanted to concentrate on boosting its US business.

BANK'S MOVE WILL 'HIT REFORM'

SOWETAN 25/11/86

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THE Government was yesterday maintaining a low profile on the political implications of the R527 million Barclays pull-out.

A spokesman for the office of the Minister of Finance, Mr Barend du Plessis, would only say that he had an emphatic "no comment".

Dr Gerhard de Kock, governor of the Reserve Bank, was expected to issue a statement yesterday.

SOWETAN Correspondent

The Government is said to have been briefed about the deal beforehand and details are still being studied.

Mr Brian Goodall, MP, one of the Progressive Federal Party's spokesmen on financial matters, said the deal was not unexpected.

Barclays UK had been reducing its involvement in the South African operation.

It did not follow up the latest rights issue which meant that South African shareholders acquired a greater share.

For South Africa the critical factor was not who owned Barclays but whether the South African bank would still have access to the international banking links of Barclays UK.

This was still unknown.

If South Africa did not have access to those links then the withdrawal was particularly unfortunate because South Africa relied more than most economies on international trade.

The situation was aggravated by the increasing level of sanctions which were being imposed upon South Africa, making it harder to export.

Mr Goodall said that, while it was understandable that Barclays UK had been under pressure, the decision to withdraw would not in any way help to accelerate the process of reform in South Africa. It was in fact likely to do exactly the opposite.

It was ironic that years ago, following the Franzen Commission report on the financial structures in South Africa, it was government policy to reduce the level of overseas shareholding in South African banking operations.

In some instances those who advocated withdrawal were in fact achieving the Government's objective for it.

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'Sanctions campaign victory'

BUS DAY 25/11/86

LONDON — Britain's Opposition Labour Party and the Anti-Apartheid Movement (AAM) yesterday hailed Barclays Bank's selling of its SA shares as a victory for the sanctions campaign.

Labour's trade spokesman Robin Cook said: "This is good news. The British government refuses to apply sanctions, but it is clear the business world sees the impossibility of maintaining the present structure in SA."

Social Democrat leader David Owen said: "It is the persistent refusal of students to bank at Barclays which has, eventually, forced it to rethink its policy."

The AAM said Barclays' decision was an "historical victory" in its campaign for sanctions. But it said it would keep pressure on the bank until all its links with SA had been severed.

The AAM's high-profile campaign against Barclays has damaged the bank's image in Britain and led to withdrawals of deposits and a sharp drop in the number of students opening accounts.

Barclays' head office refused comment other than confirming the financial arrangements announced in Johannesburg. The British Foreign Office described the disinvestment as "purely commercial and not a government decision".

The AAM spokesman said Barclays would remain a "major campaigning target" because it was still playing a role in sustaining the SA economy, despite the withdrawal. He cited the bank's outstanding loan exposure in SA of more than £750m and Barclays involvement in the technical committee negotiating the restructuring of SA's foreign debt. — Sapa-Reuter.

Student pressure was key to pull out

SA govt didn't heed us, says Barclays boss

25/11/86 BUSDAY

JOHN BATTERSBY

LONDON — Barclays Bank would probably have stayed in SA if government had heeded the bank's warning earlier this year to abandon apartheid.

This was spelt out yesterday by Barclays chairman Sir Timothy Bevan at a Press conference at the bank's London headquarters.

"Had there been an end to the policy of institutionalised racial discrimation, then the commercial results would have flowed from it and we probably would be staying," Bevan said.

He said the decision by Barclays to withdraw from SA in the same week as Kodak and Bata was bound to have an adverse economic and political impact.

"The more companies that withdraw from SA the more pressure it puts on the government."

He said the bank had suffered "notable but not substantial" falls in profit — particularly in the student sector — as a result of the political campaign against it.

The Barclays decision sent shock waves through the British business establishment and immediately intensified pressure on other major British companies, such as Standard Chartered Bank and Shell, to follow suit.

But British Industry Trade Committee on SA (Bicsa) director-general Nick Mitchell described Barclays as "a special case".

"Clearly we are disappointed by Barclays' decision to pull out.

"Barclays was the focus of the assault and had been losing business in the university market on its student accounts.

"There will obviously be discussion in board rooms, but I think Shell will acknowledge the Barclays position is different and I don't think it will influence them," he said.

The British government immediately distanced itself from the Barclays decision.

"The British government was not consulted. This was a matter of commercial judgment for the firm concerned," a Foreign Office spokesman said.

Bevan said the decision to quit had been taken by the Barclays board "a couple of months ago" for "commercial reasons". But he conceded that there was an inseparable combination of moral, political and commercial factors.

He said the major considerations in the decision were the continued moratorium on foreign debt, the "uncertain outlook" for the SA economy and the march of world opinion against the policy of institutionalised racial discrimination.

Contacts between Barclays board members and the ANC leadership had not had a bearing on the decision to withdraw, Bevan said.

SA Reserve Bank approval had been granted for the repatriation of the sale in financial rands.

UK govt not told of move

LONDON — The Barclays PLC decision to sell its stake in Barnat was a commercial one in which British authorities played no active role, government sources said.

A Foreign Office spokesman said Barclays had not informed the British authorities before announcing its decision.

Officials here did not state whether or not the Conservative government had opposed the move.

Prime Minister Margaret Thatcher has been reluctant to back sanctions against SA. The UK is the biggest investor by far in SA, with more than £10bn in assets of which around one-third is direct investment. — Reuter.

Shares react to pull-out

MERVYN HARRIS

BARCLAYS shares eased 50c to R22,50 in thin trade on Diagonal Street yesterday after the announcement that Barclays UK had sold its 40% stake in the local banking company.

The shares were quoted at a bid price of R18 — the price at which the deal was struck — but the sellers' price remained at R23 and the bid price moved up to R22.

However, Barclays' shares stole the limelight on the London Stock Exchange yesterday. The shares jumped 28p to 500p before slipping back on profit taking to 483p.

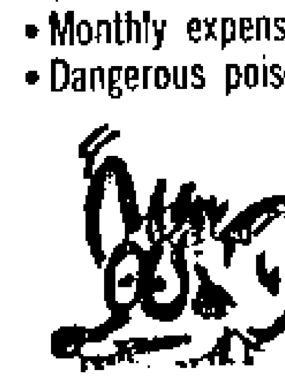
No 'harm to banking'

RESERVE Bank governor Dr Gerhard de Kock says Barclays PLC's decision to dispose of the remaining 40,4% of its shareholding in Barclays National Bank in SA is unlikely to adversely affect the country's banking system.

He says: "It is not expected to exert any adverse effect nationally or internationally on the SA banking system.

"Payment to Barclays PLC will be effected via the financial rand, which means neither SA's balance of payments nor its foreign exchange reserves will be affected by the transaction.

"Note is being taken of Barclays PLC's intention to sell its holding of financial rand to non residents in an orderly manner in order not to exert undue downward pressure on the exchange rate of the financial rand."



CAL Times 25/11/86

Bevan spells out his reasons

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Own Correspondent

LONDON. — Barclays' decision to sell its South African stake was based on the decline in the SA economy and a strategy of moving away from a "colonial past" to new markets in North America and the Far East.

This was spelled out yesterday by the chairman of Barclays Bank, Sir Timothy Bevan, at a press conference at the bank's headquarters in London.

"Had there been an end to the policy of institutionalised racial discrimation, then the commercial results would have flowed from it and we probably would be staying," Sir Timothy said.

He said the bank had suffered "notable but not substantial" falls in profit — particularly in the student sector — as a result of the political campaign against it.

He said that the decision by Barclays to withdraw from SA in the same week as Kodak and Bata was bound to have both an adverse economic and political impact.

Pressure

"The more companies that withdraw from SA the more pressure it puts on the government," Sir Timothy said.

The British Government immediately distanced itself from the Barclay's decision.

"The British Government was not consulted. This was a matter of commercial judgment for the firm concerned," a Foreign Office spokesman said.

Sir Timothy said the decision to quit SA had been taken by the Barclays board "a couple of months ago" for "commercial reasons" but he conceded there was an inseparable relationship between moral, political and commercial factors.

He said major considerations were the continued moratorium on foreign debt, the "uncertain outlook" for the SA economy and the march of world opinion against SA's apartheid policy.

Opinion

The Barclays chairman said world opinion had [illegible]

against SA within the

last year and he cited the overriding of the US presidential veto of the sanctions bill as the turning point.

He said he was confident, however, that the bank was in good hands in SA and that no jobs would be lost.

He said the new owners would maintain their policy of promoting peaceful and evolutionary change in SA.

Business Report

Exeunt giant suffers finrand trauma

Cape Trib 25/11/86 61

R527m headache for Barclays PLC

From GERALD PROSALENDIS

JOHANNESBURG. — In making a political statement to satisfy its critics, London banking giant Barclays Plc has landed itself with a R527m financial rand headache.

Ironically, it is South Africans who will benefit financially in the short term and Barclays PLC that will suffer from the its sudden withdrawal:

- ☐ The deal will not deplete SA's dollar holdings or foreign reserves;
- ☐ The country will retain dividend income rather than transfer it to foreign shareholders; and
- ☐ The Anglo American-led consortium, as well as Barnat minorities, have the opportunity to buy excellent banking shares at a knock-down price.

This confirms the pattern set by the disinvestment of both IBM and General Motors, where local shareholders benefited substantially.

"Anglo American, Southern Life and De Beers must be delighted to buy into the largest SA bank at R18 a share," says an analyst. Barclays shares were at R23 last Friday, the last trading day before the deal. The net asset value of the share is estimated at about R14.

The London-based bank's dilemma is the quicker it tries to repatriate its investment, held in financial rands, the less it will get.

Barnat's former parent will either have to reinvest these funds to get a return, or take them out of the country by selling them to another non-resident for whatever price it can get.

"If they know what is good for them, Barclays will move their financial rands out very slowly — otherwise they will depress the financial rand rate subtantially in a thin market," says an SA monetary official.

Already the bank has taken a knock. Yesterday Barclays PLC's chairman Sir Timothy Bevan said the bank had effectively written off £48m (R151m) of its holding in Barclays National in August this year when the book value was written down from the commercial rand value of £106m (R333m) to the financial rand value of £58m (R182m).

It is understood the bank initially intended reducing its shareholding in stages, to minimise the effect on the financial rand, but decided against this method because the political impact of the move would not be maximised.

But, even the political mileage gained from its sudden departure is questionable.

The Anti-Aparheid Movement (AAM) yesterday indicated that for Barclays PLC the pressure was not yet off.

Nor would it be until the London based bank ceased all dealings with SA, including its involvement in the technical committee negotiating repayment of debt owed by SA to its foreign creditor banks.

A move of this nature would amount to Barclays PLC being unable to protect its own interest in the debt standstill. The AAM estimates the bank has R2,5bn caught inside standstill net.

In turn, it is unlikely that the AAM will gain much from Barclays' disinvestment. The withrdrawal will not topple the SA government, nor will it accelerate the pace of reform. And, it is understood that Barclays PLC has indicated that the connection between itself and Barclays Johannesburg will remain close.

Withdrawals by US banks in particular, and UK banks such as Barclays, have created an opportunity for German and Swiss banks to involve themselves more deeply in Southern Africa and become a powerful political force in the region.

CM Times 5/11/86

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Pressure on foreign giants likely to mount

LONDON. — The decision by Barclays to pull out of South Africa on apparently unfavourable terms indicates its eagerness to disinvest and will increase pressure on other European companies to withdraw, analysts said.

Britain is the largest European investor in SA with about 150 companies and investments worth around £6 billion (R20 million), according to Nick Mitchell, director-general of the British Industry Committee on SA.

Major psychological impact

The withdrawal of Barclays from Barnat, the biggest SA bank, is bound to have a major psychological and political impact, analysts noted.

But the initial reaction by major companies with investments in SA after the move was that there would be no rapid change in policy.

In West Germany, a chamber of commerce and industry spokesman said: "There are no indications that West German companies will follow suit".

The possible difficulties of finding buyers prepared to pay an adequate price could restrain disinvestment even if more companies wanted to leave, analysts said.

One of the buyers of Barclays' stake, (Anglo American Corp of South Africa Ltd), has itself been trying to diversify out of SA for decades, they said.

"You can't really say you are staying to work for peaceful change if the likes of General Motors and International Business Machines have given up," Mitchell commented.

"There will be others (leaving) unless the pace of change in SA accelerates," he said.

However, the Royal Dutch Shell Group and Standard Chartered, two of the major multinational giants about which there has been speculation concerning links with SA, yesterday reaffirmed their intention to remain in SA.

A spokesman for Shell, which employs 10 000 people in SA said: "We do not believe disinvestment by Shell would help to quicken the pace of reform."

He said Shell's attitude remained it was preferable to be in SA, working for peaceful reform. It was education for blacks and increased job opportunities that would further this aim, he maintained.

Shell had been in SA for 70 years, he said. Their staff ratio was 49 percent white and 51 percent black.

A spokesman for Standard Chartered PLC, the other UK bank with extensive SA interests) spelt out a similar attitude towards their presence in SA.

He said there were no plans for further disinvestment in SA. Any decision in the future would be based on commercial judgment.

Responsibility to employees

He cited cross-border loans as one reason for staying.

"It's not ideal to disinvest with an £800 million (R2,6 billion) portfolio in cross-border loans," a spokesman said. But he noted its stake in its SA unit had declined to 39 percent from 50 percent and could well drop further in the future.

Daimler Benz Ag chief executive Werner Breitschwerdt said disinvestment would bring hardship to the people they are meant to help.

"We have a responsibility to our 5 000 SA employees, of whom 80% are black," he said.

France, with around $1,6 billion (R3 billion) of investment has banned further investment and stopped some state-owned companies renewing contracts.

Britain and Germany, however, have decided to maintain a "positive presence" and say that pulling out state-owned companies would harm the black population.

GHt 7/wj15 25/11/86

De Kock confident about impact

JOHANNESBURG — Dr Gerhard de Kock, Governor of the Reserve Bank, says the decision by Barclays to dispose of the remaining South Africa assets "is not expected to exert any adverse effect nationally or internationally on the South African banking system".

Reacting yesterday to the sell-out by Barclays PLC, De Kock said: "Payment to Barclays PLC will be effected via the financial rand which means that neither South Africa's balance of payments nor its foreign exchange reserves will be affected by the transaction.

"Note is being taken of Barclays PLC's intention to sell its holding of financial rand to non-residents in an orderly manner in order not to exert undue donward pressure on the exchange rate of the finacial rand".

On a wider basis, however, Barclays National chairman, Basil Hersov said: "The Barclays PLC sale of shares must have an impact on the South African economy.

"It is certainly not a perilous matter, but it is cause for serious concern in terms of psychological impact.

"Clearly, what we have here, is in effect a major disinvestment and, whatever the reason, we have to face the fact that disinvestment does not progress change." — Sapa

(61)

Dangers and merit in decision to pull out of SA . . .

How UK Press sees the Barclays move

25/11/86 STAR

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The Star Bureau

LONDON — British newspapers see dangers as well as merit in Barclays Bank's decision to pull out of South Africa.

Several acknowledge the soundness of the economic reasoning behind the move, but wonder about the consequences for the bank's black workers. At least one thinks it will not have the slightest effect in deflecting the Government from its course.

The Times sees the decision as a consequence of the international character of banking today.

Barclays, like its American counterparts, has turned an economic necessity into a political virtue, it says. But just how virtuous it should feel is open to question.

The paper points out that it will take only a short time before black workers in formerly multinational companies begin to feel the loss of aggressive promotion schemes, fair employment codes and eventual jobs.

"South African management, relieved of the need to follow expensive social responsibility programmes, will be likely to trim staff and wages in search of high productivity and profits."

It suggests that Barclays, taking a leaf from the book of those multinationals which have elected to remain, could do worse than establish a trust fund to be used in the critically important areas of non-segregated housing, black teacher training, private non-segregated schools and black advancement in the informal business sector.

The *Daily Express* takes a similar view, citing the case of British Petroleum, which through BP Southern Africa is preparing to pump millions of rands into State schools that wish to go private so as to admit pupils of all races.

"This seems a much more fruitful way of helping to overcome apartheid than simply cutting and running," it says.

The *Guardian* sees the withdrawal as at least as significant for future British entanglement with apartheid as last year's move by the Chase Manhattan bank to call in South African loans was for America's.

"The bank's stated grounds for withdrawal, in which the political is inseparable from the commercial, could not be a clearer signal to the Botha regime: South Africa is no longer seen as a sound investment by Barclays, one of the world's largest and most successful banks."

It adds that the conversion of Barclays is as clear a signal to the British as to the South African Government. "If the bank most deeply involved thinks it is time to get out of South Africa, shouldn't UK Ltd do the same?"

A potential source of vulnerability

The *Independent* says that although Barclays' withdrawal is unlikely to have any significant immediate impact within South Africa, the psychological damage may prove to be greater than that caused by the exodus of American companies.

It seems certain, it says, that other companies will be persuaded to follow.

"Attention will now switch to Standard Chartered, South Africa's other major British-affiliated bank. The economic facts and the wider political pressures are the same for Standard as for Barclays and the bank's many offshoots in black African countries are a potential source of vulnerability."

The *Daily Telegraph* thinks the Barclays' move may prove to have more important implications for the international business community than it has for South Africa.

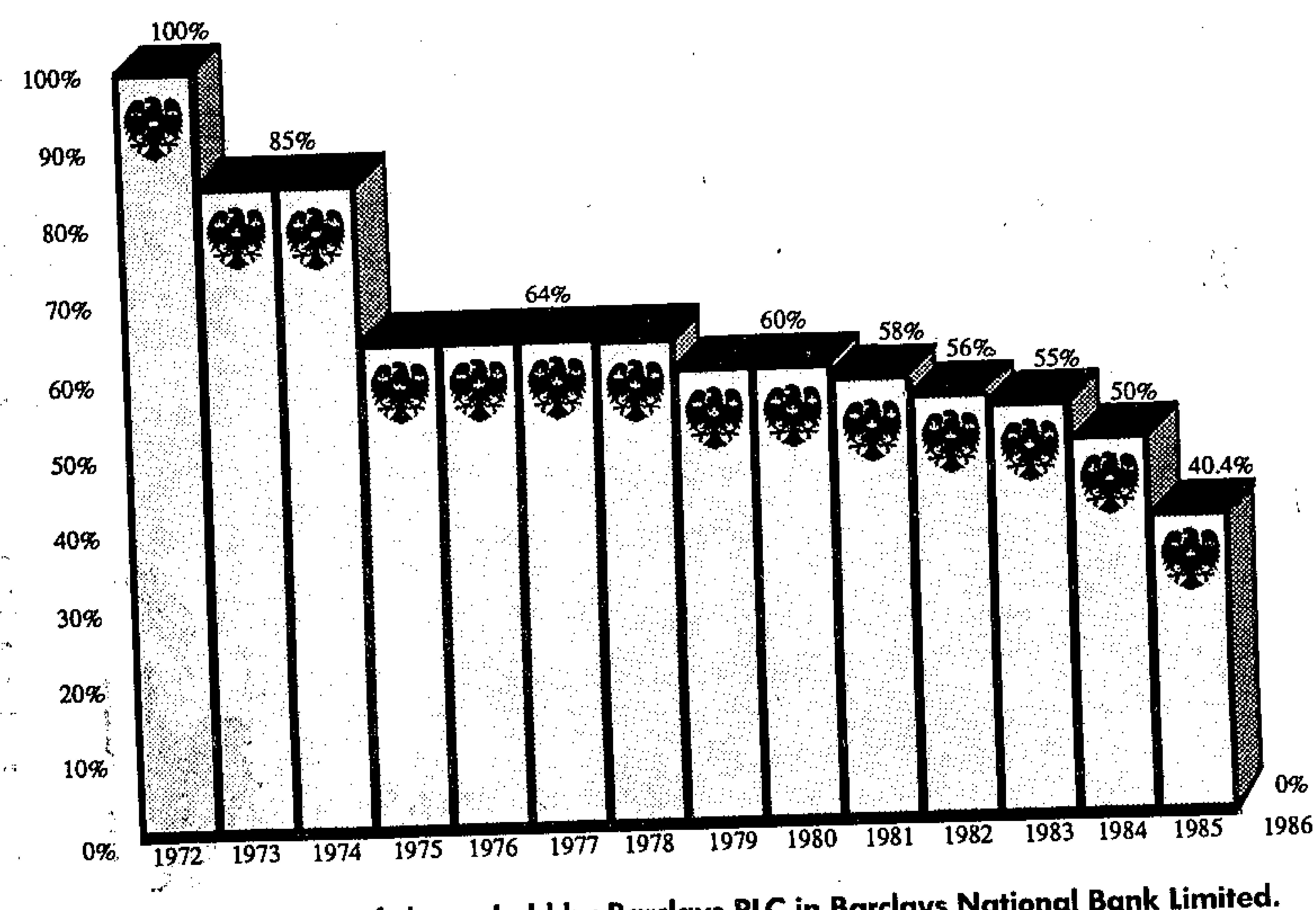
"The success of the anti-apartheid lobby in inducing one of the world's great banks to make a major change of policy will increase the thirst for blood of other lobbies, representing other foreign causes. This is perhaps the most seriously disturbing aspect of yesterday's action."

Marginal

The paper thinks the bank's withdrawal must have some marginal effect on South Africa's economic and investment prospects.

"But there is not the slightest prospect of the bank's action, any more than that by other multinationals, deflecting Mr Botha's Government from its course.

"It may be argued, indeed, that it is simply irrelevant to the inexorably unfolding tragedy of South Africa, which may yet have many years to run."



The percentage of shares held by Barclays PLC in Barclays National Bank Limited.

Withdrawal gets mixed reception

The Star Bureau

LONDON — Barclays Bank's decision to withdraw from South Africa has had a mixed reception in Britain, with Conservative MPs deploring the move and the Labour Party and the Anti-Apartheid Movement generally welcoming it.

The Government merely said that it was a matter for the bank.

The move dominated the news yesterday, being the main item in many newspapers and on radio and television. It is again a major topic in today's newspapers, with some forecasting similar action by other British companies.

Only one official South African voice in Britain has commented so far on the decision.

Mr Leo "Rusty" Evans, Minister at the South African Embassy, said on a BBC radio programme that he did not think the move would have much impact on South Africa, either politically or econmically.

He did not expect it to have an adverse effect on the banking system in South Africa or internationally.

He added: "I think that decisions of this nature, which will be interpreted by some perhaps as a lack of confidence in South Africa, is unfortunate. The South African economy is in fact buoyant at this stage..."

'MORAL COWARDICE'

Conservative MPs launched a strong attack on the decision, calling it an act of moral and commercial cowardice.

Another, Mr Teddy Taylor, suggested that people banking with Barclays should consider withdrawing their accounts in protest. The Federation of Conservative Students wants to do so too.

Mr Michael Grylls, chairman of the House of Commons backbench industry committee, said it was a disappointing development because Barclays had a good record in the training of blacks and of encouraging black entrepreneurs through the banking system.

"The anti-apartheid campaigners have shot themselves in the foot through this," he said.

Mr Anthony Beaumont-Dark, another Tory MP, said: "The saddest thing is that a bank of Barclays distinction has allowed itself to be blackmailed by bullies. Those bullies will do more harm to the black population than anything else."

Mr John Carlisle, secretary of the all-party British-South Africa parliamentary group, said: "It bodes ill for the future of multiracial society in South Africa."

'HISTORIC VICTORY'

The Anti-Apartheid Movement hailed the decision as "an historic victory" and a "tremendous source of encouragement". The movement said it would be stepping up its pressure on other companies with major investments in South Africa.

The Labour Party's Shadow Trade Secretary, Mr Robin Cook, said: "This is good news. The writing is on the wall for apartheid."

The decision is bound to make things awkward for Mrs Thatcher, who has resisted moves against South Africa.

A Foreign Office spokesman said yesterday the Government had not been consulted by Barclays over the decision. He added that the Government did not advocate disinvestment: that was a matter for the commercial judgment of the companies concerned.

Sir Leslie Smith, chairman of the British Industry Committee on South Africa, which has a membership of about 50 companies, said: "There is no reason to suppose that Barclays's move will encourage other companies to pull out of South Africa."

But speculation is already growing in some quarters that other British companies may follow suit. As one commentator put it today: "It will certainly whet the appetite of the disinvestment lobby. This is now expected to switch its target to Standard Chartered Bank, which has £850-million (R2 700-m) in outstanding loans in South Africa."

Sanctions issue dominates UK Press

BUSDAY 24/11/86

More British firms ready to quit SA?

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Own Correspondent and Sapa-AP

LONDON — The sanctions issue has continued to dominate the business world in London, with increased speculation that other British companies, including another bank and two major oil companies, are under pressure to quit in the wake of the Barclays plc pullout.

The Independent said yesterday the disinvestment move by Barclays plc could prompt a chain reaction of withdrawals and predicted: "Attention will now switch to Standard Chartered, SA's other major British-affiliated bank."

Standard Chartered said this week it had no plans to sell its 39% stake in its SA subsidiary. But it has cut its share in the subsidiary from 50% in the past year.

Other business sources said anti-apartheid attention would focus on oil giants BP and Shell. Other big British corporations which operate in SA include ICI and Consolidated Goldfields, which this week came under sharp attack on British TV as a "vehicle for apartheid, cruelty and the exploitation of cheap black labour".

The conservative *Daily Telegraph* said: "Johannesburg financial circles were buzzing with rumours that some of the 172 major British companies, which share about £12bn in assets in SA, might be pulling out or scaling down their interests."

Britain is SA's largest business partner

● To Page 2

BUSDAY 24/11/86

61

More British firms to quit?

● From Page 1

and the biggest foreign investor.

In a separate incident, a row erupted at a Westminster City Council meeting when an attempt was made to ban SA goods in shops throughout the West End.

Multinationals such as Mobil, Esso, BP and ICI all have their offices in the Westminster area and they too are to be targeted for their SA links.

But Westminster's leader, Lady Porter, refused the demand, saying it was not the council's role to debate apartheid.

The Labour opposition demanded that the Tory leadership contact the main city shops and ask them not to sell SA goods.

Labour's motion was defeated by 27 to 31 votes, divided along party lines.

The Times, an opponent of disinvestment and of tough sanctions, said in an editorial yesterday: "The eagle has landed" was the somewhat unfortunate logo of a recent Barclays Bank advertising campaign in SA. It was safe to assume that in Johannesburg the (Barclays') decision was dismissed as "the chicken has run".

UK firm 'has an army in SA'

Cape Times 26/11/86

(61)

Own Correspondent

LONDON — In a tough television documentary here, the London Consolidated Goldfields group (Consgold) have been accused of perpetuating apartheid and ruthlessly exploiting cheap black labour in South Africa.

The programme alleged that confidential documents it obtained showed that the Consgold "private army" liaised with regular police, spied on workers and unions and reported back to the government's industrial defence authority, the National Key Points committee.

The film, by Independent Television's (ITV) current-affairs programme "This Week", laid responsibility at the door of the London company, but spokesmen maintain that the management of their South African interests is the responsibility of Goldfields of South Africa (GFSA), in which Consgold has a 48 percent holding.

While Consgold London declined to comment on the programme, a spokesman for Goldfields SA, Mr Attie Roets, said from Johannesburg last night that "we have asked for a copy which will be with us tomorrow".

'A smear campaign'

"We will view it in the morning and because of the fact that at this point we do not know what was said or what was shown, we would like to view it ourselves and then possibly comment."

But another senior Goldfields source, who asked not to be named, said "from what we have heard, this film is a lot of nonsense, it is a smear campaign".

Consgold, which has frequently been attacked for the reportedly harsh employment policies of Goldfields SA, rejected invitations to take part in the "This Week" report.

It is understood that directors felt the programme would be biased against them and their participation would have given the report the appearance of balance.

One Consgold source said: "It is a sort of no-win situation. But now some of us have seen the film we feel our decision was correct."

'Massive profits'

The sources indicated that if the specific charges made in the film required answers, this was the duty of Goldfields SA which was responsible for the management of the mines in South Africa.

There was no response at the London headquarters to the key criticism in the film, that in the past ten years Consgold had taken massive profits of R1 840-million out of South Africa but continued to exploit black migrant labour and had put nothing back into the country.

The film argued that Consgold should take responsibility for the alleged abuse of cheap black labour and the activities of its "private army" of security police.

Cape Times 19/11/86

UK business hails District Six proposal

61/6/81

From JOHN BATTERSBY

LONDON. — British business yesterday hailed BP's R100-million boost to non-racial education and the re-development of District Six as a major breakthrough.

Sir Leslie Smith, chairman of the influential British Industry Committee on South Africa (Bicsa), yesterday unconditionally applauded the initiative.

Bicsa, which represents more than 50 UK companies responsible for 80 percent of British investment in South Africa, is opposed to punitive sanctions.

In an editorial yesterday, The Times said the BP proposals "offered the chance to ameliorate South Africa's problems without violence".

"Pretoria will be nervous of opposing non-violent reforms which have white business backing.

"In which case, should they not have the diplomatic support and financial backing of Western governments?" The Times concluded.

● Leading article, page 10

For whom the bell tolls

MG&S 27/11/86 (88) (61)

Barclays UK pulled out of South Africa this week. They have been involved here for 145 years, through war and peace, depression and boom, and nobody in their right mind writes off about R260-million (the loss caused by having to take their money out in financial rands), for the sake of making a political point. So why did they take the money and go . . . ?

ISSUES
By Hugh Roberton

WHEN Barclays UK pulled out of South Africa this week, I wonder whether the leaders of the National Party heard the bell toll and, in the most unlikely event that they did, whether they realised that it tolled for them?

I doubt it. Their nature does not allow for much introspection. But the fact remains that in a very real sense the Barclays UK withdrawal sounded a prelude to the ultimate political demise of those who now govern South Africa.

That's quite a mouthful, so let's unravel the argument from the beginning. It starts with the basic premise that when it comes to money, bankers are not sentimental people and that they make cold, calculated decisions.

The Barclays UK decision could not have been a vote of no-confidence in the status quo in South Africa, since the status quo in any country can change or be changed.

Rather, it must have been a perception by some of the shrewdest minds in the capitalist world that those who govern South Africa are incapable of changing the status quo, or of doing so in an acceptable way.

In the final analysis the flight of capital is not so much a result of the present mess the country is in, as it is a consensus among the wise that we do not have the ability to get out of the mess in the future.

IF Barclays UK had seen a wisp of a chance of South Africa emerging from the present crisis in such a way that continued investment was worthwhile, could there be any doubt that they would have stayed?

They seem to have come to the conclusion that while the NP might constitute the government and might control the ordinary functions of administration, it is incapable of leading the country to a better future; that our moustached *Numzaan ama-Constitution*, Chris Heunis, is playing with constitutional blocks in a playpen.

Could Barclays UK have been wrong in their assessment? Could the decision have been an aberration, a rush of moral scruple to the brain? Or could it be that they decided to dump hundreds of millions of rand as an entry fee to the politically sensitive US banking market?

Certainly, all these alternatives would be possible — if it were not for the fact that so many other banks, including Standard Chartered (major British shareholders in our own Standard Bank) give every indication of having come to much the same dismal conclusion about our future.

THE chairman of Standard Chartered — which has an investment of about R525-million in Standard Bank — is Lord Anthony Barber, who is no stranger to South Africa and who was British Prime Minister Margaret Thatcher's nominee on the Commonwealth Eminent Persons Group.

This, among other things, is what he put his signature to in the EPG report (and later confirmed his endorsement of on television): "From these and other recent developments, we draw the conclusion that while the Government claims to be ready to negotiate, it is in truth not yet prepared to negotiate fundamental change, nor to countenance the creation of genuine democratic structures, nor to face the end of white domination and white power in the foreseeable future."

The report went on to say: "The Government believes that it can contain the situation indefinitely by the use of force. We were repeatedly told by Ministers that the Government had deployed only a fraction of the power at its disposal. Although the Government's confidence may be valid in the short term, it is plainly misplaced in the longer term."

In calling for sanctions, Lord Barber and other EPG members said such measures "may offer the last opportunity to avert what could be the worst bloodbath since the Second World War" and they said bluntly: "For all the people of South Africa, and of the sub-region as a whole, *the certain prospect is of an even sharper decline into violence and bloodshed* . . . a racial conflagration with frightening implications threatens."

COULD both Barclays UK and the chairman of Standard Chartered be wrong? Yes, but is it not stretching credulity a bit to believe this when we look at virtually identical judgments by Chase Manhattan, the Bank of America, the Gnomes of Zurich and others who hurriedly called in their loans to South Africa and plunged the rand and the South African economy into crisis?

And let's look closer to home — not so much to our giants of industry and commerce who have little choice but to find somewhere inside the pressure cooker to invest their money, but at those who have other alternatives.

By and large the South Africans who are leaving and, on a personal level, taking the same beating in financial rand terms as have the shareholders in Barclays UK — are among the best educated, the most intellectually talented. It is they who constitute the "brain drain" and, as we all know, there are thousands of them.

Professor Deon Geldenhuys of the Rand Afrikaans University recently pointed to what is one of the two central facts which are impossible to ignore when making judgments about our future. He said it was inconceivable that blacks would accept a system in which their numerical superiority was not reflected.

And it is inconceivable that bankers and other investors would ignore the other central fact — the certainty that the NP is determined to resist to the last man a system which reflects black numerical superiority.

TRAGICALLY, even if we take leave of our senses and imagine for a moment that the NP were to accept unconditionally the concept of one-man, one-vote — is there any logical reason why blacks would embrace the NP in preference to the ANC? And is there any way the NP would willingly accept such a loss of power?

As we face this stand-off all that the rest of us can do is watch the slow political death by siege of those who now rule us. And the best we can do in the meanwhile is to influence the manner of that death and perhaps, if we are lucky, make it less traumatic for all concerned and facilitate the emergence of a new governing authority that is less radical or extreme than it might otherwise have been.

But, like the hard-headed bankers, we can forget about the party of the status quo becoming the party of our future destiny.

Area

SOWETAN, Wednesday, November 26 1986

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Dangers and merit seen in BB pull out

SOWETAN
Foreign Service

LONDON — British newspapers see dangers as well as merit in Barclays Bank's decision to pull out of South Africa.

Several acknowledge the soundness of the economic reasoning behind the move, but wonder about the consequences for the bank's black workers.

At least one thinks it will not have the slightest effect in deflecting the Government from its course.

The Times sees the decision as a consequence of the international character of banking today.

Barclays, like its American counterparts, has turned an economic necessity into a political virtue, it says. But just how virtuous it should feel is open to question.

Promotion

The paper points out that it will take only a short time before black workers in formerly multinational companies begin to feel the loss of aggressive promotion schemes, fair employment codes and eventual jobs.

"South African management, relieved of the need to follow expensive social responsibility programmes, will be likely to trim staff and wages in search of high productivity and profits."

It suggests that Barclays, taking a leaf from the book of those multinationals which have elected to remain, could do worse than establish a trust fund to be used in the critically important areas of non-segregated schools and black advancement in the informal business sector.

The *Daily Express* takes a similar view, citing the case of British Petroleum, which through BP Southern Africa is preparing to pump millions of rands into state schools that wish to go private so as to admit pupils of all races.

Apartheid

"This seems a much more fruitful way of helping to overcome apartheid than simply cutting and running," it says.

The *Guardian* sees the withdrawal as at least as significant for future British entanglement with apartheid as last year's move by the Chase Manhattan Bank to call in South African loans was for America's.

"The bank's stated grounds for withdrawal, in which the political is inseparable from the commercial could not be a clearer signal to the Botha regime: South Africa is no longer seen as a sound investment by Barclays, one of the world's largest and most successful banks."

It adds that the conversion of Barclays is as clear a signal to the British as to the South African Government. "If the bank most deeply involved thinks it is time to get out of South Africa, shouldn't UK Ltd do the same?"

Damage

The independent newspaper says that although Barclays' withdrawal is unlikely to have any significant immediate impact within South Africa, the psychological damage may prove to be greater than that caused by the exodus of American companies.

It seems certain, it says, that other companies will be persuaded to follow.

"Attention will now switch to Standard Chartered, South Africa's other major British-affiliated bank . . . the economic facts and the wider political pressures are the same for Standard as for Barclays and the bank's many offshoots in black African countries are a potential source of vulnerability."

The *Daily Telegraph* thinks the Barclays' move may prove to have more important implications for international business than for South Africa.

Policy

"The success of the anti-apartheid lobby in inducing one of the world's great banks to make a major change of policy will increase the thirst for blood of other lobbies, representing other foreign causes. This is perhaps the most seriously disturbing aspect of yesterday's action."

The paper thinks the bank's withdrawal must have some marginal effect on South Africa's economic and investment prospects.

"But there is not the slightest prospect of the bank's action, any more than that by other multinationals, deflecting Mr Botha's government from its course.

"It may be argued, indeed, that it is simply irrelevant to the inexorably unfolding tragedy of South Africa, which may yet have many years to run."

Tory MPs applaud bank move

CAPE TIMES 27/11/86

61

Own Correspondent

LONDON. — Six moderate Conservative MPs yesterday signed a parliamentary motion welcoming the decision by Barclays Bank to withdraw from South Africa.

The MPs said they believed such actions "taken from strength" would undermine apartheid more effectively than punitive economic sanctions.

The motion said those who opposed sanctions and actions like that of Barclays Bank were "coming close to supporting the apartheid system".

The MPs are Mr Robert McCrindle, Mr William Benyon, Mr Hugh Dykes, Mr Robert Hicks, Mr Tim Rathbone and Mr Charles Morrison.

□ The African National Congress yesterday welcomed the move by Barclays Bank.

A spokesman told Reuters the ANC believed the action by Barclays, the largest investor in South Africa, would be followed by other foreign firms and have a political impact.

□ An attempt to stop the sale of all South African goods in the West End of London has failed after a row in Westminster City Council, Sapa reports.

Council leader Lady Porter said it was not the council's role to debate apartheid. "Anti-apartheid is a matter for the Foreign Office," she said.

32 UK firms say they intend to stay in SA

(61) 28/11/86 DD

Dispatch Correspondent

LONDON — All 32 member companies of the British Industry Committee on South Africa (Bicsa) say they intend staying in South Africa.

This decision, as is normal business practice everywhere, would naturally be reviewed periodically in the light of financial considerations , a Bicsa spokesman said yesterday.

This intention to remain in South Africa was made known at the same time that Courtalds announced that it had no intention of joining any international exodus from South Africa.

The company, which had announced a strong increase in profits, made it known that it had no intention of pulling out of South Africa.

There was no question of this, Courtaulds' chairman, Sir Christopher Hogg, said.

Courtaulds owns two-thirds of the South African wood pulp business, Saiccor. Courtaulds' pretax profits rose 35 per cent to £82 million on turnover, 4 per cent higher at £1096.9 million.

Meanwhile Bicsa, which was formed to represent British companies with interests in South Africa, is stressing the positive side of links with the Republic.

Speaking for the companies who have decided to remain in South Africa, it says that, while there is a general condemnation of apartheid, the feeling is that it is better to work for change from within the country than to disinvest from South Africa.

This is current British Government thinking also, although it had made it known that it understood why Barclays had decided to pull out.

28/11/91

Date is set for R526m cash deal

BIDWH 58 61 214

GERALD PROSALENDIS
Economics Editor

THE DEAL between Barclays plc and Anglo American will be settled on December 19 in one of the largest cash settlements in SA corporate history.

On that day, cheques worth R526m will be deposited in a Johannesburg financial rand account in the name of Barclays plc.

Southern Life Association will make the biggest payout of R220m; Anglo American and De Beers will together pay R46m for their share plus the R86m which will be offered to Anglo American shareholders; and various institutions and a trust will contribute R154m, says Barclays Merchant Bank MD Rod Zank.

The money will flow through Barclays National Bank and will be reinvested in the money market on behalf of the UK bank. It will have no impact on market liquidity because it does not represent a flow of new funds but merely a shifting of balances held by large institutions.

"The decision on how to invest the money will come from London, and will have to be in terms of regulations controlling financial rand accounts," says Barclays treasurer Sandro Burzacchi.

The UK bank's strategy will possibly be to deal in blocks of financial rands with foreign investors, thus bypassing the official financial market, which is extremely thin and characterised by small transactions.

Shifting the capital out of the country will be a long, drawn-out process — probably extending beyond five years, which means that investment decisions will be crucial to the London bank's return on the locked-in funds.

Says Burzacchi: "I would be surprised if we are instructed to invest the money for periods of longer than three months. It would not make sense to have it tied up."

Also, the UK bank's investment options are limited because aquiring SA government and Escom stock, one of the avenues open for financial rand investment, would be considered politically "tainted".

Watt.

In his latest report to shareholders,

enhance the quality of life of unskilled workers, and thereby to achieve a more

We're staying in SA, say Bicsa 32

British firms dig in

2811186 BUS DAY

Own Correspondent

LONDON — All 32 member-companies of the British Industry Committee on South Africa (Bicsa) say they intend staying in SA.

This decision would, as was normal business practice everywhere, be reviewed periodically in the light of financial considerations, a spokesman said yesterday.

Bicsa made known its intention to stay in SA at the same time that Courtalds announced it was not joining any international exodus.

The company, had previously announced a strong increase in profits.

Courtaulds chairman Sir Christopher Hogg said there was no question of a pull-out.

Courtaulds owns two-thirds of the South African wood pulp business, Saiccor. Courtaulds' pre-tax profits rose 35% to £82m on turnover 4% higher at £1,096bn

Three years ago the group raised more than £70m by way of a rights issue — mainly with a view to expanding in the US. An opportunity failed to materialise, but there are rumours that Courtaulds might be about to buy the acrylic business of US company Cyanamid.

Meanwhile, Bicsa — formed to represent British companies with interests in SA — is stressing the positive side of links with SA.

Speaking for the companies which had decided to remain, it said that while there was a general condemnation of apartheid, the feeling was that it was better to work for change from within the country than to disinvest.

This is also current British government thinking, although British Prime Minister Margaret Thatcher has made it known she understood why Barclays decided to pull out.

While there is speculation that other UK companies will follow Barclays at some stage, Bicsa gives no indication that it knows of such moves.

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Govt stalling 'deplored'

By ANTHONY JOHNSON
Political Correspondent

CAPE TOWN Chamber of Commerce yesterday condemned the government's decision to stall publication of the President's Council report on the Group Areas Act.

After a meeting of the CTCC's executive council, chamber president Mr Peter Hugo called the delay "deplorable".

He also criticized the government's attitude toward the "massive contribution" BP had offered to make towards "restructuring an open society in District Six" and surrounding areas.

"Instead of rebuffing this offer, the government should be encouraging others in the private sector to do the same. They must not prevaricate on this issue but should grasp the nettle and expunge the Group Areas Act from the statute book," Mr Hugo said.

"The chamber has identified the Group Areas Act as the single most significant obstacle to peaceful reform in this country."

Mr Hugo said District Six was probably the most glaring example of the damage the Act had wrought on the economy.

Over a decade ago the Theron Commission had singled out District Six as "the outstanding case of Group Areas removal which has caused the biggest outcry and greatest resentment, frustration and bitterness", he said.

Yet District Six had been left to "languish" ever since it was demolished.

"The slum-clearance programme carried out by the State entailed expenditure running into many millions of rand which is as yet largely unrecouped."

Cape Town City Council had also put expensive services into this area which had resulted in a "heavy financial loss" to the city.

□ The Chief Minister of Lebowa, Dr Cedric Phatudi, appealed yesterday to the State President, Mr P W Botha, to "move on with reforms" and do away with the Group Areas Act, Sapa reports from Johannesburg.

He was speaking at the official opening of the Lebowa Breweries.

"The State President must accept a new constitutional dispensation that will let all into Parliament and not just coloureds and Asiatics," Dr Phatudi said.

(61) FIN MAIL 28/11/86

BARCLAYS

The eagle flees

Few, if any, of the major foreign divestments from SA in the past two years have been announced with such dramatic effect or were received with such a sense of shock — at least initially. At the same time, in retrospect, perhaps none was quite as inevitable.

What does seem apparent at this stage — if comments from all the major players in the deal are to be accepted at face value — is that there will not be a repetition of the unsavoury series of events that followed the equally dramatic and unexpected Premier/Associated British Foods/SA Breweries deal in 1983. That deal was cobbled together almost within hours; dented egos and their repercussions was the price paid.

The Barclays Plc divestment, according to Barclays National Bank (Barnat) chairman Basil Hersov, was negotiated over "a couple of months," dating from a London board meeting, where the decision to divest was taken. Barclays Plc, he says, then approached the larger South African shareholders — the Anglo group and Southern Life — which were offered the UK bank's shares. Discussions continued for some six weeks over a modus operandi for the deal and, most important, the price.

No leaks

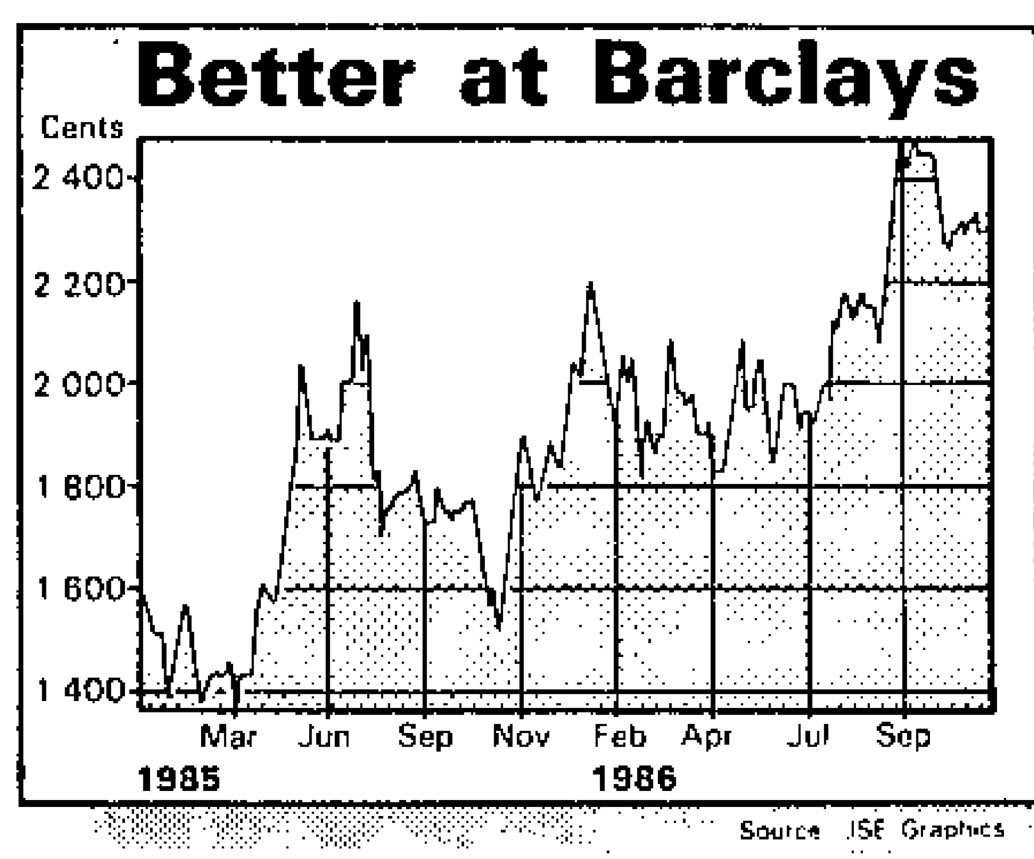
A deal was finally struck late last week, after agreement was reached on key factors such as the spread of the shareholdings between Anglo American (22,5%), De Beers (7,5%) and Southern Life (25%) — and the price of R18 a share, which is a substantial discount on the market price of R23 on Friday. Until then, only a few key people were aware of the talks, including senior Anglo men, Southern's Neal Chapman, Barnat's Hersov and MD Chris Ball.

The full Barnat board was brought into the picture at a Friday morning meeting, and the situation was conveyed to the group's senior and regional management over the weekend. All this was apparently done without any leaks slipping out — a rare achievement for Johannesburg. "Once the decision had been taken, I think we felt that the quicker and cleaner it was done the better," says Hersov. "The security was extremely good."

When the deal was assessed in Barnat's wood-panelled office on Sunday, spirits were high and bottles of French champagne were uncorked. "We asked ourselves what the negatives are and we couldn't see any," says senior GM Jimmy McKenzie. "Our shares are firmly held by local shareholders who will support and help us to grow in future."

Hersov says he does not anticipate management or staff changes. Indeed, all of the parties are sticking to the "business as usual" line. Apart from the withdrawal of present Barclays Plc representatives on the Barnat board, it is probable that Southern Life chairman and Anglo executive director, Zac de Beer, will join the board. Hersov, who has always seen his chairmanship as a non-executive position, says he would be happy to stay on. "It's often a good thing to have an outside chairman," he says. Anglovaal (of which Hersov is chairman) does not have a significant stake in Barnat.

Barnat's Hersov ... security was good



While lamenting the negative aspect of yet another major divestment for the country, the major local shareholders are undoubtedly pleased with their purchase. "From our group's point of view, we are absolutely delighted with the deal; not so much because of the price, but because we believe Barnat will be a very good investment," says Jan Calitz, executive director, investment, at Southern Life. "We have tremendous confidence in their management." The insurance group — in which Anglo is a major shareholder — held 8% of Barnat before the deal and was clearly interested in expanding its stake.

As many have pointed out, Barclays Plc had been subjected to enormous pressures, both in its home base and international markets, owing to its stake in Barnat. In the past year or so, the harassment had intensified substantially.

As McKenzie points out, these costs, as well as the considerable financial cost of divestment, had to be viewed in the perspective of Barclays Plc's own massive business. In its 1985 year, it had total assets of £65 billion and taxed profit of £449m. "These are big figures and they obviously have the underlying strength to take a knock if that's the word," says McKenzie.

He notes that the UK group had lost small bank accounts all over the UK, and held only a small market share among students. Against this, its income from SA has only averaged about R30m annually, or £9m at the current exchange rate. However, Barclays Plc is clearly taking quite a loss as its exit cost. The R18 a share price is 22% below market price (although a trade in such a large parcel is normally at a discount); that the funds will have to be transmitted as financial rands will reduce the sterling receipts by at least another 50%.

Still, as long as the funds remain in SA, they could be earning more than they did while invested in Barnat. At a call rate of 8,5%, the interest would amount to R45m (an outflow on the balance of payments) and considerably more than this could be earned in the short term. Given the depressant effect that a sudden withdrawal of funds of this magnitude would have on the financial rand rate, it is quite probable that they could be moved out over several years, and possibly invested with Barnat during the period.

Rights issue recedes

Meanwhile, Barnat has what McKenzie describes as a "good banking correspondent relationship and something rather more comprehensive" with Barclays Plc. Prospects of this being lost are probably non-existent, as SA's foreign loan "net" obliges continuation of lines of credit.

From a financial standpoint, the R100m debenture issue (with a final maturity of 12 years) will bring Barnat "pretty close" to meeting the capital requirements of the new Banks Act, as debentures now rank as capital in terms of the Act. So the fear that Barnat would need another rights issue has receded and the bank will be able to expand its loans on an upturn in the economy — difficult with the existing capital situation.

The deal has cleared the way for a new image for Barnat in the local market — "we hope we can now shed the old *Engelse bank* image and move into markets we wouldn't have considered previously; 60% of our staff

P.T.O

are Afrikaans-speaking. The door is also open now for eventual expansion into international markets, including those in black Africa. A decision on a new name is expected by March 1987.

Andrew McNulty and Pat Kenney

61 FIN MAIL 28/11/86

DISINVESTMENT

Giving in, going home

The rollcall of major foreign based multinationals cutting their South African links grows by the day. In some cases SA's poor economic climate has coincided with political factors; in others the key to disinvestment is directly political. While there may be short-term gains for local investors, isolationalism will raise difficulties in time.

The manner of Barclays' accelerated withdrawal from this country is one hell of a kick in the teeth to its shareholders in exchange for dubious gains in the United States market in the future. It is also a capitulation to a vociferous anti-apartheid minority that will not now easily be brushed aside.

Chairman Sir Timothy Bevan has decided to pay the Danegeld. But will he ever be able to get rid of the Dane? He will have to live, too, with the outcome of his decision to ditch SA for the larger but more competitive US market, the fruits of which cannot be taken for granted. We suspect there was more to the bank's decision than meets the eye and that Bevan is being less than frank.

All the talk about Barclays losing the accounts of radical students is commercial eyewash. The fact probably is that Bevan allowed himself to be drawn into the political arena that his predecessors avoided and has been hoist with his own petard. As a result an essentially political decision is being rationalised into a commercial one.

This country has in recent years been of declining importance to the bank, partly because of the recession here and the plunge in the rand's value. But it was not long ago, as *The DCO Story* says, that SA was the "largest and most valuable section of our overseas business."

In recent years the South African bank under Chris Ball has both been on a strong recovery path and has become a model socially aware employer. It was something of which Barclays should have been proud. It exemplified stoic individuality in the struggle to raise the lot of blacks in the face of apartheid. It was a position that was definitely morally defensible.

For Barclays to turn its back on its black employees here and capitulate to the notion of collective guilt by association cannot be said to have any moral ascendancy. And that is odd, given Barclays' Quaker roots.

Barclays has invested US$1 billion in America in the past decade, where its assets now total $11 billion. Says Bevan: "If one looks at where one would make an investment, then quite clearly it is better in North America than in South Africa, which is so clearly disapproved of by the rest of the world." So the Congressional override of President Ronald Reagan's veto of US trade and investment sanctions against SA was of major importance.

But once US banks reduce the yoke of Third World debt, and US banking laws are reformed to allow interstate branch banking, Barclays will be up against enormous institutions in the US who know the local market and its conventions. Financing South African farmers might yet turn out to have been the less onerous route to profitability — despite apartheid.

Of course it could be argued that Barclays is merely following the herd. But the trouble with that argument is that most of the other disinvestors had much more of a commercial reason to depart than Barclays' rather contrived one.

The hassle factor

In most of these cases the foreign parent would not have cut the links if the local subsidiary had been contributing more generously to global earnings. Putting it bluntly, the returns were no longer worth the hassle of having a subsidiary here.

It is also true that most multinationals have agreed to continue to provide goods and services to this market. Their departure, in many cases, means that valuable foreign exchange does not have to leave SA in the form of dividends to overseas parents, which will reduce SA's invisibles deficit. And, in some cases, local executives have taken control of a going concern for a song.

Chairman Bevan ... less than frank

Much of this is true of the sale of Barclays' 40,4% holding in Barclays National Bank (Barnat) to companies within the Anglo American stable for R526m. But the deal does add a new dimension to the scenario.

Some years ago Barnat contributed up to 10% of the bank's world income. Admittedly, this has fallen with the rand and Barclays' expansion in other parts of the world; but Barnat MD Chris Ball says dividends have still been running at about R30m a year.

The bank has resisted anti-apartheid pressure for well over a decade, and, as recently as May last year, when Barclays' holding in Barnat was diluted after it failed to follow a rights offer, it still wanted to hang on to the investment. What has happened since then to convince Barclays that it is better to cut and run, even with the proceeds of the sale going out as low-value financial rands?

As Ball explains it, the UK company saw political pressure converting to commercial pressure. Presumably, once it felt performance in other markets, notably in the UK and the US, was jeopardised by the South African connection, a decision to bail out was inevitable.

The danger is that other international companies will be influenced by the bank's decision. Inevitably there's widespread speculation about a number of foreign-controlled companies with high consumer exposure in Britain.

But much will depend on their commercial strength here. For example, in the computer field, immediately after the IBM management buy-out was announced, speculation centred on Unisys, the new corporation formed by the merger of Burroughs and Sperry, which is second only to IBM in its penetration of the computer market.

Although it has not said as much, the major factor in the US corporation's determination to stay in SA is clearly the high level of profits remitted by its subsidiary.

Neither IBM SA nor Unisys release details of their local trading, but it has been reported that IBM SA's revenue contributed about 1% of the corporation's total. The last two years have been difficult.

But, Unisys SA GM Jack Horton tells the *FM*: "In 1987 we project that our contribution to corporate profits will be more than 4%." He makes clear that what will keep the corporation here is an environment which allows it to continue trading profitably: "The commitment and support of our corporate executives is underpinned by the South African subsidiary's ability to meet its stated objectives with respect to revenues, profitability and expenses-to-revenue ratio."

But, he warns, while local executives are confident about the company's ability to perform well in the local market, in the longer term there should be political change to ensure a viable environment for business.

"We are looking for an indication of the government's willingness to take steps in this direction and to foster the development of black management," he says. "The repeal of the Group Areas Act would be such a step."

Politics and profits permitting, Horton says Unisys will continue to operate in SA as a subsidiary of its US parent: "We believe that to continue to be successful and to contribute to the wellbeing of our customers, we should retain the link and the direct flow of technology."

His confidence is buoyed by the belief that Unisys can gain market share, at least partly at the expense of IBM technology. He and many others feel that IBM's share of the South African market is likely to decline.

"This is not because they will not be able to continue to source technology from overseas," he stresses. "The battleground in 1987 and beyond is going to be in the area of service and support." And IBM has already had to shed staff.

Walking out

Bata, the shoe manufacturer which retained a presence in SA for 50 years, is exchanging one foreign owner for another, reportedly a European investor. But there is intense speculation as to why the Canadian control decided to sell its South African interests now. After all, the company maintained a high-profile presence in Rhodesia throughout the UDI years.

The serious problems of the footwear industry in the last year are, no doubt, a contributory factor. But Bata is the biggest single manufacturer in the country, and is believed to have between 25% and 30% of the market.

Of course, the international group, which produces more than 300m pairs of shoes a year in 90 countries in the free world, is heavily committed to the Third World and the South African connection could be proving embarrassing.

But market sources suggest that a more likely reason is dissatisfaction with the footwear industry's high wage structure in SA. Bata is known for its constant close attention to costs, and most of its factories here are situated in the homelands where there tends to be much less union activity.

The departure of GM tends to underline the predominance of business performance in pre-Barclays disinvestment decisions. GM SA has not produced a profit since 1981, and it is operating in the heavily overtraded and recession-hit motor sector.

Final details of the complicated agreement to sell have yet to be settled, but the leader of the local directors, Keith Butler-Wheelhouse, is adamant that the new deal will open up a new era of success: "The salient point in our industry is that some of the most successful companies have never

Barnat's Ball . . . political pressure turned commercial

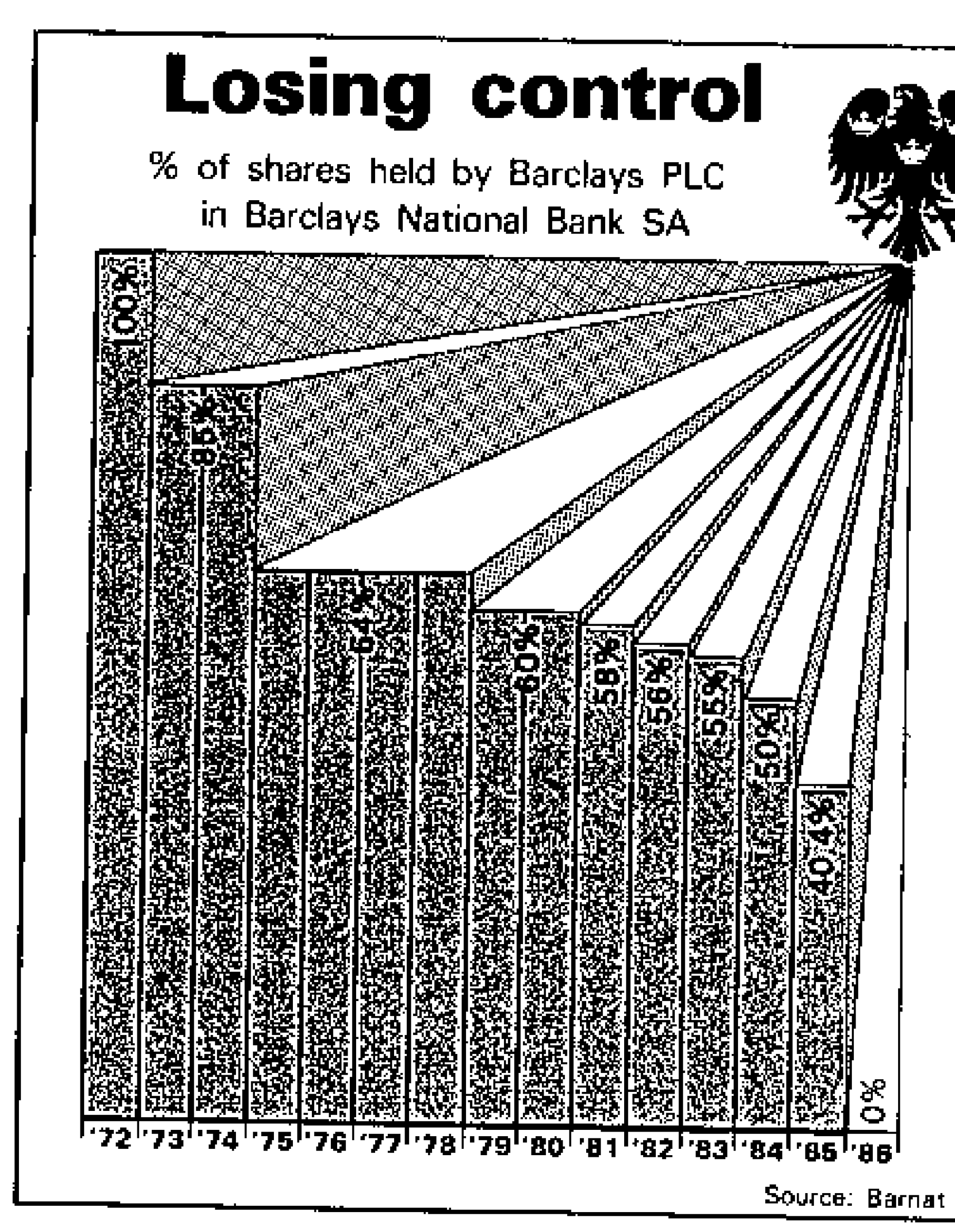
been anything but South African companies who source from Japan. We will be a local company with one German supplier and two Japanese suppliers. We will also not be controlled by a large industrial group. We are just a group of individual entrepreneurs with only our company's interest at stake."

He says management buy-outs can provide South African executives with great opportunities to gain control of large companies. This is his comment on the GM deal: "Where else could you find management executives taking over such a large company on such favourable terms?"

Eastman Kodak, of course, has gone further than any of the other companies which have disinvested. It decided to close the local operation lock, stock and barrel, and to stop other foreign subsidiaries selling to SA.

Kodak CE Kolb Chandler, making the announcement, said: "The economics of the situation are a major factor in our decision to withdraw. Our South African business has been affected negatively by the weakness of the economy. We also have no doubt the system of apartheid has played a major role in the economy's underperformance."

But it's no secret that Kodak is facing



intense competition in the colour film sector, mainly from the Japanese, and has lost out heavily in the medical X-ray field in recent years.

Kodak's departure will, nevertheless, open up an estimated R100m gap in the market which competitors are clamouring to fill. And, it's rumoured, third-party suppliers are already offering to sell Kodak products to South African importers.

More to leave

For South African businessmen, the departure of the high-flyers poses a crisis of confidence. As Sabrita's Evonne Roux puts it: "The emotional implications are often so much worse than the financial implications." And there are certainly more shocks to come.

Still, the shake-out does also provide opportunities for local entrepreneurial skills. The relatively short history of management buy-outs in this country casts up many examples of local management control providing a company with a more dynamic approach and more flexibility to cope with local problems.

A danger, of course, is that local businessman will be tempted to turn isolationist, to tell the rest of the world to go to hell. A leading economist says he's already detected this trend: "This attitude, if it becomes prevalent, would be a tragedy. At this time, when we need to be expanding exports, we can't afford to turn our back on the world. Whatever the rest of the world is doing to us, we must maintain links with the international community."

With fewer direct links to multinationals, and fewer international executives being posted to SA, it will also be important for local management to keep up with foreign technology and know-how.

And that essentially is one of the main drawbacks for this country of Barclays' accelerated departure. There are others. It could mean that with Barclays having distanced itself from SA, and still facing pressure from radicals, the renegotiation of the next phase of the short-term foreign debt deal could be more difficult.

The psychological blow to business confidence has been severe, probably wiping out whatever hyped-up fervour the State President was able to generate on November 7. It also suggests that in competitive international financial markets sensitivity to any contact with this country will be seen as unquestionable condemnation. Maybe, in fact, it heralds the next phase in the sanctions war.

Because Barclays will have to transfer the proceeds of its sale here out through the financial rand — and sell assets to foreign holders at less than half the price of the commercial rand — this country will not lose reserves and the levels to which the finrand is pushed may encourage a small foreign capital inflow.

Apart from Anglo American and its associates having picked up a going concern at a peppercorn price, the retention of future dividends in this country will reduce the invisibles deficit (so less will flow out in payment for financial services).

The renamed local bank will also be free to take a tougher line with the banking unions and, perhaps in the future, expand its international operations when the climate abroad is more propitious.

The fact is, however, that too much can easily be made of the advantages of this splendid isolationism. Barclays has played an integral and important part in financing this country, nurturing us to industrial maturity over the past century. Its name is synonymous with security and until now with moral fibre. It has turned its back on the social problems of this country for what it hopes will be richer, less politicised pickings in America. We wonder if Sir Timothy Bevan has a conscience. ■

□ See *Fox*

19 249 153 FIN MAIL 28/11/86.

CORPORATE PROFITS

Real hope or false dawn?

For many sectoral shares, the bottom line is looking far healthier than it did a year ago. But that is measuring current profitability against a very bleak year-ago situation. Analysts remain cautious while inflation stays untamed and the gold price continues to be sluggish.

For corporate SA, the spring months of 1986 have brought relief to a bleak and parched landscape. Over more than three years, while inflation rocketed ahead, the profits of most industrial companies stagnated or fell. Many firms did not survive. But in a notable reversal of this trend, for week after week now, starting in early August, companies have been reporting rising earnings and, often, higher dividends.

There have been false dawns before — the mini-boom in 1984, which proved illusory, comes to mind. Yet, on the whole we may be seeing the end of a dark period of more than 40 months, throughout which profits were squashed by those now familiar maladies: recession, a week bullion price, excessive debt, record interest rates, foreign exchange losses, political unrest, international isolation, and wilting business and consumer confidence.

Our profits table published a year ago, covering the comparable reporting period, showed that some 80 of the 130-odd companies on the list had published falls in earnings; of these, about 30 had cut their dividends. This week, the table tells a different story. Of some 160 companies listed, around 75 produced higher earnings and more than 50 have increased their dividends. A number of the large groups — the best-known cases include Barlow Rand and AECI — have at last climbed off protracted dividend plateaus.

Some analysts decided in the first half of the year that the tide could turn during 1986. Rosier prospects were heralded in the JSE Actuarial Industrial index's climb over the first eight months of the year (see graph). Initially, the more positive and often tentative forecasts were based largely on a few key economic fundamentals, particularly the surplus on the current account and the declining trend in interest rates that started in April 1985.

These circumstances usually favourably influence equity prices. A positive current account can be expected to presage economic growth. And any softening of interest rates from the dizzy levels of 1984-1985 was bound to benefit companies' bottom-line earnings. Prime now stands at 13,5% against the peak of 25%.

There were, of course, many reasons for profit improvements across such a diverse range of companies. But two other events at mid-year provided unexpected and powerful fillips to profitability. One, curiously, was the reimposition of the State of Emergency. The other was the pick-up in the gold price, which had been almost dormant since dropping below $400/oz in late 1983.

Whether or not such perceptions prove sustainable, there is little doubt that the renewed emergency helped quell visibly worsening civil disorder — and to reduce overall awareness of the problem. The resulting stimulus to business and consumer confidence was a pivotal ingredient needed to nudge the economy forward again.

Certain companies, particularly those which sell consumer products like furniture and semi-durables, noted an immediate improvement in sales to black areas after July. Not only were customers again able to make their purchases, but payments could again be collected.

In the ensuing months, confidence was further boosted by the leap of the gold price from around $340/oz to well above $400/oz. It has since dropped below $380/oz but, for many South Africans, faith in the yellow metal has been restored (at least for now). For the economy, the price rise already seen will help to compensate for capital repayments to overseas creditors. All of which brightens sentiment.

But internal factors, such as rationalisations, recapitalisations and, simply, better management, have also been important — in many cases these were the real causes of turnarounds. Rationalisations have involved takeovers and subsequent paring down of operations — or, more frequently, sales, closures or other drastic actions to deal with under-performing assets.

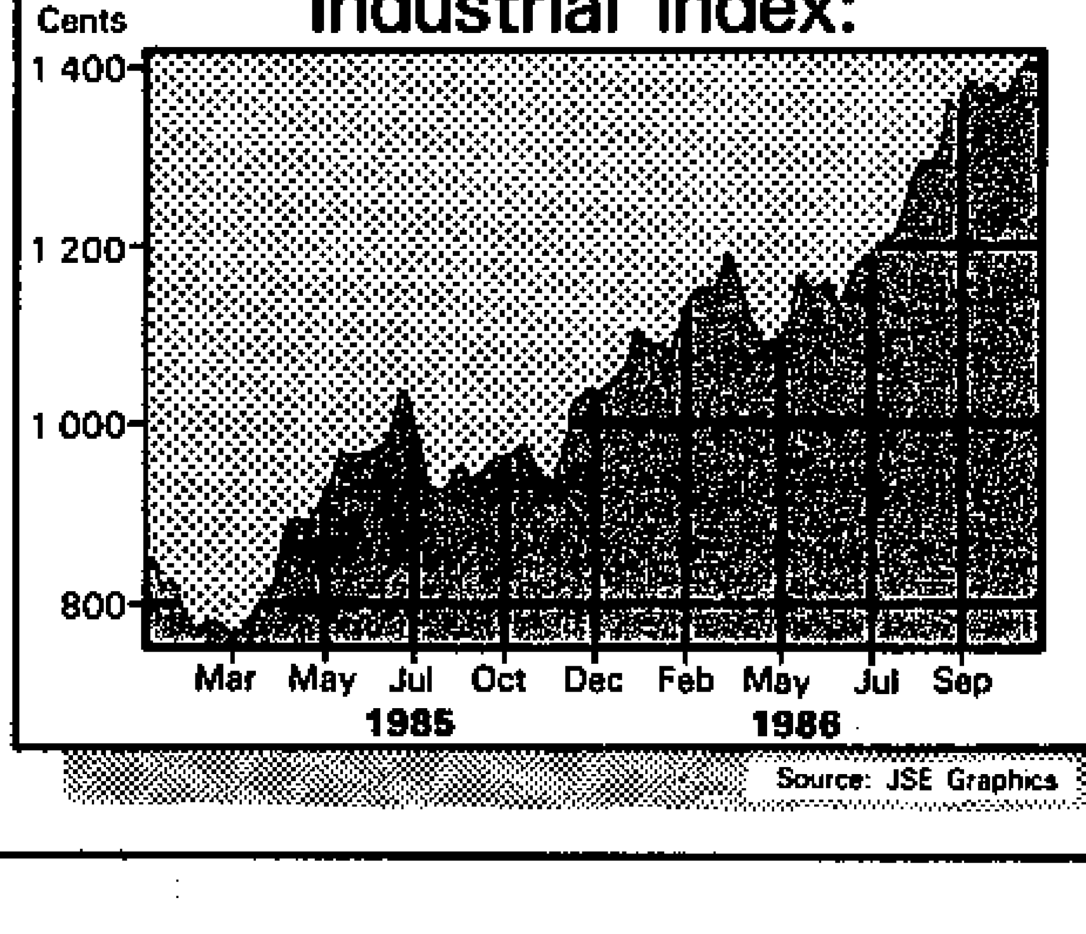
Among groups which have been enjoying the benefits of such clean-ups are Dorbyl, Malbak, Safren, Saan, HLH, Tongaat, Abercom, Murray & Roberts, Reunert, and Darling & Hodgson. These are only the more visible cases. Throughout South African industry, managements have been forced to scrutinise their own efficiencies. In more than a few cases, formerly respected executives (and some less respected ones) have shuffled off the stage; and not only because of retirement.

This is, of course, one compensation for such a long and deep recession. Survival demands that a new level of fitness is infused into industrial corporations. Cost structures have been reshaped and breakeven points widely reduced with, unhappily, considerable human cost — unemployment has ballooned. But the potential for recovery and growth when an economic upturn does arrive is large. Much of the preparatory work was done by the first half of this year.

Balance sheets had also been strengthened

Steady Ascent

Industrial index:



Source: JSE Graphics

61

Business Report Cape Times 29/11/86

Barclays deal: How not to disinvest, says banker

JOHANNESBURG. — Mystery continues to surround aspects of the R527m Barclays group deal which, if it is a case of disinvestment at all, should be termed "crawling disinvestment" or "how not to disinvest", according to a senior executive director of another large Johannesburg banking group.

No criticism is levelled at South African Barclays, "which appears to have handled its side of things pretty well", according to the commenting banker.

"It's Barclays PLC's decisions which are puzzling if not extraordinary ..."

Speedily repatriated

Questions raised by bankers in Johannesburg include:

- Why did Barclays PLC sell at a knock-down price, so losing about R25m, if funds were urgently needed, as it says they were, for expansion and development in Europe and the US?
- If such funds were urgently needed, how are they going to be speedily repatriated out of the blocks of financial rand in which they will find themselves after the settlement date, December 19?
- It is reported that shifting the capital out of the country will be a long, involved process — "probably extending over five years". This seems a most inefficient way of moving the funds to where they may soon be needed overseas. It is also a very protracted way of disinvesting; the money will meanwhile have to be reinvested in "apartheid SA" and earn interest or dividends in "apartheid money".
- It is said the money will flow through Barclays National Bank and will be reinvested in the money market on behalf of the UK bank.

Thus: "It will have no impact on market liquidity because it does not represent a flow of new funds but merely a shifting of balances held by large institutions."

But it could have an impact on the official financial rand market, which is described as: "Extremely thin and characterized by small transactions ..."

This is presumably why Governor of the Reserve Bank Gerhard de Kock thought the matter serious enough to warrant a public statement from himself to the effect that he would be watching what happened to the money to ensure it did not upset the financial rand market — and price.

Payouts

On December 19, cheques worth R526m will be deposited in a Johannesburg financial rand account in the name of Barclays PLC.

Southern Life Association will make the biggest payout of R220m, Anglo American and De Beers will together pay R46m for their share plus the R86m which will be offered to Anglo American shareholders and various institutions will contribute R154m, according to Barclays Merchant Bank managing director Rod Zank.

Barclays treasurer Sandro Burzacchi says: "The decision on how to invest the money will come from London, and will have to be in terms of regulations controlling financial rand accounts." — Sapa

Barclays slams pullout story

29/1/86 (61) BD/E Post

LONDON Barclays Bank rejected what it said was an ill-informed article in the Times of London which compared the bank's decision to pull out of South Africa to an eagle flying off and leaving a barren nest behind.

"Barclays Bank has certainly left far more than the 'barren nest' suggested in your ill-informed leading article," Barclays Chairman Timothy Bevan said in a letter to the Times today.

"It has left after 60 years a well-run banking business and a record of encouragement of black advancement and social programmes few other companies can match," Bevan added.

In a leading article earlier this week, The Times suggested that Barclays had been bound to pull out of South Africa sooner or later but that "a true concern for the interests of black South Africans requires that it leaves something more behind than a barren nest".

Barclays, one of the biggest foreign investors in South Africa, has said the reason for the pullout was mainly for commercial reasons. — Sapa-Reuter

Anti-apartheid body aims to launch major sanctions bid

1/12/86

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Barclays withdrawal a boost for UK activists, says AAM

LONDON — The British Anti-Apartheid Movement (AAM) is planning a major new sanctions offensive against South Africa in the new year.

According to its annual report, March 1987 has been declared a month of action for "people's sanctions" to provide a focus for nation-wide action against all forms of British links with South Africa.

The movement's executive secretary, Mr Mike Terry, said the Barclays withdrawal from South Africa had given a "tremendous boost to the confidence of activists throughout the country".

He added that if persistent campaigning could influence as powerful an institution as Barclays, then it could work in other cases as well.

By "people's sanctions", it appears the movement means sanctions at a grassroots rather than a governmental level.

The envisaged sanctions would cover all spheres, including military, nuclear, security, strategic, diplomatic, economic, cultural, academic, scientific and sporting fields.

A major campaign would also be launched to "mobilise solidarity" with the so-called frontline states.

The AAM would also extend its all-round campaigning activities in support of the ANC and of Swapo.

Mr Terry said AAM will discuss a proposal to get motorists and others to boycott the Shell oil company, hoping to pressure it to sell its South African operation.

Earlier, the liberal Observer newspaper reported that the British-owned BET corporation is likely to quit South Africa.

The Barclays withdrawal raised speculation that other big names among the 172 British companies operating in South Africa may weary of the connection as pressure from anti-apartheid activists grows and profits from South Africa fall.

The Observer said that BET directors decided at a meeting last week to sever the connection by March 1988.

The newspaper said BET profits from South Africa had fallen by a third to about £2 million last year.

The company's main South African holding, the newspaper said, was a 60 per cent share in United Passenger Transport Investments which, with the South African insurance giant, Sanlam, owns a string of transport subsidiaries.

Meanwhile, anti-apartheid activists attending Consolidated Goldfield's annual recent meeting here failed to sway the policy of the company on South Africa or win over the hearts of ordinary shareholders.

In a lengthy statement, a company spokesman said the group had had a presence in South Africa for almost 100 years and was therefore not likely to give up on its investments lightly.

The company opposed the political, social and economic consequences of apartheid said the spokesman "but we believe that to play our part in encouraging economic prosperity through the education and employment of black people is a more practical proposition than the sacrifice of the progress made for the sake of political dogma".

● About 5 000 people demonstrated in Bonn at the weekend against South Africa's racial policies. In a speech at the rally, a prominent member of the opposition Social Democratic Party called for a stop to technical co-operation and an end to commercial flights to and from South Africa.

● At the United Nations, the Security Council has adopted by consensus a resolution calling for new steps to tighten the UN arms embargo imposed on South Africa in 1977.

The resolution urged states to ensure that components of embargoed items do not reach the South African military and police through third countries. — DDC-Sapa-RNS-AP

Oil company backs Bluff dune project

NM 1/12/86 (61)

Mercury Reporter

A MAJOR South African oil company is supporting a R400 000 scheme by the Durban branch of the Wildlife Society of South Africa to establish an environmental education centre at Durban's Treasure Beach.

According to a local Wildlife Society spokesman, Shell South Africa has given an initial R50 000 toward the scheme and has indicated that it intends supporting the project with further substantial amounts.

However, the spokesman added, donations from members of the public would also be appreciated in order to raise the rest of the money required.

'Shell has made a very valuable contribution to enable the Wildlife Society to make a long-hoped-for dream come true and we just hope that other people and companies will consider making contributions to this extremely valuable and necessary project,' she said.

According to the spokesman, the Wildlife Society acquired a 25-year lease on the unique Treasure Beach property on Durban's Bluff eight years ago. The area was unique in that the coastal dune grasslands were of a type not found elsewhere in South Africa.

'It is essential therefore that this small area of half a hectare be scientifically managed in order to retain the extremely rich diversity and grassland habitat.'

Due to lack of funding the society had been unable previously to convert an historic World War II building on the site into an environmental education centre. However, now that Shell had decided to set the ball rolling, their R400 000 goal was in sight, she said.

'Like the Wildlife Society, Shell believes that conservation of the environment and development of natural resources are compatible activities and similarly that protection of species will not be achieved unless the natural habitat in conserved.

'Promotion of this awareness of man's relationship with the environment is an education process. Such education must be attempted on a huge scale for it to be successful and this is why the Treasure Beach Environmental Education Centre is such a significant development.,' she said.

Anti-apartheid lobby hots up

Stancha, Shell under fire to pull out of SA

61

2/12/86 BUS DAY

Own Correspondent

LONDON — Standard Chartered bank (Stancha) and Shell are coming under pressure in Britain to break their links with SA.

They are two of the companies in line for anti-apartheid pressure, together with others such as Consgold, GEC, Plessey, ICL, BOC, ICI and RTZ.

Anti-apartheid groups met in London on Sunday to plan their campaigns.

UN Committee Against Apartheid chairman Joseph Garba, of Nigeria, confirmed Stancha and Shell were on the list of targets, now that Barclays had quit SA. Shell had major interests in Nigeria, and the Nigerian government would approach the company to suggest it leave SA.

Adding to the boycott lobby was Labour MP Bob Hughes, who urged sanctions against SA.

With the boost to their morale from Barclays' pullout, campaigners are redoubling their efforts against other firms. They haven't even written Barclays off their lists yet, and claim it still has enough links with SA to keep it in the firing line.

Pressure on Stancha has risen in the wake of Barclays' decision to disinvest from SA.

Sources say that Stanbic, the group's SA associate, has already drawn up detailed plans of how to absorb Stancha's 38% stake in it.

UK companies reported to be on the brink of withdrawal include McKechnie Brothers and Metal Closures. Associated British Foods, Smiths Industries, Crown House and Alfred McAlpine have all severed their SA links.

UK industrial group BET yesterday denied it was planning to quit SA.

A report in Sunday's *Observer* claimed BET had held meetings to discuss its SA operations, and had decided to cut these interests.

A BET spokesman said BET directors had met recently, and the SA business — bus and freight company United Transport — had been discussed. But no decision to quit SA had been taken.

New pressure on big firms to leave S A

61

NW 1/12/86

London Bureau

STANDARD Chartered and the petrol multinational Shell are coming under fire from campaigning groups here to break their links with South Africa.

They are two of the firms in line for anti-apartheid pressure, together with others such as Consolidated Goldfields, GEC, Plessey, ICL, BOC and ICI, as well as RTZ.

Anti-apartheid groups met yesterday to plan their future campaigns.

Maj-Gen Joseph Garba of Nigeria, the chairman of the U N Committee Against Apartheid, substantiated the claim that Standard Chartered and Shell were on the list of targets now that Barclays had withdrawn from South Africa.

He said Shell had major interests in Nigeria and the Nigerian Government would approach the company to suggest they should now pull out of South Africa.

The international Shell group has already come under fire from protesters in Holland, America and other parts of the world.

Their own pump representatives from Scandanavia have applied pressure on them to withdraw from South Africa, and garages selling Shell, in several world centres, have been the target of violent protests.

Adding to the boycott lobby yesterday was Labour MP Bob Hughes who spoke on the local London Radio station, urging sanctions against South Africa.

Sell S A interests

And a report in a newspaper here, taken up by anti-apartheid campaigners, is that the industrial group BET is likely to sell its major South African business interests.

Although in the report a spokesman is quoted as denying they were planning to pull out of South Africa, the anti-apartheid campaigner pointed out that they would deny it until such time as sales to local interests had been completed.

BET have interests in Thames TV and Wembley stadium. It has major South African interests in bus companies.

With the boost to their morale from Barclays, campaigners are redoubling their efforts against other firms.

They haven't even written Barclays off their lists yet, for they maintain Barclays have enough links still with South Africa to keep them 'in the firing line'.

Pressure on Standard Chartered Bank has risen sharply in the wake of Barclays decision to disinvest.

INTERNATIONAL

(61) ARGUS 9/12/86

Probe into terror links with AAM

The Argus Foreign Service

LONDON. — Anti-apartheid activists campaigning against South African-linked companies could resort to violent tactics in the next few months, it is feared here.

IT'S ICY! Bobby Paul Turner may be getting hot under the collar from the attentions of former Miss England Karen Moore, left, and Sara Walkden, but pity the girls — they're freezing! London's Regent Street in December is hardly the ideal spot to be modelling specialist underwear. The creations, for the record, are by Knickerbox.

And a syndicate of British companies with South African connections has been set up by a security consultancy to investigate the potential violent threat from anti-apartheid organisations.

Britain's Anti-Apartheid Movement (AAM) has reacted by claiming that it is an all-party organisation which operates "wholly within the law".

The chairman, Labour MP Mr Bob Hughes, is to write to the Home Secretary, Mr Douglas Hurd, seeking an investigation into the activities of the security consultancy, Control Risks.

However, Control Risks — best-known for its specialist skills in conducting ransom negotiations for kidnap victims, including Jennifer Guinness, who was seized in Ireland in April — says it believes that the Anti-Apartheid Movement is likely to resort to violence.

Its study of the potential violent threat will be conducted with the assistance of 10 major British companies which have interests in South Africa. One of them is Rio Tinto Zinc.

Terrorist groups

Control Risks says: "We will undertake a study of the activities of anti-apartheid groups in Europe, their relationship with terrorist groups and their intentions.

"The study will establish the types of violence that South African connections can expect to face over the next five years."

The report will also "assess the chances that other militant or terrorist organisations will exploit the South African issue by penetrating the Anti-Apartheid Movement or by taking violent action in solidarity with it ... and assess the chances that the movement will operate with increasing violence against multinational corporate targets — how, where and when".

The study is to be completed by early January, in time for a confidential seminar later in the month.

Control Risks says there is nothing sinister about the study.

Two freed agents deny spying for SA

UK chemical company to withdraw

DD 11/12/86

61

Dispatch Bureau

LONDON — Allied Colloids, the R950-million British-based industrial chemicals group, is to withdraw from South Africa.

Allied announced yesterday that it had begun negotiations to sell its wholly-owned South African subsidiary — Allied Colloids SA (Pty) Ltd — to Chemical Services Ltd, a SA company engaged in speciality chemicals.

The pending disinvestment by Allied was confirmed yesterday by a director, Mr K. M. Waite, who said that the SA operation represented less than 5 per cent of total group pre-tax profits of R62-million.

Mr Waite said that the "time was right" and added that both political and commercial factors had been taken into consideration.

"But we have made this announcement early on in the negotiations and I do not wish to comment further on the reasons at this stage," Mr Waite said.

There was no movement on the Allied share price on the London Stock Exchange yesterday.

The Allied finance director, Mr Gordon Senior, conceded that the political situation in South Africa had been a contributing factor in the decision to sell.

"We had an offer from Chemical Services and, bearing in mind the ramifications, we thought that it was an opportune time," he said.

● Sapa reports that the South African subsidiaries of at least two more US companies are to be sold to SA interests, and a further three will almost certainly follow.

The management of AC Nielsen, the country's largest research company, is to buy the shareholding of the US parent company, Dun and Bradstreet, in Nielsen South Africa.

In addition, Dun and Bradstreet US is working on plans to sell its other two SA subsidiaries, McCormack and Dodge SA and D&B, to the SA management if suitable deals can be arranged, or to other SA interests if this is not possible.

Revealing that his company will "continue its full operations" under South African control, the managing director of Nielsen in SA, Mr Patrick McHarry, said yesterday: "In the face of the political pressure, the involvement of local management is the best guarantee that our customers could have that their interests will be paramount.

"We will also retain full access to the latest technology and are guaranteed that we will be able to keep our services abreast of the latest developments in the industry."

Regarding Dun and Bradstreet's other SA subsidiaries, the New York based parent company says it will also sell its interests in these operations, if possible to the SA managements.

The disinvestment is expected to be completed within six weeks, it says, and is a response to "the direct and indirect effects of South African Government apartheid policies, which have affected the corporation's ability to serve its customers worldwide.

"The corporation does not intend to liquidate the South African companies, but rather to sell them to South African owners. Efforts are being made to sell the companies to current managers where appropriate".

Collectively, the three subsidiaries employ about 900 people.

Post-Barclays: UK business strategy in SA

BUS DAY 61 17/12/86

NICK MITCHELL is the incoming director-general of the British Industry Committee on South Africa (Bicsa), which was formed this January to co-ordinate and speak for British business interests in the country. Three weeks after Mitchell — a former management consultant — took up his post Barclays Bank unexpectedly cut ties with SA. JOHN BATTERSBY asks Mitchell about UK business strategy in SA in the post-Barclays era.

BATTERSBY: Has the dust settled on the Barclays withdrawal?

MITCHELL: I think a lot of the dust has settled. The main damage of the Barclays withdrawal is the psychological one in that it encourages the anti-apartheid lobby.

BATTERSBY: Is Barclays a special case?

MITCHELL: In practical terms the Barclays situation is different from most other UK companies. Any major UK company with investments in SA reviews its strategy from time to time, in the light of political and economic factors. They are not influenced by the action taken by Barclays, whose circumstances are totally different.

BATTERSBY: But surely the judgment by Barclays of SA's political and economic future must have a bearing on investor confidence?

MITCHELL: I think Barclays is taking a cautious view of the future of the SA economy, which is rising in the short and medium term, but does not look particularly attractive in the longer term. I think Barclays' central reason for withdrawal was centred more on expanding its US operation and future with the student market.

BATTERSBY: What signals are potential British investors looking for in SA to give them the long-term confidence to invest?

MITCHELL: I think they are eager for faster reform. In particular, I think the single action of releasing Nelson Mandela could be a far-sighted move. Also they are looking for an end to the Group Areas and Population Registration Acts.

BATTERSBY: What do you say to those who argue the real reason why investors are pulling out is because white control has been ruptured and the long slide to eventual black rule and a Third World profile has begun?

MITCHELL: If SA ends up with black rile as a result of prolonged terrorism and conflict, then most of the white population will have departed. But my understanding is there is a longer, sounder tradition of business success in SA than there has been in countries to the north. There is a higher level — albeit nowhere near high enough — of education and developing skills among a proportion of the blacks, who will see a vested interest in the success of the economy.

BATTERSBY: Given that UK business has never favoured the up-front approach of the US in lobbying for political change in SA, do you feel a need for British companies to improve their image as genuine opponents of apartheid?

MITCHELL: I think there is a huge need to improve the image of UK companies. I think much progress has been made by some companies — the BP social report is an example of this. Then there is Unilever and Shell. These show vividly the progressive stance which some of these better companies are taking.

BATTERSBY: Why the reluctance to be visible?

MITCHELL: Well, there is a bit of ambivalence here in that some companies don't wish to be too visible in their SA presence, because of the counter-action from the anti-apartheid movements.

BATTERSBY: What is Bicsa's role in this?

MITCHELL: Bicsa is keen to reinforce and, where appropriate, coordinate this approach for UK industry together with US and German industry and, if possible, government involvement of these countries to develop initiatives to assist black development. We don't think it is the business of either UK firms or of Bicsa to directly confront government, but rather to use their influence in a progressive way. One of the things Bicsa will do is to encourage the few remaining UK companies that do not have satisfactory employment practices in SA to bring these up to European Community standards.

BATTERSBY: There has been much talk of a Western aid package for SA to ease the transition to a post-apartheid society. Do you see this as a long-term initiative or is it something that could be put together sooner?

MITCHELL: I think, in the main, it is a long-term project.

BATTERSBY: Urban Foundation director Jan Steyn recently set out a "realistic" timeframe for reform, which he urged SA's trading partners to consider. Would Bicsa associate itself with this kind of approach?

MITCHELL: I think this is an attractive but dangerous concept. Deadlines and time-tables are fine until you come close to milestones and then they become a millstone round your neck. Any time-table, therefore, must be couched in terms that do not present irrevocable pitfalls, should events turn out differently to those forecast.

BATTERSBY: Do you think, particularly in the light of the November 7 meeting, that SA business is maximising its potential as an agent for change?

MITCHELL: One would hope the signs from November 7 are that SA industry has not reduced its pressure on government, but is presenting it in a more diplomatic form.

BATTERSBY: Do you see the roles of SA and UK business as complementary in pushing for SA change?

MITCHELL: Most UK investment in SA is in joint companies. Some of the companies that are wholly-owned subsidiaries are among those with the best employment practices in SA.

BATTERSBY: What do you say to those critics who still portray the relationship as a partnership to exploit cheap black labour?

MITCHELL: My own understanding is that cheap black labour is no longer a correct expression, if you talk in terms of actual production costs. There are many parts of the world where the cost of labour is substantially lower than in SA.

BATTERSBY: There is a growing recognition by leading businessmen in SA to address the imbalance in the distribution of wealth along racial lines. Do you see the need for action to effect a redistribution of wealth — as well as of political power — in SA?

MITCHELL: Some redistribution of existing wealth is probably possible through the normal channels of tax, but there is a limit to how far you can do that without increasing the outflow of skills and vital know-how from the country. The more important objective is to remove the obstacles to creating new wealth for the deprived sectors.

Barclays name to cost R40m

17/12/86 STUART SUTTON (61) (98)

BARCLAYS National Bank's name change, the largest switch in corporate identity in SA, will cost more than R40m, says deputy MD Barry Swart. BUS DAY

Barclays has appointed several design consultants to assist with the changeover, including New York-based Siegel & Gale and local firm Pentagraph, which recently handled the Trust Bank image change.

Management is reluctant to disclose the possible extent of the operation and will only release details next March. The bank is particularly tight-lipped about a replacement name — it is understood there is a short-list of about 12.

What is certain is that every visual representation of the word "Barclays" and hundreds of eagle logos will have to be replaced.

This will include signs at 878 branches and at 887 associated company outlets such as Wesbank and Barnib and the facades of 365 "BOB" automatic teller machine outlets.

Cape Times 15/12/86

(61)

Whitehall studies Shell 'aid to SA' call

Own Correspondent

LONDON. — Whitehall sources and the City are studying a call on Friday from the chairman of Shell for a "Marshall aid type of programme" to pump money into South Africa.

"If we all disinvest it is not going to change anything," Mr John Holmes said in a strong attack on disinvestment. He added that so far disinvestment had meant, in some cases, that South African interests had simply bought assets cheaply.

Addressing a lunch for financial journalists, Mr Holmes — who is chairman of Shell Transport and Trading, the UK arm of Royal-Dutch Shell — said the South African economy had to be rejuvenated.

In return for financial aid from governments and international firms, there should be the quid pro quo of political and financial reform, he said.

His strong attack on disinvestment was in contrast to warnings three months ago from the company's executive chairman in South Africa, Mr John Wildon, that it might be forced to pull out of the country unless reforms were speeded up.

Anti-apartheid campaigners say Shell will be one of the main sources of their attention in coming months.

Barclays takeover sum paid

22/12/86 BUSDAY

HAROLD FRIDJHON

MOST of the R526-million due to Barclays Bank plc, London, for the outstanding shares in Barclays National Bank (Barnat) was paid last week by Anglo American Corporation, De Beers and Southern Life Association.

The foreign exchange reserves, however, will be unaffected by the transaction which makes Barnat wholely SA-owned. Barclays plc can repatriate its capital only through the financial rand mechanism, and since the supply of financial rands is limited because few foreign investors are interested in South Africa, it could take years before all the funds are finally transferred.

Meanwhile the "frozen" balances may be invested in marketable securities, the interest on which can be paid in commercial rands.

Putting the cash together caused some ripples in the money market last week but dealers said that the transaction was not responsible for the upward movement in interest rates.

● See Page 5

Courtaulds not joining the boycott

61

27/4/86

Star

The Star Bureau

LONDON — Courtaulds, which has announced a strong increase in profits, has no intention of joining the international exodus from South Africa, says chairman Sir Christopher Hogg.

"There is no question of our pulling out of South Africa," he said yesterday. "We do not feel that we have anything to be ashamed about in our operation there."

Courtaulds owns two-thirds of the South African wood pulp business, Saiccor.

The company's pre-tax profits rose 35 percent to R262 million (£82-m) on turnover four percent higher at R3 510 million (£1 096,9-m).

In further explanation of Barclays' decision to pull out, managers in the UK have been told it was prompted by lack of progress towards fairness and freedom there rather than the anti-apartheid campaign against it.

However, Mr John Quinton, in a speech to managers Wednesday night, said Barclays could not ignore the "unjustified campaign" against it in Britain, especially among students.

BUSINESS IN PROFILE

(61) Weekly Mail 28/11/86.

CONRAD BAREND STRAUSS, managing director of Standard Bank group, did not make a fuss about the flight of banking capital from South Africa this week.

Speaking soon after one of his main rivals announced the sale of its South African interests, he said Standard Chartered Bank in London is likely to decrease its shareholding in the Standard Bank Investment Corporation of SA — from 38 percent to about 25 percent.

This approach is typical of the soft-spoken business figure who does not have a high political profile. He gives priority to what he can do internally in the group, with its 23 000 employees and assets of R20-billion, rather than what he can do on public platforms.

After earning his matric at Paarl Boys' High, this former academic did a string of degrees at Harvard, Cornell and Rhodes universities. It then took him 23 years to climb from management trainee at Standard to group MD.

He spoke this week to **ANTON HARBER.**

What role do you see for Standard Bank in the process of change in South Africa?

The Standard Bank has for quite a long time had a policy of non-differentiation in every facet of its life. I believe the level of consultation that we have with a cross-section of the community is such that at the moment I am not concerned at all about anybody pointing a finger at the Standard Bank about how it handles its affairs internally.

Having followed a policy of total non-differentiation, we seek to turn that into a living philosophy for the Standard Bank — something that must be practised by all our branches, all our personnel around the country. I view the Standard Bank, to some extent, as a kind of candle that is lit for the South Africa of tomorrow.

But in a direct political sense, I do not believe there is a significant influence that we can exercise. By using public platforms, by participating in discussions, we can point out that what we believe is desirable and in the interests of adding wealth to our society, of overcoming material misery, of facilitating economic development. But I do not believe that as a non-political organisation we can go beyond that.

What is your company's attitude to affirmative action?

There is no way you can administer an economy of 28-million people by drawing on the skills only of 4-million or 5-million. To the extent that we have had and still have an educational programme in the country that does not necessarily equip a large portion of our citizenry to participate in a highly competitive First World environment, I do believe that we should endeavour to make up for these deficiencies.

What is your view of the outcome of the summit meeting between PW Botha and businessmen?

In an economic sense, or even in a political sense, I have no doubt that it did no harm. In an economic sense, I believe there is relatively little difference between the strategy that the government had devised and what was tabled. There were nuances and some differences of emphasis, but to me the important thing relates to the fact that you cannot determine the economic future of this country without the participation of a broad section of the population. Secondly, you cannot develop an economic strategy without meaningful political change.

I cannot think that that conference would, in any way, have hindered the process of change, because it is my impression that the point was made very clearly by several people that you cannot deal with the economy in isolation; you've got to take the social-political factors into account. To the extent that that point was made, let's hope that it may have a positive consequence.

Conrad Strauss ... quiet man

What do you mean by meaningful political change?

There is no doubt in my mind that we have got to get to a stage when we have universal franchise in South Africa. Whether it is expressed in a unitary, federal or confederal state, I am not a constitutional lawyer, I can't tell you. But there must be a broader political participation where the citizens of South Africa have a free opportunity to exercise their civic rights in the form of a franchise.

Are you optimistic about the economic prospects in South Africa?

South Africa is extraordinarily well-endowed. But I think examples around the world, such as Japan, show that you need not have any raw materials, provided you have the people who have a work ethic and who are motivated. To me the future economic success of South Africa depends overwhelmingly on our ability to motivate our people and create an environment where there is contentment, stability and an atmosphere that is conducive to the development of the work ethic. Under those circumstances, yes, I am optimistic about the future of the economy.

I would like to add one rider. My greatest concern about the future of the South African economy relates not so much to the political dispensation as it relates to the economic ideology that will prevail. If we confuse political participation with the need for state ownership on an extensive scale, and deprive the individual of initiative, then I feel pessimistic.

The Barclays Bank withdrawal from South Africa has created speculation about Standard's future. What are the prospects?

That is really a question that you must ask London. It is not a decision taken by us in South Africa. The managing director is on record as saying that they may consider at an appropriate time decreasing their shareholding further. He thought 25 percent might be an appropriate level for them; at the moment they control 38 percent (of Standard SA). But exactly if and when (they will reduce their holding, I have no idea.

Christmas break in longest ever union dispute

WEEKLY MAIL 28/11/86 (61)

WEEKLY MAIL REPORTER

MORE than 900 workers dismissed in May last year from the British-owned multinational BTR-Sarmcol, and members of their families, have crowded into the Lay Ecumenical Centre in Edendale every weekday this month to listen to lawyers argue over their dismissal.

The lawyers represent the Metal and Allied Workers Union (Mawu) and the company. The hearing, the biggest and longest in industrial court history, adjourns today until January 12.

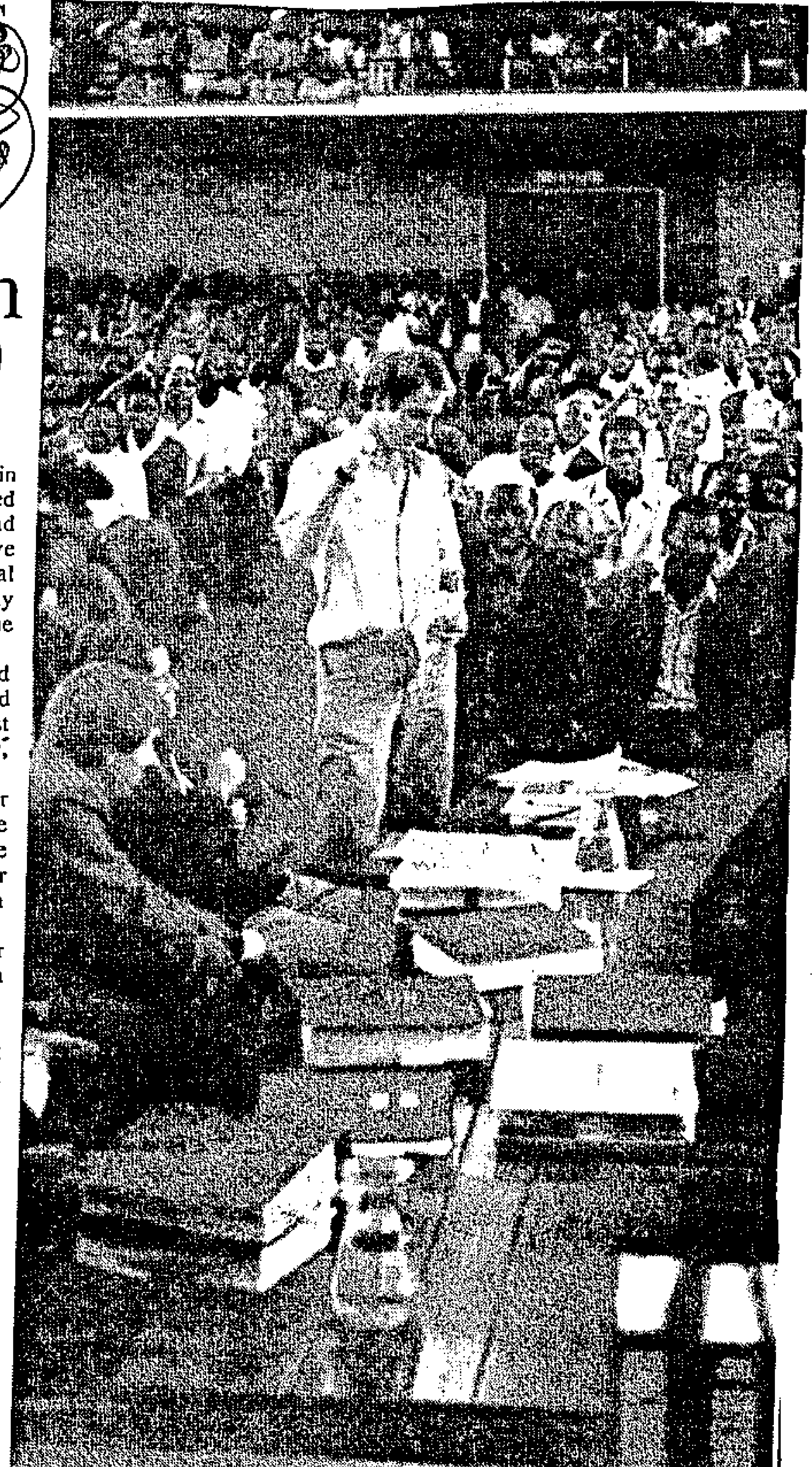
Mawu has called for a court order requiring BTR-Sarmcol to reinstate the workers, on the grounds that the mass dismissal was an unfair labour practice and that the company acted in bad faith.

They have also called for an order requiring the company to conclude a recognition agreement with the union.

Although oral evidence was expected to end today, the presiding judge, Justice Pierre Louw, has been forced to set aside two weeks in January because not all the evidence has yet been put before the adjudicating panel.

Louw has undertaken to deliver an oral judgement as soon as a decision has been reached.

The company has argued that the dismissed employees — almost the entire work force of the Howick rubber plant — resorted to "unnecessary , unjustifiable, unlawful and disorderly strike action" on May 2, 1985, while the company was negotiating in good faith over the conclusion of a recognition agreement.



Geoff Schreiner at the hearing .... disputes over 'good faith'

This week, Keith McCall, SC, representing Sarmcol, said the draft recognition agreement presented by the company to the union shortly before the strike was well within the norms of existing agreements.It was acceptable to the company, the union and employees, he said.

But "the union would not sign it. They were totally unresponsive. They unwittingly rejected it," he said, "putting forward amendments which they scribbled on a piece of paper during the meeting with the attitude 'take it like that or we will strike'."

McCall said the company was looking at the union's proposals when the strike broke out.

He said the company had continued negotiating against a background of damaging industrial action taken against the company, resulting in the loss of vast sums of money. Sarmcol had moved from a position of a high profit rate to a situation in which the company was actually incurring huge losses.

Geoff Shreiner, former Mawu branch secretary, said Mawu's repeated industrial action was "a reaction to management's intransigence".

He disputed McCall's "good faith" claim and said negotiation over the recognition agreement had reached a deadlock.

In papers before the court, Mawu's lawyers have described management-union strife from the outset of disputes in 1973. According to Mawu, the company invoked the aid of the SA Police in preventing the union from signing up workers outside its gates; it was "instrumental" in getting an organiser arrested; it stopped subsidised food from being sold to its employees; it declared to its employees that the union was illegal; it promoted in-house liaising committees to frustrate the union; and it victimised union members.

The papers also indicate that the union has sought company recognition since 1974, the year it enrolled a majority of the company's Howick plant employees as members.

In 1983, the Industrial Court ruled that the company had to conclude a recognition agreement with the union. Negotiations have been proceeding since then.

The dismissal of 950 workers from Sarmcol last year has plunged the township of Mpophomeni into crisis, a social scientist told the court this week.

According to Eric John Radford of the University of Natal, the workers' contract with the company had not been terminated psychologically.

Three-quarters of them had been with the company for longer than 15 years. Most of those dismissed were older, married men who had spent most of their working lives at Sarmcol. "Holding positions with greater responsibility and authority, they were more stable than the rest of the community and, up until May 1985, had formed the backbone of the Mphphomeni township," he said.

For the majority of the striking workers, he said the employer-employee relationship was still perceived to be intact; they regarded their job loss as "a temorary problem in an ongoing relationship". Thus three-quarters had not been looking for work.

But unemployment had lowered their status and forced their families into poverty. Economic and psychological problems had created serious stress, and social networks to handle these problems were "grossly inadequate". "The reported increase in criminal behaviour and violence are both symptoms of a community in crisis," he said. — Concord News

Two schools of reform

The unions thought sanctions would weaken managements. If anything, the case of General Motors shows that it has strengthened the employers' hands, argues DUNCAN INNES

IT'S been an exciting week on the local front of the sanctions-cum-disinvestment battlefield.

On the one hand, General Motors (GM) summoned those champions of reform, the SA Police, to help it break a strike by its black workers and, on the other hand, BP South Africa (BPSA) announced a R100-million programme to encourage non-racial reform.

Truly, we live in interesting times.

From a credibility point of view, BP have gained a lot more mileage from their strategy than have GM.

Not only have GM publicly acknowledged that they do indeed intend to supply the South African military and police with vehicles, but the new MD has publicly stated that "We will make vehicles with or without the unions."

These two statements would have brought cold comfort to GM's black employees who, on the one hand, feared that many of them would lose their jobs following the transfer of ownership to local management (this is basically what the strike was all about), but on the other hand must be feeling very uneasy about building vehicles which, in many cases, could end up being used against them in their own townships.

Commentators have not been slow to exploit these contradictions, arguing that because black unions have not publicly condemned the overseas sanctions campaign, they now have no right to complain when withdrawal by a foreign company threatens the jobs of their members.

There is some truth in this argument. Certainly many unions do not seem to have thought properly through the implications of a sanctions campaign.

They have hoped that sanctions would weaken management, but have not examined deeply enough the many possibilities that exist for management to turn the situation to its own advantage (over the short-term at least), weakening the unions in the process.

GM, on the other hand, have clearly given this matter some thought.

But where much comment has been at best highly mischievous is in its persistent reference to the GM case as an example of what happens when a foreign company withdraws from South Africa.

As I argued some weeks ago, GM have not withdrawn from South Africa; they have simply changed the form of their involvement here.

This is surely borne out by the fact that not only are they trying to capture a share of the police and military market here, but they are also launching a brand new model.

And while the new MD, American citizen Bob Price, who was MD of GMSA between 1971 and 1974, insists that at the age of 60 and after 36 years with GM he has now left the company to take over the new South African concern, called Nuco, there is room for some scepticism.

This scepticism was enhanced by GM's recent announcement that it was closing down 11 of its American plants as well.

Does this mean it is withdrawing from America too? Or is it simply rationalising its worldwide interests of which South Africa forms a part?

BPSA, on the other hand, has taken an initiative of a very different kind.

BPSA are opposed to sanctions and disinvestment, believing instead, in the words of their chairman, Ian Sims, that: "Forthright involvement of international companies such as BPSA in the South African economy and in the South African community continues to offer the better alternative to disinvestment, sanctions and other such negative measures." Unlike many other companies which simply say these things, BPSA is prepared to put its money where its mouth is — to the tune of R100-million.

It has specified how the money will hopefully be used: first, to finance the development of District Six and some surrounding land as an area open to all races; and, second, to subsidise existing state schools which wish to go private so as to open their doors to children of all races.

Laudable though these goals might be — the first aims at undermining the Group Areas Act, the second at undermining racial segregation in schools — it is doubtful whether they will, as much press comment suggests, bring down apartheid.

Referring to the District Six project, the Minister of Constitutional Development, Chris Heunis, said "The Group Areas Act, which regulates occupation, does not provide for such a concept.

"It only provides that multiracial occupation within a specific area can be arranged by way of permits."

In other words, the BPSA initiative is likely at best to lead to the creation of a small permit-controlled non-racial enclave within the confines of the existing Group Areas Act, rather than the abolition of the Act.

The same is true of the second project, relating to integrated schools.

The Minister of National Education, FW de Klerk, has made it clear that some racially integrated schools will be tolerated: "There is an alternative for people who feel strongly about integrated education.

"And if entrepeneurs, or any members of our community, feel very strongly about doing something in this regard, they can channel their energies, their funds, their support to make this alternative available."

Clearly, De Klerk does not regard the integration of a few schools as a fundamental challenge to the existence of apartheid education.

What is surely needed, as the children in the townships are demanding, is the abolition of apartheid in education and not the

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THE ECONOMY

GM's iron hand vs BP's velvet glove

●From PAGE 11

If so, they do not mention it in their report.

Certainly, their report does provide statements of support from a very limited range of academics and black and white business leaders.

There is also a statement of support from Chief Mangosuthu Buthelezi.

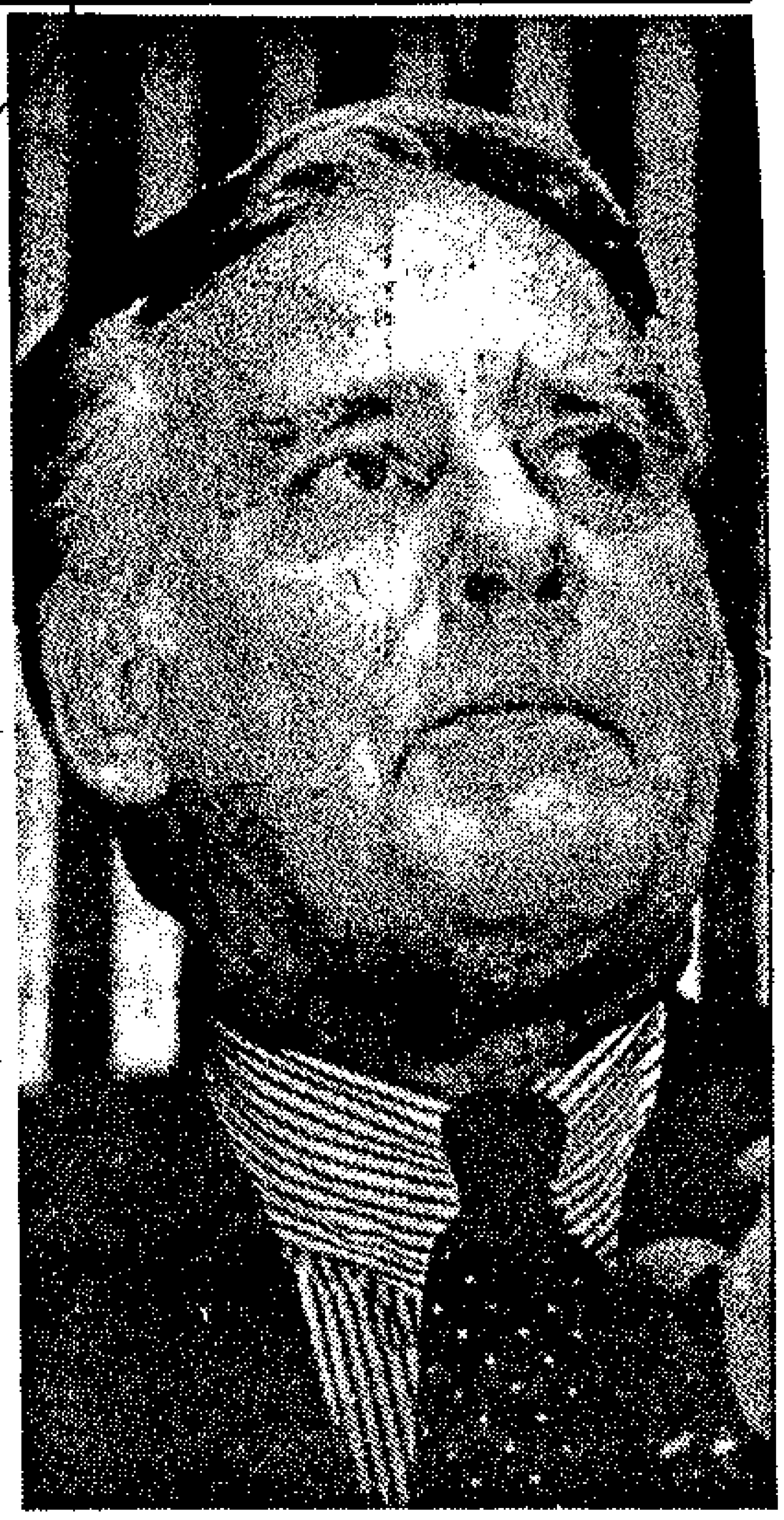
But not a word from, nor mention of, anyone from the United Democratic Front or Black Consciousness groupings, nor from any trade unionist other than Kobus Jooste of the South African Agricultural Union.

While it is interesting to know that the rector of the Rand Afrikaanse Universiteit and South Africa's first Indian ambassador abroad support BPSA's social programme, the absence of any statement of support from most of the organisations with mass followings throws serious doubt on the credibility of BPSA's programme.

In its social report, BPSA refers to what it regards as "structural changes of fundamental significance to the political, social and economic framework of South Africa which have been introduced by government".

While some of these changes, such as the government's legal recognition of trade unions, can be regarded as "structurally" significant, many are clearly not so.

For instance, BP sees it as "structurally" significant that the government "has committed itself to the principle of equal education as a goal", while at the same time noting that this same government is "continuing its commitment to racially separate state schools". If that is an example of a structural change,



New GM MD Bob Price

then I'm a toasted cheese and tomato sandwich.

Again, it is "structurally" significant that the State President has committed himself to "setting a universal franchise within a geographically united South Africa as a goal", though he has made it equally clear that "it will not take place within a unitary system" and that "protection of minority (group) rights is a priority".

And best of all, it is "structurally" significant that "forced removals of blacks for ideological reasons" will end, though forced relocations do continue "to incorporate areas into 'homelands' and for health reasons".

Statements such as these suggest that BP is incredibly, if not dangerously, naive

Such naivety in turn suggests that the government will have little trouble in co-opting BP's recently announced initiative for social change.

creation of a few integrated schools within a sea of apartheid.

It might be argued that this criticism is unfair, since on their own BP cannot be expected to bring down apartheid. After all, isn't it better to start somewhere, however small, rather than not to start at all?

The recently released BP social report for 1986 is full of statements like "BP believes", "we believe" and "we are of the opinion that" various proposals are in the best interests of reform in South Africa.

For instance, regarding the District Six project, chairman Ian Sims writes: "We start from the fact that existing steps to abandon apartheid are too slow for many people but too fast for others.

"By exercising a regional or local option we can see a way forward..." In the next paragraph we find the following: "A project like this depends ultimately on the wishes of the people of the actual area who will be involved. They will be consulted and will participate in the decisions and direction of the project."

This statement could have come from the mouth of our very own State President. It suffers from exactly the same inadequacies as do the government's own statements on reform.

First we whites, whether from BP or from the government, tell you what we think you blacks need and allocate some funds towards implementation. Then we whites invite you blacks to consult with us and participate in implementing our decisions (which are, of course, in your own best interests).

Perhaps I am wrong. Perhaps BPSA have consulted widely among the black community before announcing their grand scheme.

FOREIGN FIRMS IN SA. — BRITISH

1987

JAN. —— SEPT. ——> DEC.

6/1/87 BUSDAY 61

Proposal to pay farmers not to crop their lands

WASHINGTON — Searching for ways to reduce mounting farm surpluses, the Reagan administration is considering payments to grain farmers to stop farming their land altogether.

Under the proposal, described widely as an attempt to de-couple agricultural subsidies from grain production, growers of subsidised crops such as wheat, maize and cotton would be given income-protection payments based on their historic harvest totals.

A wheat grower, for instance, could continue planting wheat but would not be paid more than he received for his total 1985 crop. Alternatively, he could decide to do no crop-farming, seeding only grass or planting trees.

But the farmer would not be allowed to plant other crops — either another government-subsidised crop such as maize or cotton, or any unsubsidised crop such as potatoes or dry beans.

The Agricul[illegible] Department mindful

Anti-SA strikers leave their jobs

DUBLIN — Supermarket workers who struck for nearly two-and-a-half years rather than handle SA fruit left their jobs yesterday claiming they were unfairly required to sign a document promising to handle all produce.

The surprise move came a few hours after 11 cashiers returned to work.

The cashiers said that, unlike other employees, they were required to sign a document promising to handle whatever goods were brought to their checkout counters.

They then walked out and said they regarded themselves as fired and would fight the store before an industrial tribunal.

The pledge did not specify SA produce, said Karen Gearon, the shop steward who led the strikers.

She added: "I don't see why we should be victimized. We want to go back to work but if they get us to sign this what else will it mean?"

Earlier, the 11 returned to their jobs at two stores in the Dunne's chain in Dublin after a government ban on SA farm produce went into effect.

The dispute began on July 19, 1984 when cashier Mary Manning was suspended for refusing to check out SA grapefruit bought by a customer. Nine female employees joined her in a picket of the store that became a rallying point for the Irish anti-apartheid campaign.

A year ago another employee was suspended for refusing to handle SA produce.

The strikers said they were obeying their union's call for a boycott of SA products.

Anti-apartheid campaigners invited the strikers to send a delegation to SA, but the group was refused admission to the country.

An Irish labour court ruled that the matter was political and beyond its jurisdiction, but the government failed to get supermarkets to agree on a code of practice on SA goods.

Dunne's said it would stop stocking SA produce if its competitors did likewise. It said the strikers could have their jobs back provided they handled all customers' purchases regardless of the goods' origin. — Sapa-AP.

SOCIAL ACTION IN A DIVIDED SOCIETY

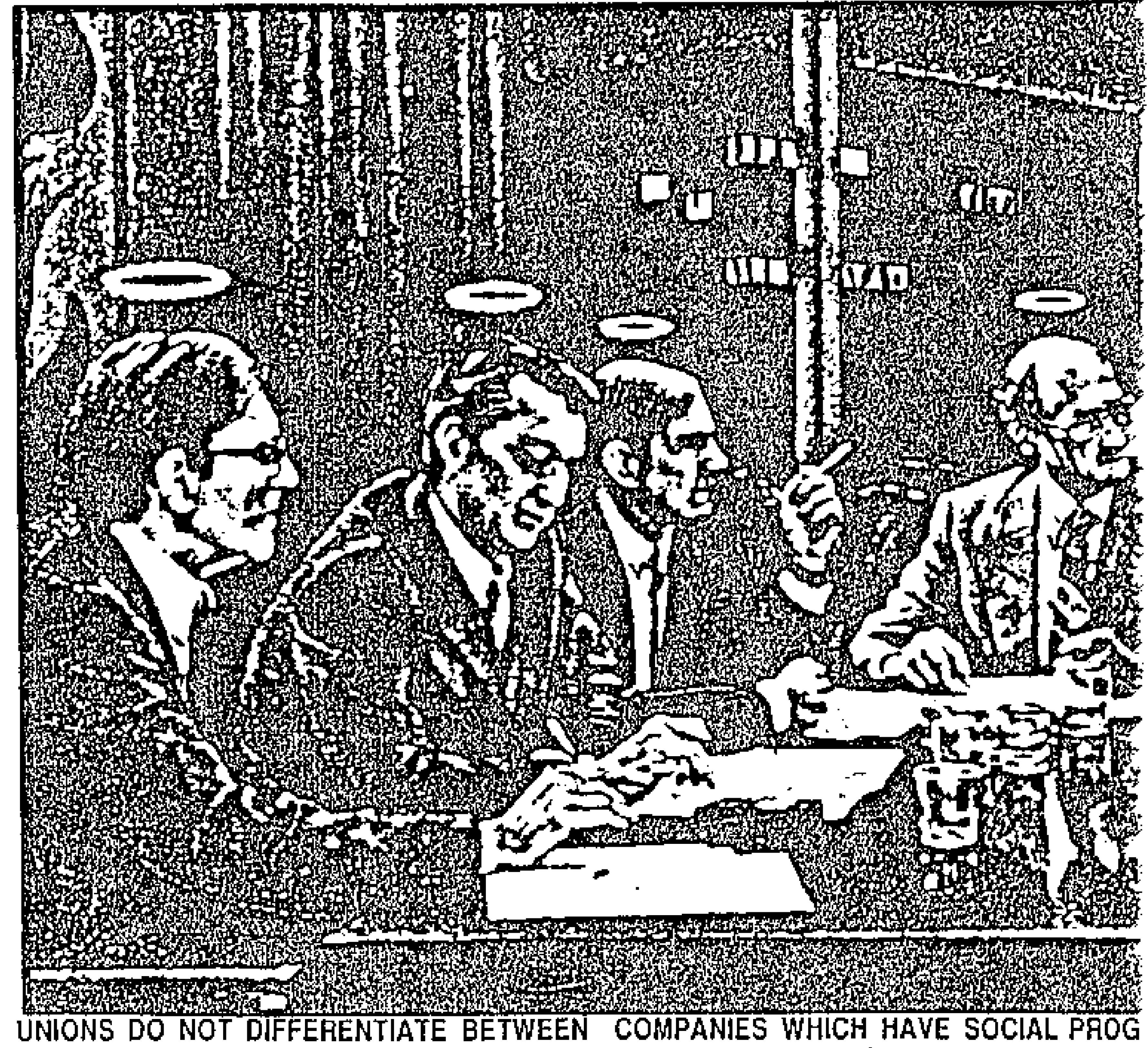
"The oil company is like a drunken man who goes to a shebeen. He shows his wallet and he says, 'I'm a moneymaker. Everyone in the shebeen can get drunk.' But when he goes back home, his children haven't got bread; the children are not going to school."

— **Oil company shop steward.**

"Every employee in BP Southern Africa, each and every one of us, has every right to be proud of the manner in which we discharge our obligations of equal opportunity and contribute to the betterment of the society in which we all live."

— **Ian Sims, chairman, BPSA**

The soul of the large cor



UNIONS DO NOT DIFFERENTIATE BETWEEN COMPANIES WHICH HAVE SOCIAL PROG

Only a handful of companies take social responsibility seriously. And those that do, find that in an increasingly polarised society, a programme can run into as much flak as applause. The unions, for example, accuse some corporations of 'image building' and complain that not enough is being done for employees themselves. A good example of the dilemma is the criticism levelled at some of the country's biggest social responsibility spenders: the oil companies. ANTON HARBER reports

OIL COMPANIES spend a great deal of time and money on multi-million rand social responsibility programmes.

But the people who seem least convinced by these are the oil companies' own workers — who are increasingly calling for consultation in this area of their employers' activites.

In previous years, the companies could have dismissed what the unions and their members said about this issue as rhetoric — as much of it is. But now, with unions playing an increasingly central role both in internal politics and in setting the ground rules for sanctions and disinvestment, it is rhetoric they will have to listen to and deal with.

It is startling how different are the companies' and the unions' perceptions of the roles being played by industry. "The company (Shell) has accepted the inevitability of change, and is working towards creating a better tomorrow for all of South Africa's people," says chairman John Wilson. Mobil's chairman, Georges Racine, describes his company as having "placed itself in the vanguard of social change". "This company," BP says in its social report, "will continue actively to use its influence to hasten the process of change, enhance stability and the search for peaceful solutions."

But Frank Meintjies, publicity secretary for the Congress of South African Trade Unions, describes these as "stop-gap measures".

"They are attempts to build up the companies' image. But these companies refuse to acknowledge that the problems have deeper roots or to address them in those terms. They have no problem with the status quo remaining as it is."

This view tends to be all-embracing — it recognises no differences between companies that speak out strongly against apartheid and companies that say little; between companies that consult widely on social programmes and companies that act arbitrarily; between companies that opt for ostentatious, media-centric programmes and those that work more consistently and quietly.

Individual unions involved in these companies tend to speak more specifically, though their views reflect the same basic feelings as those that come from Cosatu headquarters and the United Democratic Front.

"The simple message is that charity begins at home," a Chemical Workers' Industrial Union representative said in an interview this week. "They have made much noise about what they are doing, but the wages they are paying to our members are a problem.

Another union representative gave a more concrete example: "Mobil gives money to soccer teams. They gave R450 000 to Swallows, but when we come to the table and ask for higher wages, they say there is no money."

By South African standards, petroleum workers earn relatively well. Minimum wages, after this year's wage negotiations, were R680 a month in Shell, R710 a month in BPSA and R735 a month in Caltex, according to the union. They are quick to point out that petrol workers in most of the world are paid much better, particularly in relation to other workers in the chemical industry.

In general, companies that have high profiles on social responsiblity are better employers as well, again relatively speaking. After all, if they are sensitive about their international political profile, they are also sensitive about the effects in world circles of industrial action against them. Shell, for example, is still haunted by the firing of thousands of workers in their Rietspruit mine in 1982.

But the gripe being expressed by unionists is more basic than a comparison of salaries. Union members feel the profits being spent on social responsibility are the product of their own work and they should have either first claim on them or a say in where and how they are being spent.

"The trade union's position is that where these programmes exist, they should be negotiated with the trade union because the company's profits are generated by our members. But we don't have any say as to how the money is being spent," one shop steward said.

"The company gives money to organisations to suit themselves. For example, Shell gives money for education, but we don't know who they give it to. The money is going to the universities, not to the workers' children. They are using money we have earned for them, but it is going to everyone except our own children."

Another official made similiar claims about BP: "BP says it is supporting non-racial education and so it gives money to private schools; but our children don't attend private schools.

"BP gives R50-million for (the development of) District Six, (money) which our members could have used. Who is going to live in this middle-class suburb? We won't be able to."

BPSA's projects have been among the more controversial. The company launched its massive plans to redevelop Cape Town's District Six as a "new, non-racial, business and residential area" and pour money into supporting an option that allowed state schools to go non-racial if they wished. At the time, the company reacted very sharply to newspapers that pointed to potential problems in such high-profile activity.

Asked this week how the project had progressed, a BPSA representative replied: "Our offer to lead a private sector initiative to redevelop District Six and revitalise the adjacent areas of Woodstock, Salt River and Walmer Estates, on a non-profit basis in consultation with the community, the private sector and the city council of Cape Town, remains on the table."

The Mobil Foundation projects fall into three sections: black education, rural development and small business entrepreneurship. Its 1986 report predates the foundation but gives an indication of how its money is being spent, though hard figures and facts are rare.

The report says Mobil has given R1-million a year to black education, most of which goes to bursaries for university and technikon studies, the Teacher Opportunity Programmes (in-service teacher upgrading) and various winter schools. An unspecified amount goes to the Build a Better Society project, which runs Cape Town's Pegasus Centre, amongst others.

BP gives a more detailed breakdown of its expenditure, but also does not list actual amounts involved. Much of the focus is on black education (ranging from bursaries to the provision of

Mobil's Racine (left) and BP's Sims

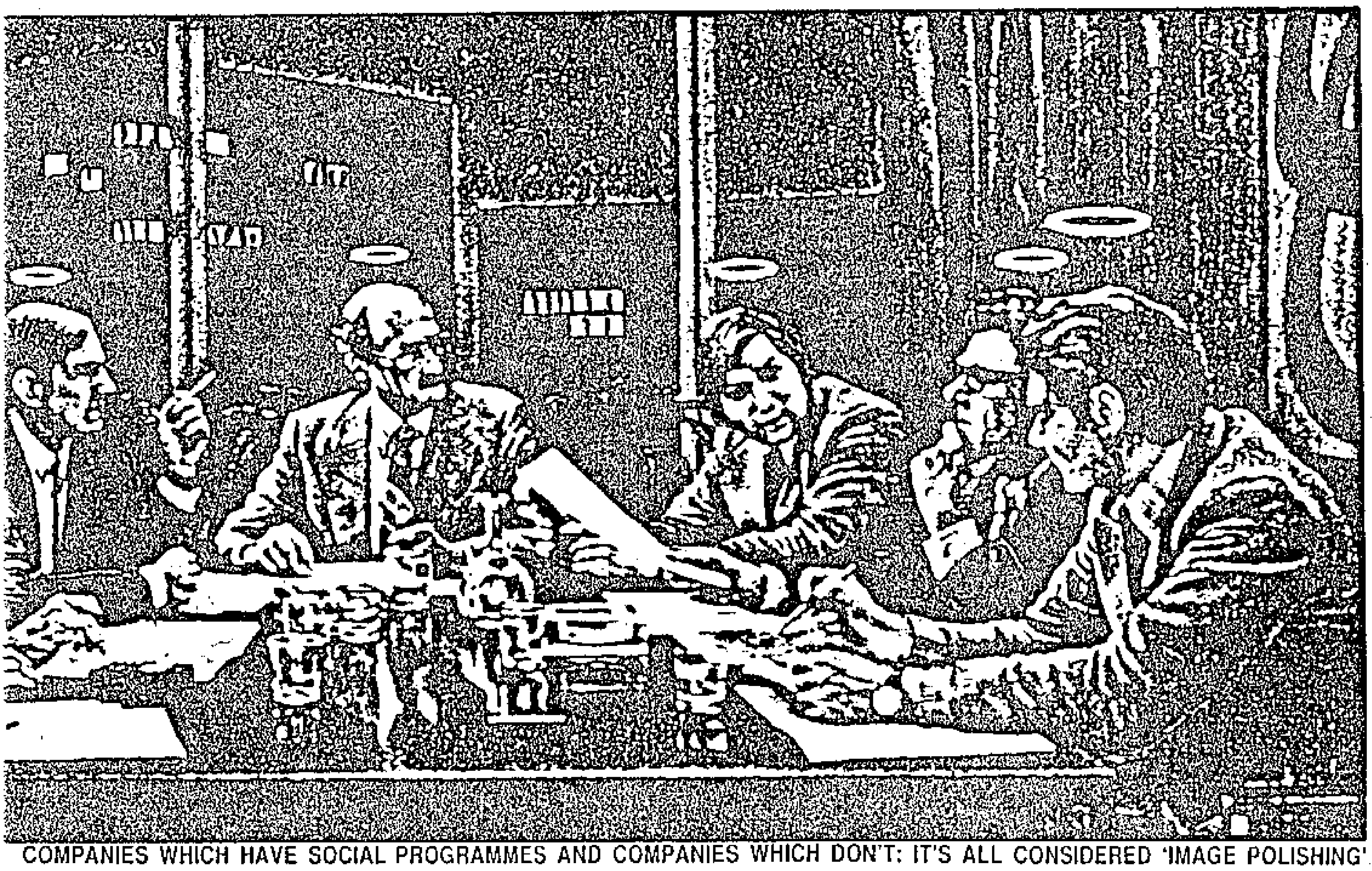
equipment in teacher upgrading) and rural development. It lists 48 organisations which it gives money to, ranging from Operation Hunger to Strandfontein Lifesaving.

Shell's main work is also in education, mostly teacher upgrading and bursaries for post-secondary education. Apart from relatively large donations to the Urban Foundation (R250 000) and Operation Hunger (R50 000), it also finances small business development programmes and environmental work and sponsors a high-profile Road To Fame competition.

Unions and political organisations accept education and housing as priorities. Their primary gripes are either with projects that confuse marketing with social responsibility (such as most of the sport and music sponsorship) or with projects from which they will not benefit, such as support for private schools or expensive middle-class housing.

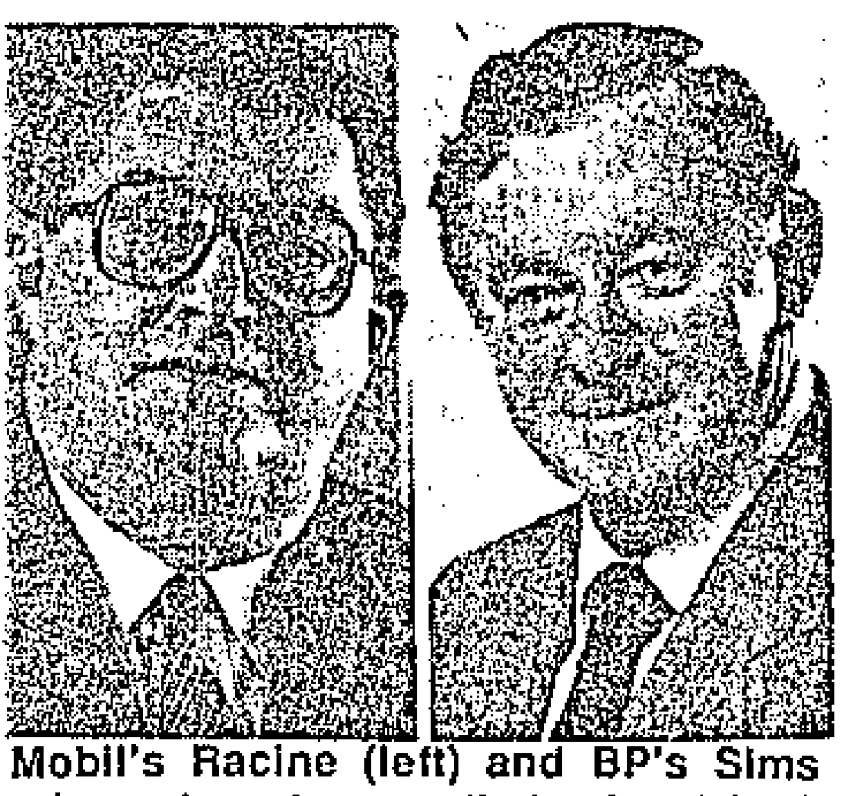
More fundamentally, however, workers want simply to know how the money is being spent and to express their views on it.

With more consultation, money could be better spent — and the projects could be of more value



COMPANIES WHICH HAVE SOCIAL PROGRAMMES AND COMPANIES WHICH DON'T: IT'S ALL CONSIDERED 'IMAGE POLISHING'

e corporation



Mobil's Racine (left) and BP's Sims

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With more consultation, money could be better :pent — and the projects could be of more value to both the workers and their communities, they argue. For example, the shop stewards accuse Mobil of spending money to train selected employees to be artisans. But there is no job for them at Mobil once they are trained, so they have to leave — and the prospects of finding a job outside are slim.

"We are not against these projects, provided there is negotiation. But profits are thrown into projects and workers suffer because they can't get increases."

The companies answer the charge that they are neglecting their own workers. "Any BPSA staff member who is also a member of a union is entitled to the same general benefits applicable to any other staff member. This of course applies to the company's housing and education benefits as well. In this sense, they are the first recipients (of BPSA generosity)," a representative said this week.

Generally, the companies go much further than this, picturing their internal structures and relationships as models for a future, non-racial South Africa.

"In my role at BPSA, I have a responsibility to prepare the company and its staff for the post-apartheid era in South Africa," says Ian Sims, the chairman. "For the past decade ... the company has carried out its own active programme of internal reform. There have been times when our efforts ran ahead of the policies of the South African authorities, but this did not deter us."

The union view differs dramatically from this. As one shop steward put it: "The companies try to project a good image, but way back home it is all mess and stinking."

Says UDF spokesman Billy Nair: "You cannot separate the social responsiblity of companies from their attitude to trade unions on the whole issue of wages and working conditions. No-one is deceived that the few millions injected into social projects offsets the super-exploitation of the workers."

On the second charge, a lack of consultation with unions on these issues, the companies have not got much to say. Asked how BPSA feels about union input on these issues, the spokesman said: "We are always willing to discuss our social responsibility programmes with anyone and are prepared to consider any well-motivated proposals."

But BPSA is reticent about whom it has consulted. Asked whom the company had spoken to about their District Six project, the representative said: "We are also highly conscious of the special nature of the District Six site and the sensitivities which surround it. Consequently, it would not be in the interests of the project to disclose precisely with whom we have consulted."

What is clear is that the company is unlikely to have consulted with any mass-based organisations, since such bodies have difficulty consulting their membership in a secretive way. The lack of progress made in this project seems to support the argument that prior consultation and negotiation with bodies such as BPSA's own unions in its own factories would have been helpful.

Mobil has chosen a route that is increasingly popular because it throws the responsibility for consultation onto others. The company has created a Mobil Foundation, in which its role is simply to provide an annual grant and three executives on the board of trustees.

The criticism from unions and bodies like the UDF is not likely to stop, however, since their representation on such boards is either non-existent or token.

Cosatu speaks harshly about the level of consultation: "When big business implements these things, they are often acting in the same way the government does: undemocratically, unilaterally and based on their own assumptions.

"If these schemes are to have any credibility, they need to consult, not only the workers in their own factory, but more broadly with organisations such as the National Education Crisis Committee, community organisations, the UDF and the South African Council on Sport.

"But the priority is that consultation must begin with the companies' own workers."

The one factor both sides seem to agree on is that social reponsibility programmes are the companies' answer to disinvestment and sanctions campaigns.

Although BPSA points out that its programmes began in 1977 and predate such campaigns, its chairman wrote in the company's report: "I am convinced that the pro-active and forthright involvement of international companies in the South African economy and in the South African community continues to offer the best alternative to disinvestment, sanctions and other such negative efforts."

But for the unions and political organisations, this motivation is part of the problem. Said Cosatu's Meintjies: "The point of departure is wrong, because they are trying to evade demands from groups both within South Africa and outside it. As a result, most of the projects have not met any real needs, nor have they involved consultation with trade unions."

If companies believe the sanctions and disinvestment campaigns will be stopped by their programmes, they are probably going to be disappointed. The overwhelming perception is that these programmes exist precisely because of international pressures; remove the pressures, and firms will forget about social responsibility.

"We say the struggle of the people has pushed firms into changing direction. We won't reject what they are doing, but we are not about to start singing their praises," said Nair.

"We are not going to be deceived by corporate or state moves such as upgrading. The people will welcome it, but it won't ameliorate conditions to the degree that we will now forget the struggle, it won't blunt our insistence that international pressure should be maintained until people are really free and equal.

More importantly, there are fundamental differences in perceptions of the responsibilities of the companies.

The unions believe their primary responsibility is to their own workers. Where the companies picture their programmes as proof that they are "good, socially concerned citizens", the unions see it as conscience-appeasing charity.

"Workers don't want handouts," a union official argued.

Adds UDF's Billy Nair: "Workers want a living wage so they can build their homes and provide for their own welfare, provide for their own education and send their own children to university, go on holidays — which any decent human being is entitled to.

"The UDF believes the responsibility of companies is to get directly involved in moves to challenge the status quo and give support to organisations that do.

"If the impression is that these patchwork activities are going to placate the needs of the people, it is wrong. While corporations are engaged in this process, they have another duty: to support the struggle of the people and that means taking a stand against apartheid.

"We say if they are really serious, they have the economic muscle on which the Nationalist government rests. They can dictate change if they want.

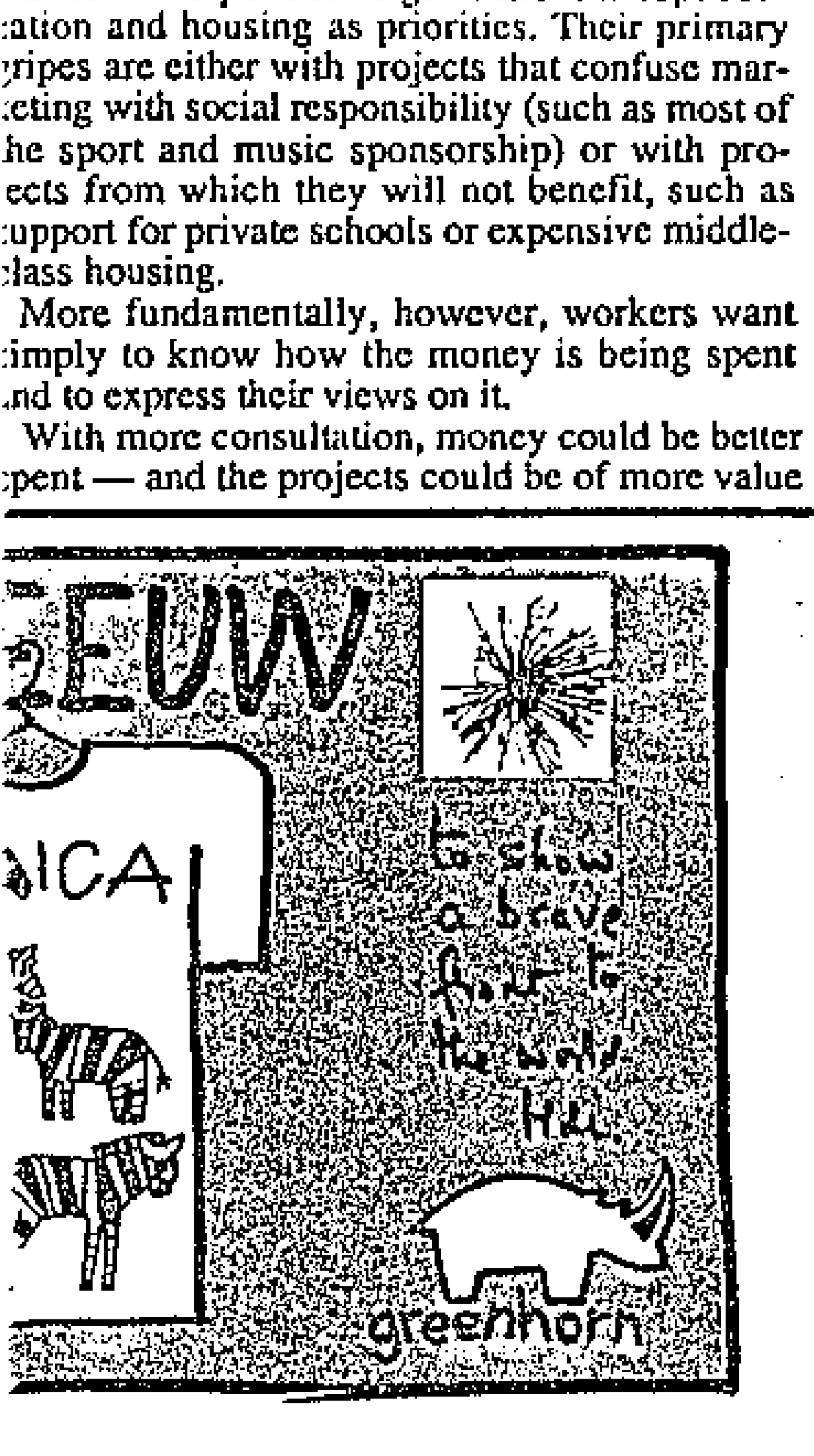
Some of the companies have already responded to such suggestions and become more vocal in their political statements. Some companies ventured into direct political appeals through advertis, albeit for the exercising of the "local option" and the promotion of free enterprise — not something likely to excite the likes of Cosatu or the UDF.

Shell's John Wilson argued in his 1986 report that though business still had a role to play in change, this had diminished. "Shell has publicly stated its condemnation of apartheid and has committed itself to doing all it can to eradicate this oppressive system. it has also publicly called upon government to enter the negotiating arena.

"Shell's corporate responsibility programmes ... have seen a shift in emphasis from imposing patronisation, to the responsible corporate citizen, seeking from the people their needs and requirements. When these are established, it will support projects, institutions and causes whose goals and skills resources are most appropriate to the task facing South Africa," he wrote.

But it is clear that they are going to be under pressure to do more.

Either way, the pressure is not likely to let up.



Travelling the Sullivan route

Why the frantic American mania for projects? Because they don't have a choice. HILARY JOFFE on what the Sullivan Code means today

AMERICAN companies in South Africa are "constantly running around looking for projects" as one community worker puts it. And one reason is that they have little choice but to do so.

Corporate social responsibility and black advancement programmes are, in effect, legal obligations for American companies operating in South Africa. In terms of the the US Congress' Comprehensive Anti-Apartheid Act passed last year, American parent companies with South African subsidiaries have to sign up with either The Statement of Principles, formerly the Sullivan Code, or the US State Department code.

This means the South African subsidiaries are evaluated annually on their degree of compliance with the code.

Most have chosen the Sullivan route.

The State Department evaluations are public, but details of the evaluations of individual companies who have signed the Statement of Principles (Sullivan), which are conducted each year by Washington management consultants Arthur D Little, are kept confidential. Only the aggregate figures are published.

The Statement of Principles specifies a range of areas in which companies have to be active.

Companies are rated on a set of basic requirements for equal and fair employment practices, including equal pay for equal work, recognition of freedom of association, desegregated facilities, and minimum wages above the Household Subsistence Level set by the University of Port Elizabeth. But they also have to be active in four other areas:

- Commitment to social justice
- Education for non-employees
- Community development
- Black advancement and training

Companies who want top rating are now expected to spend the equivalent of at least four percent of their wage bill on each of the first three categories (the fourth, black advancement,

Continued overleaf

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B/day 19/11/87

Dutch push Shell to leave SA

(6)

AMSTERDAM. — Authorities here have called on residents to boycott the Royal Dutch/Shell Group oil giant to try to persuade it to withdraw from SA, a town hall spokesman said yesterday.

About 80 000 leaflets were handed out to commuters on buses and trams urging them not to buy Shell petrol and other products in protest against SA's apartheid policies.

"We've been working with anti-apartheid groups for a long time ... this is one of the actions as part of a campaign to make people aware apartheid cannot be tolerated," said spokesman Gijs van Stijgeren.

Van Stijgeren noted city authorities were helping the ANC to set up an information office. — Sapa-Reuter.

61 58 44

Barclays held talks with ANC leaders

LONDON. — Barclays Bank, which pulled out of South Africa recently, has held talks with leaders of the African National Congress (ANC.)

A spokesman for Barclays was confirming a report which appeared in the Independent newspaper on Saturday.

"Whilst we had an interest in Barclays National Bank in South Africa, we did have the occasional meeting with members of the ANC," the spokesman said.

He said the bank would keep in touch with the ANC "from time to time".

The Independent reported that Barclays was anxious to protect the £766 million (about R2 300m) owed to the bank in South Africa by persuading a future ANC government to honour the debt.

Barclays is unable to get this money back to Britain because of the South African government's freeze on debt repayments.

The spokesman said Barclays wanted the money back as quickly as possible.

"The reason for the meetings was simply to make contact with all those groups who could play a part in the future of the country," he said.

The spokesman said the first meeting between the bank and the ANC took place in 1985 in Lusaka and other meetings had been held since then in London with ANC leader Mr Oliver Tambo.

"Those meetings were private, rather than secret," he said.

The chairman of Barclays, Sir Timothy Bevan, who announced the decision in November to sell the bank's 40,4% holding in Barclays Bank South Africa, said the move was prompted mainly by commercial considerations.

Mr Bevan said the bank's involvement in South Africa had cost it business, particularly among students. — Sapa-Reuter

CAPE TIMES 13/1/87

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Bank, AAM to negotiate Barclays ban

Own Correspondent

LONDON. — Barclays Bank and the London-based Anti-Apartheid Movement (AAM) have agreed to hold talks on the continued boycott of Barclays following its decision to withdraw from South Africa.

A Barclays spokesman said yesterday that the bank welcomed the decision by the AAM at its annual meeting in London at the weekend to accept the bank's invitation to discuss the matter.

He said Barclays wanted to explain its position to the AAM and to put its case for having the boycott called off.

An AAM spokesman said yesterday, however, that the boycott of Barclays would continue, though active campaigning had effectively been suspended for six months.

The AAM is demanding that Barclays sever all its credit lines to South Africa as well as the repayment of its frozen loans, thus forcing Pretoria to default formally on its foreign debt.

Mr Mike Terry, secretary of the AAM, said yesterday that unless Barclays was prepared to cut its remaining links the AAM would resume active campaigning against the bank in the second half of the year.

Barclays yesterday also defended past contacts with the banned African National Congress and said that such contacts would continue in the future.

A Barclays spokesman said, however, that there was no question of discussing "financial matters" with the ANC and insisted that the repayment of R2 300-million in outstanding loans to South Africa was strictly a matter between Barclays and the SA government.

The AAM also announced at the weekend that it had earmarked Shell as the next major target of its South Africa boycott campaign and that it would soon begin picketing Shell petrol stations in Britain.

A spokeswoman for Shell said yesterday that there would be no change in policy as a result of the intensified anti-apartheid campaign.

"We believe that Shell is a positive force in bringing about the end of apartheid," she said. "We do not disagree with the AAM in its objective of dismantling apartheid, but merely on the means of how this can best be achieved."

 13/1/87 BUS DAY (61 ...)

AAM agrees to meet Barclays over boycott

JOHN BATTERSBY

LONDON — Barclays Bank and the London-based Anti-Apartheid Movement (AAM) have agreed to hold talks soon about the continued boycott of Barclays since its withdrawal from SA.

A Barclays spokesman said yesterday the bank welcomed the AAM's acceptance of the invitation to talk.

He said Barclays wanted to put its case for having the boycott called off.

The AAM also announced at the weekend it had earmarked Shell as the next major target of its SA boycott campaign in 1987 and it would soon begin picketing Shell petrol stations in Britain.

An AAM spokesman said, however, the Barclays boycott would continue although active campaigning had effectively been suspended for six months.

The AAM is demanding that Barclays sever all its credit lines to SA and the repayment of its frozen loans, thus forcing Pretoria to default formally on its foreign debt.

AAM secretary Mike Terry said unless Barclays cut its remaining links the AAM would resume active campaigning against Barclays in the second half of the year.

Barclays defended past contacts with the ANC and said such contacts would continue.

"As a major bank in black Africa Barclays would expect to continue to have contact with the ANC as with other leaders of opinion," the spokesman said.

A Barclays spokesman said, however, there was no question of discussing "financial matters" with the ANC and insisted the repayment of R2 300m in outstanding loans to SA was strictly a matter between Barclays and the SA Government.

The first meeting between Barclays directors and ANC leaders took place in 1985.

The last publicly acknowledged meeting took place in London in July last year during a visit by ANC president Oliver Tambo.

The meeting included Barclays' chairman Sir Timothy Bevan and two directors — Sir Martin Jacomb and Sir James Spooner — and Chris Ball, MD of Barnat and Tony Bloom, a director of Barnat.

Tambo was accompanied by senior ANC executive members including ANC secretary of information Thabo Mbeki, Jacob Zuma (former chief representative in Maputo), Mac Maharaj and Aziz Pahad.

The Barclays spokesman said he was not aware of further contacts between Barclays directors and the ANC since the decision to withdraw from SA was announced last month.

He also denied the contacts with the ANC had influenced the bank's decision to withdraw or that the ANC had been informed in advance of the decision.

Although Barclays was not prepared to confirm that it is expanding its business in the Frontline states, it is clear Britain's largest bank is out to improve its image in black Africa generally by capitalising on its decision to quit SA.

A spokesman for Shell said yesterday there would be no change in policy as a result of the intensified anti-apartheid campaign.

"We believe that Shell is a positive force in bringing about the end of apartheid," a Shell spokeswoman said.

"We do not disagree with the AAM in its objective of dismantling apartheid but merely on the means of how this can best be achieved," she said.

Barclays still under pressure

61

The Star Bureau

LONDON — Barclays Bank is to meet anti-apartheid activists soon to try to persuade them to call off their damaging campaign.

Barclays has been alarmed in recent years at what it describes as a "significant reduction in the market share" and it believes the boycott mounted by the Anti-Apartheid Movement (AAM) and the National Union of Students is largely to blame.

When the bank announced its sell-out plan, many assumed the boycott would be called off.

But activists said the scope of the sell-out was not wide enough and issued a fresh warning to Barclays that unless it severed all other links with South Africa within six months, the campaign against it would be intensified.

STAR 13/1/87

Barclays immediately requested a meeting with the AAM, and the movement announced at the weekend that it was prepared to have talks soon.

A bank spokesman said yesterday: "We wish to meet them to discuss the boycott fully. We are obviously concerned about it and would like to have the boycott lifted.

"We have withdrawn from South Africa for a number of reasons, which included the anti-apartheid campaign ... but if the Anti-Apartheid Movement does not call off its boycott, it could be said our withdrawal was in vain."

Unions say letter shows that computer giant will still operate in SA

IBM pullout 'a sham'

STAR

61

14/1/87

London

Trade unions yesterday claimed that IBM, the world's largest computer company, has in practice not withdrawn from its South African operations.

The unions base their claim on a leaked IBM management letter, which they say shows that, despite the company's highly publicised disinvestment in South Africa last October, IBM's operations in the country will continue broadly as normal.

The letter, from Mr Jack Clarke, formerly IBM South Africa's long-standing managing director and who is also heading the new company, aims to give to IBM's customers and associates in South Africa "unequivocal assurances" about the continuity of supply.

Mr Clarke's letter says that:

- A full range of IBM products and services will continue to be available in South Africa "through the current sole supplier".
- IBM is fully committed to ensuring that all customers continue to receive a level of service normally associated with the company:
- All IBM commitments to customers, dealers, agents, employees and suppliers will be honoured.

"I believe," the letter says, "our customers will appreciate that there will be no change to the supply of IBM products, that there will be the same standard of excellence in service from the new company, and that the new company will be able to respond to their needs with greater flexibility than a wholly owned IBM subsidiary. In the current international climate, such flexibility will clearly be to our customers' advantage."

Union officials claim this means the new company will be free from any United States Congress decisions on South Africa with which IBM itself would have had to comply.

In New York IBM insisted it was leaving, and that once the current negotiations to set up a new, independent company were completed, the company would have no assets and no employees in South Africa.

The company acknowledged that the question of availability of IBM products was part of those talks but denied there was any question of flexibility over US Government sanctions.

Any flexibility would be the ability of the new company to market, if it wished to, other products in addition to those from IBM. — Financial Times.

Makro to decide on SA this week

Cape Times 16/1/87

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Own Correspondent

JOHANNESBURG. — Shareholder Safren is set to assume control of the local operations of the Dutch-based wholesale group, Makro, if it is forced to leave South Africa this weekend.

Makro's owner, SHV, has given the Dutch government until tomorrow to insure and protect its arson-hit stores from terrorist attacks or it will liquidate its South African interests. This could mean the loss of 1 400 jobs.

A spokesman for the Dutch Foreign Ministry in The Hague yesterday ruled out the possibility of state insurance for SHV.

"In the first instance, it is up to the owners of Makro stores to protect themselves. What we are trying to do — and what any government should do — is to find out who was responsible for the arson attacks and bring the terrorists to trial," the spokesman said.

Safren Trading's chairman, Mr Tony Bush, said the group would "obviously welcome the opportunity to increase our Makro shareholding". But he made it clear that no takeover talks were under way. "That would be premature," he said yesterday.

The Dutch anti-apartheid group responsible for the attacks may insist that it will continue with its actions unless SHV cuts all ties with SA.

Five Makro stores operate in SA with turnover of R444-million.

A Dutch activist group, Revolutionary Anti-Racist Action, has torched three Makro stores in Holland causing damage estimated at R154-million.

SHV wants the government to underwrite the insurance on Makro property after the Commercial Union refused to provide further cover.

The financial director of Makro (SA), Mr Roger McKee, said yesterday that if SHV was forced to leave SA it would be the first company to divest through "plain criminal circumstances" and not on political or economic grounds.

"It would be a victory to terrorism," he said.

□ Meanwhile **John Battersby** reports from London that Shell (UK), which is facing a major anti-apartheid boycott, said yesterday it would not hesitate to summon the police if demonstrators interrupted business at its petrol stations.

The British Anti-Apartheid Movement has declared 1987 the "year of Shell" and is planning to start picketing Shell petro stations from March 1 in a bid to forc Shell to quit South Africa.

A spokesman for Shell said yesterda that the company was adopting a "wai and-see" attitude as many threatened boy cotts in the past had not materialized.

"If demonstrators stand in an orderl manner handing out literature that is a right. In this country they would have th legal right to do that.

"But it will be very different if the verbally or physically affect the running o a filling station and frighten people o stand in front of cars.

"If they do anything to interrupt bus ness we will have to ask them to move an if they do not we will call the police.

"We would not want them standing o our property but there is nothing to sto them standing on the pavement.

"We will have to live with them holdin banners," the spokesman said.

The AAM campaign will focus on the 5 odd petrol stations managed by Shell.

Half the remaining 3 000 Shell station are privately owned and operate by fran chise.

W/E ARGUS 17/1/87 (61)

NEWS

World bid to get Shell to pull out

Weekend Argus Foreign Service

LONDON. — Shell is in for a rough 1987 as anti-apartheid campaigners in a host of countries join forces against the global oil giant in the hope of forcing its departure from South Africa.

Campaigners promise that Shell is in for a dose of the treatment they claim squeezed Barclays Bank enough to think seriously about pulling out.

They are planning a "multinational campaign" to strike at Shell on a global scale and they warn that the time will come "when the price of staying in South Africa will be too high".

It is the first time the products of a British company are to be subjected to boycott action. Shell's products have a high strategic value in South Africa and this makes it a prime target.

Given the company's position in the economy, campaigners want to imprint on the public mind overseas the notion that Shell is part of apartheid. There are thousands of activists in Britain, Europe and other parts of the world looking for an obvious target after Barclays ... and it is Shell.

The oil company itself, however, is showing scant concern claiming it has yet to feel the pinch of a co-ordinated campaign which has already been underway for some time. It says a more intense campaign will not force it down the same road as Barclays and any attempt to steer it that way will be lamentable because Shell is as strongly opposed to apartheid as the Anti-Apartheid Movement, differing only over what to do about it.

Barclays gets funds out soon

Bus Day 22/1/87

GERALD PROSALENDIS
Economics Editor

BARCLAYS PLC expects to withdraw the R526m (£80m) from the sale of its 40,4% share in Barclays National Bank (Barnat) from SA within a year.

"We do not think this is an unrealistic target," a spokesman for Plc said yesterday in London.

The money was deposited on December 19 in a financial rand account held at Barclays Johannesburg.

Both Barclays Johannesburg and Plc in London are active in looking for financial rands flowing into SA to match against Barclays' money.

And disinvestment from SA could assist rather than hinder the flow of these funds from SA, especially if companies disinvesting bring in funds to settle debts before selling off subsidiaries.

"We are not aware of precisely in what form these proceeds are being held but they have certainly not been invested in SA government stock. We understand they are being held in short-term instruments because of the need to be able to move funds out of SA as financial rand become available," the Plc spokesman said.

Barnat Treasurer Sandro Burzacchi confirmed that most of the money was invested in the short end of the market.

"It would be foolish for Plc to invest in fixed interest securities in case the opportunity arose for them to move blocks of the funds out of the country," he said.

So far, Plc has not been prepared to disclose the amount that has already left the country.

Meanwhile Plc's withdrawal from SA

● To Page 2

Barclays Plc to withdraw funds

Bus Day 22/1/87

● From Page 1

has failed to appease the Anti-Apartheid Movement (AAM) in Britain.

The Plc spokesman said the bank was still uncertain what the AAM wanted, but it appeared they were demanding that the bank calls up its loans to SA.

He said: "We believe they might try to continue their campaign because of our corresponding relationship with Barclays National Bank and outstanding loans to SA."

Loans worth about £756m, mainly in the form of credit lines to Barnat, are caught within the standstill net and subject to the interim debt agreement between the SA government and its foreign creditors.

The agreement will be renegotiated in April for another year.

Plc has written to the AAM offering to meet them to explain their position. "As yet they have not accepted our invitation nor replied to our letter," the spokesman said.

Cape Times 22/1/87

Barclays sets funds withdrawal target

61

Own Correspondent

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DAILY DISP

BD 26/1/87

Barclays UK set to deal

Dispatch Correspondent

LONDON — Barclays Bank, which pulled out of South Africa in November, is set to complete a sponsorship deal for black South Africans with St Antony's College, Oxford.

This, they hope, will signal the end of long-running hostility against the bank by students and dons because of its South African connections.

The scheme will involved partial funding of black South Africans to study at Oxford.

Barclays has indicated that St Antony's have accepted the principle of the scheme, the first of its kind since the pull-out, but refused to give the go ahead until full funding has been assured.

St Antony's may still encounter opposition from its students as the National Union of Students has refused to sanction any dealings with Barclays on the ground that it still has business dealings in South Africa.

The issue is still emotive in Oxford where students have been campaigning for disinvestment since the 1960s.

Over the years Barclays' share of the student market fell from 27 to 17 per cent.

A similar proposal at Churchill College, Cambridge, foundered last year, although the college's senior tutor said the political dimension of Barclays sponsorship had not been considered.

BUS DAY

61

27/1/87

Anti-apartheid groups plan strategy

More pressure on oil giant Shell to pull out of SA

THE HAGUE — International anti-apartheid groups have agreed to step up their campaign against oil giant Royal Dutch Shell.

The groups want Shell to cut links with SA, where the company has some 10 000 local employees.

Southern Africa Committee (KZA) spokesman Sietsa Bosgra said groups from Scandinavia, North America, Belgium, Britain and the Netherlands met in Amsterdam at the weekend and drew up a plan of action, making Shell the prime target for their disinvestment campaign.

He said: "All those present agreed to step up the campaign in their countries."

The campaign would include persuading more local authorities to stop delivery contracts with Shell; encouraging other companies to reduce dependence on Shell by doing away with petrol credit cards, and calling on the public to avoid Shell petrol stations as much as possible.

As well, the various groups would hold an "action week" in May to coincide with Shell's shareholders' meetings in The Hague and London.

Bosgra said since Britain's Barclays Bank announced its withdrawal from SA last November, British anti-apartheid groups had shifted the spotlight to Shell.

That had encouraged organisations in other countries to join the campaign of pressure on the oil company.

In Rotterdam, Shell spokesman Eric Steneker said: "We think that to try and get peaceful change in that country, we had better stay rather than disinvest." — Sapa-Reuter.

Separating Hill Samuel SA from its British parent

IN recent times, merchant banks have been very active on the disinvestment scene — assisting overseas parents when they either sell out or "take a back seat". What happens when a merchant bank becomes its own client?

From 1948 until December 1986, Hill Samuel Merchant Bank was a subsidiary of the UK-based Hill Samuel Group. Initially, most of its business had some or other connection with its parent but the South African company broadened its base in the local market. However, the "international" element has always been a major factor.

So what happens when control shifts to SA? In fact, the bank appears to emerge from the deal with the best of all worlds.

Firstly, Hill Samuel UK is not withdrawing any part of its investment here. What has happened is that Hill Samuel Merchant Bank has, by way of a rights issue, increased its capital base by R15m.

Hill Samuel UK renounced its rights entitlement in favour of local investors, thus reducing its holding from 71,4% to 13,3% — a smaller share of a larger pie, but nonetheless the same amount of pie.

Hill Samuel SA — under its yet-to-be-announced new name — says it will still benefit from the contracts, expertise and technology available from the worldwide group, but will have a great deal more scope for growth overall.

The bank has been criticised for pitching its rights issue price too low. Not so, argues new executive chairman Laurie Korsten.

While conceding that the issue might have been just as successful at a somewhat higher price, Korsten says: "We felt it was important to provide motivation to executives to whom shares were offered, and to offer an attractive entry price for other long-term investors."

Secondly, Hill Samuel SA will no longer have to comply with the tight gearing constraints imposed by the Bank of England: the SA ratios are less restrictive and will allow the bank to make better use of its expanded capital base.

Also, the bank says that without an offshore parent to feed, a more conservative dividend policy can be followed.

The breakdown of shareholdings is interesting. Hill Samuel UK, Sanlam and the Old Mutual each hold 13,3% and the bank's executives and an internal trust account for a further 30%.

The balance is held by a few institutions and the general public. With some 2 000 shareholders, Hill Samuel is an independent banking group.

Neither Sanlam nor the Mutual has board representation, but Hill Samuel says it is unlikely they regard their investment as "just another share investment".

61

B/Day 30/1/87

Lonrho reports record earnings

30/11/87 B/Day (61)

Business Day Reporter

LONRHO, the British group with coal, gold, platinum and agricultural interests in SA, has reported record earnings of 25,5p (23,3p) for the year to September.

Turnover in the year to September rose to £2,65bn from £2,59bn in the previous year. Pre-tax profit rose 4% to £165,1m.

With tax taking only £71,7m (£75,7m) and minorities' share of profits amounting to £16,9m (£15,1m), attributable profits were £76,5m (£67,6m).

Dividends for the year totalled 12p against the previous year's 10,9p.

Lonhro directors say they plan further expansion in northern Europe and the US, with emphasis on oil and gas.

Lonrho says the group has started the new financial year well, although it is too early to make a forecast.

It says the group's UK business showed strong profits, with continued growth potential for printing, vehicle imports, textiles and hotels.

About 40% of the company's profits are earned in Britain.

Varying exchange rates affected the real earnings of many of Lonhro's agricultural and mining companies in Africa but, on the whole, results in Africa were excellent, the company says.

'WORST YEAR' IN MOTOR INDUSTRY

Leyland to break away from parent company

(61) NM 8/12/89

Mercury Reporter

LEYLAND South Africa and its subsidiary, Leyland Vehicles, South Africa, are to buy out the company from the parent company, the Rover Group.

In an announcement yesterday, the local company said against a backdrop of the worst year in the motor industry for more than 20 years, and with a proposal from local directors, it had decided to undertake the major reorganisation.

The statement said Leyland South Africa intended to concentrate its future activities on the assembly, sale and service of buses, heavy trucks and Land-Rovers.

It will maintain both its assembly facility at Blackheath and its existing heavy commercial vehicle retail branch network, including operations around the country.

The sale of Land-Rovers and spares will continue to be handled by the existing dealer network.

The company will also sell its car parts activity, Unipart, to an as yet undisclosed party.

Managing director Brian Fuller said: 'While it is regrettable that the operation will entail further redundancies, we are confident that the proposed strategy will provide the best possible level of support to our customers throughout South Africa.'

(6)

Rover set to quit; SA men want to buy it

W/E Argus 7/2/87

Weekend Argus Foreign Service

LONDON — Rover is set to sell its South African subsidiary.

The managers of the Rover Group's wholly-owned South African subsidiary want to buy their company, which builds Leyland trucks and buses and Land Rovers as well as having several retail outlets and service centres.

Rover said yesterday it would hold discussions with Hill Samuel, its merchant banker, and the South African management team to "explore the proposal's feasibility".

SA initiative

Rover stressed the initiative had come from the South African management and a decision would be made on commercial, not political grounds.

The subsidiary, Leyland South Africa, has lost money for some years, but Rover in London was unable to give details this week.

The management buy-out initiative has been taken by Mr John Dean, the South African finance director, backed by several South African non-executive directors.

The South African company has existed for 75 years.

Last year, the UK company shipped out 32 truck kits and 240 Land Rover kits to the South African subsidiary, which sold 789 commercial vehicles in a total market of about 7 000.

SA truck firm buyout likely

DD 9/2/87

Dispatch Bureau

LONDON — The Rover Group is set to sell its South African subsidiary, Leyland South Africa.

The state-controlled group disclosed it was studying a management buyout plan for its lossmaking commercial vehicle and bus assembly business.

The approach has come from a management team led by the financial director, Mr John Dean. The managing director, Mr Brian Fuller, on secondment from the Rover parent, will be returning home although his departure was scheduled before the buyout move.

Rover was in the middle of a reappraisal of the South African operation when the approach came. The company said the assessment was being made on business rather than political grounds.

The subsidiary, based at Blackheath near Cape Town, employs 635 — including 140 black people — and last year sold 789 commercial vehicles, buses and Land Rovers in a market where lorry sales were around the 7 000 mark.

Rover has been shipping out some kits for assembly at the plant. The South African company sold 227 Land Rovers and 489 trucks and buses.

The buyout talks come as the subsidiary embarked on another rationalisation phase involving further redundancies among the workforce. Rover, then British Leyland, withdrew from car production in South Africa in 1983.

The company has already agreed a similar management buyout restructuring for its Australian business.

Falconbridge sells 'at half-price'

Lonrho snaps up big stake in Wesplats

9/2/87

B/Day

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LINDA ENSOR

CANADIAN mining group Falconbridge has sold its 49% stake in the profitable Western Platinum (Wesplat) mine to majority shareholder Lonhro for $75m — thought by analysts to be half its present value.

The deal, which has been on the cards for about a year, was signed on Friday night, a reliable source said.

Lonhro, the London-based multinational, which held 50,44% of Wesplat shares before the acquisition, had the right of first refusal over any bid for Falconbridge's stake and picked it up for a bargain.

Investment analysts believe that on the conservative basis of 14 times earnings, Lonhro should have paid $150m. The current price/earnings ratio on the JSE for platinum shares is 15 times earnings.

At Friday's financial rand rate of just under $0,23, the price of $75m values unlisted Wesplat at around R670m.

That Falconbridge was willing to sell off its interests so cheaply is seen as evidence of disinvestment pressures to get out whatever the cost. The Canadian government has been applying pressure on Canadian companies to withdraw from SA.

To finally wash its hands of SA, Falconbridge is to co-ordinate its mining interests in Southern Africa from Zimbabwe.

Falconbridge's SA representative, Chris Beatty, yesterday refused to comment, referring all inquiries to the corporation's Toronto office.

Falconbridge has been planning to sell its Wesplat shares for about a year and in November bought out Mobil's 24% shareholding because it and Mobil had received an offer — reported at the time to be $64,5m — for their combined interest.

Falconbridge chairman Bill James said at the time the purchase had also been made because Mobil was "selling it too cheap".

Wesplat, a producer of platinum group metals, gold, nickel, copper and cobalt, showed record results for the year end-

● To Page 2

Lonrho grabs Wesplats shares

9/2/87 61

● From Page 1

ing September 1986 and is Lonhro's biggest Southern African earner.

Group after-tax income rose 75% to R66,2m (R37,9m) on a turnover of R241,2m (R167,2m). Capex rose to R32m (R20m) and retained income increased to R76m (54m).

While the purchase at fire-sale prices must benefit Lonrho's earnings prospects, it could lead to some political difficulties for the corporation elsewhere in Africa. Among its diverse interests elsewhere on the continent is the Beira-Mutare pipeline and refinery, which is crucial to Zimbabwe's efforts to reduce its economic dependence on SA.

He has instructed his ... watch the position in close co-operation

Demos focus on Con Gold

IAN HOBBS

LONDON — Anti-apartheid groups in Britain are starting an intensive campaign calling for disinvestment from Consolidated Gold Fields (Con Gold), the London-based parent company of Gold Fields of SA (GFSA).

● See Page 3

Con Gold, founded by Cecil Rhodes, celebrates the centenary of its involvement in SA today — but will find its headquarters picketed by demonstrators.

The pickets will distribute statements emanating from SA's National Union of Mineworkers (NUM) that accuse Con Gold and GFSA of exploiting apartheid and black migrant labour, providing

● To Page 2

BDay 9/2/87

Demo onslaught on Con Gold

● From Page 1

"appalling" conditions for workers, and breaking up families.

The statement accuses the companies of having "built their vast empire on the blood, sweat and toil of black workers in SA".

The London protesters will be led by the End Loans to SA (ELTSA) group, which is credited with driving Barclays Bank out of SA by means of its persistent pickets and protests.

ELTSA spokesman the Rev David Haslam said Con Gold was the largest British-based employer in SA, with 90 000 workers, and a "shocking" record.

He said there would be a ceaseless campaign to expose the company and to encourage disinvestment by shareholders.

He said Con Gold owned 48% of GFSA and it was "unacceptable and outrageous" for the London group to attempt to disclaim responsibility for the actions and policies of GFSA.

BDay 9/2/87

August last year, and as a result th proposals had been shelved.

BUSINESS DAY, Wednesday, February 11 1987

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Austin Rover aims to finalise sale by end-March

HAMISH McINDOE

AUSTIN ROVER, the British Leyland producer, is expected to finalise negotiations for the sale of its loss-making SA truck and bus operations to a Leyland (SA) management consortium by the end of March.

Another management team is believed to be negotiating the takeover of the local operations of British-owned parts and accessories producer Unipart, an SA subsidiary of Leyland's trading arm Associated Automotive Distributors.

Leyland (SA) chairman Ellis Rhodes-Harrison would not disclose the substance of the talks for the truck and bus division nor name the consortium's backer, saying it would be premature.

It was learned yesterday that the new company's six-member board comprises: Rhodes-Harrison, Leyland MD Brian Fuller, deputy-chairman and President's Council member Francois Jacobsz, group financial director John Dean, technical director Jean-Jacques Massardo and parts director Mike Elsbury.

Fuller will continue to act as MD until he returns to Austin Rover in Britain later in the year.

Several non-board Leyland executives will be shareholders in the new company, which still has to be named.

On the sale of Unipart, he said there was more than one party interested in buying the company.

No indication of the future of Leyland's Land-Rover division emerged from Monday's dealer meeting in Johannesburg.

Dealers and management declined to comment on the outcome of the meeting.

Insurers are

Reuter

CAPE TIMES 12/2/87

Lonrho raises stake in Wesplat

LONDON. — British holding company Lonrho said yesterday it had increased to 99,4% its stake in the SA mining company Western Platinum at a cost of $75m.

Lonrho, which already had 50,4% of the firm's shares, said in a statement it was able to buy a further 49% holding from the Canadian mining firm Falconbridge under an agreement signed 17 years ago.

Lonrho said it was not prepared to allow the 49% to be sold to what it called an unsatisfactory partner in SA, and had decided to consolidate its ownership by acquiring the shares.

It added that Western Platinum would become a better managed company as a result of the consolidation and would potentially become an easier company to sell in the future.

A Lonrho spokesman said a small stake in the firm was owned by non-Lonrho interests, but he did not identify the holder. — Sapa-Reuter

Lonrho now has 99% of Westplats

12-2-87 Star 61

LONDON — British holding company Lonrho has increased to over 99 per cent its stake in the South African mining company Western Platinum at a cost of $75 million.

Lonrho, which already had 50,4 percent of the firm's shares, said in a statement it was able to buy a further 49 per cent holding from the Canadian mining firm Falconbridge under an agreement signed 17 years ago.

Lonrho said in its statement it was not prepared to allow the 49 percent to be sold to what it called an unsatisfactory partner in South Africa, and had decided to consolidate its ownership by acquiring the shares.

It added that Western Platinum would become a better managed company as a result of the consolidation and would potentially become an easier company to sell in the future.

A Lonrho spokesman said a small stake in the firm was owned by non-Lonrho interests. — Sapa-Reuter.

Leyland to launch drive to cut costs

13/2/87 B/Day

(61)

HAMISH McINDOE

DRASTIC measures will be taken to put Leyland back in the black once Britain's Rover Group completes the sale of its SA truck and bus business to local management.

Leyland will cut its workforce by half, narrow its vehicle range, shed its non-truck business and put several industrial properties on the market.

This is Leyland's second effort in less than a year to pull its operations into line with the corrosive level of heavy commercial vehicle (HCV) sales.

It was learned yesterday that the Leyland management consortium is still looking for a backer to help finance the buyout.

Leyland MD Brian Fuller told *Business Day*: "We haven't approached prospective backers yet. This would have pre-empted last Friday's buyout announcement and we didn't want to run the risk of leaks.

300 jobs on line

"We realised that we could run the business and make it profitable on our own. But Leyland will be a much smaller company than as it exists today."

About 300 jobs out of 641 will be lost by year-end.

Fuller said retrenchments would focus on the Blackheath assembly plant and head office levels.

Vehicle production at the lighter end of the HCV market — specifically 13- and 16-ton trucks — will be quickly run down to allow Leyland to concentrate on heavy-weight long-haul trucks over 20 tons.

It will continue to assemble Land Rovers from imported kits, with 1987 sales expected to maintain last year's level of 300 units.

Commercial vehicle sales make up 90% of Leyland's business but the HCV market crashed last year to about 7 000 units against more than 19 000 units in 1982.

Fuller dismissed suggestions that a separate management consortium was attempting to buy British-owned parts and accessories producer Unipart, an SA subsidiary of Leyland's trading arm Associated Automotive Distributors.

"All I can say is that we are talking to a couple of organisations who want to take over Unipart."

The buyout deal is expected to be initialled by end-March.

Call for probe into Britain's SA coal imports

16/2/87 The Star Bureau

LONDON — The Labour Party has demanded an investigation into the import of cheap South African coal to Britain.

Six Labour MPs, in a Commons motion, accused a British company of being involved in the imports, which they claim threaten the jobs of British miners.

The motion is aimed at re-opening the debate on whether Britain should impose an embargo on South African coal. Britain was prepared to back a coal embargo by the European Community last year, but the embargo was vetoed by West Germany and Portugal.

CONNECTION

The MPs claim Burnett and Hallamshire Holdings, of Nottinghamshire, has a South African connection via Rand London Corporation, which exports coal from Richard's Bay to Amsterdam, Rotterdam and Antwerp.

There it is mixed with other coal, imported via Seaham Harbour Dock Company — a Burnett and Hallamshire subsidiary — and then taken by lorry to Yorkshire and Nottinghamshire, where it is mixed with open cast coal.

The company's finance director, Mr Graham Edwards, has confirmed that his company has a 44,79 percent holding in the Rand London Corporation, a South African mining company with world-wide export markets, but said he did not know whether Burnett and Hallamshire imported South African coal through a subsidiary.

The Department of Trade and Industry said the value of South African coal being imported had fallen from R63 million in 1985 to R17 million last year.

Buy-out team aims to resurrect Leyland

By Don Robertson

LEYLAND products will continue to be sold in South Africa in spite of a sales plunge from nearly 23 000 units in 1964 to only 788 last year. Continued supply of Leyland vehicles is assured after a management buy-out by South Africans.

Details of the buy-out have not been disclosed, but the new management team comprises six directors — non-executive chairman of Leyland SA Ellis Rhodes-Harrison, deputy chairman Francois Jacobs and financial director John Dean.

The other three, all directors of Leyland Vehicles, are Mike Elsberry, Meiert Grootes and Jack Massardo.

It is expected they will pay cash in a multi-million rand deal for Leyland SA and Leyland Vehicles.

Leyland SA's wholly owned parts subsidiary, Unipart, is also expected to be taken over by its management — marketing director Ken Parr, senior manager Eddie Brown, Jack Visser, a former director of Leyland SA and a senior member of Putco, and Bernard le Roux, a director of Leyland's trading arm, Associated Automotive Distributors.

Leyland SA's managing director Brian Fuller ascribes the decline and fall of Leyland to the UK parent's shortage of cash to finance new models.

Other motor observers say Leyland problems in SA are similar to those which have displaced it in international markets. It was whipped by German and Japanese competitors.

The long slide started in the bad old days before Michael Edwardes and John Egan moved to restore Leyland and Jaguar respectively. Quality problems were legend in the late 1970s when the German and Japanese assault on world markets gathered momentum.

Fragmented

In 1964, the SA company, operating under the Leyland, BMC and Rover names, had 11,96% of a fragmented car sector with sales of 17 172 in a market of 143 373.

Its commercial vehicles held 10,6% of the market with sales of 5 609 out of a total of 52 618.

By 1970, the share of the car market had fallen to 7% and commercials to 6,95%.

But the crunch came in 1980 when car sales fell to 4 364 units for a 1,58% market share. The commercial stake fell to 2,74%. The total car market in 1980 was 277 058. Commercial-vehicle sales were 127 708.

The 1982 number of employees tumbled from 3 500 to the present 641. The labour force will be halved to about 300 after the buy-out.

In 1983, the company stopped making cars in SA.

Last year's car sales were only 34 for 0,02% of the market. Commercials, including the Land Rover, were only 754, or 0,84% of the market.

The sale and import of luxury Jaguar and Daimler cars was transferred to Lindsay Saker last October. Industry sources say Leyland has been losing money since 1973 and that accumulated losses have reached R50-million. Last year's losses are estimated at R15-million.

Mr Fuller, who is on secondment from the Rover group, says the problems arose in the 1960s and 1970s when the parent company ran into difficulties in the UK and had insufficient funds to finance the production of new models. The introduction of increased local content programme added to the cost of tooling in SA.

"As a result, we lagged behind with product and had no chance of rejuvenating the models. The same thing happened in the commercial sector.

"At that time we had a virtual monolopy in the bus sector, but we became slack and lazy."

Mr Fuller says the company had been losing money for several years and a decision was taken in December to reorganise the group.

"After the reorganisation had been shaped, the management team saw what impact it would have and decided to make the buy-out offer.

"They believe they can have the company running profitably by the end of the year."

The commercial range was revamped in 1984 with the introduction of T45 heavy trucks and the company hopes to sell between 250 and 300 trucks and buses this year.

Built to order

The company had a 6,4% share of the truck and bus market in 1985, but it rose to 7,2% last year although volumes were down in line with the market. Losses were cut by half in 1986, says Mr Fuller.

The new company will concentrate on heavy trucks and buses, but will continue to tender on smaller trucks, although these will be built to order only.

It is intended to offer all remaining staff a share in the new company.

Mr Fuller will remain in South Africa until the second half of the year to ensure the new company gets off to a good start, to recruit a new managing director and assure customers of continued support from the UK.

(61)

CAPE TIMES 17/2/87

Barclays International in talks with ANC

LUSAKA. — Barclays International, the British bank which pulled out of South Africa last year, had talks in the Zambian capital yesterday with the African National Congress (ANC).

Mr Thabo Mbeki, the ANC's information director, addressed a press conference after the meeting but may not be quoted in South Africa.

The talks were the first since Barclays sold its 40,2% stake in Barclays National (SA), citing commercial reasons rather than political pressure.

Other ANC officials present were national executive committee members Mr James Stuart and Mr Mac Mahoraj.

ANC spokesman Mr Tom Sebina said earlier that Barclays had asked for the meeting. The ANC was not fully satisfied with the bank's move as it still held substantial amounts of money in the white-ruled republic, he added.

Diplomatic sources said Barclays was seeking to protect some £766 million (R2,320 billion) it has lent in SA and was looking to its future interests in the event white minority rule comes to an end.

The Barclays office in Lusaka declined to comment on the talks. — Sapa-Reuter

Driving off

Britain's privatisation campaign has spilled over into SA with the announcement by the UK's Rover Group that it will sell its Leyland SA subsidiary to a local management team.

While Rover is still State-owned, the vehicle manufacturer's policy is to hive off all activities that are not at the core of its business. For example, the profitable Jaguar luxury car arm was sold two years ago.

The depressed state of the South African vehicle industry, and the heavy vehicle sector in particular, means it would make sense for Rover to let the local subsidiary, which builds mainly Land-Rovers and trucks, to go free.

Leyland SA's market has been shrinking and it has sustained heavy loses.

But MD Brian Fuller, who goes back to Britain when the local deal goes through, says costs have been brought under control and he has every confidence that the management team will be able to rationalise the company successfully.

It will be an uphill struggle, however, the heavy commercial sector, in which Leyland's activities are concentrated, experienced its worst year since 1962 last year.

However, the company's market share increased from 6,3% in 1985 to 7,2% in 1986 and the January figures just released show they have held 8,5% of the market. According to Fuller, the company's share in the over 20 t truck and bus sector increased by 50%, to 44 units, in the month.

The new management team will consist of the present chairman and deputy chairman Ellis Rhodes-Harrison and Francois Jacobs and four members of the production team — John Dean, Mike Elsbury, Meier Grottes and Jack Massardo. A new MD will be chosen from outside the team and the deal should be completed by May. ■

ARGUS 26/2/87

61 89 82

Ford UK 'to break trade link with SA'

The Argus Foreign Service

LONDON. — Ford UK is to cease trading with South Africa.

Present trade links of some R140-million a year — mostly exports to South Africa of spares and components for the Sierra range — are to be phased out.

Legally binding contractual arrangements will run their course, but will not be renewed.

This will leave Samcor — Ford SA until 1985 — without its British supplies of body panels, components and service parts for the Ford Sierra.

However, Samcor managing director Mr Spencer Sterling said today he had no knowledge of any planned interruption in supplies."

The move follows intensifying anti-apartheid pressure from trade unions and activists, but Ford UK says the decision to phase out its supplies to Samcor is based largely on commercial considerations.

It says the same applies to the cancellation last year of imports from South Africa of P100 pick-up vans.

A spokesman for Ford UK said yesterday: "It should be noted that our business with Samcor has been diminishing steadily for commercial reasons.

"Our decision, also, to cease importing the P100 pick-up vans from South Africa was because there had been a marked reduction in demand and sales diminished sharply."

However, conflict between Ford UK and the Transport and General Workers Union, whose members operate Ford plants, appears to have been decisive in speeding the company's decision.

Asked how the move might affect Samcor, the spokesman said: "It is undoubtedly possible they will be able to get alternative supplies.

NICK MITCHELL

FACE TO FACE

20/2/87

61 FM

Holding the line

As Director General of the British Industry Committee on SA (Bicsa), Nick Mitchell is in the front line of the battle to convince British opinion that there is a case for continued UK investment in this country. He spoke to the *FM* last week while on a visit to see for himself what's going on in SA.

***FM*: What role can Bicsa play in current South African developments?**

Mitchell: Bicsa has 45 members. They represent one third of all UK companies investing in SA, but they control two thirds of all investment. I've come here to speak to the Federated Chambers of Industry, the Afrikaanse Handelsinstituut and Assocom as well as influential businessmen, government ministers, officials and others.

The key message is they should do more to highlight positive developments in this country. There are many excellent social responsibility projects going on which are leading to the "creative erosion" of apartheid.

Do you have any message for government?

The government is sick and tired of being lectured to by outsiders. However, I must say our own case for continued involvement can only be justified if there is positive change. A continuous block on any reform would make it difficult for some UK firms to stay. We're eagerly awaiting post-election developments.

Is British public opinion listening to your views?

We receive a fair hearing in the serious press. For example, a biased programme on Gold Fields recently was heavily criticised by reviewers. South Africans like Fleur de Villiers and John Kane-Berman have helped to present a balanced view.

We are making some headway with the moderate sanctions lobby, which includes some church leaders, the UK Trade Union Council, opposition MPs and local authorities.

The dismissal of the Indaba proposals is a setback to our aims because it is felt to be a most encouraging initiative. We are also sorry to lose Denis Worrall who has been a highly respected and regarded ambassador.

I must emphasise that we are not simply anti-sanctions. We applaud film companies which refuse to show films in segregated cinemas and we support any pressure which will not seriously damage the economy.

Your organisation has been associated with advocating a "Marshall Plan" for SA. What does this entail?

The term "Marshall Plan" is misleading as the original was a government sponsored plan to rebuild a war-torn society. We don't have a master plan, but we do want to develop initiatives as alternatives to increasing sanctions. In this connection we liaise with the US Corporate Council and the BDI (German Chambers of Industry).

In particular, I believe a huge amount can be done to narrow the gap between black and white education. Inferior black education has made it very difficult for companies to get an adequate supply of skilled people and middle managers.

Are any of your members considering new investment in SA?

At the moment there's a voluntary EEC ban on new investment and our members would abide by that so as not to embarrass the British government.

What plans have you made to talk to black leaders?

The Urban Foundation has organised a meeting with leading black opinion formers here. There's nobody we're not prepared to talk to.

We would talk to the African National Congress (ANC) and believe our own colonial history shows it's better to talk to organisations sooner rather than later.

However, it would be wrong to see the ANC as the only significant black group — we would be equally happy to talk to Inkatha, for example.

Ford not cutting imports

Star 61 21/2/89

By Jeremy Sinek

There is no danger to Ford's continued operations with Sierra and Bantam in South Africa, said Samcor's managing director Mr Spence Sterling yesterday.

He was reacting to reports that Ford UK had bowed to anti-apartheid pressure from trade unions, by phasing out exports of components to South Africa.

Ford UK had said that legally binding contractual arrangements would run their course:

"At this point there is no end to our contractual commitments."

Ford UK spokesman Mr Martin Watkins confirmed: "We have no intention of stopping the export to South Africa of components and spares for the Sierra range."

MISINTERPRETATION

The original report that Ford UK was to end exports to South Africa, described by Mr Watkins as a "misinterpretation", had appeared in an Anti-Apartheid Movement newsletter.

Mr Sterling said the AAM claimed credit for something that had been going on for some time.

"The volume of our business with Ford UK has been reducing for some years for purely commercial reasons," he said.

Only a small proportion of parts are imported from Ford UK. "We make a lot here, and we source a lot out of Europe or from outside suppliers.

"Ford UK will continue to meet its obligations, which will last at least as long as this Sierra model — until 1992.

"We have plenty of time to plan what to do after that. We have access to a lot of alternatives in both the Ford and Mazda worlds."

Apart from the UK the Ford Sierra is currently also manufactured in Germany and Belgium.

Last year the Sierra was the 11th most popular car in South Africa with 7 678 sales.

Ford UK denies trade stoppage

21/2/87 61

LONDON — The Ford Motor Company in Britain said yesterday it did not intend stopping trade with South Africa and the export of components and spares for the Sierra range would continue.

Ford spokesman, Mr Martin Watkins, reacting to reports that the company was cutting its links, said: "No such decision has been taken, and indeed even if we wanted to, no such decision could be taken because we have contractual obligations."

He said Ford's business with Samcor, which was Ford SA until 1985, was diminishing for "purely commercial reasons" which had nothing to do with external pressures.

But he confirmed: "We will continue with our contractual arrangements."

Samcor, which is South Africa's largest motor vehicle manufacturer, also denied in Pretoria yesterday that a decision had been taken to cut its R140 million trade links with the United Kingdom.

Total sales of Samcor vehicles last year were 54 000 — behind leader Toyota's 78 000. — Sapa

Birthday ad doesn't still Lonrho row

23/2/87 B/Day (61)

MICHAEL HARTNACK

HARARE — The British-based multinational company Lonrho took the largest advertisement in six pages of birthday congratulations for Zimbabwean Prime Minister Robert Mugabe, published in *The Herald* on Saturday.

But the goodwill gesture has not silenced accusations Lonrho chief Tiny Rowland is playing a double game with his many friends in black Africa.

The Lonrho advertisement, filling over a quarter or a page, reflected the scope of Rowland's interests when it listed the company's 14 local subsidiaries.

Rowland held lengthy talks with Mugabe on a recent visit to Harare, and is prominent in his support for economic re-development of Zimbabwe's vital "Beira corridor" lifeline through war-ravaged areas of Mozambique.

News last week that Lonrho had spent $75m buying out a Canadian 49% shareholding in SA's Western Platinum Company aroused indignation in government-controlled news media in Zimbabwe — a measure of continuing official mistrust of all multi-national corporations.

Lonrho stated that the interest was bought to safeguard the jobs of more than 5 000 black employees and was a temporary measure which did not conflict with the company's long-term disinvestment policy.

According to local Lonrho sources, another reason for Rowland's decision to buy the holding of Canada's Falconbridge group was a fear the SA government would gain control of Western Platinum through a front company.

"Mr Rowland, this supposed friend of Africa, is now outbidding other capitalists in a race to boost apartheid's fortunes," claimed *The Herald*, which is controlled by the para-statal Zimbabwe Mass Media Trust.

"Does Tiny believe that the good he does with his left hand is sufficient to cover the evil he commits with his right hand?" demanded an editorial.

24/2/87 B/Day

Ford firm on SA link

(67)

FORD (UK) and Samcor may be about to sever links, say British media reports reacting to the drop-off in business between the two.

However, Samcor, which traded in SA as Ford SA until 1985, has rejected the reports in the *Guardian* and the *Morning Star* as unfounded after contacting Ford (UK).

Samcor's group MD Spencer Sterling said: "Journalists pursuing the story which was raised in the publication *Anti-Apartheid News*, were told that Ford of Britain's trade with SA was declining for sound commercial and economic reasons and figures were given to support this.

MICK COLLINS

"It was made clear to journalists that no decision to stop trade with Samcor has been taken."

Another Samcor spokesman said the contractual agreement with Ford (UK) could not immediately be terminated.

But he made it clear that if Ford (UK) terminated its supply agreement, Samcor would be able to source the same parts from other countries. "It's better not to say where," he said.

Samcor supplies of spares and components from Ford (UK) amounted to R130m in 1986, down on R150m in 1985.

SA buyout as Foster Wheeler disinvests

BDay 25/2/87

ALAN SENDZUL

US CHEMICAL engineering firm Foster Wheeler Energy Corporation said yesterday its British affiliate company had disinvested from SA through a local management buyout.

The new company will be known as Foster Wheeler SA (FWSA) and the deal, which passed control of the UK-owned subsidiary into SA hands, was entirely funded by local money.

Foster Wheeler's annual turnover is estimated at R50m. It has a staff of 300, all whom will retain their jobs.

The firm's main asset — because of the nature of its business — is expertise. Contracting work covers oil refineries, petrochemical plants, pharmecutical factories and other capital intense production plants.

FWSA said it would continue to honour existing contracts and preliminary design work on the Mossel Bay project will be unaffected by the change.

The new directors, all SA residents, are Bill Howe, Horst Filip and Brian Wedgwood, who will act as managing director.

In terms of the buyout, the sale, which is still subject to the approval of the SA authorities, cannot be quantified. It also prevents the foreign sellers from buying into the company at a later date.

No JSE listing is envisaged.

(61) 28/2/87 OD

Ford, Samcor to sever links?

JOHANNESBURG — Ford (UK) and Samcor may be about to sever links, according to British press reports reacting to the drop-off in business between the two.

However, Samcor, which traded in SA as Ford SA until 1985, has rejected the reports in the Guardian and the Morning Star as unfounded after contacting Ford (UK).

Samcor's group managing director, Mr Spencer Sterling, said: "Journalists pursuing the story which was raised in the publication Anti-Apartheid News, were told that Ford of Britain's trade with South Africa was declining for sound commercial and economic reasons and figures were given to support this.

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Samcor supplies of spares and components from Ford (UK) amounted to R130-million in 1986, down on R150-million in 1985. — DDC

AAM now turns its attentions to Shell

2/3/87

Own Correspondent

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

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

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

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

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

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

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

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

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

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

~~OFF Tmes~~ 2/3/87 61

AAM launches anti-Shell campaign

Own Correspondent

LONDON. — In launching the Anti-Apartheid Movement international boycott against Shell, Major-General J Garba, chairman of the UN Special Committee against Apartheid, said that the action should be seen in a global perspective.

The former Nigerian foreign minister, who flew to London for the launch yesterday, said the movement had chosen Shell as its target because it was such a very large multinational company.

Barclays was a huge banking giant, and yet it had been forced to pull out of South Africa, he said.

Mr Bob Reid, chairman of Shell UK Ltd, said they were totally opposed to apartheid and believed in universal suffrage. They had said this both internationally and in South Africa.

Shell felt strongly that they should stay and try to change the situation from within the country.

Lack of progress 'dangerous' but . . .

19

Con Gold will not disinvest from SA

5/3/87 B/Day

MIKE ROBERTSON

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

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

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

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

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

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

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

● See Page 11

World in Brief Cape Times 12/3/87

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Shell boycott grows

LONDON. — A fourth British local authority, the London borough of Lewisham, has joined Gloucestershire, Mid-Lothian and Edinburgh in the boycott of Shell products. This follows last week's launch of a campaign to boycott Shell products until the company pulls out of SA.

press (*FM* January 30). But Tarry may only be at the start of its expansion phase. The latest developments, announced this week, are the acquisition of Harveys Equipment Company, a distributor of refinished products in the eastern Cape; and confirmation that Curnow, the group's paints and refinish products subsidiary into which Harveys will be injected, may be listed.

Tarry's Joffe ... horizons not limited

Though Joffe has said that he will pay for acquisitions with Tarry's highly priced paper, the Harveys purchase is for R1,3m cash. Tarry's gearing has increased in the past year, but remains low on a debt:equity ratio of 27%. Tarry could easily fund the Harveys acquisition with cash raised in the Curnow listing, so short-term debt is unlikely to rise sharply. Curnow, whose earnings should benefit "substantially" from the acquisition, had a turnover last year of about R13,5m and an improvement in operating profit of 55%.

Tarry's figures for 1986 include the Williams Hunt motor division for the first time. Williams Hunt has the Delta Motor Corporation (formerly General Motors) franchise, and while the General Motors (GM) pull-out from SA has created uncertainties, Joffe claims that sales have been at record levels in the past two months. The group's market share of both GM sales and the entire car market increased in 1986. While Williams Hunt's volume sales fell by 8%, total new vehicle sales fell 10% and GM sales dropped by 31%.

Rationalisation benefits are reflected in the results of other subsidiaries. Tarry M & G, which supplies professional products to the industrial, mining and automotive industries, controlled its expenses and boosted its margins; this resulted in a 20% rise of operating profit on a mere 10% increase in turnover.

Improved margins were also achieved in the Williams Hunt Industrial Division, which retails engines, chain saws and hand tools. Operating profit rose by 60%, though turnover was up by only 25%. Market penetration was increased.

With its reorganisation now at an end, Tarry's profits should begin to reflect the full benefit. Reconstruction write-offs, which last year amounted to R373 956, should not recur. Moreover, management will be free to follow the acquisition path more aggressively. Horizons are not limited to this country, as Joffe points out that Tarry's listing on the London Stock Exchange gives it a benefit enjoyed by few South African companies: that of being able to acquire foreign assets through the issue of paper.

In recent weeks, the price has eased from R26,50 to R23, but a promised share split and the prospect of further acquisitions could push the price higher, even after having jumped by 430% in the past year.

Pat Kenney

LONRHO (61) FM 13/3/87

Global stock

Activities: *UK-based multinational whose interests include hotels and casinos, agriculture, mining and refining, motor distribution, printing and publishing, engineering, wines and spirits, textiles, trade and freight.*

Control: *The largest shareholding is held by E W Rowland, with 11,2%.*

Chairman: *E du Cann; managing director: E W Rowland.*

Capital structure: *307,4m ords of 25p each fully paid, and 29 750 ords of 25p each, 5p paid. Market capitalisation: R5,4 billion.*

Share market: *Price: 1 750c. Yields: 2,3% on dividend; 2,5% on earnings; PE ratio, 39,2. 12-month high, R19; low, 909c. Trading volume last quarter, 47 000 shares.*

Financial: *Year to September 30.*

Performance:

	'83	'84	'85	'86
Turnover (£m)	2356,5	2367,5	2586,2	2651,0
Pre-int profit (£m)	148,5	157,7	189,9	194,7
Taxed profit (£m)	40,6	55,0	67,6	76,5
Earnings (p)	14,1	19,0	23,3	25,5
Dividends (p)	9,0	9,0	10,9	12,0
Net worth (p)	180	219	219	200

Lonrho, as a London-based multinational, has for several years been favoured by South African investors as a currency hedge. At R17,40, the share has weakened, but still stands close to the 12-month high of R19, despite the strength of the rand since the third quarter of last year.

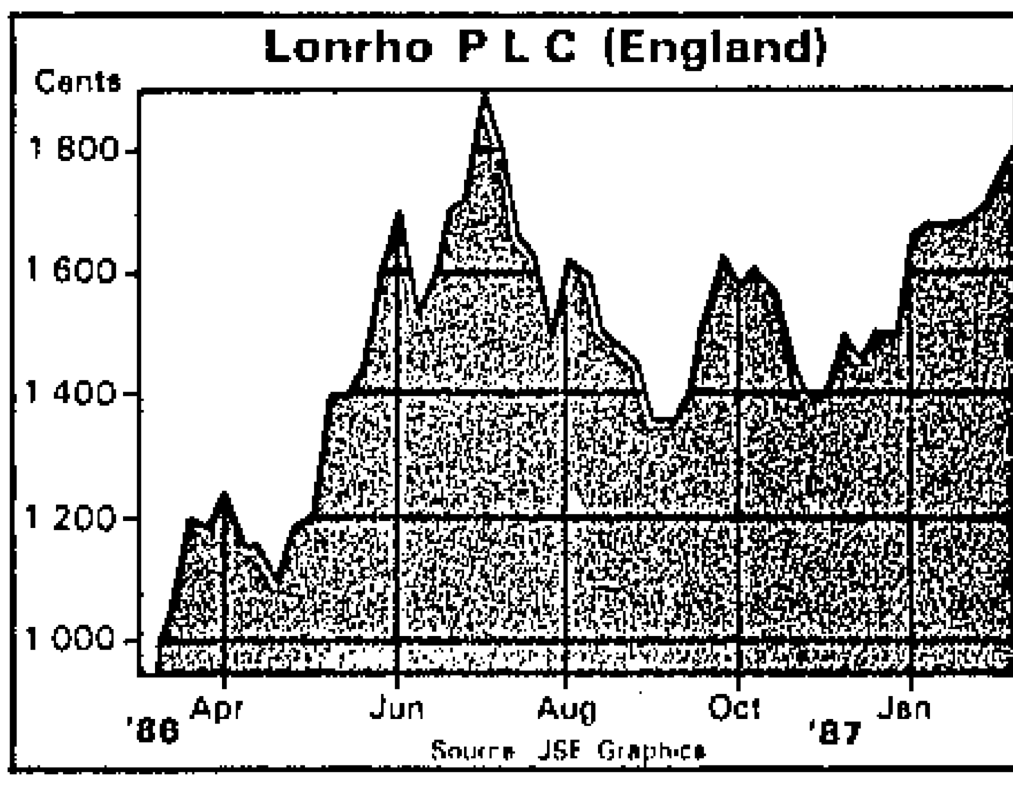
It would not be surprising if short-term currency fluctuations exert only a limited impact on the JSE price. The group represents what must be one of the largest and most diverse international investments available on the JSE. No profit breakdown is given in the accounts. They do reveal that some 62% of the £2 651m turnover is earned in the UK, with the rest spread between Europe and other (15,3%), east, central and west Africa (10,4%), southern Africa (7,3%) and the Americas (4,7%).

Largest single activity is motor and equipment distribution, which contributes 44% of turnover; others are general trade (15,7%); manufacturing (15,4%); leisure, wine and spirits (11,1%); financial services (5,6%); mining and refining (5,2%) and agriculture (3%).

It is probable that a breakdown of profit contributors would show that the interests in mining and refining — and the interests in southern Africa — are much more important than these turnover figures suggest. Companies which Lonrho controls in the region include Duiker Exploration, Corsyn Consolidated, Western Platinum (Wesplats) and Western Platinum Refinery.

Analysts believe that Wesplats is a highly profitable platinum producer; it has increased production to more than 250 000 ounces of platinum group metals, and the annual report states that production is planned to expand to 500 000 oz over the next few years. The Lonrho group also owns 36% of Eastern Gold Holdings, whose Erfdeel mine in the OFS — managed by Anglo American — starts production later this year. The target is an annual milling rate of 2,7 Mt of ore, yielding over 400 000 oz of gold.

Lonrho ran into difficulties in the late Seventies, when earnings dropped from the peak of 21,9p in 1975 to 6,9p in 1982; eps have shown consistent annual growth since



then and reached a record 25,5p in the 1986 year. Long-term loans at year end of £596m were balanced by cash holdings of £220m.

CE Tiny Rowland is pressing ahead with international expansion. Since the year end, the group entered the oil business in the US by acquiring 600 oil and gas fields for about $170m from Atlantic Richfield as a joint venture with Robert Anderson. Rowland says that the new company, based in the US, is operating profitably and will be an excellent base for a modern oil producing and trading company free of unproductive overheads.

The group also intends to strengthen links with Japan. It has signed a formal co-operation agreement which includes a cross-holding of shares with the major Japanese trading company, Nissho-Iwai. In the near future Lonrho will apply for a listing on the Tokyo Stock Exchange. This, notes Rowland, will further expand the presence in the Far East.

Rowland ends his review on a note of characteristic confidence: "The group has started the new financial year well," he says. "To mark the end of this year we are issuing a 1-for-10 bonus share." *Andrew McNulty*

ARGUS

61/62

Publishing giant Thomsons to sell in SA

The Argus Correspondent

JOHANNESBURG. — Publishing giant International Thomson is to sell its South African subsidiary as a result of increased pressure against the group in the United States.

The chief executive of Thomson Publications SA, Mr Joe Brady, said a decision in principle had been reached between the South African company and its parent for a buy-out by local management.

"We still have to work out the details but at least our staff, customers and suppliers have the assurance that it will be business as usual. In practical terms nothing will change but the shareholding."

Thomsons Publications employs 150 people and produces nine trade and technical journals in South Africa and electronic information services.

"We have been in South Africa for many years and are completely self-sufficient.

"I was told that the decision to disinvest was taken most reluctantly by our parent company, but consumer pressure in the US had reached a point where it did not make business sense to retain the South African company."

Thomson Publications SA is a subsidiary of the Thomson UK group. International headquarters are in New York.

(61) STAR 18/3/87

Appeal to BP

By Susan Pleming

British Petroleum South Africa — the largest single British investor in this country — is examining the inclusion of private schools in its plan to provide bridging finance to State schools wishing to open to all races.

Last year BP announced that it would provide bridging finance of about R50 million to help privatise State schools which want to open doors to all.

A BBC television report on Monday night said the future of Witbank Convent — a multiracial school — rests with a final appeal to BP.

A spokesman for BP said last night that Witbank Convent had contacted BP, but added that the R50 million was set aside to assist State schools which wanted to become multiracial.

'Dinner snub' apology

Liberty Life has apologised to United States Ambassador Mr Edward Perkins over the "dinner snub" affair.

It was reported earlier that Mr Perkins had accepted two invitations to Liberty Life dinners, but did not arrive at either.

The US Embassy insisted that no snub was intended by the ambassador's absence, and it has emerged that the source

nior US Embassy officials had held talks — "and I came to the unavoidable conclusion that the affair was not properly handled from our side".

"One of our people undoubtedly did not put things on the record the way he should have. It sounds like there was a verbal agreement only."

He said a "very senior person at Liberty Life"

(26) STAR 18/3/87

Unrest warning by Tutu

CAPE TOWN — Unrest will break out once the state of emergency is lifted, the Archbishop of Cape Town, the Most Rev Desmond Tutu, warned.

The archbishop told the Cape Town Press Club yesterday he had informed President P W Botha the lifting of the state of emergency was an absolute minimum requirement for negotiation.

"He said I had seen what had happened when he lifted the first state of emergency. I said: 'Precisely, that proves my point'.

"It is like aspirin taken for a toothache, bringing momentary relief. When its effect wears off, you still have the toothache.

"Any calm is only a surface calm, thoroughly deceptive, with things seething below likely to

No political pressure on airline to withdraw from SA - official

JOHANNESBURG — British Airways is not being pressed politically to withdraw from South Africa, airline officials say.

The new BA manager for Southern Africa, Mr Tim Stevens, said British Airways' Johannesburg-London route was economically viable and the airline intended flying to South Africa "as long as we can".

Commenting on the airline's decision to discontinue its flights between Zimbabwe and Durban, Mr Stevens said: "Traditionally, our Durban flight has flown via Harare to London.

"From March 31 it will be re-routed via Johannesburg, offering a more convenient service to Soufh African travellers."

The airline had wanted to increase the frequency of its flights to Zimbabwe to three a week, but Zimbabwean authorities would not permit this.

From next month, BA would introduce another non-stop flight from Johannesburg to London, leaving Jan Smuts at 6.40pm on Tuesdays, touching down 11 hours and 20 minutes later.

(61) ~~[illegible]~~ 23/3/87
E Post

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Shell filling stations damaged in demos

COPENHAGEN — Several Royal Dutch Shell filling stations in Copenhagen were damaged early on Saturday morning during protests against the Dutch-British-owned company's trade with South Africa, police said.

The demonstrations occurred on the 27th anniversary of a protest in Sharpeville in which 69 people were shot and killed by police while demonstrating against pass laws restricting blacks' freedom of movement.

At one Shell station in eastern Copenhagen, police were pelted with rocks as they intervened to stop a group of hooded activists attacking the buildings with stones and paint.

At the company's headquarters in the southern part of the city, windows were broken and paint was thrown at the walls. There were no arrests.

Later during the day, about 200 people gathered for a peaceful demonstration outside the headquarters, handing out leaflets protesting at the company's South African connections.

There were several similar demonstrations around the country, police said. — Sapa-AP.

New agreement

CP Correspondent

THE SOUTH African Allied Workers' Union this week signed its third health and safety agreement with BP South Africa in East London.

A statement issued by branch secretary Boyce Melitafa said the agreement was signed with BP "after four months of negotiations".

The agreement covers Saawu members employed at the installation depot and Ben Schoeman Airport in East London and the Fort Beaufort depot.

This forms a sub-agreement to the main recognition agreement signed last year.

Saawu called on all employers to follow the "progressive stand" taken by BP.

C1 Press 29/3/87

61

British companies better at paying

1/4/87 B/Day 61

MIKE ROBERTSON

LONDON — The number of workers in British companies in SA paid less than the minimum level stipulated by the European Code of Conduct had fallen by more than 50%, a Department of Trade and Industries (DTI) analysis showed yesterday.

The analysis, released by Trade Minister Alan Clark, was based on the performances of British companies holding 50% or more of the equity of a SA company and employing at least 20 blacks.

The minimum level of pay, stipulated by the code, was the supplemented living level for a family of five (SLL5) calculated by Unisa for 25 districts in the country.

Clark said that it had to be remembered the period of reporting was characterised by continued economic recession in which wage rates failed to keep pace with inflation.

He said: "Against this background, the performance of British subsidiaries in reducing substantially the number of their black employees paid below the supplemented living level is notable."

The DTI analysis said part of the reduction was due to a company, which previously accounted for a significant proportion of blacks paid below the SLL5, not reporting in.

But, it said, the major part of the 4 300 decrease was due to improvements in wages by reporting companies.

However, an independent analysis of the figures by the Ethical Investment Research and Information Service (EIRIS) disputes that.

● To Page 2

British companies better at paying

61 ● From Page 1 B/Day 1/4/87

It said 75% of the decrease was not accounted for by increases in wages.

EIRIS said the company which did not report was Pritchard Services which, in the previous year, reported 1 860 people paid below the SLL5.

Pritchard's was now owned by the Hawley group which moved its headquarters to Bermuda in 1984. It said that as its SA operations were not owned by any of its UK companies, they were not covered by the code's requirements.

Trusthouse Forte, the hotel and catering group, which has since sold its SA interests, was listed as the only other company not reporting.

EIRIS said reductions in workforce, or sale of parts of business previously reported to be paying people lower than the minimum, contributed to the lower figure.

Companies of which this was true included Scaffolding Great Britain (SGB), engineering group Guest, Keen, Nettlefold (GKN), packaging and textiles group Low and Bonar and construction company George Wimpey.

In the previous year they reported paying 1 326 people below the SLL5. That dropped to 63 in the latest analysis.

By adding bonuses and other allowances instead of just reporting basic pay, other companies had dropped the numbers reported to be paid below the SLL5 from 597 to 260. Those companies included Cape Industries and International Distillers and Vintners.

Textile and rubber group Scapa had been able to show a decreased number of workers paid below the minimum level by using a SLL for families of less than five.

The DTI analysis showed how the number of workers covered by the code was being sharply cut by disinvestment.

Eight companies, which previously reported, did not, because they had disposed of their SA holdings. Another four had reduced their holdings to below 50% and were not included in the analysis.

taxes," said Assocom.

Zimbabwe alleges SA recruitment of agents

HARARE — SA has recruited many Zimbabweans as agents, mainly to penetrate the armed forces and to commit acts of sabotage, Zimbabwean Minister of State for Security Emmerson Munangagwa said.

He told the domestic news agency Ziana that — despite several arrests — "a lot among us are working for the enemy".

The agents sought to infiltrate the security forces and to sabotage vital economic installations such as bridges and communications links, Munangagwa added without giving details.

Zimbabwe, Southern Africa's leading critic of the white-led South African government, has frequently accused Pretoria of supporting rebels.

SA, upon whom landlocked Zimbabwe is heavily dependent for trade and transport routes to the outside world, denies backing the insurgents, who have killed more than 600 people mostly in south-western Matabeleland province, since 1982.

In his interview, Munangagwa said the greatest threat to Zimbabwe's security was posed by what he called "economic sabotage by businessmen who illegally siphon money out of the country". — Sapa-Reuter.

SA flowers at Chelsea show spark pull-out

Own Correspondent

GLASGOW — This year's Chelsea Flower Show is in danger of becoming entangled in flower-power politics.

After hearing that SA flowers would be on display, Glasgow District Council this week banned its own Parks Department from exhibiting in the event in May.

Glasgow's Parks Department are annual exhibitors and regular winners at the prestigious event.

The Labour-controlled council is urging all other local authorities in Britain to join them in a national boycott.

Artist wins damages for copied paintings

CAPE TOWN — Bird artist Kenneth Newman has won substantial damages from the Post Office after five of his paintings were copied on aerogrammes without his permission.

Light at end of tunnel for Cape Town port

CAPE TOWN — A recent 0,7% increase in tonnages provides a glimmer of hope for the survival of Cape Town as a port.

Veterinary vaccine prices up 18% today

PRETORIA — As from today, vaccine prices will increase by an average of 18%, Veterinary Research Institute director Dr R D Bigalke said yesterday.

REPORTS: Business Day Reporter, Sapa

Shell protest strikes hitch

ROTTERDAM — The Royal Dutch-Shell Petroleum Company said yesterday a special shareholders' meeting on the oil giant's presence in SA could only be held under Dutch law if 10% of the investors agreed.

Two groups of US investors with less than 1% of the outstanding shares in the Anglo-Dutch company said in New York they were seeking a special meeting to call for an end to sales to the SA police and military, and withdrawal from SA.

Royal Dutch spokesman Eric Steneker said shareholders could call such a meeting, but "according to Dutch law such a requisition can only be made by shareholders representing at least 10% of the outstanding capital".

Steneker said shareholders were entitled to discuss any matter relating to Shell at May's annual general meeting.

"In fact, Shell in South Africa has been discussed at every meeting of shareholders for more than 10 years," he said.

Representatives of the American Baptist Churches and the New York City Teachers Retirement System say Shell refused to discuss their proposals at the next meeting.

Steneker said investors had had "ample opportunity" to express their views and an overwhelming majority had always supported the Shell board's view that it should stay in SA to act as a force for change.

About 70 US firms have said they plan to leave SA. — Sapa-Reuter.

EC code of conduct for SA falls away

55 000 workers lose protection

2/4/87 B/Day (61)

MIKE ROBERTSON

LONDON — Almost 55 000 black South Africans lost the limited protection afforded them by the EC code of conduct in the four-year period ending June 30 last year.

While the economic decline has resulted in many workers losing their jobs, disinvestment has resulted in thousands of others no longer being covered by the code.

This was revealed when the Department of Trade and Industries (DTI) published a summary of reports of majority-owned subsidiaries of British companies in SA this week.

In the period between July 1985 and the end of June last year alone, the number of workers employed by the 126 British majority-owned subsidiaries fell by 16 700 to 79 100.

The number of black South Africans employed by the subsidiaries reached a peak in 1982 when they totalled 134 000.

The DTI report said that in the period under review 16 companies which had previously reported did not.

Of these, eight had disposed of their SA assets, four had reduced their holdings in SA subsidiaries to less than 50% and were not included in the report while three had been incorporated into other reporting companies. The 16th company was taken over by a company with its headquarters in Bermuda and did not feel obliged to report.

While the EC code is not enforced, the embarrassment of being singled out for paying workers less than the supplemented living level has acted as a spur to British companies to improve wages and working conditions in their SA subsidiaries.

With disinvestment or even the reduction of holdings in SA subsidiaries, black workers have lost even this limited protection.

55 000 lose EC code protection

Cape Times 2/4/87

From MIKE ROBERTSON

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Weekend Post

2 British sanctions busters jailed

18/4/87

LONDON — Two London businessmen who supplied military reconnaisance equipment to South Africa in violation of the United Nations embargo have been jailed for six months.

Howard Freckleton and David Sofaer admitted five charges of illegally exporting £663 000 (R2,2 million) worth of long-range aerial photographic reconnaisance equipment to South Africa in 1983.

They also admitted four charges of illegally exporting underwater surveillance equipment worth £86 000 (R280 000) to North Korea and Yugoslavia.

They were sentenced on Thursday at Isleworth Crown Court in south west London.

In October, 1984, Freckleton, Sofaer and another man were charged with conspiring with two Americans to ship military parts to Iran. They were named in a 20-count indictment in Chicago. — Sapa-AP rt

Unidev to lead Prestige buy-out

CAPE TIMES 22/4/87 (61) (89) (58)

Financial Staff

HARD on the heels of its move to acquire a major stake in Quantum Finance Limited, Cape-based Unidev Limited yesterday announced that it is to lead a management buy-out of the Prestige Group of South Africa.

And the local consortium plans to list Prestige on the JSE later this year.

In terms of the deal, Unidev and senior members of Prestige's local management team will acquire the entire issued capital of Prestige from its United Kingdom parent.

Members of the Prestige team involved include MD Angus Snowden, new business director Nigel Edmunson, commercial director Johan Deale, financial director Gavin Wiggett, and technical director Richard Dyson.

Prestige is a major manufacturer of domestic products, including kitchen utensils and bakeware products, which are sold through hypermarkets, supermarkets, discount stores and wholesalers under the Prestige, Skyline and Ewbank brand names.

According to Unidev's MD Geoff Grylls, Prestige's historic annual pretax profit has shown consistent growth to above R1,5 m.

"Depending on economic and market circumstances, we would anticipate that the listing of Prestige will have a significant effect on the net asset value and earnings of Unidev's shares during the current financial year."

Grylls also disclosed that Unidev and the Prestige management intended to hold at least 50% of the company's equity after its listing and to hold this as a long term strategic investment.

"Our participation in the Prestige buy-out is very much in line with our intention of deploying our resources in strategic shareholdings in private and unlisted companies with attractive, above-average yields in the medium and long term."

"Certainly, the cash generated through the realisation of our existing capital assets together with the highly competent and diverse management strengths established through recent acquisitions have given us ample resources to attain our objectives.

"We will thus continue to identify those opportunities where small companies with strong management in their fields require additional capital and wider management input to bridge the gap in their growth to becoming a large company."

The Quaestor statement points out that the Prestige acquisition is the second of the two major transactions mentioned in announcements made by Unidev on March 19 and 23 and on April 15 of this year.

The Prestige Group's activities in South Africa date to 1970, when the company acquired 80% of local household goods manufacturer EFI Products.

The remaining 20% was acquired in 1976.

Prestige in the United Kingdom is, in turn, owned by Gallaher Ltd, which is 100%-owned by American Brands in the US.

Shareholders call for end to all ties

Eltsa will renew anti-SA pressure at Barclays AGM

61

IAN HOBBS

LONDON — Charges that Barclays Bank "retains many links with the apartheid regime" — and will suffer because of them — will be made at the bank's AGM in London today.

Spokesmen for the End Loans to SA (Eltsa) movement, who will address the AGM as shareholders, warned yesterday they will keep up their protest campaign against Barclays until "all links with apartheid are broken".

Rev David Haslam said Barclays disinvestment from SA and Namibia would be invalidated unless the bank cut its strong existing ties.

Eltsa will call on the fast-growing American anti-apartheid groups to protest against Barclays' massive programme of investment and growth in North America, in the same way it did in Britain.

Eltsa, which led a decade-long campaign of protests which badly damaged the bank's image in many countries and its student business in Britain, said it would attack most strongly the Barclays role in financing trade with SA.

Eltsa, together with the Anti-Apartheid Movement, also wants Barclays to cut its "technical links" with SA through the Visa card system and its membership of the UK-SA Trade Association.

The protest groups are also critical of the Barclays role in last month's rescheduling of South African debt. Barclays is involved through its membership of the 12-bank technical committee.

In early March Barclays executives met a delegation of anti-apartheid leaders and indicated that on top of disinvestment from SA other links with the Republic might eventually be run down.

This led to rumours the pressure groups would completely lift their protest campaign. But Haslam and the AAM say until all links are cut they will call on their members to pile on the pressure.

Anti-apartheid protestors will also be at the Lloyds Bank AGM in London today, questioning the possibility of another bid for Standard Chartered and the bank's involvement in SA's debt rescheduling.

Imposters: a

This gave Mr Mdou a chance to leave the campus in a car.

□ Two 12-year-olds (thou said in his affidavit one ha released), 19 children aged aged 14, 110 aged 15, 312 a

Cape Times 25/4/87

Herald material seized

PORT ELIZABETH. — Two security policemen with a search warrant seized material from the Eastern Province Herald yesterday dealing with a full-page advertisement on detention of children.

The advertisement had been published after legal advice from two firms of lawyers that this was permissible in terms of the Police Commissioner's recently proclaimed restrictions.

The advertisement was in the name of the Southern Africa Project, Lawyers' Committee for Civil Rights Under Law, Washington DC.

Among other newspapers to run the advertisement were the Cape Times and the Star.

Cape Times 25/4/87

Barclays changes name to the First

BARCLAYS commercial bank is now the First National Bank of Southern Africa and its eagle emblem will be replaced by a thorn tree silhouetted against a rising sun — with the shape of Africa between its branches.

A Barclaycard will become a Firstcard but it will still be part of the international visa credit card network. Bob and Bob-T automatic teller cards will not change their names.

Barclays Merchant Bank will become First National Merchant Bank and Barclays National Industrial Bank will be First Industrial Bank of Southern Africa. But the credit finance organization, Wesbank, will not change its name and neither will Persam, Barclay's personal managed assets division.

The change of name and logo became necessary after the UK parent company, Barclays PLC, sold its final 40,4% shareholding in Barclays SA last year.

□ Banks to rationalize?. See page 15

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"But South Africans seem to have more respect and discipline than people overseas — there they steal TV sets and anything not nailed down."

Mr Clive Bolton, manager of the Marine Parade Holiday Inn, agreed that the most popular items were those which were monogrammed.

"People take glasses, facecloths and towels although we've had the pictures stolen from the bedrooms too."

A spokesman for the Beverly Hills Hotel in Umhlanga Rocks said the old towels were never stolen but as soon as a new batch was bought they disappeared.

"We can lose about 400 towels and 200 facecloths in one season. The ashtrays in the rooms never go but in the public areas, where they are quite expensive and attractive, we lose lots," she said.

Court Roll 10 Racing 27 Teleletters 5

TOP OF

ICI 'should not quit SA'

(61) SM 30/4/87 The Star Bureau

LONDON — Mr Denys Henderson, newly elected chairman of Imperial Chemical Industries (ICI) said yesterday he did not agree that the company should withdraw from South Africa, although it accounted for less than 1 percent of profits and assets.

Answering questions at the company's annual meeting in London, he said ICI and its 38 percent-owned associate AECI, both wanted an end to apartheid.

"The best way of tackling the apartheid problem is by continuing to be involved and in that way continuing to attempt to influence change as best we can."

(61) B Day 6/5/87

Shell rejects ex-worker's 'spy' claim

Business Day Reporter

SHELL oil company has rejected charges by a former employee that it discriminates against black employees and uses them as spies.

Shell executive chairman John Wilson was responding to allegations by a former personnel officer, Tom Nkadimeng, 40, that "there have not been any promotions of black people to senior positions".

Nkadimeng made the allegations at a Press conference in Copenhagen last week. Wilson said in a telex Nkadimeng had worked at Shell from 1982 and was "dismissed in mid-1986 for consistently poor performance over a period of four years".

"He elected to take his case to the industrial court, but before it was heard, he reached a settlement with Shell. One of the terms of this settlement — included at the request of Nkadimeng's attorneys and not Shell's — was that neither party should comment on the reasons for his dismissal," Wilson said.

Shell would now welcome the matter going to court, he said.

Replying to the allegation that Nkadimeng was asked to "spy" for the company, Wilson said: "Other personnel officers have no difficulty in completing reports on the overall environment in which Shell employees are living and working and which are designed to give management a picture of the pressures to which employees are exposed".

Nkadimeng claimed when he refused to spy, he was dismissed.

Boycott of Barclays ends after 17 years

Cape Times 11/5/87

61

Own Correspondent

LONDON. — Campaigning anti-apartheid groups have ended their 17-year boycott of Barclays Bank, which they initiated because of the bank's links with SA.

Following Barclays sale of its SA banks, the Anti-Apartheid Movement (AAM) and the campaigning group, End Loans to Southern Africa (ELTSA), have announced they are dropping their campaigns.

A spokesman for Barclays said yesterday that they were delighted to hear the news.

He added: "We are delighted our critics have recognized that our disinvestment is real and not cosmetic and expect now to see the boycotts totally removed, particularly among students."

He said he was unable to estimate how much the 17-year-long campaign had cost them.

But as the campaign is withdrawn from one sector, it is directed now with intensity against Shell Petroleum and Standard Chartered Bank.

Today sees the start of a week of action against Shell, which will be taken up vigorously, particularly in the UK, the Netherlands, Scandinavia, the US, France and Australia.

In London Shell's West End headquarters will be picketed on the eve of the annual general meeting, which takes place on Thursday, and filling stations in 15 to 20 cities in the UK will be picketed as well.

At a conference in Lusaka, organized by the Programme to Combat Racism (PCR) of the World Council of Churches, which ended its meeting on Saturday, a call was made for the extending and strengthening of the boycotts against Shell and Standard Chartered.

The secretary of ELTSA, the David Haslam, said that the National Westminster Bank would also come under pressure because of its links with SA. Together with Standard Chartered, it will be one of the chief targets for the boycott campaign against banks.

The AAM and ELTSA have concluded their boycott of Barclays, though they are well aware that it retains over £700m in loans, a statement said.

Argus 12/5/87

CITY/NATIONAL

Police action a 'tragedy'

By DICK USHER
Labour Reporter

THE chief South African executive of Shell oil company has condemned State action against the Congress of South African Trade Unions as a "transparent attempt to crush an increasingly powerful Government opponent".

Mr John Wilson said recent events involving police action against the congress were a "tragedy and bode ill" for the future.

Cosatu has about 750 000 members, making it the largest trade union federation in the country.


Mr John Wilson

"We must come to our senses before it is too late," Mr Wilson said.

"The raiding of offices, killing, the banning of meetings and arrest of hundreds of workers is not likely to crush the union.

"Rather, it will strengthen the resistance and support, will have adverse ramifications for stable industrial relations, the effects of which will be felt throughout industry.

"It is likely, too, to fuel the bitterness and growing polarisation between capital and labour."

Expressing his concern at what were apparently State-invoked attacks on Cosatu, Mr Wilson said that those who clung to the belief that a negotiated solution to the country's problems was possible recognised the vital role the labour unions would play.

"Sadly, though, as violence, high-handed and strong-arm tactics are employed in what is transparently an attempt to crush an increasingly powerful Government opponent, one's belief in that negotiated future becomes even more fragile."

Records seized

Mr Wilson condemned the apparent wanton destruction of Cosatu's property and possessions, and the seizure of affiliates' books and records when many were in the crucial stages of preparing for annual wage negotiations.

"Businessmen are realising more and more that labour and capital should be seeking closer collaboration in attempts to boost the country's shaky economy and relieving the high unemployment factor, just as they are learning the advantages of working together on matters of common concern," he said.

"When leaders of industry are calling for frank discussions with union leaders, the events of the past week are a tragedy and bode ill for the future," he said.

SOWN 13/5/87

69

Shell colludes with apartheid, court told

LONDON — An international campaign against apartheid that focused attention on Shell Oil's business involvement in South Africa and Namibia, contributed to a decision taken by a London borough to boycott Shell products, a British high court heard yesterday.

The court was hearing submissions from the Lewisham council which is fighting efforts by Shell Oil UK to have its anti-apartheid boycott of Shell products declared unlawful.

Mr Stephen Sedley QC told the court: "In 1986 to 1987 an international campaign against apartheid turned the focus of its attention to Shell's involvement in South Africa and Namibia.

"As a result it becomes a serious issue in Lewisham in view of the fact that it is trading with an international conglomerate now being spotlighted as a major colluder with apartheid." — Sapa-Reuter.

(61) 80 1987.

Calls for Shell to quit SA

THE HAGUE — About 150 people protesting against the presence of the Anglo-Dutch oil giant Shell in South Africa disrupted the company shareholders' meeting yesterday, singing African songs and blocking the front of the hall.

Security men scuffled with a few protestors during the five-minute demonstration which came after a number of anti-apartheid spokesmen had put their case for the Royal Dutch-/Shell group to withdraw from South Africa.

The protestors sang the African national hymn "Nkosi Sikele i'Afrika" (God bless Africa) as they marched to the front of The Hague's congress hall.

The group president Mr Lo van Wachem told the meeting: "We have a long-term stake in South Africa. We hope and expect to be there for the foreseeable future."

Organisations against Pretoria's apartheid racial segregation policy have selected Shell as a target for protests in an attempt to force the company to quit South Africa.

Mr Van Wachem said Shell was "determinedly opposed to apartheid" and trying to exert a positive influence."The US Baptist church leader Mr Andy Smith told the meeting that American anti-apartheid supporters had amassed 4.49 per cent of the company's outstanding shares.

They need 10 per cent to call a special meeting to vote on the group's presence in South Africa.

Other speakers accused Shell of gross mismanagement because they said the whole group's profits were suffering as a result of boycotts against its South African interests, which amount to less than one per cent of its world business.

Speaking at the Shell Transport Annual General Meeting, the SA chairman, Mr Peter Holmes, said that neither disinvestment nor silence on the part of companies operating in SA would help solve the country's problems.

Mr Holmes, however, said the campaign, supported by 70 organisations in the US alone, has to date had no perceptible negative effect on the company.

61

Shell's apartheid stance comes under left-wing fire

DIANNA GAMES

THE disinvestment debate has found a forum in the Weekly Mail, with both Shell and the Holland Committee on SA taking out full-page advertisements voicing contrary messages.

The Holland Committee calls for Shell to withdraw from SA, regardless of Shell's claims of support for change in a series of newspaper advertisements.

The Shell advertisement reads: "Shell supports the right of all people to live where they choose. Working to make a difference now."

It is one of a series that advocates a free Press and is part of a general social responsibility campaign on which Shell has embarked.

The Holland Committee's advertisement reads: "Solidarity movements, trade unions and churches in more than a dozen countries in Europe, the US and Australia are involved in the international campaign against the continued presence of Shell in SA.

"Advocating support for a free Press in SA, as Shell is doing, is a good thing. But it is not a justification for its continued operation in SA.

"The support Shell gives to the system of apartheid is of very great importance," the committee says. It requests Shell to withdraw from SA and to cut its ties with the apartheid system.

Shell has been the frontline target of disinvestment campaigners abroad for many months, while Shell has publicised its intention of remaining in SA to eradicate apartheid.

'Reluctance by UK parent led to buyout

4/6/87 B Day (61)

MICK COLLINS

RELUCTANCE by its UK parent to invest any further cash in SA is the reason given for the management buyout (MBO) of the Simon Africa group of companies.

The sale, for an undisclosed amount, has now been finalised with a local consortium of directors and managers taking over one of the biggest process plant contracting organisations in SA.

MD Jim Black said the pressure to sell came from local management.

The group's turnover exceeded R70m in 1986 and at present major projects valued at over R100m are being undertaken.

"Future prospects for all our divisions appear promising due to possible participation in the Mossel Bay project and the Majuba power station project."

He said unlike many MBOs the company would not carry additional loan capital. The financial reserves of the group therefore remained at a high level.

He said the use of the Simon name and logo would be retained.

The consortium has purchased all of the issued shares of Simon Holdings, which owns and controls the operations of its subsidiary companies — Simon Carves, Simon Carves Construction, Simon Macform, Simon Cape and Simon Macawber.

Town councils refuse to purchase products

Shell may take UK boycotters to court

11/6/87 B/Day

61

2880

BRIAN ZLOTNICK

LONDON — Shell (UK) may decide to take legal action against UK local authorities that are illegally boycotting its goods.

So far the Lewisham and Leceistershire local councils have said they refuse to buy Shell's products since it continues to operate in South Africa and supplies the SADF in Nambia despite a ban by the United Nations.

Shell is now understood to be preparing to request the High Court for a judicial review of the councils' right to boycott its products on these grounds.

Shell, of course, is hoping that the councils will review their stance, but will almost certainly go to the High Court if they refuse.

Any legal action it takes could occur after the election.

A few weeks ago Shell blitzed the UK national daily newspapers with a full page advert saying it intended remaining in SA.

Last year the Tories attempted to introduce legislation to ban such boycotts.

However, the moves were abandoned at the committee stage because of the immense difficulties involved in drafting the necessary legislation.

The thorny issue could, however, come to the fore sooner than expected should the Camden Town Council decide to go ahead with a boycott of the products of about 25 companies who have maintained their business interests in South Africa.

It is believed that the two councils, Lewisham and Leceistershire, are adamant they will not review their stance.

Cape Times 13/6/87

(61) (68)

Move to force Shell out of SA

WASHINGTON. — Opponents of apartheid have gathered nearly half the necessary proxy votes to force Royal Dutch Petroleum to call an extraordinary shareholders' meeting to hear a demand that it pull out of South Africa.

If they are successful, the opponents hope to present a resolution to the Netherlands company — known popularly as Shell — calling on the board of directors to "take immediate steps to terminate all operations in South Africa and announce publicly to the South African government that it plans to leave as soon as possible".

The campaign for the meeting is led by the pension board of the American Baptist Church, the New York City Retirement System and the United Mine Workers of America union.

According to the international representative of the United Mine Workers, Mr Kenneth Zinn, the various Shell companies have been the target of a UMW-led boycott in the United States since January 1986 and organizers say the protest has spread to several industrialized nations in Europe.

According to organizers of the shareholder initiative, they have received pledges amounting to about R3bn worth of stock.

Other large institutional investors besides the banks, the American Baptist Church and the New York pension fund, include:

The California Public Employees' Retirement System, the California State Teachers' Retirement System, the Houston Fireman's Relief and Retirement Fund, New York City's police, firemen and teachers' pension funds, the University of Pennsylvania and a number of church groups, including Methodist and Presbyterian agencies and Roman Catholic religious orders. — UPI

SA management team to take over

Two banks put up money for Leyland buyout

61

HAMISH McINDOE

TWO SA banks are to finance the Leyland (SA) management buyout which is expected to be completed at the end of this month.

Leyland (SA) MD Brian Fuller yesterday would not disclose the identity of the banks but said "very comfortable" credit lines had been offered to relaunch the Anglo-Dutch company's truck and bus operation in SA.

"There are still are few minor loose ends to be tied up before the buyout is scheduled for completion at the end of June," he said.

Fuller also said the local operations of British-owned parts and accessories producer Unipart, an SA subsidiary of Leyland's trading arm, Associated Automotive Distributors, would not be sold off.

The buyout team comprises Fuller, Leyland (SA) chairman Ellis Rhodes-Harrison, deputy chairman and President's Council member Francois Jacobsz, group financial director John Dean, technical director Jean-Jacques Massardo and parts director Mike Elsbury.

It was widely rumoured that another Leyland (SA) management team was pitching to buy Unipart. "We've decided to keep Unipart," said Fuller.

Buyout talks were not affected by the merger in April of Dutch vehicle manufacturer DAF and Leyland's worldwide truck and bus operation, in which Leyland (SA's) former British parent Rover Group holds a 40% stake.

Leyland's decline in the SA market has reportedly been ascribed to Rover's shortage of cash to finance new models.

Latest HCV sales figures show Leyland (SA's) share of the market in the five months to May dropped to 4,8% on 143 units from nearly 7,8% in the same period last year. But its market share of LCV's rose to 8,1% (7,4%).

A name change for Leyland (SA) is being discussed.

(61) whole advert

a free press | **they choose.**

PRESS RELEASE—COSATU RAIDS

Commenting from Cape Town on Friday, 8 May 1987, Mr John R. Wilson, Chairman and Chief Executive of Shell South Africa (Pty) Ltd, expressed his concern at the apparent State-invoked attack on South Africa's largest trade union federation, the Congress of South African Trade Unions (COSATU).

Mr Wilson said that those who still clung to the belief that a negotiated solution to the country's problems was possible, recognised the vital and important role the labour unions would play in the process. "Sadly, though, as violence, high-handed and strong-arm tactics are employed in what is transparently an attempt to crush an increasingly powerful Government opponent, one's belief in that negotiated future becomes even more fragile".

Mr Wilson condemned the apparent wanton destruction of Cosatu's property and possessions, and in particular the seizure of Cosatu-affiliates' records and books at a time when many were in the crucial stages of preparing for annual wage negotiations. "Businessmen are realising more and more that labour and capital should be seeking closer collaboration in attempts to boost the country's shaky economy and relieving the high unemployment factor; just as they are learning the advantages of working together on matters of common concern. When leaders of industry are calling for frank discussion with union leaders, the events of the past week are a tragedy and bode ill for the future", he said.

"We must come to our senses before it is too late", said Wilson. "The raiding of offices, killings, the banning of meetings and the indiscriminate beating and arrest of hundreds of workers is not likely to crush the union. Rather, it will strengthen their resistance and support, will have adverse ramifications for stable industrial relations, the effects of which will be felt throughout industry. It is likely, too, to fuel the bitterness and growing polarisation between black and white, between capital and labour".

"Violence in any form must be condemned", concluded Wilson, "no matter who the perpetrator. But violence will not abate under the present repressive conditions".

Working to make a difference <u>now</u>

Morkels delivers the goods

Business Times Reporter

MORKEL'S erratic share-price performance since its listing has been a disappointment to those expecting greater things from an offer that was oversubscribed 7,6 times.

After coming on at 115c, a 21% premium to the issue price of 95c a share, Morkels fell to 100c this month before rebounding to 130c on release of better than expected year-end results. It is now about 115c.

Some analysts contend that its troubles in the distant past and the risky sector in which it is listed make it relatively unattractive.

But a more convincing explanation seems to be that the share was issued at the right price and on a genuine earnings forecasts.

Fedvolk has said repeatedly that it will not give away assets at a discount and was true to its word in listing Morkels.

It is thus not surprising that the share price has not performed as well as those whose issue price was conservatively pitched.

Having beaten its 1987 earnings forecast by 10%, Morkels expects to exceed the 1988 target of 12,7c a share, but has given no indication by how much.

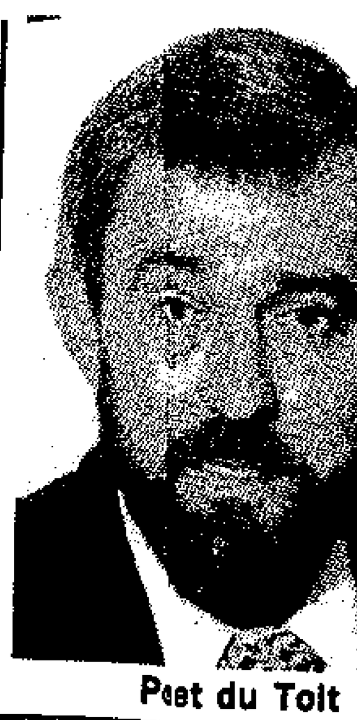
Recovering consumer spending should help sales in the current year. Because trends have been uncertain, there is some scepticism about the immediate future for the furniture and retail sector.

Although low by the standards of furniture companies funding a hire-purchase book, Morkels debt:equity ratio of 0,75 could prove painful if interest rates begin to turn. Interest cover is 2,2 times which is considered low by analysts.

Higher interest rates will affect the profitability of the group's HP book. Most HP contracts are written on fixed-interest terms over a maximum of two years.

An increase in these contracts as consumers try to avoid rising interest could dent profitability of the HP book. However, most of the book is short term, reducing the potential damage to profitability of higher interest rates.

At 115c, the share is on a historical PE of 18 compared with the sector average of 11,6.



Peet du Toit

World's second-oldest profession for the JSE

By Ian Smith

FOUNDER and chairman of a granite mining and export operation Peet du Toit describes the business as the second-oldest profession in the world.

He is bringing his Kudu Granite Group to the Johannesburg Stock Exchange, subject to the approval of the committee, in August.

International demand for black and grey granite, used for headstones, monuments and building from time immemorial, has taken off in the wake of new high-tech use.

Increasingly, the stone which is impermeable, almost totally resistant to heat and cold variations and which can be machined to infinite variances, is being used as a base for computer mainframes, as a working surface in scientific establishments and as cladding for buildings.

Shipping rock around the world might not be considered a glamorous and growth-orientated business. But figures tell a different story.

The Kudu group forecasts taxed profit in the year to June 30, 1988, of almost R3,5-million compared with nearly R1,1-million in the current year. The group forecasts a price:earnings ratio of 9 and a net asset value of more than 70c after listing.

Kudu's production has grown by 253% since 1983, and in the past year alone it jumped 114%.

The export price is also soaring. In 1981 SA exports of 175 000-tons were worth R17,5-million. Last year exports totalled 217 000-tons worth R46,25-million.

Italy, the world's major stone-working country, imported 90 093 tons from all sources in 1981, but in 1985 imports hit 791 000 tons.

Kudu Granite intends to make a private placing of 2,5-million shares and a public offer of 2,5-million, all at 200c a share. The other 10-million shares are all held by Mr du Toit and some staff members.

The R10-million proceeds will be used to pay for the rights to huge deposits of some of the most popular grades of granite in the Belfast area which should give the group reserves for at least 50 years, says Mr du Toit. It will also pay for additional quarrying and loading equipment.

Kudu Granite, established by Mr du Toit in 1981 when he resigned as managing director of a French-controlled company operating two quarries in SA, is the smallest of the big four operators in the field today.

Mr du Toit says: "We are closing the gap. Once we start to exploit the new deposits our production will leap dramatically."

He is reluctant to talk tonnages because of the competitive nature of the business.

He says that demand in Europe, the US, Canada and the Far East is soaring. "Our biggest market, Italy, has increased consumption more than eightfold in the past 15 years."

There are few competitive suppliers outside Southern Africa. Indian producers have a quality problem and Australian quarries are far from ports and markets. A small quarry in remote north-east Zimbabwe has reopened in spite of transport and equipment problems.

Kudu's total production is exported, mainly to Italy, Germany, France, the Netherlands, Belgium, Austria, the US and Canada. Agents have been appointed in Spain and the Far East.

Transport rates are a critical element, accounting for up to two-thirds of the buyer's landed costs. But Kudu established its own forwarding and marketing subsidiary, Export Forwarders, last April and it is becoming a profit centre.

Mr du Toit says: "We are handling other exports for outside companies."

Shipping rates have also been moving in favour of SA suppliers. "In the past year alone our rates have come down from R42 a ton to R32."

Accountants get computer firm

By Ian Smith

THE face of the accountancy profession is changing rapidly as major firms seek new services and skills to offer clients. Computers are increasingly being brought into their orbit.

Accountant and management consultant Price Waterhouse is taking over rapidly growing computer software developer and distributor Adaptable Packages (Adpack).

The deal boosts the technology services of Price Waterhouse, which last year acquired the P-E Corporate Services consultancy.

Adpack co-founder and chairman Reg Mitchell says: "We hope the link with the international firm, which operates in more than 100 countries, will enable us to penetrate world markets more effectively. We will also have access to international resources."

Although Adpack did consider going for a listing, Mr Mitchell says: "We believe this deal will enable us to manage our growth more effectively. It will strengthen our operation in two areas — we will be able to install more systems more efficiently and we will be able to offer continuing education to users."

Price Waterhouse senior partner Paddy Cunningham says there is synergy between the two operations. "Adpack has a good track record and there is tremendous growth potential in its market niche of distribution systems for medium-size companies."

Adpack has its origins in a distribution, sales and accounting package developed for a chemical services company, of which Mr Mitchell was financial director, in 1980.

In the following year he went into business developing packages particularly suited to SA demands and the company has shown steady growth — 40% in the past two years. It specialises in developing distribution accounting and financial accounting systems ranging in price from R150 000 to more than R1-million.

In spite of the growth, the group has kept the lid on expenses. Mr Mitchell says: "We increased the number of installations by 40%, but our resources increased by only 10%."

The annual financial statements containing full details will be mailed to members at the end of July 1987.

Registered office:
Coetzier Street, Stellenbosch
7600

J C ENGELBRECHT
Secretary
25 June 1987

TECHNICAL INVESTMENT CORPORATION LIMITED

Reg. No. 05/20656/06

AUDITED CONSOLIDATED RESULTS
(Amounts in Rand million)

	Year Ended 31 March 1987 R mio	Year Ended 31 March 1986 R mio
Net income before taxation	494,1	392,2
Taxation	147,1	113,4
Net income after taxation	347,0	278,8
Attributable to other members	275,9	221,2
	71,1	57,6
Equity adjustment: Share of net income retained by associated companies	44,5	21,6
NET INCOME FROM NORMAL BUSINESS OPERATIONS	115,6	79,2
Earnings per share		
– From normal business operations	69,45c	47,58c
– Excluding share of net income retained by associated companies	42,72c	34,61c
Dividends per share		
– Interim	3,57c	3,02c
– Final	4,54c	3,47c
	8,11c	6,49c

Extraordinary items, not included in net income from normal business operations, amounted to R9,3 million unfavourable (1986: R21,2 million favourable) of which R7,6 million unfavourable (1986: R0,5 million unfavourable) related to the Group's interest in the extraordinary items of associated companies.

In terms of a special resolution dated 29 April 1987 each ordinary share of 10c was subdivided on 11 May 1987 into ten ordinary shares of 1c each, resulting in an authorised and issued ordinary share capital of 166 441 200 shares of 1c each. Information per share, including comparative figures, reflects the effect of this subdivision.

Capital employed, at book value, at 31 March 1987 amounted to R4 446 million (1986: R3 752 million) of which R4 383 million or 99% (1986: R3 672 million or 98%) was represented by shareholders' funds.

The interest of own members in shareholders' funds increased by R146 million or R0,88 per share to R894 million or R5,37 per share (1986: R748 million or R4,49 per share).

The annual financial statements containing full details will be mailed to members at the end of July 1987.

Registered office:
Coetzier Street, Stellenbosch
7600

G S OTTO
Secretary
25 June 1987

The annual financial statements containing full details will be mailed to members at the end of July 1987.

Registered office:
Coetzier Street, Stellenbosch
7600

J C ENGELBRECHT
Secretary
25 June 1987

TECHNICAL AND INDUSTRIAL INVESTMENTS LIMITED

Reg. No. 05/15859/06

AUDITED CONSOLIDATED RESULTS
(Amounts in Rand million)

	Year Ended 31 March 1987 R mio	Year Ended 31 March 1986 R mio
Net income before taxation	494,2	392,2
Taxation	147,1	113,4
Net income after taxation	347,1	278,8
Attributable to other members	287,1	230,4
	60,0	48,4
Equity adjustment: Share of net income retained by associated companies	37,4	18,1
NET INCOME FROM NORMAL BUSINESS OPERATIONS	97,4	66,5
Earnings per share		
– From normal business operations	73,79c	50,38c
– Excluding share of net income retained by associated companies	45,45c	36,67c
Dividends per share		
– Interim	3,78c	3,20c
– Final	4,82c	3,68c
	8,60c	6,88c

Extraordinary items, not included in net income from normal business operations, amounted to R7,8 million unfavourable (1986: R17,9 million favourable) of which R6,4 million unfavourable (1986: R0,4 million unfavourable) related to the Group's interest in the extraordinary items of associated companies.

In terms of a special resolution dated 29 April 1987 each ordinary share of 10c was subdivided on 11 May 1987 into ten ordinary shares of 1c each, resulting in an authorised and issued ordinary share capital of 132 million shares of 1c each. Information per share, including comparative figures, reflects the effect of this subdivision.

Capital employed, at book value, at 31 March 1987 amounted to R4 446 million (1986: R3 752 million) of which R4 383 million or 99% (1986: R3 672 million or 98%) was represented by shareholders' funds.

The interest of own members in shareholders' funds increased by R124 million or R0,94 per share to R752 million or R5,70 per share (1986: R628 million or R4,76 per share).

The annual financial statements containing full details will be mailed to members at the end of July 1987.

Registered office:
Coetzier Street, Stellenbosch
7600

G S OTTO
Secretary
25 June 1987

Fincord Stationers Limited

("Fincord")
(Registration number 86/00663/06)

Acquisition of the business of Premier Stationery

Central Merchant Bank Limited is authorised to announce that agreement has been reached between Fincord and CTP Limited ("CTP") in terms of which Fincord has acquired the Premier Stationery business from CTP with effect from 27 June 1987 ("the acquisition").

The Premier Stationery business is engaged in the manufacturing of stationery products.

TERMS OF THE AGREEMENT

The salient terms of the agreement are:

1. The purchase consideration of R2 750 000 payable by Fincord to CTP will be satisfied by the allotment and issue of 2 750 000 Fincord ordinary shares at 100 cents each representing approximately 14,1% of Fincord's enlarged ordinary share capital after the issue of ordinary shares in terms of the acquisition.
2. The net asset value of Premier Stationery has been guaranteed by CTP at not less than R2 750 000.
3. Mr M. D. W. Short, the chairman of Caxton Limited which is the holding company of CTP, will be appointed to the board of Fincord.
4. A restraint of trade with CTP from the effective date, or for a period of three years should CTP reduce its shareholding in Fincord to below 2 750 000 ordinary shares.
5. The agreement is conditional upon the Committee of The Johannesburg Stock Exchange granting a listing of the new shares in Fincord.

RATIONALE FOR THE ACQUISITION

1. The acquisition is of a strategic nature as the Premier Stationery range will secure the supply of a significant portion of Fincord's stationery requirements.
2. CTP's shareholding in Fincord will form a basis for co-operation between the two companies for the development of their respective interests in the stationery market.
3. The acquisition will enable Fincord to obtain certain synergistic manufacturing benefits through improved utilisation of its expanded capacity.

FINANCIAL EFFECTS OF THE ACQUISITION

1. **Earnings**
   Had the acquisition been effective for the entire financial year ending 29 February 1988, the effect would have been to increase Fincord's forecast earnings per share, as reflected in the prospectus registered on 6 May 1987, from 3,9 cents to 4,9 cents, an increase of 25,6%.
2. **Net asset value**
   Based on the pro forma consolidated balance sheet of Fincord at 28 February 1987 as reflected in the prospectus registered on 6 May 1987, the acquisition will have the effect of increasing Fincord's net asset value per share from 19,1 cents to 30,4 cents, an increase of 59,2%.

As the acquisition forms less than 20% of the present issued share capital of Fincord, The Johannesburg Stock Exchange requires that a summary of details be included in Fincord's next annual report.

Johannesburg
28 June 1987

Senbank
Central Merchant Bank Limited
(Registration number 55/01742/06)
(Registered Bank)

Shell looks at more than worthy causes

28/6/87

(61)

511

FOR Shell, corporate social responsibility is not merely the provision of housing, educational facilities, or the dispensing of large sums of money to what it may regard as "worthy causes". The company claims it goes way beyond that.

As Shell chief executive officer John Wilson puts it: "Shell realises that although social responsibility programmes are vital to the community and inhabitants of South Africa, they have assumed secondary importance to the real issue: political participation for all South Africans.

"It is this goal towards which we strive."

Shell is seeking political involvement in all it strives to do. Mr Wilson has come out against apartheid. He has said: "The abolition of apartheid legislation and the slow cosmetic changes which we have seen taking place in this period of so-called reform are simply not enough.

Influx control

"To the average black, the repeal of legislation such as the Mixed Marriages Act, sections of the Immorality Act, the right to own or lease land, and even the end to influx control mean very little in terms of the way he lives his black life from day to day.

"With regard to influx control, for example, the Aliens Act and the homelands policy are still very much in evidence. In any event, these are peripheral issues. The cry is for equal political participation for all South Africans — and here I include those 'citizens' of the so-called independant states — in a free, democratic unitary State."

Mr Wilson admits that the old argument that multinationals in SA could act as an instrument of change through pressing the Government in today's "laager" climate bears little validity. One of the main reasons why Shell SA, backed by its foreign shareholders, is determined to maintain a presence here is because it believes that its primary social role today is acceleration of a new and equitable social order. All its major corporate social responsibility projects are undertaken with this criterion in mind.

Discussions

Colleen Channon-Bracher, who heads Shell's public affairs department, says: "We have long realised that the success of any project is almost entirely dependent on intense discussions and consultation with relevant representatives of the black community, those who enjoy the full support of their constituencies.

"There are times when those consultations will require that we do not seek any publicity in respect of a particular project. This is seen by blacks as a measure of our commitment. We are not embarking on that project merely for the intrinsic public relations value to ourselves, but because we truly believe in the benefits of the project to the community."

Some of Shell's major involvements for 1987 and 1988 are being handled in this way.

The company is regularly under the media spotlight as anti-apartheid movements in more than a dozen countries call for its withdrawal and boycott its products. There have even been numerous incidents of sabotage of service stations in Europe.

Ironic

Miss Channon-Bracher says: "This is ironic when one considers that Shell, both inside South Africa and beyond, shares the same ultimate aim as its detractors — an end to apartheid and the establishment of a South Africa where everyone will be equal in dignity and rights. Obviously, we differ substantially on the means to attaining this end."

Social responsibility programmes are not new to Shell. It has been involved in this area for more than 30 years. Efforts have been stepped up substantially and priorities have changed dramatically.

"The messages coming from the communities have all been consistent — the major areas of need are education, training and job-creation.

Impact

"The company sees as one of its most important roles the cultivation of human resources which this country will require under a legitimate government in the future. The impact of social responsibility programmes may not bring abaout a new political dispensation overnight, but it must be a force for change in the medium to long term.

"The responsibility for creating an acceptable quality of life, which is the birthright of every South African, is not the responsibility of the Government alone, but of every South African — including its corporate citizens."

UK church criticised for SA interests

Star 1/7/87

LONDON — The Church of England was criticised today for investing in companies which have financial interests in South Africa.

"Although the church's central board of finance would not permit itself to invest in South African businesses, it receives nearly a third of its income from companies which do," says a report on the board's investment fund.

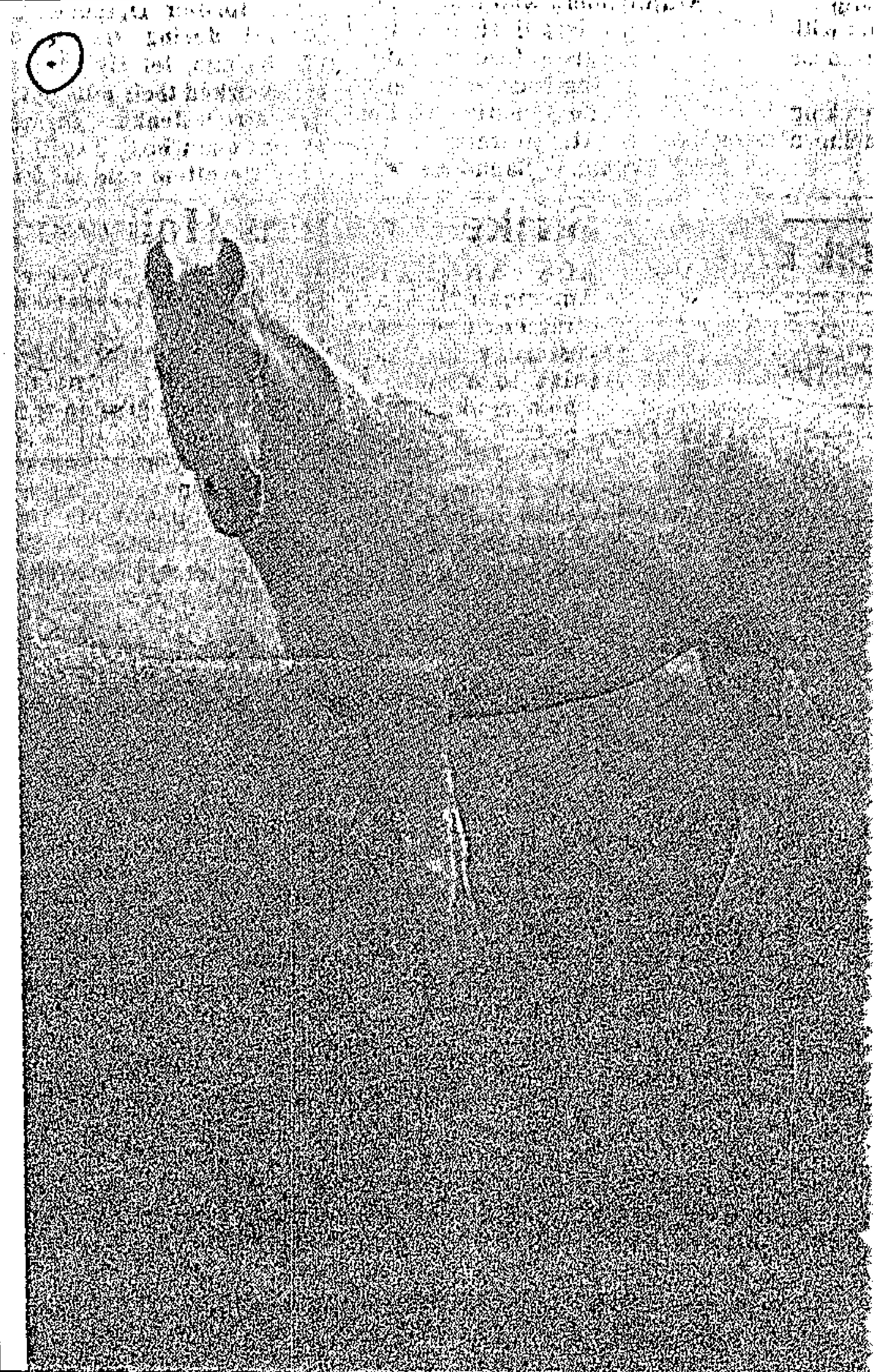
The report is published by the Ethical Investment Research and Information Service set up five years ago with backing from charities and church organisations including the Church of England.

"Although the church argues that it has squeezed South African involvement from its portfolio, only a dozen of the nearly 200 UK Stock Exchange companies with South African interests are being avoided in practice," the report says.

Sir Douglas Lovelock, chairman of the church's finance board, said it must put the church's financial interests first.

"It is almost impossible to find large companies that don't have some investment in South Africa," he said. — Sapa-AP.

T NEWS



Sowetan 2/7/87

British firm 'tried to smash' union

61

South Reporter

THE South African subsidiary of a giant British multinational sacked its entire workforce of nearly 1 000 workers two years ago to "smash" their union, an Industrial Court heard this week.

John Sampson, administrative manager of BTR Sarmcol, testified before an industrial court in the Natal town of Howick where Sarmcol sacked the workers for taking part in a legal strike two years ago to protest against management's failure to recognise their union, which represented 98 percent of the workforce.

Asked by union lawyer Martin Brassey if the sacking reflected a desire to smash the union, Sampson said, "to some extent this is partially true".

'Unfair'

The Metal and Allied Workers Union (Mawu) has applied for reinstatement on the grounds that the workers were unfairly dismissed.

Mawu is claiming Sarmcol's failure to recognise a union with 98 percent support is a breach of the European Economic Community and the International Labour Organisation Codes of Conduct for companies operating in South Africa.

Sarmcol has argued in response that the May 1985 strike resulted in "disorderly, angry and intimidatory action", and that it was entitled to sack the workers for breach of contract.

Sampson said that the company made no profits in the four months prior to the strike due to a series of go slows and stoppages.

Earlier he told the Industrial Council that the company had at one stage considered calling in the police to protect the factory because it was a "strategic industry".

Cape Times 3/7/87 (61) ~~655~~ ~~3044~~

Most whites out of touch — Shell

Own Correspondent

JOHANNESBURG. — Shell, one of the last giant multinationals in South Africa, yesterday said blacks would continue their struggle till they achieved full political rights in a democratic, unitary South Africa.

In a hard-hitting annual review, executive chairman Mr John Wilson said resistance to apartheid would not abate, but would grow in intensity.

"Violence will not be extinguished by states of emergency or the use of force."

Mr Wilson said government was clearly not yet ready to negotiate fundamental change or sanction genuine democratic structures.

"It is a sad fact that government and most white South Africans are out of touch with the mood of black people. This is because of a total lack of communication and a vilification campaign against any organization which opposes the government."

The hopes of those who clung to the belief that peaceful reform through negotiation was possible in South Africa were being sorely tested.

"The business community is striving to effect meaningful steps towards meaningful change.

"However, it is not easy and private enterprise — particularly big business — has become synonymous with government and the apartheid system in the minds of most black South Africans."

This was understandable, if unwarranted, because investors had for many years taken advantage of the apartheid economy and exploited cheap labour.

Mr Wilson said that for the past decade, business had justified its presence in South Africa by claiming it could act as a positive agent for change by bringing pressure to bear on government.

"Sadly, that time seems to be past. Government reaction to dissident voices confirms that."

While the company agreed with the basic aims of the anti-apartheid organizations — the eradication of apartheid, and political rights for all in a free and just society — it realized that disinvestment would not cause the government to topple.

Referring to overseas pressure on Shell to disinvest, he said the company has been the target of a sustained campaign — including boycott campaigns and sabotage — in 11 countries, including the Netherlands, Britain and the United States.

He denied rumours that the company was about to disinvest and said it would resist pressure to pull out to the utmost.

Unions to picket oil companies

By BILLY PADDOCK, Durban

OIL giants Shell and BP face public criticism when workers from the Cosatu-affiliated Chemical Workers' Industrial Union picket their offices throughout the country next week.

The union already has permission from the magistrate to hold the pickets in Durban but is still waiting for permission from the other centres.

Durban branch secretary for the CWIU, Pat Horn, said the workers wanted to publicly demonstrate their dissatisfaction with the attitudes of the two multi-nationals. The petroleum companies refuse to intervene in the wage dispute between the union and the South African Petroleum Refinery, the Shell and BP jointly-owned company based on the Bluff, Durban.

On February 26 the CWIU, which has majority membership among the 700 workers, declared a dispute with Sapref after the parties failed to reach agreement on wages and working conditions which were to come into force from March 1.

A conciliation board was appointed after several meetings between the parties ended in deadlock .

At the same the CWIU appealed to Shell and BP to intervene in an attempt to resolve the dispute.

"Sapref is an independent company with its own very qualified management independent of either Shell or BP," said Shell's general manager for legal and public affairs, Scollen Channon-Bracher.

Says Horn: "Shell and BP are avoiding their responsibilty to their refinery employees.

"It is all very well for Shell and BP to invest in expensive advertising campaigns promoting their concern for the people of South Africa but we believe they should put their own house in order," said Horn.

Channon-Bracher said: "We would find it highly irregular that the union represented at Sapref should dictate to Shell and BP what our social programmes should entail."

The managing director of Sapref, Andrew Warner, said he had discussed with the union their proposals on social responsibility and his company had made offers regarding these.

His plant had a tertiary education programme for their employees and together with Shell and BP "we consider ourselves well in the forefront as far as social responsibility goes".

Shell said they were not unduly concerned about the pickets even though it did add to the complexities.

The union will be conducting a strike ballot at the plant today

61 W Mail 3-9/7/87

One more bitter day during the longest dispute

Women look after babies in an ad hoc nursery. Meanwhile (below) striking Sarmcol workers meet in Howick. Pictures: Billy Paddock

Weekly Mail Reporter: HOWICK

THE local subsidiary of a giant British-based transnational corporation has admitted that its reason for sacking almost 1 000 black workers — sparking off the longest and most bitter South African labour dispute involving a foreign company — was partly to "smash" their union.

The admission was made by John Sampson, administrative manager of the local subsidiary, BTR Sarmcol, under cross-examination by lawyers acting for the Metal and Allied Workers' Union (Mawu). He was giving evidence this week at an industrial court hearing at the Edendale Centre.

Mawu, which represented 98 percent of the Sarmcol workers when they were sacked for going on a legal strike in May 1985, has applied to the industrial court for full reinstatement.

They are arguing that the strikers, who were protesting Sarmcol's refusal to recognise their union, were unfairly dismissed.

Asked by union advocate Martin Brassey if Sarmcol's decision to dismiss the strikers, "reflected a desire to smash the union", Sampson told IC president Pierre Roux: "That is to some extent partially true."

Sampson went on to explain that the company had shown no profit in the four months prior to the dismissals because of a series of work stoppages and go-slows in which, he said, the union had displayed an "impossible" belligerence.

Sarmcol is controlled from London by British Tyre and Rubber (BTR), which also owns Dunlop's parent company in the UK.

In their application, Mawu is arguing that the dismissals and Sarmcol's failure to recognise Mawu, despite its overwhelming support in the Howick plant, constitutes a breach of the European Community and the International Labour Organisation codes of conduct for companies operating in South Africa.

In reply, Sarmcol management argues that the May 1985 strike was disruptive and resulted in "disorderly, aggressive and intimidatory action", and it was entitled to dismiss the workers under common law for breaching their conditions of employment.

Sarmcol and the union have been in conflict virtually from the day it began organising workers at the plant in 1974. For the next decade the company flatly rejected Mawu's demands for recognition, saying the union had the support of only 35 percent of its workers.

Union officials argue that the union's arrival in Howick coincided with a major mechanisation drive which by 1983 had cut Sarmcol's workforce from 4 500 to just over 1 000. Management used selective retrenchment to keep Mawu's membership down, they say.

Finally, in 1983, Mawu took the company to the industrial court, and in an out of court settlement won access and stop-order facilities. Within a month the union had the paid-up support of more than 90 percent of the Sarmcol workers.

Now legally entitled to recognition, Mawu battled for two more years without success. In April 1985, a union ballot came out in favour of a strike which began on April 30, after a Conciliation Board hearing had failed. Sarmcol fired the strikers three days later.

Throughout the hearing there has been evidence of co-operation between management and the police.

Mawu shop steward Lawrence Zondi told the court at the start of the hearings last year he was interrogated by police before the strike on company premises, in an office alongside that of Sarmcol industrial relations officer Steve van Zyl, a former policeman.

And Sampson admitted receiving a tip-off from security police in Durban that foreign television correspondent Peter Sharp was travelling to Howick to cover the dismissals.

Sampson passed on the information to police in Howick. "It was a tense period," he explained. "Any intelligence which could have a bearing on security was important."

Sarmcol, which produces industrial hosing and conveyor belts and is the only local supplier of much of its output, is "a strategic industry".

"The police in Howick had a particular responsibility to protect the factory. In the tense period of the strike we thought it might be necessary (to call in the police)."

Police intervention did not materialise, he added, but if the police had gone to the factory, they could have armed themselves from an armoury on the company premises.

Sampson also referred to advice given to Sarmcol by the labour relations consultancy Andrew Levy and Associates. Six weeks before the strike, Sarmcol executives met a member of the consultancy and was strongly influenced by suggestions that Sarmcol sack the entire workforce for striking, then selectively rehire, keeping out the shop stewards.

A note from that meeting in Sampson's handwriting was handed to the court. It reads: "Strike two weeks. would not fire or re-hire for two weeks ... more acceptable to the UK ... clean surgical issue ... if not broken by two weeks we could have a trickle back and lose shop stewards, by closing gates ... then perhaps fire after due warnings, obtain a new workforce."

And this week Sampson said that Levy had assured Sarmcol that although international reaction to the mass dismissals was likely to be "heavy" — possibly including approaches to the European Parliament, the ILO and the UN general assembly — there would be little actual leverage on the company.

Levy referred to the failure of previous international campaigns, specifically those around the Wilson-Rowntree and Liberty Life disputes, the court heard. Sampson said: "The UN has no say in our affairs in this country." — Agenda Press

The company town with one in fifteen out of work

WEEKLY MAIL REPORTER

EVERY day this week, shop steward Philip Dladla has led his 1 000 rubber worker colleagues to the the Edendale Ecumenical Centre to listen to an Industrial Court application to reverse their firing two years ago.

Every night he has led them back to a community shattered by the decision of BTR Sarmcol to dismiss them.

With no other permanent industrial employment in the area, their township, Mpophomeni, is virtually a Sarmcol company town.

Most of the dismissed workers — with an average of 25 years service at Sarmcol — have never worked anywhere else. Neither have many of the other adult males among Mpophomeni's 15 000 people.

Although Sarmcol's average R78,20 weekly wage is about R20 below the central Natal average, it was Mpophomeni's main source of income.

Without it, the community is literally starving.

A health screening project set up by the Metal and Allied Workers' Union (Mawu) after the strike has formally diagnosed fully a quarter of Mpophomeni's children as "malnourished", and a further third as "undernourished".

Among this latter group is Dladla's son, eight-year-old Mkululi.

"The incidence of malnutrition will increase in proportion to the time their fathers are unemployed," according to a report of the health project.

The tiny local cemetery, says Dladla, has had to accommodate a great many more small graves in the last two years.

Sharing the graveyard with the bodies of the children are those of senior Sarmcol shop steward Phineas Sibiya and three adult residents killed by black vigilantes late last year in a bloody invasion apparently aimed at breaking community support for the court battle to force Sarmcol to reinstate the 900 strikers.

No one has been charged with the deaths, but the families of the four victims are suing the Inkatha movement and KwaZulu Police for R400 000 damages.

Dladla is careful to tell anyone visiting Mpophomeni that he speaks for the workers only because Sibiya was killed.

To guard against further attacks, residents have appointed "marshalls" to watch for suspicious outsiders, and area committees to organise defence.

With his wife and three children, Dladla survives, like his colleagues, on the R2-a-day they earn from the co-operatives they set up with the help of the union. Their silk-screening co-op prints most of the T-shirts for South Africa's labour movement, and they also have a vegetable growing co-op. — Agenda were not caused by overborrowing. | ner Philip Jaffe, said only ...

Resistance to apartheid will grow — Shell boss

3/7/87 B/Day (61)

MICK COLLINS

SHELL, one of the last giant multinationals in SA, yesterday said blacks would continue their struggle until they achieved full political rights in a democratic, unitary SA.

In a hard-hitting annual review, executive chairman John Wilson said resistance to the apartheid system would not abate, but would grow in intensity.

"Violence will not be extinguished by states of emergency or the use of force."

Wilson said government was clearly not yet ready to negotiate fundamental change or sanction genuine democratic structures.

"It is a sad fact that government and most white South Africans are out of touch with the mood of black people. This is because of a total lack of communication and a vilification campaign against any organisation which opposes the government.

"The business community is striving to effect meaningful steps towards meaningful change.

"However, it is not easy and private enterprise — particularly big business — has become synonymous with government and the apartheid system in the minds of most black South Africans."

This was understandable, if unwarranted, because investors had for many years taken advantage of the apartheid economy and exploited cheap labour.

Wilson said that for the last decade, business had justified its presence in SA by claiming it could act as a positive agent for change.

"Sadly, that time seems to be past. Government reaction to dissident voices confirms that."

While the company agreed with the basic aims of the anti-apartheid organisations — the eradication of apartheid and political rights for all in a free and just society — it realised that disinvestment would not cause the government to topple.

Business no help in stru...

B/Day ...

LONDON — Cosatu general secretary Jay Naidoo has ruled out the possibility of working with business against apartheid.

5/7/87

(61)

Sarmcol dispute in its 25th month

By S'BU MNGADI

THE long-drawn dispute between BTR Sarmcol and the Metal and Allied Workers' Union (now the National Union of Metal Workers of SA) entered its 25th month when an Industrial Court hearing resumed at Maritzburg's Edendale Lay Centre.

The dispute is centred around the legality of the two-day strike by Sarmcol's 1 000 employees in May 1985.

Numsa alleged that the subsequent dismissal of strikers by the giant multinational company was unlawful.

BTR Sarmcol, on the one hand, alleged that the strike action was disruptive and resulted in "disorderly, aggressive, violent and intimidatory industrial action".

As a strategy for survival, pending arbitration, the union embarked on a large-scale co-operative project – the Sarmcol Workers' Co-operative.

Sawco's projects include a T-shirt screening unit, farming, a newsletter and a cultural group.

From the proceeds of Sawco and donations from sympathetic bodies and individuals worldwide, Numsa has been able to supply strikers with food parcels in order to keep them fed and united.

Since May 1985, there has been sporadic incidents of violence involving the strikers and about 800 scabs.

December last year saw two senior Numsa shop stewards and two Numsa supporters being fatally attacked by busloads of people who invaded the Mphophomeni township at night.

Subsequently, a civil case involving more than R412 000 in damages, was instituted by the families of the deceased against KwaZulu Chief Minister MG Buthelezi, in his capacity as the homeland's Police Minister.

Cape Times 7/7/87

Anti-SA action 'blocked'

LONDON. — Mrs Margaret Thatcher's Conservative government had deliberately drafted legislation to prevent local authorities from boycotting South African products or avoiding contracts with South African-linked companies, the Anti-Apartheid Movement (AAM) said yesterday.

The AAM said the legislation was contained in the new Local Government Bill, which was due to receive its second reading in the House of Commons last night.

An AAM statement said: "Mrs Thatcher seems to be determined not only to block action by the Commonwealth and the European Economic Community against South Africa, but now she also wants to stop local-authority boycotts.

"Over 100 authorities of all political persuasions have introduced boycott policies in response to community and employee representations."

The AAM said it intended to rally all opponents of apartheid in an attempt to stop the legislation going through parliament. — Sapa

Cape Times 7/7/87

Church invests despite 'stance'

61

From MIKE ROBERTSON

LONDON. — The Church of England continues to retain huge stakes in UK companies with South African links, despite its "ethical stance" on investment in SA.

A new report by the Ethical Investment Research and Information Service (EIRIS) says the church's ostensibly ethical opposition to investment in SA has little impact on its investment policies.

About a third of its income comes from companies with SA interests.

EIRIS said the church had sold shares in three companies with relatively small SA interests. All three were outside the top 150 UK firms.

This was because the church, in its attitude towards screening investments, had concentrated on profits rather than on the activities of companies.

Companies that earned in the region of 10% of their profits from SA appeared to be excluded.

This allowed investments in huge companies with sizeable SA activities while excluding companies with smaller investments.

The executive secretary of EIRIS, Mr Peter Webster, said the Church of England could do much more to implement an ethical investment policy towards SA by looking more deeply into the activities of companies in which it invested.

A spokesman for the church's central board of finance declined to comment on the report.

Everpost 9/7/87.

Church under fire over SA links

61

LONDON — The Church of England was criticised this week for investing in companies which have financial interests in South Africa.

"Although the church's central board of finance would not permit itself to invest in South African businesses, it receives nearly a third of its income from companies which do," says a report on the board's investment fund.

The report is published by the Ethical Investment Research and Information Service set up five years ago with backing from charities and church organisations including the Church of England.

"Although the church argues that it has squeezed South African involvement from its portfolio, only a few companies with South African interests are being avoided in practice," the report says.

Sir Douglas Lovelock, chairman of the church's finance board, said it must put the church's financial interests first.

"It is almost impossible to find large companies — banks, oil companies, engineering firms — that don't have some financial link with South Africa." — Sapa-Reuter

61

5/Day 9/7/87

Why Shell is staying in SA

MICK COLLINS

THE LAST of the multinationals. Standing four-square in the international spotlight, oil giant Shell has stuck to its guns and tenaciously refused to be budged from its position as the largest multinational to stay on in SA.

To the consternation of the immoderate anti-apartheid movements — whose frustrations have given rise to picketings, bombings and economic boycotts — the company maintains that its most advantageous position from which to influence events on the African sub-continent is right here in SA.

Chairman in SA of the beleaguered offshoot of the Royal Dutch/Shell Group is John Wilson, a particularly outspoken critic of government.

"Why Shell, I am often asked. I can only presume that the attacks appear to our opponents to be more meangingful when aimed at what is the largest multinational with operations in SA, with parent companies in the UK and the Netherlands and operating companies in 145 countries.

No foundation

"The rumour that Shell is about to disinvest is rampant — understandably so, when no fewer than 50 companies have done so in recent months. But it is without foundation."

Wilson, speaking in his business report to the company, sees a certain amount of irony in the calls by anti-apartheid movements for Shell's withdrawal. "Firstly, we are at one with each of these organisations' primary aim — the eradication of apartheid and political rights for all in a free and just society.

"Our only point of difference is the means to achieve this — we realise that disinvestment will not cause government to topple. We believe, as do some of the major anti-apartheid movements, that a dramatic reconstruction is necessary if the cake is to be more evenly divided. But we do not believe in jumping on that cake, in crushing and totally destroying even the remnants of a viable economy."

☐ WILSON ... rumours unfounded

The naive belief that Shell as a multinational can pressurise the legislature to break down the barriers of apartheid has been lost, says Wilson.

"But we cling to the belief that this will happen. In the meantime, we will concentrate our efforts on educating and developing leadership and negotiating skills, adding to the skilled pool of human resources who will be ready to step into leadership roles in tomorrow's SA."

To withdraw from SA, he maintains, would be shirking responsibility to the company's 4 000 employees.

Mainspring

"It would smack of Pontius Pilate washing his hands. The company would certainly not disappear. Evidence of recent so-called disinvestments has given proof enough of that. It would merely be taken over, voluntarily or involuntarily, by those who would see no necessity for maintaining Shell's employee conditions and social programmes."

It is this vision of the future, and of Shell's role in it, which is the mainspring for the company's determination to resist to the utmost the pressures placed on it to pull out of SA, Wilson says.

Shell's views on disinvestment may best be summed up by the words of Lo van Wachem, chairman of the committee of MDs which directs the Shell Group internationally: "Disinvestment is not a moral rectitude. It is a moral weakness."

Rembrandt — pre-emptive right

Cons Gold denies disinvestment charge on sale

Cit Tvi 10/7/87

61

By AUDREY D'ANGELO
Financial Editor

REMBRANDT'S acquisition of a 10% stake in Gold Fields of SA (GFSA) from British-based Consolidated Gold Fields (Cons Gold) for about £131m should not be seen as a step towards disinvestment by the former British parent, according to GFSA deputy chairman A M D Gnodde.

"Cons Gold still has a 38% stake in GFSA," he pointed out.

Gnodde said the sale, from which Cons Gold expected to make a profit of about R260m, would finance its expansion programme.

"Cons Gold has been expanding round the world and raising money where it can."

Intention to sell

Agreeing that the sale gave Rembrandt a pre-emptive right to buy any shares Cons Gold put on the market, Gnodde said this did not imply any intention to sell more.

"The agreement also gives Cons Gold the right to buy back the shares if Rembrandt ever wants to sell them," he pointed out. "This is usual in this type of agreement.

He said prospects for gold were good because "the dollar is in trouble and we are confident that it will weaken further."

He expected inflation to rise in the US after the presidential election, which would have a weakening effect on the dollar and strengthen gold.

It was therefore likely that Rembrandt had decided to get out of the dollar and into gold.

Announcing yesterday that it had agreed in principle to buy the 10% stake in GFSA from Cons Gold, Rembrandt described it as "a strategic investment."

The announcement said the sale would be effected by Rembrandt taking a 33⅓% interest in a holding company which in turn would own 30% of GFSA.

Cons Gold will retain 66⅔% of the holding company and will continue to hold its remaining 18% interest in GFSA directly.

Each party will have conventional pre-emption rights over the other party's shareholdings.

"Rembrandt is making an important long term investment and we are looking forward to working with people for whom we have the highest regard," said the announcement.

"We believe it to be a strategic investment for the benefit of our shareholders during a period of financial and economic uncertainty in the US and its major trading partners."

It added: "We do not envisage becoming the largest shareholder in GFSA."

'Rembrandt wanted more'

□ Reuter reports that in London Cons Gold chairman Rudolph Agnew said the proceeds of the sale would flow into its Arc, formerly Amey Roadstone, business and into two new mining projects in gold and iron.

He added: "The Rembrandt group would have liked more than 10% of GFSA's equity, but 10% was as much as we were prepared to sell."

□ Market capitalization of the Rembrandt Group now exceeds R14bn, compared with R4bn for Barlows and R5bn for SAB.

SHELL 28 FM 10/7/87 (61)

Tummy and tank

In share-broking parlance the Shell offer for the management of its multi-million filling station-restaurant complex near Estcourt has been heavily oversubscribed.

Tenders for the management of the first of Shell's super roadside complexes, currently under construction on a 16,8 ha site 13 km north of Estcourt on the N3 between Johannesburg and Durban, closed on June 12. Though Shell will not officially confirm the number, it is reliably understood that 29 tenders were received.

"The interest is very high because the operation is very big," opines Shell marketing manager Pat Erleigh. "We'll now be assessing the offers and will not be in a position for a few weeks to decide whether we'll accept any of the tenders, or negotiate the terms."

Construction of the complex on a site known as Heavitree is on schedule, says Erleigh. Due to open in November, it will offer both truckers and private motorists a one-stop facility, incorporating a filling station, a range of restaurants, fast-food outlets, rest rooms, picnic areas and parking for cars, caravans, trucks and buses.

The concept was imported from the US where "full-service freeway centres" or "road plazas" are common. Shell's next venture in this market is likely to be in the eastern Transvaal.

Clearly Shell and its tenderers are banking on the fact that the deluxe complex will entice a major slice of the market from the downmarket roadside petrol stations on the Johannesburg-Durban route.

Among tenderers to run the business is an Estcourt consortium represented by former PFP MP Graham McIntosh.

"We're all moving in the dark because it is the first of its kind in SA," McIntosh tells the *FM*. Important unknowns include the volume of fuel likely to be sold (with 7,2c per litre offered to tenderers) and the amount of cash per car which the other facilities will generate.

The cynical view, observes McIntosh, might be that Shell was merely "testing the water" by calling for tenders, since the draft lease upon which tenders had to be formulated called for estimates of turnover.

In an unusually frank admission, McIntosh says his tender set a minimum turnover of R204 000 per month before rental would become due, thereafter offering an escalation clause. It called also for Shell to foot a countrywide advertising bill.

Among the undertakings called for by Shell, he says, were "tough clauses on security and maintaining gardens."

McIntosh says annual costs of administering the complex were likely to amount to R2,5m "which means that if Shell is not pumping a million litres per month on average, it's not going to be worthwhile." Should this target be met, other filling stations on the N3 would lose business.

An estimated 7 000-8 000 vehicles pass Estcourt on a "low mean" daily average, says McIntosh. "Within CBD locations it is reasonable to assume that 1% of passing traffic might pull up for petrol, but at Shell's new Estcourt facility this would have to be closer to 10%. We'd have to generate a gross monthly income of about R240 000 from this passing trade before we'd be in a position to pay a reasonable rent."

If McIntosh's assessments are correct, Shell may well have to go into the subsidy business until the concept really gets off the ground. ■

DD 13/7/87 61

UK church uneasy about SA stocks

YORK (England) — Leaders of the Church of England declined to order their financial controllers to get rid of all their investments in South Africa, despite pleas by some churchmen that the holdings were morally wrong.

The 570-member General Synod of bishops, clergy and laity of the Anglican state church accepted the annual financial report on a show of hands without amendment.

Sir Douglas Lovelock, who as First Church Estates Commissioner controls total real estate and stocks for the church worldwide of just over £2 billion, said its last holdings in South Africa were in multinational companies doing a fraction of their business in that country.

He said the church's income from those South African interests amounted to less than one-third of a penny in every pound of total income.

"For an institution of our size, if you have our sort of money to invest, you have to have part of it in large international firms which trade all over the world. They have a very small stake in South Africa and we have a very small stake in them," he said.

The commissioners, who pay the salaries of the church's clergy, have been reducing their stake in companies with South African interests for more than 20 years because of opposition from church members to apartheid.

But the rundown was still not enough for some members of the synod at its regular summer session in York.

An Oxford clergyman, the Reverend William Whiffen, said there should be an "ethical investment committee" to tell the commissioners to get out of South Africa completely.

"Financiers don't have the moral or ethical fibre for that," he said.

The Dean of St Paul's Cathedral, the Very Reverend Alan Webster, said: "We need to send a clear signal to the suffering people of South Africa, living under the bitter injustice of apartheid, that we are on their side."

The Bishop of Oxford, the Right Reverend Richard Harries, appealed to the commissioners to sell their nearly £25 million stake in the oil company, Shell Transport and Trading, which, he said, "more than any other company underpins apartheid", trades with the South African army and police and enables South Africa's white minority government to "carry on the illegal war in Namibia (South West Africa)".

Sir Douglas Lovelock responded that the Shell company was "an outstandingly good employer and not the only oil company with a major presence in South Africa".

Mr Philip Lovegrove, a member of the church commissioners, said he was "fed up with the commissioners being told to do the right things so we can all have clean hands".

Mr Lovegrove said if each of the church's 43 bishops reduced their stipends by £7 500 that would about equal the amount earned from South Africa.

Some of the bishops in the front row of the synod smiled at the remark. Stipends range from the Archbishop of Canterbury's £27 860 to £12 035 for a diocesan bishop.

The church commissioners said that for every pound (100 pence) of their income, 34 pence comes from the parishes, 30 pence from real estate, 30 pence from stocks and shares and 6 pence from loans.
— Sapa-AP

SHELL SA

The social side of business

Shell has made it clear that it will not follow the lead of other multinationals and leave SA. But it will do so with clearly defined social goals in mind as well as commercial ones. This could prove tricky

What a pity the main news this week was the visit of the 40 wise Afrikaners to the African National Congress in Dakar. A far more important event went relatively unnoticed back at home.

Shell is staying on in SA. In spite of no short-term advantages, they feel they have a social responsibility in contributing to a new South Africa.

This is an unequivocal commitment to fostering economic wellbeing, as well as significant social and political change, from one of the world's largest corporations. And it comes in the face of a general flight of the multinationals, some of whom were protesting their commitment up to and including the eve of their departure. It comes, too, after formal boycotts of Shell products in 11 countries and vandalism of its petrol outlets.

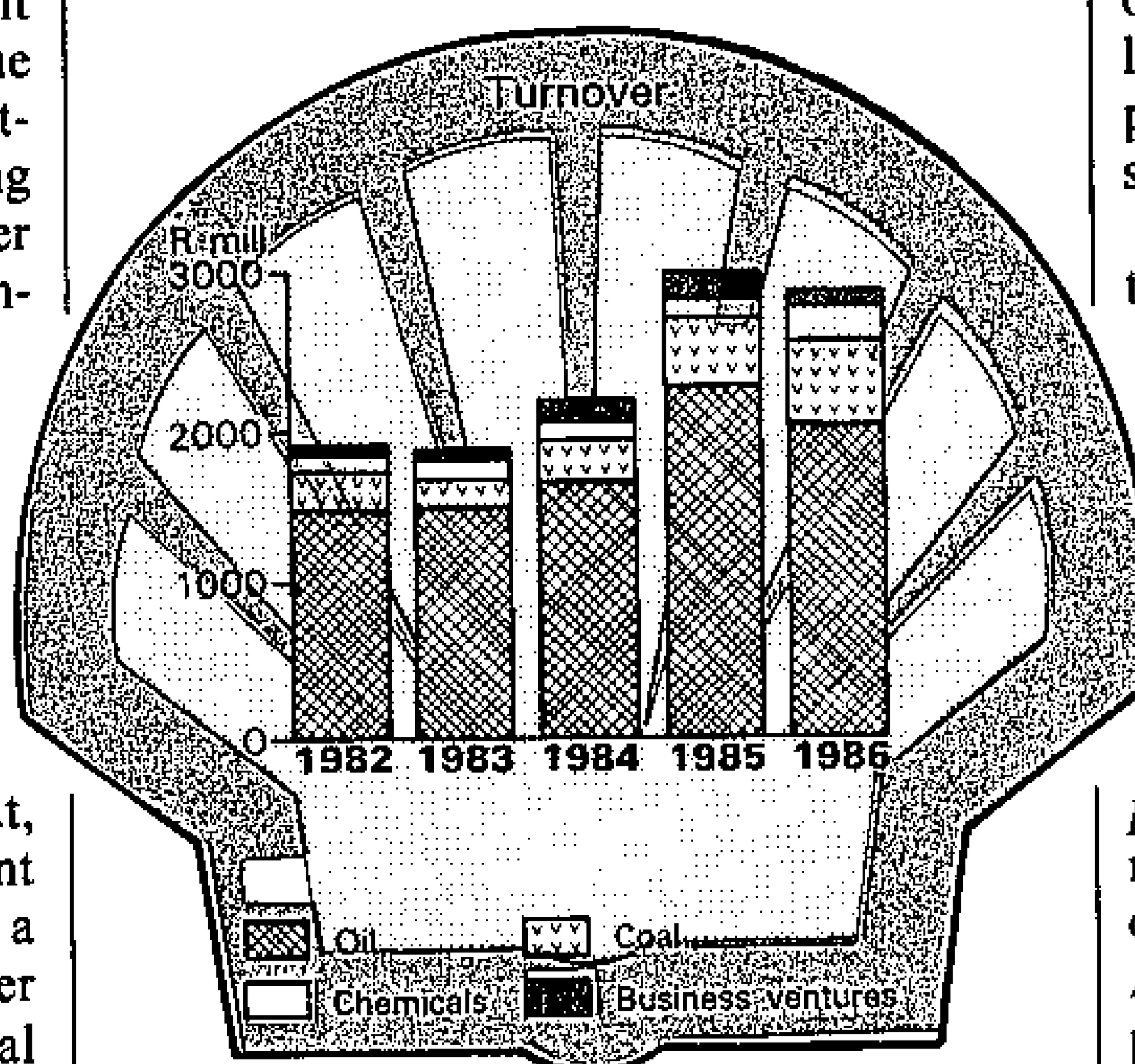
But why, it might well be asked, should Shell be different? What is to stop it simply uprooting when the anti-apartheid heat becomes too hot?

The answer to that must be sought partly in a major document released last week spelling out in detail Shell's reasons and aspirations in this country. Simply put, we understand it to mean that Shell is a giant multinational that has been a player for a long time and has learnt to take a rather different and extended view of geo-political opportunities.

It has learnt from extensive operations in 150 countries, with very different characteristics, and from the vagaries of scientific advances, that it pays to transcend the follies of parochial governments.

Shell wants to be part of the process of change in Africa's richest and dominant economy — and thereby be around to reap eventual rewards. Few would argue that the potential for them is anything but substantial. As executive chairman John Wilson tells the *FM (see Face to face):* "Once you're out, you're out."

This commitment is no less real or significant because there are few companies besides Shell which are large enough or sufficiently prescient to make it. Nor is it less so because boycotts haven't hit its sales (so far they've actually risen) and because its South African operations represent only 1% of its net earnings (see next leader).

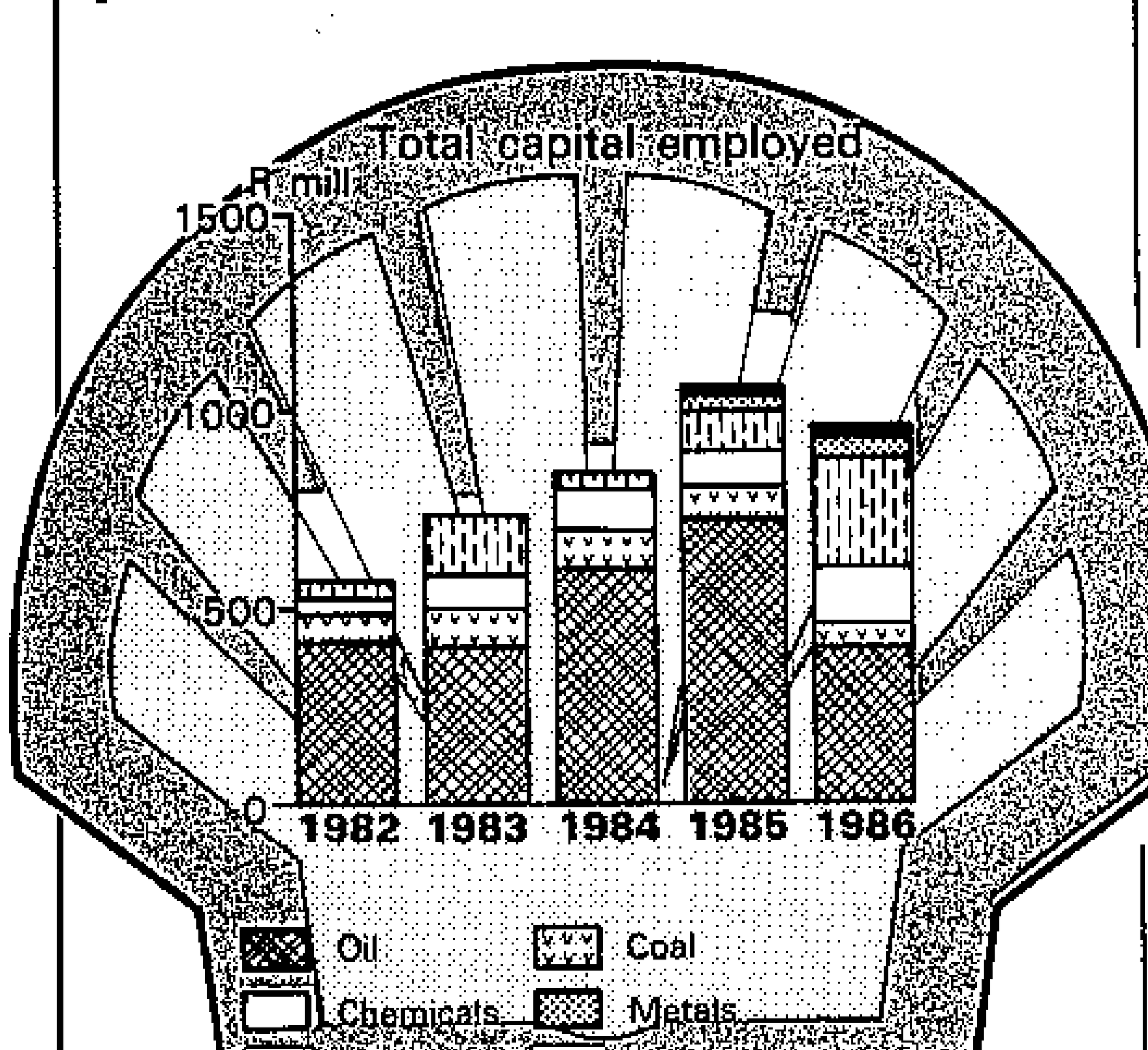


But there is a further point of no mean importance. The strong anti-apartheid position it plans to adopt is going to attract political controversy, if not the full weight of President P W Botha's ire. There is enough potential trouble in that to serve as an earnest indication of genuine intentions.

It is safe to say that no business grouping has ever served such strong notice on a South African government, that its race policies are both morally unacceptable and politically unsound.

Thus, speaking at a senior staff conference held in Cape Town in August 1986, Wilson said: "I nailed Shell's political colours to the mast. I stated that this business condemned apartheid, and would do all within its power to eradicate this unjust system." And: "We are totally committed to the concept of freedom for all in an equal society."

If Shell's policy stance — on the reasoning derived above — is to be taken at face value, then there is a great deal to commend in the package. It hardly needs to be stressed that Shell is correct in contending that its withdrawal from SA could not effectively advance the black cause.



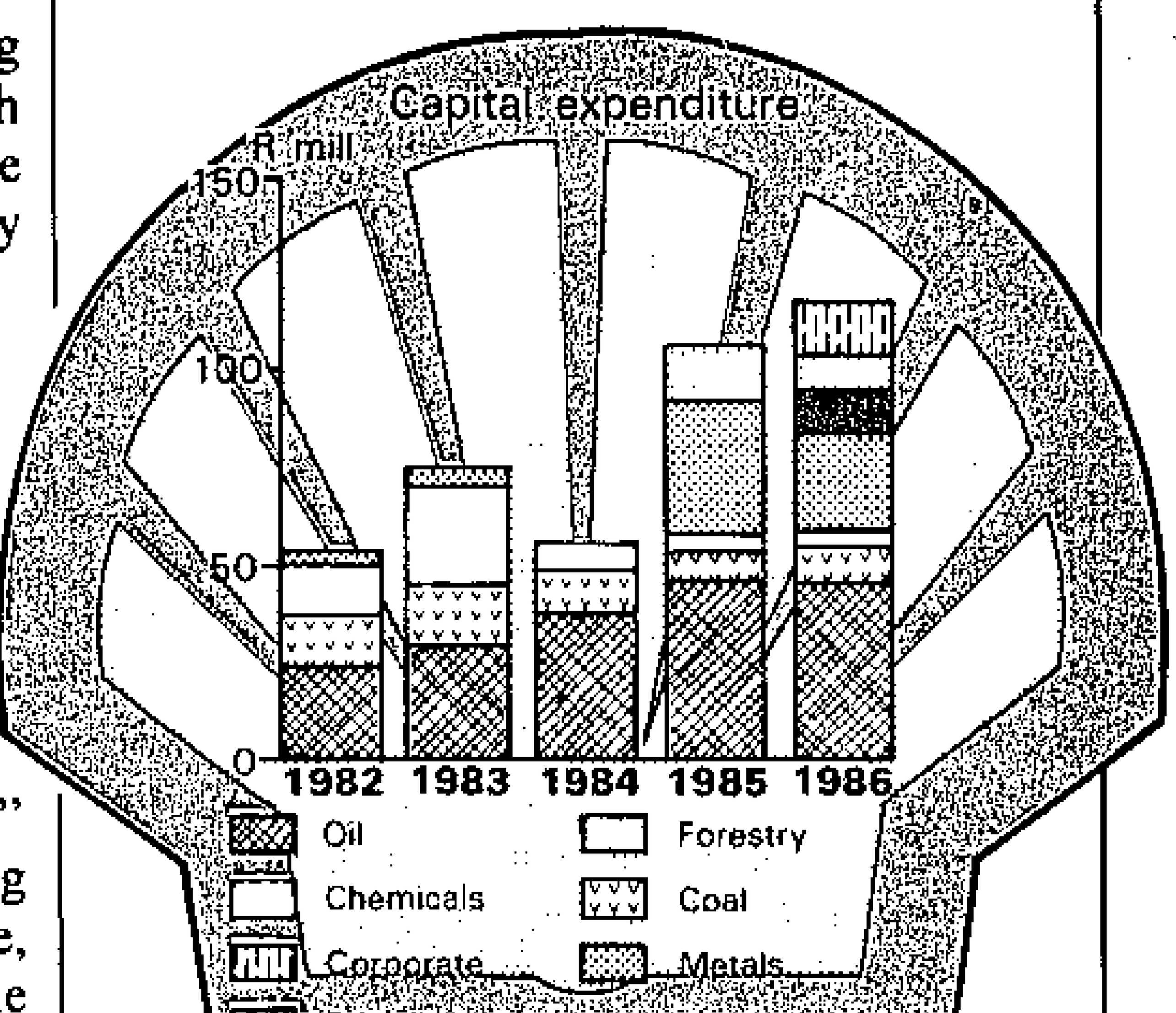
Lo van Wachum, the senior group MD of the Royal Dutch-Shell group of companies issued a policy directive in September 1986 which put the argument against disinvestment rather effectively. He said: "Shell SA is a mature company, managed and staffed by South Africans, and making no calls on its shareholders for funds. Its fixed assets cannot be physically removed. Therefore withdrawal or disinvestment would mean no more in practice than selling the title to the assets.

"Crude oil supplies to SA would not be affected either, because no Shell company outside SA is involved with them ... I believe that the sale of Shell assets in SA for political reasons would be no more than a symbolic act."

Withdrawal "would not be a demonstration of moral rectitude but of moral weakness. It would be washing one's hands of any further social responsibility, let alone any continuing responsibility for Shell employees in SA."

To bolster its overtly political stance within SA, Shell is addressing the issue of black deprivation in a great number of practical ways. Shell SA's *Business Report* for 1986 describes the group's "social responsibility programme" — which includes a number of valuable commitments. A new effort is the "technikon option," a programme to support black students at technikons, where they can acquire "practical career-orientated qualifications."

And 1986 was the second year of operation of Shell's independent Mathematics & Science Resource Centre (under the direction of Dr Philip Botha) on Natal University's Durban campus. The centre, which is run on entirely non-racial lines, concentrates on providing in-service training courses for black teachers, and curriculum extension and pupil enrichment programmes



Financial Mail

BLACK BUSINESS

Beware the poisoned chalice

The growth of a black entrepreneurial class is clearly basic to a peaceful transition to a nonracial SA. But that does not mean that any extension of black business activity is to be welcomed uncritically for its own sake; and the possibility that the SA Black Taxi Association (Sabta) may buy from the Carleo family a controlling interest in mass transport operator, Putco, in particular needs careful scrutiny.

Putco's last balance sheet disclosed gross assets of R266m. Its market capitalisation is within a whisker of R100m. It is no disrespect to Sabta to say that it could not swallow this whale. It would strain the resources of any group of small, under-capitalised, relatively unsophisticated businessmen.

Putco's image among its black commuter customers leaves much to be desired, and it is tempting to suggest that a transfer to black ownership would help the image and depoliticise the issues. Alas, it is just as likely to transfer resentment to the new owners.

Will announcements of higher fares be any more palatable in black mouths? Will black-owned ex-Putco buses no longer be stoned or burnt? And will Sabta be as successful in negotiating with the (white) public sector the subsidies on which Putco has relied so heavily — and increasingly inadequately — to shield its intrinsic unprofitability?

The whole question of financing commuter transport needs a major rethink. Economists would surely agree that subsidies should be phased out. But they cannot simply be scrapped unless the hidden wage subsidy they in effect amount to is somehow replaced. Sabta would be unwise to get involved until this problem is sorted out.

The fact is that black taxis have prospered through Putco's inability — whether the weaknesses are its own or inherent in the system is immaterial — either to satisfy its customers or earn reasonable (indeed, in recent years, *any*) profits. The real — and valuable — entrepreneurial skills Sabta's members have shown are totally different to those needed to run a bureaucratic organisation.

And how will they finance it? Sabta says the Carleo family is asking R200m, which is close to nominal net asset value but a staggering (and cheeky) 100% premium on market capitalisation.

Whoever theoretically owns Putco, professional management will be needed. If to that is added a high degree of loan finance (for it is inconceivable that Sabta and/or its members could put up R200m equity), what will Sabta actually have acquired?

It will run the risk of simply becoming an unpopular front while real power remains in the hands of the money men.

Even should a Sabta-owned Putco succeed, what of the capital already invested in members' mini-buses? Almost by definition, the market will not profitably support both a capital-intensive mass transport commuter service and an unsubsidised, higher-priced private commuter service.

The success of one means the failure of the other; and vice versa. In economic terms, Sabta "taxis" (somewhat of a misnomer for a commuter service) provide a marginal service. To assume that merging the two interest groups will end competition and allow rationalisation of services is facile.

Those who believe in the mumbo-jumbo of "own affairs" will clearly welcome the apparent removal of black commuter transport from the political arena. Those who want a more efficient service to black commuters must be supported in principle. Alas, it is far from clear that a Putco-Sabta tie-up will in practice achieve either aim.

Those who salute the enterprise Sabta's members have already shown, and would like to see it have room to develop further, can be forgiven if at first sight they find the thought of taking over Putco attractive.

But they should beware. Both politically and economically, it could be a poisoned chalice. ■

THE ECONOMY

Confusing signals

The latest decine in the producer price index (PPI — see *Economy*) is one of the most heartening developments on the inflation front for a long time. But one swallow does not make a summer; and it should be remembered that consumer price index (CPI) inflation for the same month of May showed a contrary and disappointing increase (*FM* June 26).

Moreover, whereas food prices are having a depressant impact on the PPI, they remain a major component of the alarmingly high CPI growth rate.

Granted, CPI conventionally lags PPI by several months; but it is a relationship hardly borne out by experience in recent years. These anomalies are really all part of the extreme confusion economic analysis is in at the moment.

Car sales look good; large truck and bus sales disappoint.

Are we sustaining the revival? Is 3% real growth this year still attainable? Most economists still profess to think so — but if Assocom's Business Confidence Index is any guide, businessmen are becoming less optimistic.

The truth is probably that we are near a crisis point. The entrails will be studied with more than normal assiduity in the next few weeks in the hope of establishing whether it is just a hiccup in growth or a more fundamental setback. ■

for black secondary school pupils.

Shell also supports the Centre for Continuing Education at Port Elizabeth University, other similar university projects, as well as scholarships and bursaries. And Shell has made a donation of no less than R1,5m to UCT to purchase a block of flats for additional residential accommodation — which, of course, would be open to students of all ethnic groups.

The group is also making important efforts to promote black small business development. Shell's recently acquired forestry project in northern Natal (the Loring Rattray Forests) incorporates an associated cottage industry in a converted warehouse.

The group is investigating the establishment of industrial parks for black entrepreneurs in various centres, and a community project is in the pipeline at the Pering lead and zinc mine. Shell is also a contributor to the Urban Foundation — to provide black housing — along with a host of other charitable commitments.

Where the *FM* has some modest reservations is perhaps in the area of rhetoric rather than action. Some of the words chosen by Wilson on recent occasions tend to give the impression — if taken at face value — of uncritical endorsement of some of the policy goals of black radicalism.

He has used the phrase "a unitary democratic state" for post-apartheid SA while Shell subscribes to the principles of the SA Federated Chamber of Industries' Business Charter of social, economic and political rights — which endorses the principle of universal franchise. But Wilson tells the *FM* that he did not exclude the application of federal principles or of a qualified franchise if negotiations about the future of SA arrived at these approaches. He also conceded to the *FM* that redress of economic inequalities might better be achieved through black upliftment rather than through outright "redistribution."

But it would not be in anyone's interest if black radicals came to believe that Shell supports uncritically some of its more questionable demands, such as redistribution of income or an untrammelled universal adult

FACE TO FACE

JOHN WILSON

Staying on

John Wilson is chairman of Shell SA, and known for his concern that business should be socially responsible. As chairman of the Federated Chamber of Industries he helped oversee the FCI's Business Charter of Rights in 1986.

***FM*: In your latest *Business Report* (*BR*) you make a strong commitment to remaining in SA. Cynics may say that IBM and General Motors did the same and then pulled out. Why is Shell any different?**

Wilson: Firstly we've been in SA for 75 years; and secondly we've looked ahead and see ourselves in business in perpetuity. We're a profitable company — we make no bones about it — but we believe we should make profits in a socially responsible fashion.

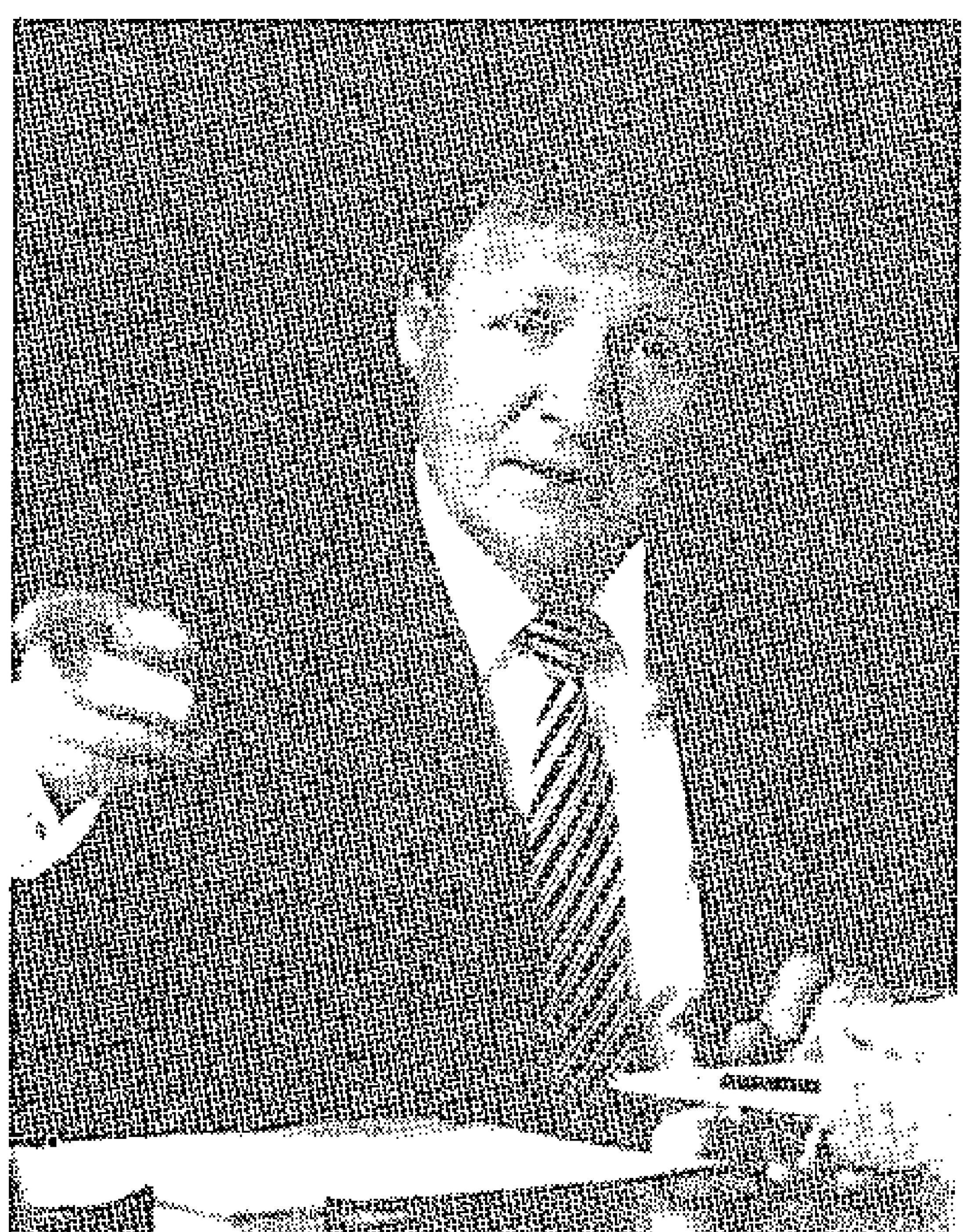
Shell is looking to entrench its position in SA, and to do so we have to be aware of the composition of the total population. We see SA as one people, one country. We try to get this message across to our own staff. Our feeling is that if we pulled out of SA we would be pulling out of what we believe is going to be a very lucrative market. SA is a growth country with enormous potential, and once you're out, you're out. We've worked in many countries where there have been upheavals, but business has continued.

How important is Shell SA to the Shell Group, and at what stage would the balance tip away from the advantages of remaining in SA?

That's difficult to answer. The shareholders have a strong commitment to Shell SA because we've been operating for so long, we're profitable, and we're staffed almost exclusively by South Africans. Less than 1% of our 4 000 staff members are expatriates. The MDs have a tremendous commitment to the Shell SA "family." The Group has been prepared to put up with the "hassle factor" for probably the last 10 years. Formal boycotts of Shell products have now been launched in 11 countries.

The strong political statement in the *BR* is obviously aimed partly at countering the criticism Shell is facing overseas. Is this a strategy devised by the Group, or purely a Shell SA initiative?

I have never been coerced into saying anything I've said by the Group. Shareholders have always been surprised at what we have said when we've said it. We, as an operating company, and my own executive board, have expressed our views not only in



the way in which I have done so in this particular *Business Report*, but on a number of other occasions. We believe that if there is to be a strong and vibrant economy, we've got to break away from many of the restrictions that currently exist.

You refer in the *BR* to the need for strong economic growth in SA in order to generate greater income for redistribution, but you offer little if any criticism of government economic policy. Why is this?

Political policy is totally overriding. Until we solve the socio-political problem, we're not going to generate the level of credibility SA requires first of all to attract capital — which we really do need as an under-developed country — and then to create jobs.

You state in the *BR* that multinationals should not abandon the South African ship even though some may "drown" in the process. Isn't this rather a harsh attitude, particularly in the light of your own group's general business principles which include criteria for investment which presumably will be used to decide whether to leave or stay in a particular country at any given point?

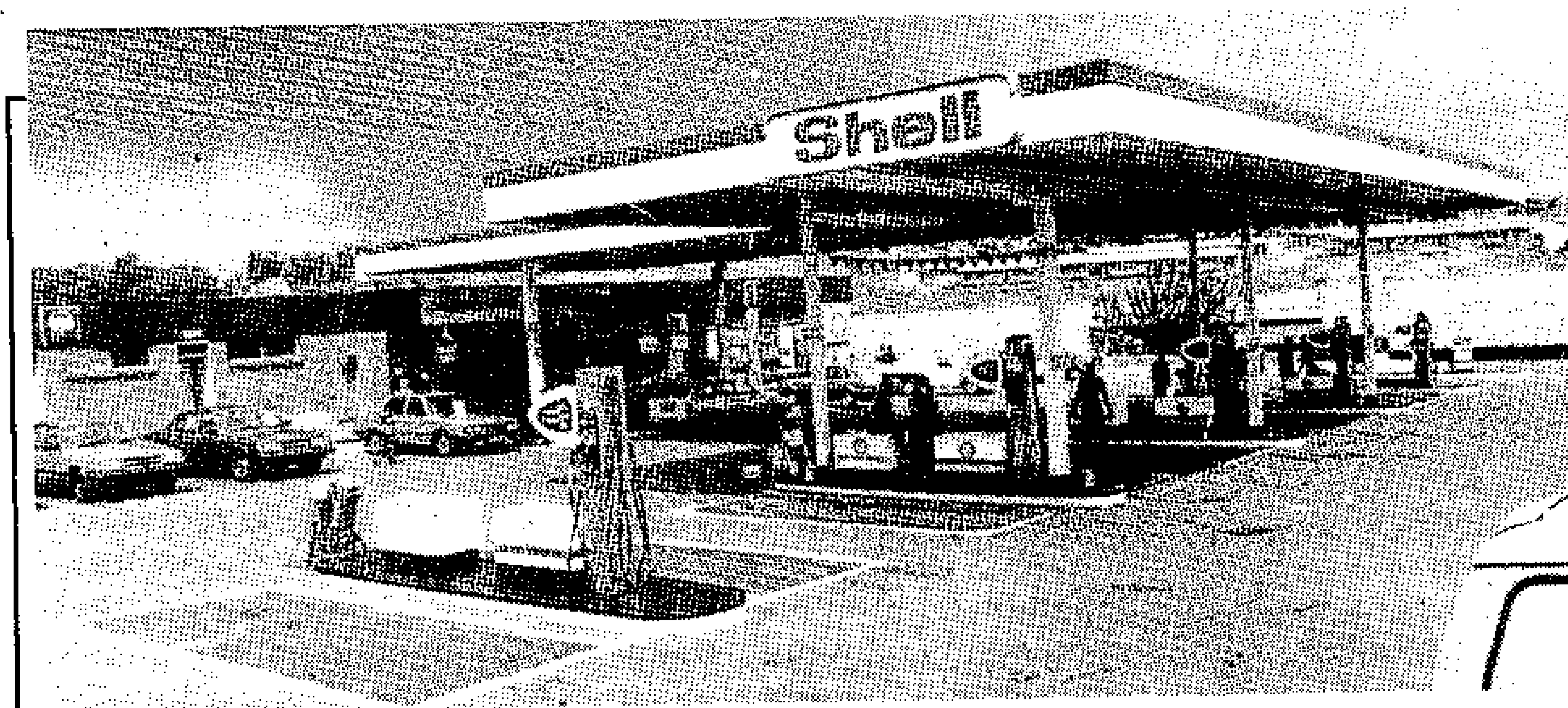
If it becomes totally impossible to stay, I think you've got to recognise that you won't get back in. But when I look at the spectrum of those who have withdrawn, I find it difficult to understand what justification some of them could have had. I'm not going to mention names, but the roundabout fashion and the obvious ruses that have been used don't create any confidence in that company in the South African community.

Do you believe the strong political stand, particularly on disinvestment, will influence other multinationals?

I hope so. I hope people will appreciate that we can't afford to be silent. We don't want a situation to develop once again as we've seen in Western Europe in a certain country where people said "we didn't know it was going on." Take for example the sudden onslaught (by the authorities) on the trade unions. Who in the business community has said anything about it? You can count them on half the fingers of one hand ...

P W Botha recently showed how easily a powerful businessman can be humiliated if he dabbles in politics. What of the intimidation aspect?

He tried the same with me last year when I was president of the Federated Chamber of Industries. I don't believe we can allow ourselves to be intimidated and bullied. ■



At the pump . . . doing well by staying

franchise in a unitary state. It can hardly be in the interests of the largest industrial company in the free world (on assets, the claim is true) to give the impression of unlimited support for such ultimately inimical and even dangerous aims — in the context of SA as it stands today, with its multiplicity of racial and interest groups and fears of race domination.

Finally, Shell may well end up in an ambiguous position. Implicit in the political and social role it intends to play is the assumption that it can significantly thwart the policies of a sovereign government and that it is right to do so.

That would tend to lend credence to the belief — hitherto unproven and probably wrong — of misguided economists like John Kenneth Galbraith, that multinationals are capable of subverting, and have subverted, the sovereignty of Third World states. The evidence for that is not yet in — and whether SA, with its developed First World sector, will prove the exception is open to question. Otherwise, Shell must be commended for its practical and dynamic approach to doing business in and with SA. ■

ROYAL DUTCH-SHELL

Living with the flak

61

So far the anti-apartheid campaign against Royal Dutch-Shell has been largely a propaganda war with a few ugly incidents. Nothing has happened to warrant a pull-out on commercial grounds and Shell is soldiering on, keeping a high profile in spite of the flak. But SA is only 1% of worldwide assets and net earnings and an effective boycott could force a rethink as Michael Le Q Herbert, who heads Royal Dutch-Shell's external affairs services from London told the *FM* this week.

The price the Royal Dutch/Shell group is paying for its decision to stay and fight in SA is, as yet, unquantifiable. There is no sign that sales have been affected by the boycott campaign which started in the US 19 months ago and has since spread, principally to Holland, Denmark, Sweden and Britain.

Indeed, according to Michael Le Q Herbert, "all the evidence suggests sales are increasing in the boycott countries." It is a limited affair, according to him, and Herbert disputes the anti-apartheid movement claim that a dozen countries are participating.

Outside the first five there is "some activity" in Australia.

But the group has encountered no official pressures in any Commonwealth nation in spite of their demands for disinvestment and an oil embargo. "There has been the odd newspaper article, but really nothing at government level," Herbert says.

Nonetheless, Royal Dutch-Shell is concerned, and is devoting an increasing amount of management time to pleading its case for staying on in SA. Violence against it has so far been limited to Europe: for the most part, filling stations daubed with slogans and pump hoses slashed — 29 were hit in one night in Denmark. In five cases attacks have been more serious with fires started and petrol flushed into sewers. While the minor picketing and distribution of leaflets — also suffered by food retailers — which manifests itself in most of the campaign is merely an embarrassment at this stage, Shell is obviously "worried that sooner of later someone will get hurt."

At official level Shell has yet to suffer the loss of business which Barclays Bank endured when Labour-controlled local authorities switched accounts elsewhere. In the UK, Shell has said it will take councils to court if they boycott its products for the reason that to buy Shell is to infringe the Race Relations Act. Leicester County Council has withdrawn its threat. But the London borough of Lewisham has yet to do so, although it has not implemented a ban.

Patently, the group does feel hard done by for being singled out of the quintet of oil multinationals operating in SA. This is put down to a combination of factors, including a trigger point provided by the Rietfontein strike and possibly the size of Shell, a foreign company, in the US market, SA and worldwide where it rivals Exxon. In addition, there is the existence of a highly active anti-apartheid lobby in Holland.

The net effect, however, is to leave Royal Dutch-Shell feeling a little lonely on occasion with its head well above the political parapets in SA — vide its full-page advertisements in the *Weekly Mail* — and outside. Herbert concedes that SA is probably the only Shell market in the world where it would make such highly political statements. It is not, for example, being boycotted because it operates in Chile. "It's a very peculiar situation," he notes.

While Shell's stance within SA is decided by the local management, it has the full support of the parent group. "We do feel that the business of business is business and not politics," says Herbert. "On the other hand,we


Michael Le Q Herbert and the *FM*'s John Cavill

feel we have the right to speak out on political issues which affect business." Shell does not blame its fellow multinationals in SA for keeping their heads down — "but if you are singled out, that is not the best approach."

So the group battles on inside SA and out. Royal Dutch-Shell takes all opportunities to put its case to the disinvestment pressure groups. It talks to the Commonwealth Secretariat, to anti-apartheid movements in the UK, US and elsewhere; to government officials, churches, and even the African National Congress.

According to Herbert: "We all agree on what needs to be done in SA. We simply differ on the means." But persuasion is a slow process, although Shell feels encouraged by the disinvestment doubts surfacing in the aftermath of the withdrawals by US majors such as Ford. "It would be easy to walk away, but that is not the way we like to think we behave. We have been in SA for 75 years; we have a commitment to our employees and our business; what would be achieved if we left?"

That said, there is a commercial bottom line. The Shell group's operation in SA constitutes about 1% of global assets and — allowing for fluctuations in exchange rates — the contribution to net earnings has been "of the order of 1% in recent years." On 1986 net attributable taxed profits of US$3,7 billion, SA chipped in $37m or so. That was only 8% of the depressed $455m (down from $1,1 billion) earned in the US.

Herbert told the *FM*: "We have to recognise that if the boycott cost us, say, 10% of sales in the US, one would have to balance that against SA. It is a choice we hope we won't have to make. But it would be naive to imagine it could never arise. So far, however, there is no sign of that happening . . ." ■

Leyland gets new name

28/7/87

B/Day HAMISH McINDOE

LEYLAND (SA) yesterday got a new MD and a new name.

The Elandsfontein-based truck and bus-maker is now called Associated Automotive Distributors (AAD) — formerly the name of Leyland's trading arm handling its Land-Rover franchise and British spare-parts producer Unipart.

New MD Noel Williams, 42, was not recruited from the motor industry, but his experience in the recession-hit consumer durables sector should equip him well for the task of pulling AAD out of the doldrums.

After an eight-year stint as MD of Abercom-owned Harvey Tile, SA-born Williams has been practising as a corporate strategy consultant.

He succeeds Brian Fuller, who returned to Britain last Friday to head the Rover Group's international operations.

Williams would not say yesterday how far Leyland's management buyout had advanced since Fuller disclosed last month that two SA banks had offered credit lines to relaunch its Anglo-Dutch parent's truck and bus operations here.

Leyland's heavy commercial vehicle (HCV) sales in June dropped by about 1% to 20 units compared with the same period last year. June sales for all 15 HCV manufacturers were 508 units against 595 previously.

Leyland (SA) is owned by Dutch vehicle-manufacturer DAF and Britain's Rover Group. The two companies merged their truck and bus divisions in April.

Argus 31/7/87 61

Standard Chartered set to pull out of SA

The Argus Correspondent

JOHANNESBURG. — Standard Chartered Bank, the London-based international banking group, is set to withdraw its interests in South Africa.

In the wake of yesterday's suspension of Standard Bank Investment Corporation's (Stanbic) shares on the Johannesburg Stock Exchange, analysts are certain Standard Chartered is actively involved in negotiations surrounding the future of its 39% stake in Stanbic.

Standard Chartered is the last of the major international banks to have a financial interest in South Africa, and has been the major target of disinvestment groups in Britain.

In November last year Barclays Plc severed all economic ties with the country.

Last week Standard Chartered played down a report in London's Financial Times that it was actively looking for buyers for its shareholding in Stanbic.

Listing suspended

But yesterday the Stanbic directors said they had requested the suspension of the shares' listings as they were "aware that discussions are taking place concerning the future of Standard Chartered's 39% shareholding in Stanbic".

The listings of shares of Stanbic had therefore been suspended.

Liberty Life is believed to be the major contender for the shares. It already has a 22,6% stake in Stanbic, making it the major shareholder in the bank behind Standard Chartered.

Last week Liberty Life chairman Donny Gordon, who was in London, was quoted as saying he had no plans to see anyone at Stanchart over its reported intention to sell its Stanbic stake.

"But when they are ready to talk, we will talk," he said.

He said Liberty Life might be interested in increasing its stake in Stanbic to "protect the relationship with Standard Chartered and keep the shares out of unfriendly hands".

But he pointed out that under the Banks Act his company could not increase its stake beyond 30% without special dispensation by the financial authorities.

Rembrandt tipped for Stanbic

Weekly Mail Reporter

LIBERTY LIFE and the Rembrandt Group are being tipped as buyers in what is likely to be the biggest banking disinvestment move so far, British bank Standard Chartered's sale of its 38,9 percent stake in Standard Bank Investment Corporation of South Africa.

Trading in Stanbic's shares was suspended a week ago in anticipation of the disinvestment announcement. By Tuesday this week, negotiations were still under way, and the shares have now been suspended again until stock exchange trading closes today.

Stanbic managing director Conrad Strauss told a press conference that if the transaction takes place, it will be substantially larger than any previous banking disinvestment.

The move would make Standard Chartered the third foreign parent bank to sell its South African holdings.

Britain's Barclays plc sold its 40,4 percent stake in Barclays South Africa, now First National Bank, last year for R527-million. The sale gave Anglo American Corporation and its associates, Southern Life and De Beers, ownership of more than half of First National. Earlier this year First National paid American parent Citicorp R130-million for its South African banking arm Citibank SA.

In the wake of Barclays' disinvestment last year, Stanbic's Strauss told *Weekly Mail* that Standard Chartered was likely to reduce its shareholding in the South African banking group to about 25 percent.

But now it seems likely that the British bank is considering pulling out altogether. The move has probably been prompted by its situation in the London finance world, rather than any sudden pressures on the South African front. In response to pressure from rival Lloyd's Bank it may choose to buy another London bank. Disinvesting would provide some cash and, by removing the taint of a South African connexion, might assist it in raising further capital.

Liberty Life is the second biggest shareholder in Stanbic, with a 22,8 percent stake and is almost certainly one bidder for Standard Chartered's stake. But in terms of the Banks Act a life assurance company such as Liberty is not allowed to own more than 30 percent of a bank.

The mystery then is who else will buy in. Liberty is likely to be looking for a friendly partner.

Speculation is that the Rembrandt Group may be in line for the remaining chunk of Stanbic.

The tobacco multinational recently bought 10 percent of Gold Fields of SA from British-based Consolidated Goldfields. Gold Fields is already a significant shareholder in Stanbic and may be bidding to enlarge its stake. And Rembrandt has been moving into the field of finance, acquiring interests in companies such as Sage and Allied and building close ties with Volkskas.

If it sells, Standard Chartered will probably take the money out in financial rands, presently at 30 US cents. — Own Correspondent and Sapa.

War and strike talk drive up gold

Weekly Mail Reporter

JUST a couple of weeks ago economists were predicting that the gold price would hover between \$440 and \$460 for a while. But this week gold shot over the \$470 mark, reaching \$475 before dropping back somewhat.

The crystal ball gazers are now confidently predicting that the gold price will reach \$500 before the end of this year.

This week's increase was largely a result of the escalating war in the Gulf, although talk of a South African mines strike also had something to do with it.

Gold is seen by investors as a "safe haven" for their money in times of political uncertainty in the world — and particularly when the uncertainty involves oil as it does in the Gulf. The prices of other precious metals such as silver and platinum have also been rising.

The gold price in rand terms is now around R980 an ounce and this increases the appeal of gold shares — as reflected in the leaps of the gold index of the Johannesburg Stock Exchange this week.

The soaring gold price may lead people to believe that the South African economy is taking off, but this, says one economist, could be a misconception.

An unusual feature of this week's events in the financial markets was that the dollar also rose against other currencies — although usually gold and the dollar are inversely related. But, it seemed, investors were also seeing dollars as a "safe haven": The dollar's rise certainly did not reflect any improvements in the American economy.

The dollar was soon restored to its previous levels.

W/Mail 7-13/8/87

W/Mail (61) 7-13/8/87

Stanchart pulls out in R715-m Liblife deal

cpn Times 8/8/87

61

JOHANNESBURG. — Standard Chartered, the London-based international banking group, has disinvested completely from Standard Bank Investment Corporation (SBIC) in a R715,9-m deal which leaves its entire 39 % stake in SBIC in South African hands, it was announced last night.

A joint announcement by Stanchart and SBIC said agreement had been reached between them and Liberty Life Association of Africa, Gold Fields of South Africa, Rembrandt Group and SA Mutual Life Assurance Society on the acquisition of Stanchart's stake in SBIC at an effective price of R18,75 per share.

When the arrangements have been completed, Liberty Life's stake will go up from 22,6 to 30%, Old Mutual's from 17,1 to 20, Gold Fields from 3,4 to 10 and Rembrandt from nil ... The Standard B... sion Fund will ... and the other 25... held by the gener... and executives.

Proposals are t... mitted to SBIC sh... ers in terms of wh...

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...sman, ...on by ...ngbok ...n the ...auri- ...ils to ...II — ...spon- ...tem- ...bout ...ns- ...tin ...the ...he ...to ...of ...s

Grinaker expands

GRINAKER Holdings has strengthened its presence in the Western Cape by acquiring Condecor (Pty), a fast growing development and construction company, for an undisclosed sum.

Grinaker, in the Anglovaal group, is already in the Western Cape building and construction market through Dura Construction Co.

Its new acquisition will give it a stronger footing in the local black and coloured housing market ... jects expected to give Conde... turnover of R30m in the nex... months include 300 houses buil... der Condecor's Desire Homes ... ner.

Condecor director Leslier Vilj... said yesterday that the main thr... of future activities would ... through Desire Homes, altho... the company would maintain ... presence in the tender market.

...industry in South Africa", the Cape's first major timeshare project at Bantry Bay will guarantee a non-taxable 50% refund of the purchase price after 10 years.

Sales start in mid-August for Ovland's R6-million Bantry Bay International Vacation Resort, scheduled for completion by December.

Timeshare prices for the upmarket resort's 44 units, now being completely refurbished, will range from R2 750, for studio apartments, to R30 000 for duplex apartments and penthouses.

At a breakfast conference in Johannesburg on Tuesday, attended by Top of ...

...son claimed th... its water's-edg... tween Clifton ... renowned "Ca... timeshare reso... of the top 10 i...

The 50% c... scheme, he said ... a "no-strings-a... age to be un... Union Life As...

With the ra... timeshare indu... long-term secu... share investme... consideration t...

No tips, please — we're

PEKING. — Tipping is strictly forbidden in China, the official People's Daily said, scotching rumours that the practice, long denounced as anti-socialist, would make a comeback.

Tipping and giving commissions was becoming a serious problem in some areas of China's growing tourist industry, fuelled by rumours abroad that the authorities had made them legal, the newspaper said in its overseas edition.

Some interpreters, guides and drivers disregarded rules by taking tips, commissions and gifts and changing money on the black market, the paper said.

A National ... spokesman was ... attitude towar... decided to stri... taking commiss... try."

The front-pag... ticle in the Pe... that argued str... ing back tippi... service.

However tipp... just for profit h... socialist spirit ... paper said. — ...

Standard to sell its R715-m stake in SA

8/8/87 Star

(61)

FINANCE STAFF

In the largest disinvestment move from the country so far, the London-based international banking group Standard Chartered yesterday announced the sale of its 39 percent stake in its South African subsidiary.

The R715,9 million deal will leave the Standard Bank Investment Corporation (Stanbic) completely in South African hands, with Liberty Life becoming the new major shareholder in the group.

At a Press briefing in Johannesburg yesterday, Stanbic directors also announced that the company's shares, which were suspended in anticipation of the disinvestment move, will be reinstated on Monday.

Standard becomes the third multinational bank to disinvest, following London-based Barclays last November and Citicorp of New York in June.

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S Times 9/8/87 61

By pulling out of SA, bank nets 'peanuts'

By DAVID CARTE

SOUTH AFRICAN business, led by Liberty chairman Donald Gordon, registered another victory over the City of London in Standard Chartered Bank's R517-million disinvestment this week.

In withdrawing from SA after more than 100 years, Standard Chartered (Stancha), like Barclays before it, is taking home relative peanuts.

The South African buyers, Liberty, Old Mutual, Rembrandt and Gold Fields of SA, are acquiring 38 percent of South Africa's biggest and most profitable bank and one of the bluest chips on the Stock Exchange — cheaply.

Standard Chartered was one of the biggest remaining foreign investors and employers in SA. Standard Bank Investment Corp (SBIC) employs 2 3000 in SA.

"I am saddened by their withdrawal," said Mr Gordon. "It was the severance of an old and very important business link. We increased Liberty's stake to 30 percent with some reluctance.

"But they could not have expected a better price. After all, they were placing a lot of paper in a relatively small South African financial market. We told them if they wanted to leave they couldn't leave in glory."

Mr Gordon thinks Stancha's withdrawal was as unwise as those of Barclays PLC and Guardian Royal Exchange (GRE), which pulled out of Liberty in 1978.

"We paid R1,25c a share for GRE's Libhold shares. Now they are worth R37 a share. The annual dividend today is twice the price GRE took for their shares."

Stancha is repatriating 155-million pounds sterling — about seven times the contribution of SBIC to its taxed profit.

The SA buyers are paying R18,75 a share, compared to the price of R26 a share six weeks ago before the market got wind of the deal.

The price being paid is a discount of 28 percent on the pre-deal price. It is about 8,7 times earnings. The average banking share on the JSE is valued at 10 times earnings. Stanbic has recently enjoyed the highest rating and has traded at 12 times earnings.

While it is probably disappointed at the terms of the withdrawal, Stancha is obliged to continue being friendly to its old subsidiary.

It has $1-billion of debt owing to it in the SA debt standstill net. Stanbic keeps its banking links with Stancha for the foreseeable future.

Standard Bank of SA is not even obliged to change its name

"When a child leaves home," said Stanbic managing director Conrad Strauss,"it does not have the effrontery to ask its parents to change their name."

Over more than a century, Standard Bank of SA has been the jewel in Stancha's international crown. Retention of the name will be reassuring for Standard's staff and customers.

Henri de Villiers, chairman, Standard Bank Investment Corp, discloses sale

Mr Gordon has ensured that Liberty comes out of the deal better than anyone.

Before the transaction, Liberty had 22,1 percent and its arch rival, Old Mutual, 17,1 percent.

Until 1983, Old Mutual had the biggest stake in SBIC after Stancha but then Stancha let Liberty take up its rights in a rights issue and Liberty became the biggest SA holder.

Had Stancha's 38 percent been distributed between existing shareholders on a pro-rata basis, Liberty's stake would have risen to 31 percent and Old Mutual's to 24 percent.

Stancha has done far better in this withdrawal than Barclays PLC, which repatriated only 87-million pounds sterling.

That is partly because Stancha's advisors, Corporate Merchant Bank (Corbank) and Hill Samuel UK, were able to persuade the Reserve Bank to permit SBIC to pay a special dividend of R4,125 a share worth R157,5-million to Stancha.

Dividends are remitted through the commercial rand, which is worth 59 percent more than the financial rand.

This week SBIC announced results which disappointed the stock market. Its earnings level pegged, when most analysts expected a rise, prompting suggestions that earnings were conservatively stated to keep the severence price low.

"That's an impertinent suggestion," said Dr Strauss.

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Gold Fields executive denies quote on blacks

LONDON. — The financial manager of Gold Fields of South Africa, Mr Michael Fuller-Good, yesterday denied having said blacks could not compete intellectually with whites.

He was reacting to a report in yesterday's London Observer which said Gold Fields had revealed why it was not promoting blacks into middle management during a meeting with the Get Ahead Foundation, a black advancement group set up by the Archbishop of Cape Town, the Most Rev Desmond Tutu.

The Observer said Mr Fuller-Good told the foundation's managing director, Mr Don MacRobert: "They would not last in this office. Intellectually they would never be able to compete and therefore upward mobility would be impossible.

"We don't think a big mining company is quite the arena for a black executive to cut his teeth."

But a Gold Fields spokesman in Johannesburg yesterday said Mr Fuller-Good denied he had made the statement.

He had contacted Mr Fuller-Good who said he had "said nothing of the sort". The spokesman said Mr Fuller-Good would not comment further.

'They want to be migrants'

The newspaper also said Mr Fuller-Good claimed that Gold Fields' black workers were happy with the migratory labour system.

"They want to be migrants. If they moved their families to areas near their workplace, they would not be able to keep their land in the homelands," he was reported as saying.

According to The Observer, Gold Fields employs nearly 100 000 black workers — a larger labour force than that of all other British-owned companies in the Republic put together.

"Gold Fields seems to have the worst employment record of any British-controlled company in South Africa," said Mr MacRobert.

The Observer quoted a London spokesman for Consolidated Gold Fields as saying he was satisfied with the pace of black advancement in their South African company.

"We believe they are moving ahead at a decent speed," he said. — Sapa

Barclays — a fledgling fending well for itself

B Day 14/8/87

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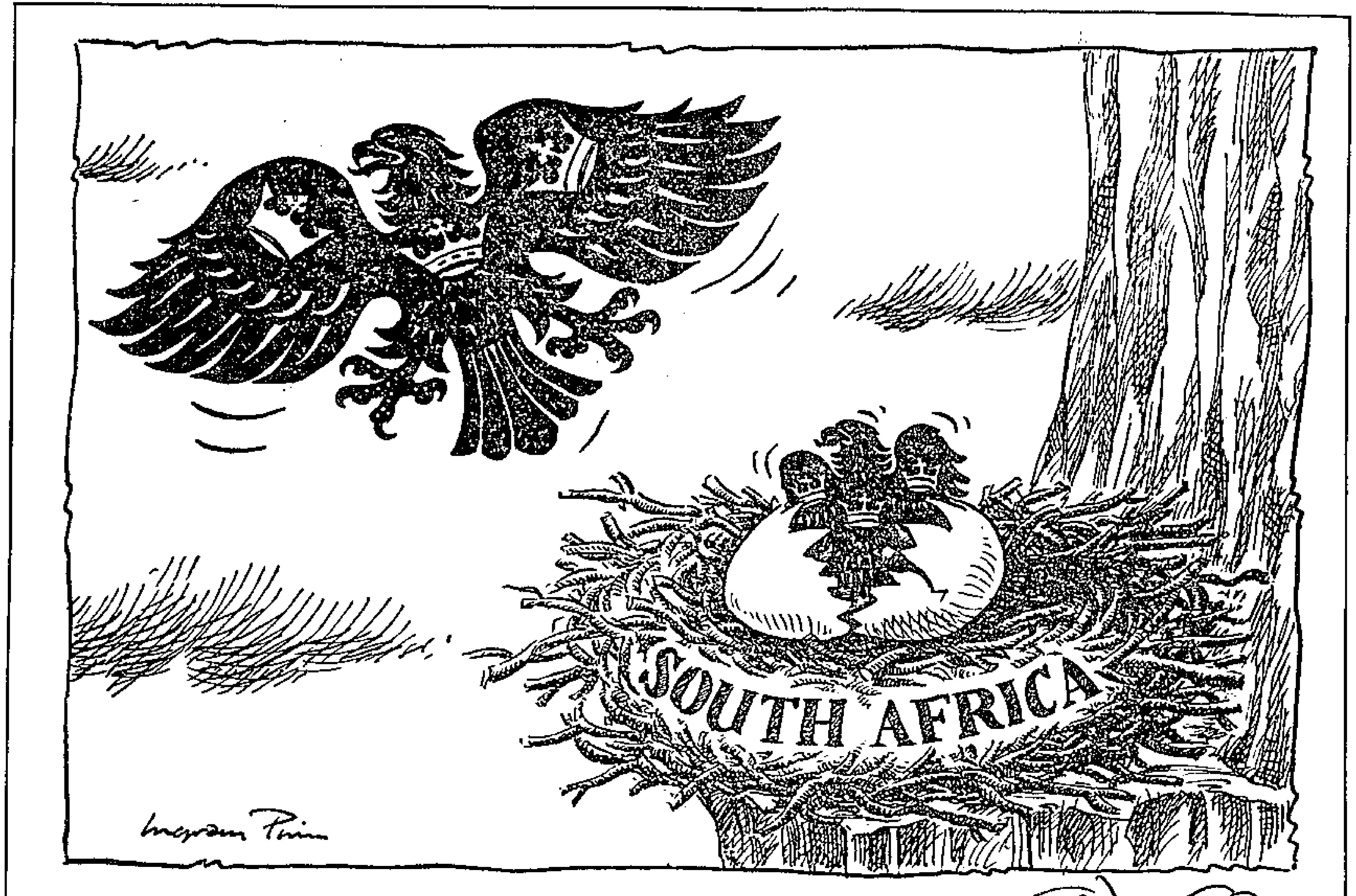
CLIVE WOLMAN of the Financial Times in London



THE decision by Barclays Bank to pull out of SA last November after 17 years of mounting pressure from students and other campaigners was heralded in Britain as a supreme achievement for the anti-apartheid movement.

Of all the foreign-owned companies in SA, Barclays National Bank (Barnat) was one of the largest and by far the most visible. The familiar blue eagle logo in nearly all the country's shopping and commercial centres testified to its dominant share of an over-banked market.

Thus the consequences of the withdrawal should provide some indications of the efficacy of disinvestment as a way of hastening political and economic change in SA — at a time when Standard Chartered is negotiating the sale of its 40% stake on its South African subsidiary Stanbic.

The Barclays withdrawal has certainly done nothing to end the political controversies surrounding the bank. During this year's election campaign, President P W Botha attacked Barnat's MD Chris Ball for alleged sympathy for the banned African National Congress.

Many believe that the attack highlighted the bank's greater vulnerability to pressure from the right since it lost the protection of its British parent.

The withdrawal has to be judged against the claims, made by anti-apartheid and black political groups, that foreign disinvestment will deprive South Africans of access to international business, managerial and professional skills; end the steady transfer to South African companies of essential technology; deny them the marketing advantages of links with foreign parents; undermine inventor confidence and erode company profitability; and lead to an outflow of capital from the country.

On the face of it, at least, the Barclay's withdrawal has failed to fulfil any of these expectations.

When Barclays annouced that it was selling its 40% stake in Barnat to the Anglo American Corporation, Barnat's management in Johannesburg put on a brave face.

But behind the scenes many felt they had been betrayed by the British parent which, they said, had previously assured them there would be no withdrawal. In fact, a detailed plan of withdrawal had been developed by head office in 1981.

According to Michael Henderson, who is now head of Barnat's property services: "It was an emotional wrench more than anything else. Individuals get comfort from being part of a big banking group.

"But when it came to actual management, they generally left us alone. We didn't think there was much that 'PLC' could teach us."

PLC has played an important role in training Barnat managers and giving them international banking and financial experience.

Ball spent a period in London and Eddy Cade, Barnat's finance and treasury manager, is a former PLC employee. PLC continues to train employees, particularly at more junior levels. Barnat senior managers emphasise the continuing closeness of their relationship with London. According to Jimmy McKenzie, senior GM: "The personal bonds remain. We still send people to London and call on them whenever we go there."

Henderson says he has relied extensively on PLC's advice in restructuring his property organisation over the last nine months.

"We have the same access and they continue to ship out data to us. I have my opposite number in London on automatic dial."

But the interchange of ideas and information, at least on high street banking, is becoming less important. Terry Smith, banking analyst at Barclays de Zoete Wedd, says: "Five years ago, there were a lot of similarities between the South African and UK retail markets. From looking at one, you could tell how things would go in the other. But the UK system has changed enormously since then."

And so has the South African market, not least because of the increasing sophistication of black customers.

Over the long-term, the personal ties which allow SA to keep in touch with new developments in banking and business management generally will weaken. But this penalty of disinvestment is unlikely to bite until the next century.

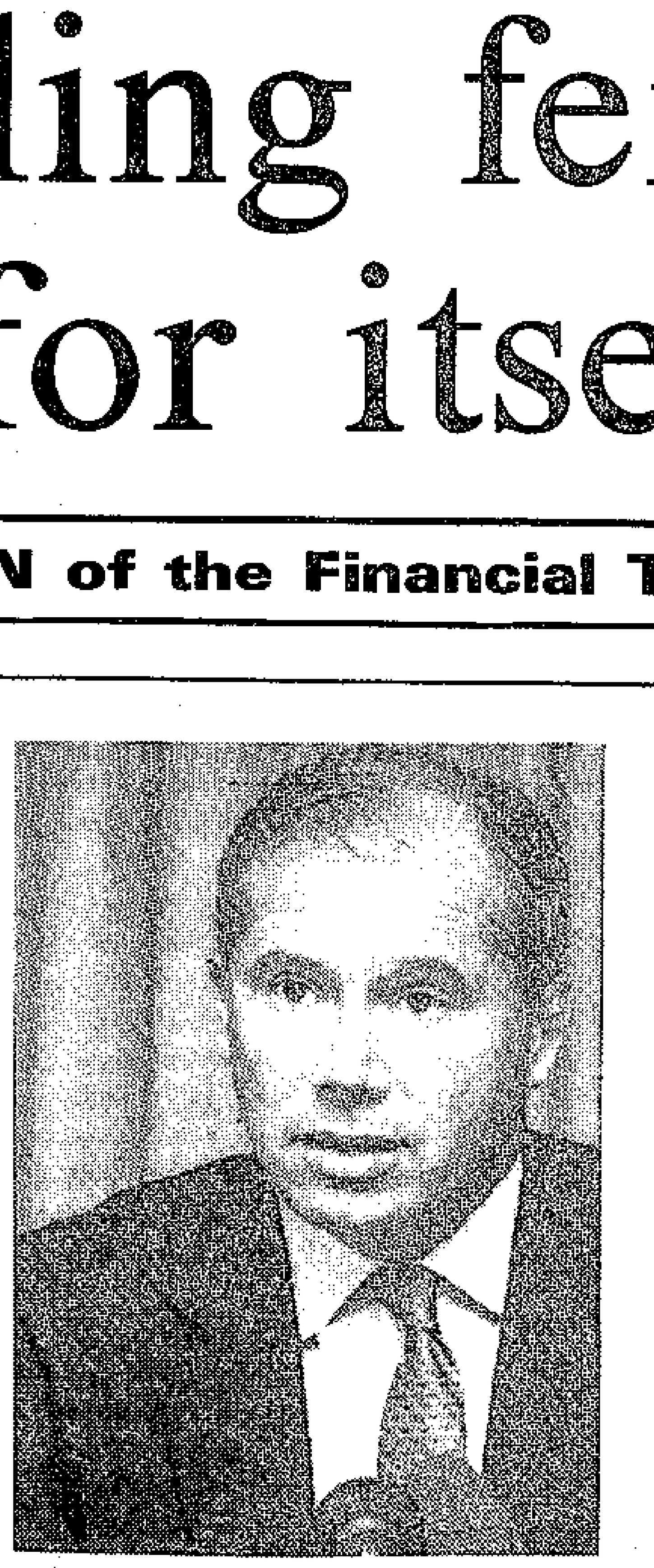
The transfer-of-technology argument in favour of disinvestment is similarly dubious. Stockbroking analysts believe that, far from benefiting from its foreign ownership, Barnat's computer systems suffered as a result of its British links, and reliance on ICL equipment.

The consequence, they say, have been to place Barnat at a competitive disadvantage in it's automated cash machine network and its payments and cost-control systems from which it is only now starting to recover.

The technological leader in the banking sector has been the United Building Society, which has no foreign ownership links.

One senior Barnat employee says the bank chose ICL, a British company, because of the British background of its managers and Barclays' group-wide policy on computer systems.

However, nearly all SA's scarce computer programmers and analysts were IBM-oriented. "The trouble was that the people here who believed in ICL would not



□ BALL . . . high-profile role

change their minds until it was too late. We should have made a decision to write off the ICL equipment." The lack of decisiveness in SA mirrored that in London, where Barclays has had similar computer difficulties.

In contrast, Barnat's chief rival, Stanbic, has absorbed computer technology much more effectively, by acting independently of Standard Chartered, within the group's loose federal structure.

In Stanbic's case, the transfer of technology has, if anything, been the other way, with Standard's London managers visiting SA to seek advice.

Sanctions to stop South African imports of high technology would, bankers believe, be hardly any more effective than disinvestment. Licensing agreements it routed through third parties can easily evade government controls, particularly when only small but vital high-tech components have to be shipped. One economist estimates that the additional costs to SA of evading a worldwide high-tech trade ban would be equivalent to a 2% to 3% fall in the gold price.

As far as the marketing of its retail banking services is concerned, Barnat has suffered little from the disinvestment. According to one management consultant specialising in South African financial companies:

"In the last two or three years there were several disadvantages to being perceived as foreign and non-South African bank, Barnat could use disinvestment to say: 'Now we are a patriotic South African institution'."

Barnat's corporate clients no longer have the advantages of its membership of an international fund-raising, trade credit and branch network. The correspondent banking relationships that Barnat has established are rarely a satisfactory substitute for ties of ownership and control.

However, until SA's foreign debt moratorium is lifted, the lack of international banking links will be a limited handicap.

The most substantial change in marketing terms has been the replacement of "Barclays" by a new name — "First National Bank" — and a new logo, featuring a tree in the sunset. Between the tree's branches, some of the bank's Afrikaner critics have discerned the shapes of a map of Africa, a rifle and a rabbit, supposedly a symbol of the ANC.

That Barclays could be suspected of secretly supporting SA's leading black liberation movement demonstrates the gulf between perceptions of the bank in Britain and in SA.

Ball had assumed a high-profile political role by meeting ANC leaders in London and being outspokenly critical of government's apartheid policies.

Matters reached a head in April when he was accused by President Botha of providing a loan to finance a pro-ANC advertisement. Barclays later placed advertisements in the Sunday Press saying that the rabbit was not an ANC symbol.

The consequences was that Barnat suffered a loss of accounts, particularly in the conservative Afrikaner areas of the rural Transvaal. This has been partially offset by a gain in the number of accounts, albeit much smaller ones, in the black townships.

Botha's attack on Ball outraged much of the English business community. But since then, criticism of government policy by businessmen has been muted to the point of inaudibility, which was probably Botha's aim.

Adverse political consequences for the white anti-apartheid forces and the black trade unions, who officially support disinvestment, could have resulted from the method by which Barclays disinvested.

The black trade unions officially oppose the sale of shares in South African companies by foreigners either to other foreigners or to their black employees. Implicitly, they also oppose shutting down the operations of these companies and laying off their workforces.

The only alternative method of disinvestment is to sell the companies to white South African owners. But in most cases, the new owners, as well as being given assets at firesale prices, feel less constrained by foreign pressure.

They can dismiss large numbers of black workers, as General Motors has done, and begin supplying government and armed forces. Barclays came up with the least embarrassing solution — selling its stake to the relatively liberal Anglo American Corporation.

Barnat policy is now to increase its proportion of non-white employees to 40% by 1990 and to promote them to senior management positions. Most South African financial institutions officially subscribe to similar policies, only to find them diluted at branch level. However, Barnat's management is though to have tackled traditional white attitudes more forcefully than many of its competitors.

There is little evidence that company profitability has been harmed or investor and managrial confidence undermined by disinvestment, either by Barclays or by the many other US and European companies which have taken similar action over the last year.

In fact, as a result of all the disinvestment sales of companies to South African buyers and the boom in stock market flotations, the profitability of the corporate finance departments of Barnat and other banks has soared.

The issue of *disinvestment by* foreign banks is often confused with the withdrawal of foreign loans from SA, which led to the debt moratorium of September 1985.

More than any other sanction, the ending of fresh loans is likely to have a fundamental effect on the South African economy by forcing it to become a large-scale capital exporter, unless it refuses to repay the loans. But because of exchange controls, the selling of equity stakes in South African subsidiaries has no such consequences.

Barclays, for example, had to repatriate the proceeds of its sale of Barnat through the financial rand. This means that it has had to find other foreign investors to purchse the rands from it.

But the sale also ends the outflow of fairly generous dividends from Barnat in SA to a foreign owner. Dividends can be paid at the higher commercial rand rate, which is also used for exports and imports. As a result, the Barclays disinvestment may even have a favourable effect on SA's balanca o payments.

Sasol recruiting British miners to SA — report

61

DD 17/8/87

Firm denies bid to break strike

LONDON — A British firm is recruiting mineworkers to South Africa in a bid to break the country's mining strike, the London Daily Express said yesterday.

"Sasol, which has a huge mine in the East Transvaal, is recruiting British workers through their Birmingham office," said the newspaper.

The Daily Express said Britain's National Union of Mineworkers had criticised the move, calling it a "dirty trick" and warning UK miners not to be conned.

Sasol said the recruitment drive was not linked to the strike.

"We want workers to replace miners who left before the strike started.

Meanwhile, in Johannesburg, despite a report of "relative calm" from most gold and coal mines in the Anglo American group, 24 people were injured, with three in hospital, after a clash at Vaal Reefs Number 9 shaft yesterday, an Anglo spokesman said yesterday.

On the seventh day of a national strike of gold and coal miners, the company said: "The strike situation at Anglo American Corporation (AAC) admininstered gold and coal mines has been relatively calm in the past 36 hours, with one incident involving a confrontaton between strikers and mine security reported."

Vaal Reefs gold mine had been granted a temporary interdict in terms of which 16 of its striking employees, 12 of them National Union of Mineworkers shaft stewards, were restrained from, among other actions, alleged intimidation, Anglo said.

AAC said in a statement the 16 were restrained from intimidating or threatening other mine employees, damaging mine property, creating a disturbance, abducting people or in any way interfering with the freedom and safety of other employees and obstructing entry to and exit from the mine's premises.

In an affidavit to the court, mine management detailed alleged incidents of intimidation and assault against non-striking employees at the mine's No 9 shaft, since the start of the strike; the looting of hostel residents' property; and the holding of four employees against their will at the NUM office at the No 9 shaft.

More than 20 miners were injured yesterday in a clash with mine security at strike-hit Matla colliery at Witbank, the NUM said yesterday.

Matla mine management said earlier that six miners had been slightly injured when security men fired rubber bullets at striking workers who had pelted them with rocks and mine roof bolts.

About 2 000 miners are on strike at Matla.

At least R90 million has been lost by Anglo American, Gencor and JCI in revenue and profits since the countrywide strike by mineworkers last Sunday, according to the Labour Monitoring Group.

Twelve thousand workers at Sasol's plants and mines at Secunda are scheduled to go out on strike today over the issue of May 1 and June 16 as a paid holiday, the Chemical Workers' Industrial Union said.

(61) (88) B|Day 10/8/87

Stancha's SA move explained

MIKE ROBERTSON

LONDON — The decision to write down its Third World debt prompted Standard Chartered Bank's (Stancha) decision to sell its 39% stake in Stanbic, group managing director Michael McWilliam said.

He said the decision was taken as recently as June and July this year after Britain's largest bank, National Westminster, increased its bad debt provsion by £466m.

The decision was purely financial, and had nothing to do with the political campaign mounted against the bank by the Anti-Apartheid Movement (AAM).

McWilliam said: "The main point is that we are coming up to a major decision on our lesser developed country (LDC) debt provision which will have a substantial impact on our shareholder funds."

Since Stanbic became an associate company of Stancha's in 1984 its earnings were not as higly valued as core earnings. Rather than retain a minority stake it was decided to redeploy the capital.

"This was a financially driven decision that was very much connected to the increase in cross-border provisions."

Although Stancha had to absorb a £40m book loss on the sale of its stake, McWilliam regarded it as a tightly priced deal.

He said: "Because of the financial rand system we were always going to have to take a book loss. But that's not really a measure of whether we achieved a satisfactory price or not. It's more sensible to look at the deal in rand terms.

"The pre-suspension Stanbic share price was R21. We received R19 a share, a discount of 9,7%. That's a tightly priced deal, considering they still have to have a major rights issue."

McWilliam said he expected to have all the money out of SA by November.

AAM spokesman Stuart Bell said the Stancha decision to sell was welcome, but was too little too late. The organisation now regarded Shell as its number one target.

24/8/87 STAR (61)

Shocks in report on pay for blacks

The Star Bureau

LONDON — More than 85 percent of British companies operating in South Africa say they are paying black employees minimum wages below the level regarded as necessary, says a report published today by the Ethical Investment Research Service.

The report claims the average reported minimum wage for February 1986 was R394 a month, compared with the National Average Supplemented Living Level as produced by the University of South Africa, of R482.

This compares with the old standard of R559 a month and a minimum monthly living requirement as set out by Cosatu of R850.

The European Community code of conduct for companies with interests in South Africa lays down minimum standards for all aspects of the employment of black Africans, including pay. British companies are required to report each year to the Department of Trade and Industry (DTI) on progress made in implementing the code.

The research body, which conducted its investigation from these reports, found that more than half the black Africans employed by subsidiaries or associates of British companies were not covered by full reports under the code.

In an assessment of more than 200 000 employees, only 10 000 were above the old standard, while 164 000 were below the National Average Supplemented Living Level figure. The lowest minimum monthly wage paid by an individual company was R76.

The report's findings differ from those of the DTI which claims 76 100 out of 79 100 black African employees are paid more than the EC code target.

The report claims the difference arises mainly because the department does not compare like with like in its timing and uses a family size of only five people per household, when the average required by the code is at least eight.

The research body is primarily concerned with checking whether companies meet clients' ethical requirements, usually for investment purposes.

British report on wages shock

(61) B/Day 25/8/87

Most UK firms in SA 'pay less than minimum'

MIKE ROBERTSON

LONDON — More than 85% of British companies operating in SA reported paying black employees minimum wages below the level regarded as necessary, according to a study released here yesterday.

The study, by the Ethical Investment Research Centre (Eiris), says this was despite a reduction in the minimum wage standard.

Only 14% of black employees of UK firms were paid above the local Supplemented Living Level (SLL), the level called for by the EC Code of Conduct for companies operating in SA.

The study says the average of all companies' minimum wages paid in February 1986 was R394 a month. This compared with the national average SLL of R482. The old standard Minimum Living Level plus 50%, which was dropped by the EC when it revised the code in 1985, was R559.

Eiris says that in order to compare like with like it had compared wages in February 1986 with the SLL for the same month even though in some cases more recent company reports were available.

"Companies' minimum wages in February 1986 ranged from R76 a month (Frank Fehr) to R908 (British Tourist Authority).

"According to our analysis of companies' reports to the DTI, only 28 981 of all the black African employees of British companies were certainly paid above the SLL in February 1986 (14%), while only 10 012 (5%) were certainly paid above the MLL plus 50%.

"Those certainly paid below the SLL amount to 12 036, but because of a lack of clarity in many reports there were an additional 163 909, many of whom could be paid below the SLL."

Eiris says its findings were different from those of the Department and Trade and Industries (DTI), which said that all but 3 000 workers were paid above the target, because the DTI compared the SLL for February with wages paid after that month and used the SLL for a family of five when the Code stipulated it should use the SLL for an average-sized family (in many regions the number is higher than five).

The DTI, the study says, also assumed that any employees whose wages were not given in company reports were paid above the SLL.

The study lists the 20 companies with the lowest minimum wages at February 1986. It includes Shell (3rd worst, R130), Consolidated Goldfields (5th, R162), Lonrho (9th, R208), BP (11th, R229) and Thorn EMI (15th, R252).

The report also says that over half the number of blacks employed by subsidiaries and associates of UK companies are not covered by full reports under the code.

A total of 59 of 168 companies on the FT-All Share Index with SA interests did not provide sufficient information to assess the lowest wage paid to their black employees.

Eiris, which is primarily concerned with checking whether companies meet clients' ethical requirements, said that an investor wishing to avoid all companies that paid a minimum wage below the South Africa Code standard, would still have over £240bn worth of shares in the FT-All Share Index.

Shell denies pay allegation

Business Day Reporter

SHELL SA yesterday denied allegations that it was the third-worst employer among British companies in SA, paying minimum wages of R130 a month.

It was reacting to claims in a report by the Ethical Investment Research Centre (Eiris) released in London this week that Shell was among the 20 companies paying the lowest minimum wages in February 1986.

Eiris said over 85% of British companies operating in SA reported paying black employees minimum wages below the level regarded as necessary.

In a statement, Shell SA said the information was totally misleading and gave an example of a company it had taken over (in September 1985) where it had raised wages from less than R100 at takeover to R351 about 18 months later.

This information was submitted to Eiris but it had chosen to ignore it, the statement said.

Rupert thinks small; Shell thinks co-op

By HILARY JOFFE

THE chiefs of two giant multinationals have come out with opposing positions on whether small business and the informal sector are the solution to unemployment.

While Rembrandt Group chair Anton Rupert has stressed the importance of small business in the South African economy, Shell South Africa chairman John Wilson has cautioned against viewing the informal sector "as a panacea to our national economic problem of unemployment".

Speaking at the opening of the Small Business Development Corporation's annual general meeting, Rupert, who is chairman of the SBDC, said: "If just 20 percent of expenditure on defence and police could be diverted to small business development, our problems would be minimised," reports said.

Rupert said small business needed help from both the private sector and the government: "More money is needed to create more small businesses which will generate more jobs."

Opening the meeting, SBDC managing director Ben Vosloo said since 1981 about 158 300 job opportunities had been created or maintained at an average cost of R2 400 per opportunity. "The private and public sectors share the SBDC's conviction that small business is by far the most cost-effective job creator in the South African economy," Vosloo said.

But Shell's Wilson is sceptical.

In an address to the Western Province branch of the Institute of Marketing Managers last week, he pointed to some of the limitations of small business. He argued in favour of co-operative projects, such as the South African Black Taxis Association or the Sarmcol Workers Co-operative, initiated by black community organisations and trade unions. "Co-operatives are favoured over small business firms because they embrace the very important principles of collective responsibility and the shared utilisation of skills," he said.

He said South Africa's business infrastructure was inadequate for supporting its population growth "with the result that unemployment has reached catastrophic proportions", with black unemployment over 50 percent in some areas.

Wilson described the informal sector business network in black townships as "the creative response of impoverished people" but questioned whether the informal sector was really the response to structural unemployment.

He cited figures showing that half the small firms in South Africa did not survive beyond two years and argued that small firms were clearly not in a position to compete with large enterprises because they did not enjoy the benefits of economies of scale. "In South Africa, where 10 percent of the economic enterprises account for about 76 percent of total turnover in industry, construction and trading, the small firm really struggles for survival," Wilson said.

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21/8/87

W/Mail

Shell UK in anti-SA court case

3/9/87

B/Day

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Own Correspondent

LONDON — Shell UK is going to court to stop left-wing Labour councils joining the anti-apartheid boycott. This is viewed as a vital legal challenge to the whole boycott movement in Britain.

Shell has secured a judicial review to consider the legality of Labour-controlled Lewisham's decision not to buy Shell products because of the company's links with SA.

At stake is more than the current R182 000-a-year contract the company has with Lewisham. Shell has become the main business target of anti-apartheid campaigners following the decision of Barclays Bank to pull out of SA.

Shell fears that unless it stops Lewisham's ban then other Labour councils will follow and boycott the firm's products. As many councils are Labour-

● To Page 2

Shell UK to fight anti-SA action

● From Page 1

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3/9/87

controlled and anti-SA, boycott action could have a very damaging affect on Shell, as well as on other companies who have links with SA.

Among those who will take a keen interest in the outcome are GEC, ICI, PLessey and ICL, who are among the other firms on the anti-apartheid "hit list".

In the High Court, Shell will argue that Lewisham is acting outside its legal powers.

"We will vigorously contest this legal challenge," said a council spokesman.

Cape Times 31/8/87

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Shell in court bid to stop boycott action

Own Correspondent

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The company managed last June to dissuade another Labour local authority, Leicestershire County Council, from introducing a boycott on its products by threatening to take legal action.

However, the more politically extreme Lewisham council is confident that it can win the judicial review.

Shell directors have already suffered from the aggressive tactics of anti-apartheid groups. They were forced to walk out from the firm's annual meeting last May after anti-apartheid protesters heckled and interrupted them for almost two hours.

Mr John Pike, a Shell spokesman, said yesterday that the company was opposed to apartheid and that its South African chairman, Mr John Wilson, had already publicly called for the release of political prisoners.

(61) B/day 1/9/87

Organisation's findings disputed

Wages survey is biased, say UK companies in SA

BRITISH-LINKED companies in SA, accused last week of paying wages below the levels determined by the EC Code of Conduct have taken strong issue with the organisation carrying out the study.

In essence, the Ethical Investment Research Centre (Eiris), an "independent" monitoring group has chosen to use selective statistics to create a biased view of the wages being paid by British companies in SA, they conclude.

Eiris maintains in a report recently published in Britain that 85% of British companies in SA pay wages well below the Supplementary Living Level (SLL) called for by the EC Code of Conduct.

This is hotly disputed by the many companies concerned, with accusations that the monitoring group appears to have "intentionally" distorted the picture by considering the cash remunerations only, excluding all supplementary benefits offered to employees.

BP SA — listed as 11th on the list of

CHRIS CAIRNCROSS

worst payers — is adamant Eiris's conclusions are incorrect and misrepresent the information submitted.

It says the figures Eiris uses as a basis for its allegations are from the Eikerboom Colliery in Natal, and Eiris appears to have totally ignored any of the supplementary benefits provided to employees.

The SLL wage for the company as at February last year — about the time the survey was undertaken — amounted to R368,89 against the minimum cash wage suggested by the formula of R376,81.

BP stresses, however, that housing, food and other benefits have obviously been excluded in this colliery's case — an instance which must cast suspicion on the validity of all the statistics submitted by Eiris.

BP estimates that its current minimum wage is R529,77, against the R415,76 SLL requirement found acceptable by the EEC Code.

Shell brunt of action against apartheid in UK

W/k Argus 5/9/87 61 (65) (E&a)

Weekend Argus Foreign Service

LONDON. — Anti-apartheid activists will be staging an "international week of action" against the Shell company when it takes a London council to court in November for wanting to boycott its products.

Supporters in Britain and at least eight other countries — Denmark, Sweden, Norway, Holland, Belgium, the US, Australia and New Zealand — will take part in the action, which will consist mainly of picketing garages which sell Shell products.

Review

A similar week of action was held in May and others are planned.

But a spokesman for "Embargo," an anti-apartheid organisation which is organising the week in collaboration with other groups, said the clash of dates was "a complete coincidence".

He said the action week had been arranged months before the court date was made known.

Shell UK will be applying in the High Court for a judicial review of a decision by Lewisham Borough Council, in south-east London, to boycott Shell products.

More than its business with the council — worth between R166 000 and R199 000 a year — is at stake, however.

Shell has become the main target of anti-apartheid groups, following the withdrawal of Barclays Bank and the Standard Chartered Bank from South Africa, and fears that unless it stops Lewisham's boycott other Labour-controlled councils in Britain will follow suit.

Shell will argue that Lewisham is acting outside its powers.

Release

A Shell spokesman would not comment on the case this week because it was regarded as sub judice. All he would say was: "We regret taking legal action but we must preserve our commercial position."

He pointed out that the company was opposed to apartheid and that its South African chairman, Mr John Wilson, had publicly called for the release of political prisoners.

A spokesman for Lewisham Council said: "We will vigorously contest this legal challenge."

He denied a newspaper report that the council intended to "turn the hearing into a political event" by calling a representative of the African National Congress.

CNG Times 21/9/87 (C1)

Shell-SA link: Scargill urges garage pickets

Own Correspondent

LONDON. — The British miners' leader, Mr Arthur Scargill, has called for picket lines to be set up at all Shell garages.

At an anti-apartheid rally in Sheffield, he attacked Shell for its "close links with the South African regime".

"We have to do something in the absence of Mrs Thatcher taking any action to end apartheid."

A Shell spokesman yesterday hit back at Mr Scargill, saying the firm believed its presence in South Africa was the best way to work towards peaceful change and a multiracial South Africa.

Mr Scargill also announced a mass trade union gathering in Australia at which an international boycott campaign against South Africa would be high on the agenda.

Already 56 nations had indicated that their trade union movements would attend.

● Meanwhile, a high-powered delegation from organized commerce in South Africa arrived here to counter pro-sanctions pressures — and in time to deal with Mr Scargill's call for sanctions.

Assocom's chief executive, Mr Raymond Parsons, last night attacked Mr Scargill for his call and said he would take it up with Mrs Lynda Chalker today when the delegation meets her at the Foreign Office.

"There appears to be little chance of Mr Scargill's call for sanctions being heeded in Britain as it can only damage employment in both countries," he said.

Sanctions and boycotts remained counter-productive whatever Mr Scargill felt, Mr Parsons said.

The Assocom delegation will visit Britain, France and Spain in a 10-day "goodwill anti-sanctions mission".

ayor and Councillor, Thamsanqa Kinikini, who was murdered last year.

Sarmcol's 'long march' nears end

City Press 6/9/87 (61)

SOUTH Africa's longest industrial dispute over the sacking two years ago of nearly 1 000 workers by BTR Sarmcol from its rubber plant near Howick in Natal, draws to a close with judgment expected this month.

The president of the Industrial Court has undertaken to deliver his judgment in front of the 965 striking workers and their families.

The hearing, originally set down for two weeks in November last year, carried on into 1987 and ended on July 10.

The workers were dismissed in May 1985 while striking in protest against the British owned multinational's refusal to recognise their union, the Metal and Allied Workers Union, which has since been incorporated into the National Union of Metal Workers of South Africa.

Numsa's lawyershave called for the reinstatement of the workers as they say the mass dismissal was an unfair labour practice and the company acted in bad faith.

They have also called for an order requiring the company to conclude a recognition agreement with the union.

The company's bench insists that the dismissed employees – almost the entire workforce of the Howick rubber plant resorted to "unnecessary, unjustifiable, unlawful and disorderly strike action" on May 2, 1985, while the company was negotiating in good faith.

In papers before the court Numsa's lawyers said the Mawu had sought recognition since 1974, but had met with increased resistance from management.

The papers cited several examples of the company involving the aid of the South African police in preventing the union from organising the workers.

In 1983 the Industrial Court ruled that the company recognise the union as the workers' bargaining representative and ordered BTR Sarmcol to conclude a recognition agreement with the union.

Although negotiations continued for another two years, by May 1985 no agreement acceptable to both the union and the company had been reached.

While Numsa maintained negotiations had reached a deadlock, BTR Sarmcol said negotiations were still proceeding and that a draft recognition agreement had been unwittingly rejected by the union.

The outcome of the hearing in South Africa will affect not only the workers themselves – 49 of whom have already died, mainly from stress, lack of food, or violence – but also their entire community of Mpophomeni.

A recent survey shows that since their dismissal, about 40 percent of the strikers' children have begun to suffer from malnutrition.

Before the dismissals the Sarmcol workers – the majority of whom were older married men who had spent most of their working lives with the company – represented the backbone of Mpophomeni township.

In a statement before the court hearing began, Mawu said: "Mpophomeni has been effectively destroyed by the company. There is no income being brought into the township and the population of 17 000 are condemned to gradual starvation and death."

While the hearing continued for months on end, the workers formed a co-operative, printing T-shirts, posters and pamphlets.

They also produced a play *The Long March* which tells the story of their struggle.

An international hearing in Brussels last year found that BTR Sarmcol had infringed basic the European Economic Community code of conduct by not recognising Mawu.

'We're down but not out'

61

"BTR - blood, tears and repression". This is the title of a campaign launched this week by about 900 BTR Sarmcol workers, whose dismissal from the British-owned rubber plant in Howick, Natal, was last week stamped and sealed by the Industrial Court.

The workers' union, the National Union of Metal Workers of South Africa, have also commissioned the writing of a book with the same title.

The campaign aimed at keeping debate over the dismissal alive was launched in a meeting in Mpophomeni - where most of the fired workers live - on Monday.

"The intention of the company and the court is that we should all wither away and die. But we are not going to die. Our cause is not a short term one but a long-term struggle for freedom," one worker said.

The workers vowed to continue their fight against injustice in the face of the Industrial Court judgment, which questioned whether the collective democracy practised by the union was tolerable in present day South Africa.

The workers said they had been treated by the judge in the same way as the company had treated them.

"Some of us are confused - but we are at war as we walk along this path for justice. For being at war, we encounter a lot of problems - we are confronted with starvation and death but we must always know what we are doing. If we don't we die," one worker said.

"We should not just become weak because we have lost one battle. We must remember we are paving our way to freedom, our children's freedom," he said.

See page 13

BTR–Sarmcol workers at Edendale at the start of the Industrial Court hearing of their case.

Facing a homeless, workless future

CP Correspondent

STILL smarting from their defeat in the Industrial Court, hundreds of former Sarmcol workers will be homeless from today when they have to get out of the factory's hostel.

The workers were fired over two years ago but have stayed on in Sarmcol accomodation while the dispute dragged on in the Industrial Court.

Unemployed and with no income, they have not been paying anything for their accomodation for which they were normally billed R8 a month when they were still working for the company.

Soon after the Industrial Court judgement which threw out their application for reinstatement, BTR told the group to get out at once.

However a few days's grace was agreed to and they will all be pulling out today.

They do not yet know where they will go nor do they know what they will do if management presents them with a bill for their accomodation during the last two years.

They have no income and say that even when they are paid out their severance pay the hostel deductions will be more than they can afford.

BTR

20/9/87

By S'BU MNGADI

C Press

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THE future of the tiny KwaZulu township of Mpophomeni, outside Howick, is at stake.

This follows last week's Industrial Court judgment in which presiding officer Pierre Roux dismissed the case for the reinstatement of 890 former BTR Sarmcol workers in their two-and-half-year old battle with the British multinational company.

In a 61-page judgment handed down in Johannesburg, Roux – the deputy president of the Industrial Court – said the workers might have been misled by a union official into continuing the strike which cost them their jobs.

The workers received Roux's judgment with shock and disbelief.

At two meetings held since the judgement, they have decided to proceed with an international publicity campaign based on the initials BTR, which they said stood for "blood, tears and repression". Part of the campaign will include the publication of a book about their strike.

BTR Sarmcol has since merged with Dunlop – another British rubber company, and is now called BTR Dunlop.

The strike on April 30, 1985, over the recognition of what was then the Metal and Allied Workers' Union, was the culmination of 13 years of bitter struggle by the workers against the company.

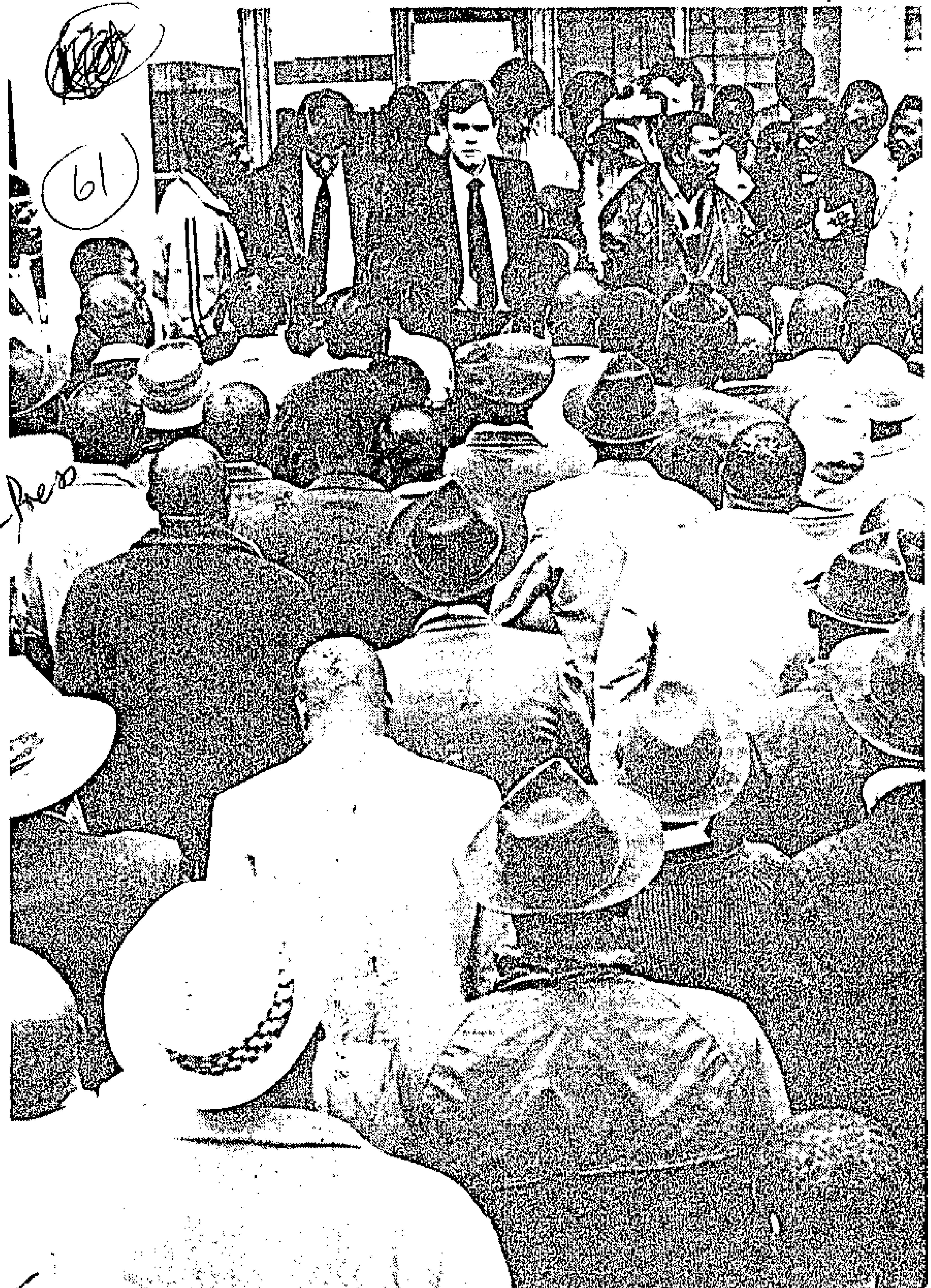
Since the sacking of the striking workers, Mpophomeni had been plunged into a deep crisis because of lack of income for local residents – most of whom were employed by BTR.

Natal University industrial psychologist, EJ Radford, found in research conducted last year that the sackings had caused great psychological stress among workers.

He told the court his research showed that the profile of ex-Sarmcol workers was that of an older group of married men who had spent a large part of their lives with the company. Until May 1985, they had formed the nucleus of the Mpophomeni community.

"Mpophomeni has no developed welfare system that can cope with job losses, and the reported increase in criminal behaviour and violence are symptoms of a community in crisis," said Radford.

According to other researchers, the 350 ex-Sarmcol workers in Mpophomeni had forfeited more than R2,5 million in earnings in the two-and-half years.



Martin Brassey (centre top), the lawyer who represented the dismissed workers.

Verdict does not stop struggle against 'Blood, Tears and Repression'

KwaZulu authorities have occasionally refused the community essential services because, when the workers were dismissed, they joined scores of the others residents in rent boycott, which had been in force since 1984.

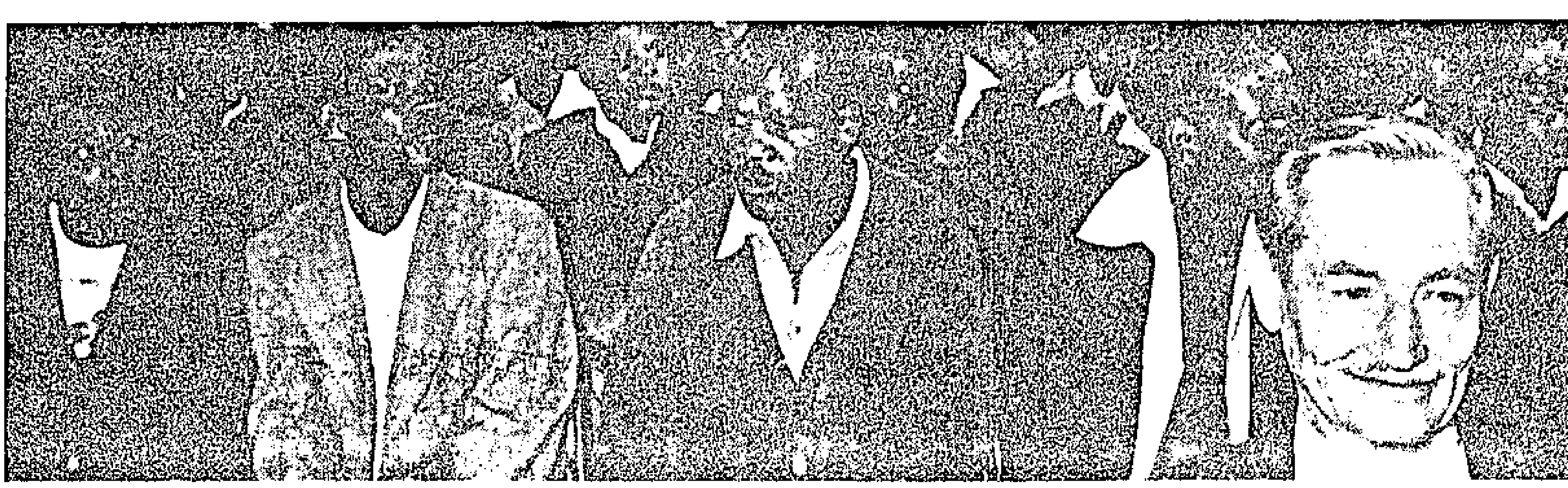
To keep the wolf from the door, the workers, assisted by Mawu (now theNational Union of Metalworkers of SA) started a large co-operative and service project – the Sarmcol workers' co-operative.

Among other things, workers at the co-operative grow food on a a farm loaned by the Catholic Church, scree T shirts, and have workshopped a stage play on their struggle, which they have performed at various functions throughout the country.

The play, *The Long March*, left for Britain last week where the dismissed workers will lobby for support nearer BTR Dunlop's headquarters.

The nine-member cast will tour Britain for two-months.

Back at home, Dr Mark Colvin of the Natal University-based Industrial Health Group, found in his recent survey that there was a great increase in malnutrition among kids – while a number of deaths since



BTR Sarmcol secretary and director John Sampson (front) flanked by part of the 890 dismissed workers.

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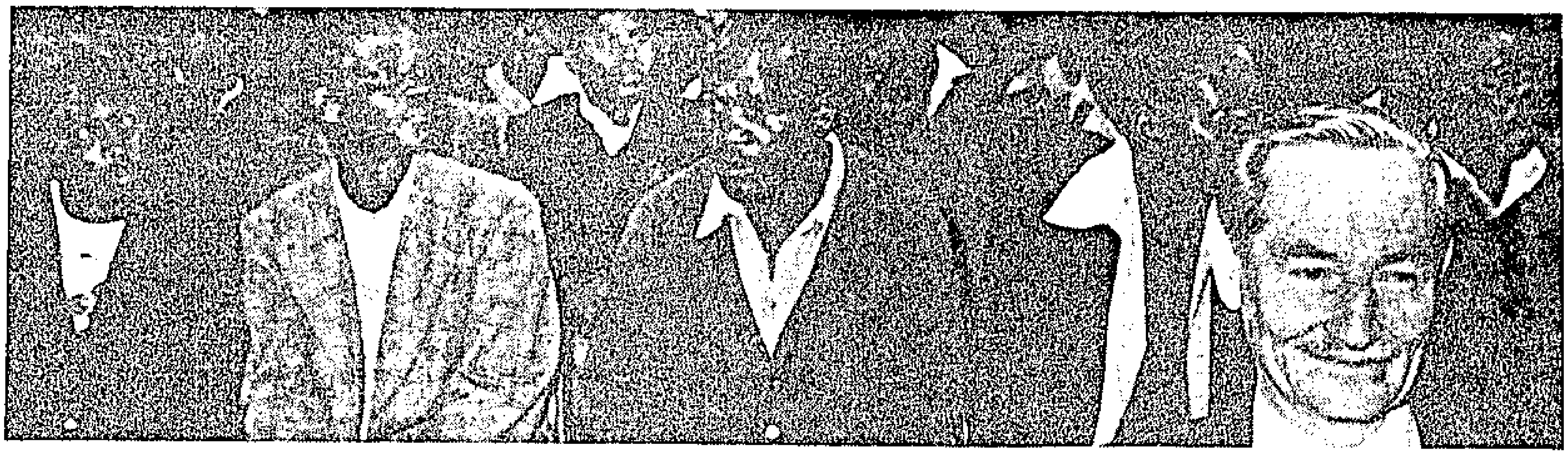

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Back at home, Dr Mark Colvin of the Natal University-based Industrial Health Group, found in his recent survey that there was a great increase in malnutrition among kids – while a number of deaths since the start of the dispute were attributed to Mpophomeni families' inability to pay health bills.

Of 663 children screened, about 30 percent suffered from malnutrition and 14 percent were severely malnourished, according to Calvin.

In his judgment, Roux said that the evidence of Geoff Schreiner, Natal Mawu secretary at the time of the strike and dismissals, had been "influenced to a certain extent by his youthful idealism".

Although Schreiner was a candid witness, his evidence on the "illegality" of the dismissals, which were a result of an illegal strike, was unconvincing and evasive, said Roux.

It left the court with the impression that he perhaps realised belatedly that he might have made the mistake of not having properly advised the union members in this regard and that the strike might have taken a different course had he done so, according to Roux.

The strike began on April 30, 1985, after 19 months of what Roux described as a "protracted power play" between the company and the union involving negotiations, industrial action and applications under the Industrial Relations Act over the signing of a recognition agreement.

After an exchange of telexes between Sarmcol and Schreiner, in which conflicting claims regarding the legality of the strike were made, the workers were paid off, although they were offered re-employment on an individual basis.

Because the hearing was primarily concerned with unfair labour practices as defined in the Industrial Relations Act, Roux did not consider it necessary in his judgment "to make a finding on whether the strike was legal or not."

He did, however, say that "it should be held that the strike was indeed illegal."

The unfair labour practices alleged by the union were:

- Failure by the company to negotiate in good faith.
- The dismissal of the workforce.
- Failure to reinstate strikers en masse.

All these claims were rejected by Roux, who said the court was bound to take into account "all relevant facts which would necessarily include such aspects as irresponsible and unfair acts and omissions prior as well as during and after the strike".

These facts were:

- "The complete insensitivity of the union to the economic losses" which were being sustained by Sarmcol due to the "sustained industrial action" prior to the main strike.
- The nonchalant manner in which the union treated the request by Sarmcol to discipline its members.
- The union's lack of leadership during the early days of the strike.
- Intimidation of workers employed to replace the striking workrs.
- The lack of a union approach to temporarily call off the strike on the reciprocal undertaking by Sarmcol to continue negotiations.
- The manner in which the strike was called.
- The responsible manner in which BTR Sarmcol, under intense provocation, was prepared to keep the union members' jobs open to them for a period of three months stood in stark contrast to the union's "sanctions and ommissions".

"The dismissals in the circumstances were not unfair, nor can the attitude or steps taken by management subsequent to the dismissals be categorised as being unfair," said Roux

He added that there was no case for the reinstatement of the workers or for granting them alternative relief.

The strikers have suffered enormous repression since their dismissals. Thirteen people associated with the strike including children have been killed by vigilantes, and a number of their homes have been destroyed.

One of the victims of the vigilantes was Simon Ntombela a shop steward and prime motivating force behind the establishment of the workers' co-operative.

Despite the outcome of the judgment, the strikers are carrying on with their weekly planning and co-ordinating meetings to sustain the strike and to get BTR Dunlop to the negotiating table.

Plan to pour millions into SA

Cape Times 2/12/87

61

LONDON. — British industry was on the verge of pouring millions of rands into South Africa, part of a "Marshall Plan" to dismantle apartheid and improve black education, housing and job opportunities.

The aim was to maintain British investment in SA against pressure for international economic sanctions.

It was reported yesterday in the Scotsman newspaper that the initiative had been on the boil for at least two years and was expected to be announced in February.

The plan has been put together by the British Industry Committee on South Africa (Bicsa), set up in January 1986 by the Confederation of British Industry and the UK/SA Trade Association. The body represents big investors such as Rio Tinto Zinc, British Petroleum, Shell, ICI and Unilever.

Bicsa director general Mr Nick Mitchell said yesterday the plan involved setting up a multi-racial trust in SA which would have the freedom to select mostly existing projects, inside and outside townships, to receive financial backing.

It would deal primarily with non-government education in pre-schools, multi-racial private schools, pre-university courses and literacy and numeracy back-up to technical schools.

Asked if it wouldn't be viewed cynically as a self-interested attempt by British companies to maintain a business presence in SA, Mr Mitchell said: "We certainly anticipate people saying that. There is an element of self interest in it. Self-interest is more powerful when lined up with the interests involved."

He said senior ANC officials had been approached in Lusaka and London, and although no in depth discussion had taken place, they had given the plan a "greenish-amber light".

The initiative is at a stage where it needs a firm financial commitment from Bicsa members, Mr Mitchell said. He declined to reveal exactly how much money is involved except to say it would be "millions of pounds".

"The motivation is that British industry wants to be part of a post-apartheid SA. It wants a long haul as against something you leave behind when you retire," he said. — Own Correspondent and Sapa

ANC rejects 'Marshall Plan'

S.A. Times 3/12/87

Own Correspondent

LONDON. — The ANC last night rejected the plan by the British Industry Committee on South Africa (Bicsa) to plough millions of rands into black advancement schemes.

Bicsa has confirmed it hopes to launch a "Marshall Plan" for South Africa in February, the Scotsman newspaper reported yesterday.

The ANC denied an earlier claim by the powerful British industry group that it had been given the banned movement's tacit go-ahead for the scheme.

Instead, an ANC statement last night told Bicsa they were just trying to justify their presence in the Republic — but should get out.

The statement called for "comprehensive mandatory sanctions" against South Africa in place of the Bicsa plan.

(61) B/day 4/12/87

AAM welcomes show of strength

Welsh pension funds join anti-SA move

LONDON - Welsh county council pension funds approaching £1bn are being used to impose investment sanctions on companies with dealings in SA.

Four out of five Welsh counties, which responded to a major national survey, do not invest their funds in SA-linked companies.

The result of the confidential survey, carried out by Local Government Chronicle, has been welcomed by the Wales Anti-Apartheid Movement.

"We have campaigned to stop investment in SA and are glad there are Welsh counties that have no links with companies dealing in SA," said Anti-Apartheid Movement secretary Hanif Bhamgee.

Own Correspondent

Across the country, returns to the LGC survey indicated the value of local authority funds in the UK reached around £30bn — including the estimated £1bn of the five responding Welsh counties — at the end of 1986/87.

Of the 73 county councils across Britain which responded to the survey — the first of its kind — 36 under the whole spectrum of political control do not invest their pension funds in SA-linked companies.

Four of these are Welsh, although it is not known which counties they are, or their reasons for restricting their investments.

Reasons given for the blockade vary across the UK, from the perceived instability of the SA economy making investment in it a bad risk, to clear moral judgments about the country's racial policy, or inconsistency alongside the councils' own race-relations policies.

There were 18 funds which did not invest in SA-registered companies.

Refusing pension fund links with SA on grounds other than commercial, remains of questionable legality.

The Local Government Bill now before Parliament seeks to outlaw "contract compliance" by local authorities which seek to impose conditions of a non-commercial nature on contracted companies.

Why the British say sanctions will never work

It is important for us all to understand that the argument for sanctions is not borne of stupidity or malevolence, or simply a desire to do damage to South Africa, but of frustration.

The proponents of sanctions say that the pace of change is very slow: sometimes they deny that there has been any change at all. They argue that efforts at persuasion have not worked.

Despite the changes that have taken place, apartheid remains in force; and the great majority of the citizens of this country have no effective political rights.

The ANC and PAC believe in a military solution to these problems — though they also favour sanctions. Others argue that without sanctions, people will be driven to the use of force. They see sanctions as a sort of bloodless substitute for war.

Why do we not believe that this strategy will work?

The historical experience is that it has never worked. The first major attempt to apply sanctions was against Italy in order to get Mussolini to withdraw from Abyssinia. Sanctions did not succeed.

In the Rhodesian case we were successful in putting a virtual stop to British trade with Rhodesia, but we were totally unsuccessful in putting an end to the trade of other countries with Rhodesia.

Sanctions cannot be really effectively enforced without a blockade.

Sanctions, if they are sufficiently widely applied, and despite the inevitable leakages, can and do cause serious economic damage. They can seriously limit the growth potential of an economy.

But where sanctions do not succeed is in achieving what they are intended to do — that is to say, in producing the desired political results; in changing people's hearts and minds. Their effect is punitive, not corrective.

They tend not to increase, but to diminish external influence.

It is in the nature of most people to react to threats with defiance. They dig in, accept the damage — and refuse to change.

None of you is in any doubt of our opposition to apartheid.

Where we differ from others is in the following respects:

First, we do pay tribute to what has been achieved — the legalisation of black trade union, the restoration of citizenship rights to the urban black population, the ending of the pass laws, these and other measures do constitute very important reforms. But none will "work" unless the process is continued.

We do not expect all reforms to be achieved overnight. We do not see South Africa as a "problem" susceptible of some easy or externally imposed "solution", but as a country going through an extremely difficult and painful process of change.

If my government believed that sacrificing Britian's trading interests in this country would bring apartheid to an end in two, three or four years, then I have no doubt that we would agree —and wait for Utopia to arrive.

But I am bound to tell you that we do not believe that cutting off our trade would have that effect. On the contrary we suspect that there would be hardened political resistance and that we would be left with no trade and no investments — and no influence whatsoever on what happens here.

One of the measures that has been most widely advocated is the idea of a ban on the import of fruit from South Africa. The US Congress already has imposed such a ban, and many in Europe would be prepared to follow suit — for reasons which, I am afraid, have more to do with protectionism that with morality.

We oppose such a ban because 300 000 people here, nearly all of them non-white, work in this sector. Two thirds of the production goes for export.

Assuming, as we always must with sanctions, that they would only be about 50 per cent effective, 100 000 people would lose their jobs. With their dependents, half a million people would be rendered destitute — with no social security net to fall back on.

Secondly, the messages I received urging comprehensive sanctions gave no indication whatever of what then would happen to Botswana, Lesotho, Swaziland or Zimbabwe.

The economic infrastructure of Southern Africa is interlinked; and the day those links are broken, the consequences will be fatal for the region as a whole.

Apartheid is not the only problem facing Africa. The other problems are economic development and indeed survival.

It would be futile in the struggle against apartheid to adopt policies which could only lead to catastrophic consequences for other countries whose economies would be destroyed long before the South African economy.

An edited version of a speech given by the British ambassador to South Africa, Mr Robin Renwick, (above) to the South Africa Britain Trade Association.

Economic warfare with South Africa would put an end to any prospect of economic development anywhere in this region.

It simply is no use advocating comprehensive economic sanctions, as a sort of ritual incantation, without explaining how it is proposed to deal with these problems.

Disinvestment too was supposed to be a magical, and relatively painless, way to achieve political change.

What change has so far been achieved? Well, it certainly has improved still further the financial position of Anglo-American, Sanlam, Old Mutual and Liberty Life, all of whom have been able to take over the assets of disinvesting companies at fire sale prices.

We are proud of the record of British companies in South Africa; and we do not see how it could possibly help the future of this country, or the prospects for peaceful change here, for them to withdraw.

Companies like BP, Shell, Unilever, RTZ and many others have some of the most advanced programmes for the training, welfare, health, pensions and advancement of their non-white employees.

If they disengage, those programmes would be bound to suffer; and a lot of people would be bound to suffer too. There would be fewer people qualified to take on leadership positions in industry, and not only industry, in the future. We do not see how that can be of benefit to anyone.

But still we must face the question: if not sanctions, then what?

We believe that the beginning of wisdom is to recognise that change in this country, whether we like it or not, is going to be a long drawn-out process; and, secondly, that change is going to have to come from within.

Apartheid is doomed. Your President has described it as an outmoded and outdated concept. It is unsustainable. The question is not whether it will disappear — but how protracted, and desperate, its death throes will be: how long and difficult the process will be before it is brought to an end.

We do not believe in delivering public lectures on the changes that need to be made. South Africa has to find its own solutions.

CAPE TIMES 8/12/87

UDF rejects 'Marshall Plan'

JOHANNESBURG. — The proposals of the British Industry Committee on South Africa for a "Marshall Plan" were totally unacceptable, the UDF said yesterday in a statement.

"The real motive is totally transparent: To protect the interests of British industrialists.

"It is also an open secret that it is an attempt to divert funds away from support for organizations of the people.

"We must point out the scheme was not discussed with the people it claims to be helping."

British judge bans anti-SA Shell boycotts

CAPE TIMES 22/12/87

(61/280)

Own Correspondent

LONDON. — Shell Oil UK yesterday won a significant victory in Britain's High Court when a judge outlawed boycotts of Shell products because of its business activities in South Africa and Namibia.

The test case involved the radical London borough of Lewisham which spearheaded a sanctions campaign by local authorities against Shell UK.

At least 18 other radical councils in England and Wales were poised to activate similar but dormant plans if the courts ruled in favour of Lewisham.

Lord Justice Neil ruled that it was illegal for Lewisham to boycott Shell UK products or to encourage other boroughs to do so.

He also said that not to deal with South Africa to improve race relations in the borough of Lewisham "can't be attacked as being unreasonable".

The Lewisham Council said in a statement afterwards that they were considering appealing against the decision.

Counsel for Lewisham, Mr Stephen Sedley QC, told the court in previous hearings that Shell was a target of the campaign, which began on March 11, because it occupies an "economically and politically key position" in South Africa and it was a Lewisham Council decison to "as far as possible disinvest in companies with links with South Africa".

Mr Anthony Lester QC, counsel for Shell, said in previous hearings that Shell UK had been "found guilty by association".

"Lewisham is publicly stigmatizing Shell. The whole point of the campaign is to stigmatize Shell and attempt to damage its reputation," he said.

(61) 29/12/87

US bid to drop SA book boycott

By Neil Lurssen,
The Star Bureau

WASHINGTON — A major American publishing association is urging US book publishers to abandon their profits-inspired boycott of South Africa.

And some prominent anti-apartheid activists have mixed feelings about the ban. Their chief fear is that the boycott denies modern ideas and educational information to blacks as well as whites.

Several leading American publishers have implemented — or plan to do so — embargoes on sales of their books in South Africa, in most cases because they fear losing business in US cities that refuse to deal with companies selling goods to South Africa.

The Association of American University Presses, a New York-based organisation that represents most of the major publishers of technical and scholarly books in the US, is strongly opposed to the boycott.

In a formal statement, the association said the mission of its members was to disseminate knowledge by publishing the results of scholarly inquiry.

There should be a free interchange of thought and expression across national boundaries and political barriers.

"We believe in the right to express unpopular opinions because we believe in the right of all people to hear those opinions," the association said.

While the statement does not specifically mention South Africa, a spokesman said yesterday that it was aimed at influencing members on the SA boycott.

"We sell few books in South Africa and there is not much money involved so it would be simple for us to join a boycott. We just don't think it the right thing to do,' said the spokesman, Mr Robert de Ambra.

Another who is unhappy about the self-imposed ban is Professor Eleanor Holmes Norton, a law professor at Washington's Georgetown University and a leading black protester against apartheid who has joined demonstrations outside the SA embassy.

"What we have to do is penetrate that system (apartheid), not engage in this kind of reflexive unthinking reaction," she said.

The ban is potentially serious for South African universities and medical research institutions. One of the companies that has joined the boycott is University Microfilm International, a subsidiary of Bell and Howell, which has sold its interests in South Africa.

Earlier this year, UMI stopped sending microfilms of medical and other research journals to SA universities and libraries that could not afford to subscribe to all the journals published in the US.

At Bell and Howell's corporate headquarters in Chicago yesterday, a spokesman said the microfilms contained the newest discoveries in medical research.

Asked if UMI was concerned that its action denied important information to blacks as well as whites, the spokesman said: "It is a plain fact that the company was faced by a number of sanctions here in the US that had a far bigger impact on the corporation."

Apart from losing sales to cites like Los Angeles, San Francisco and Washington DC, the book companies also received threats from some of their regular writers that they would send their work elsewhere if they continued to sell books to South Africa.

Among the companies reported to be joining the embargo are Simon and Schuster, McGraw-Hill, Macmillan-Scribner and distributor Baker and Taylor.

FOREIGN FIRMS IN S.A

BRITISH

1987 – 1988

Vandals hit at Shell pumps

BDay 18/11/1989 (61)

TILBURG — Apparent anti-apartheid activists vandalised four Shell filling stations in this Dutch town on Tuesday in a protest against the company's presence in SA, police said.

The incident, the first in almost a year, follows the recent early release of a Dutch anti-apartheid activist who had previously been sentenced to five years for his role in arson attacks against companies accused of supporting apartheid.

The activists, who in a pamphlet distributed on Tuesday in Tilburg called themselves "Shell's Angels," cut fuel hoses, damaged pumps, and claimed to have put chemicals in the stations' underground tanks, according to Shell spokesman Jan Clareijs.

"In order to discourage people to indirectly support apartheid, we put chemicals that damage car engines in the tanks," Clareijs quoted it as saying. No damage estimate was immediately available.

In 1987-88, Shell filling stations were a frequent target of Dutch anti-apartheid activists, who accuse the company of propping up SA's government by providing it with petroleum products. Shell has always refused to dismantle its SA operations.

The most radical Dutch anti-apartheid group, Rara, claimed victory two years ago when the Dutch company SHV said it was pulling out of SA after RaRa caused an estimated 150m guilders damage by setting fire to four of SHV's Makro wholesale supermarkets here.

One Rara member was convicted of attacking Makro, but the five-year sentence was quashed on a legal technicality. — Sapa-AP.

Leyland saga e… with SA buy-…

Roman Szymonowicz ... we're our own masters

61

By Don Robertson

ANOTHER foreign motor manufacturer has fallen into South African hands.

After 11 months in which a successful conclusion to a buy-out was uncertain, Leyland SA management has reached agreement with the British-based Rover Group.

In the 11 months Associated Automotive Distributors (AAD) had two managing directors, closed several branches and underwent a major restructuring.

Under its new management team and its new name, the company hopes to push turnover to R100-million this year and run at a profit while it consolidates its position in the automotive market.

Offshore money

The deal, negotiated for an undisclosed sum, was concluded on January 5, having been announced in February last year.

Backing the deal are Trust Bank and Volkskas and a "reasonable" financial contribution comes from an offshore source. Controlling the offshore interest is new managing director Roman Szymonowicz, who insists the company is wholly SA owned and has no link with Rover from which it was bought.

Mr Szymonowicz says the two banks will continue to support AAD.

The Rover Group will also offer AAD components, technology, franchise opportunities and an improved supply agreement.

Mr Szymonowicz says the reason for the delay in concluding the deal was the requirement by Rover that a sound business base be established and that the company be SA owned.

However, it is believed that financial backing was another stumbling block and it was not until Mr Szymonowicz arrived in July that the deal looked like going through.

Mr Szymonowicz became managing director after the amicable departure of Noel Williams who succeded Brian Fuller who was on secondment from Rover.

Unlike the withdrawal of General Motors and Ford, Rover has not paid off Leyland SA's debts, which are "not onerous".

Rover's decision to disinvest was in line with its attempt to privatise its operations internationally. But with the injection of funds by the management team, AAD is "financially sound", says Mr Szymonowicz.

Last year AAD incurred a large loss, but is now trading profitably.

"We have turned the company around and are now in a consolidation phase," says Mr Szymonowicz.

"Now that we are in control of our own destiny we will change the structure of the company."

This will involve a move from being an original equipment manufacturer, although production of the HLC bus with 85% local content will continue. The Tiger luxury buss will also be aggressively marketed and a new minibus chassis is available.

Expensive

AAD will also continue to operate in the heavy truck sector.

Recognising that tooling for new models is expensive, Mr Szymonowicz says it will be undertaken only if it is possible for the company to make a profit. However, development of existing models will continue.

More emphasis will be placed on the heavy 4x4 market with two models — a diesel Land Rover and a fuel-injected Range Rover — being launched in the first quarter of this year.

The Unipart parts service will be expanded to cover the complete range of vehicles, not only Leyland as in the past, and the workshop services will include all vehicle makes.

This will result in a significant switch in the contribution to profits by the various divisions.

Referring to the company's relaunch, Mr Szymonowicz says: "We have suffered some pain in the past few months, but I have full confidence in the management team. Our group policy is profit growth through expansion, productivity and improved efficiency."

Staff cut

AAD recently spent R1,5-million on a computer system linking all branches.

With the staff cut from 3 500 at the peak in 1982 when Leyland SA made a large range of passenger vehicles, the company now employs only 400, which Mr Szymonowicz says is about the optimum.

The management buy-out was negotiated by chairman Francois Jacobs, a member of the State President's Economic Advisory Council, Mr Szymonowicz, Mike Elsbury, Piet Rademayer, Meiert Grootes and Jack Massardo. Retired chairman Ellis Rhodes-Harrison is also a shareholder.

There is a possibility of going for a JSE listing, but it will not be necessary to raise capital.

A trust fund has been established to spread the benefits of equity participation for all employees.

Liberty's Gordon not quitting SA

(61)

LIBERTY Holdings chairman Donald Gordon yesterday denied that his British interests implied he had any plans to emigrate. He said he spent only about three months a year in Britain and had done so since 1962. "I am a loyal South African," he said. "The only way I will leave this country is in my coffin."

Gordon objected to implications that he was among the top local businessmen flirting with foreign operations and being drawn from SA to concentrate on projects abroad.

Business Day regrets any implication that Gordon was leaving the country. B/day 27/1/88.

Charges against principal: inquiry

B/day. 27/1/88

GERALD REILLY

PRETORIA — A commission of inquiry is to be appointed to investigate charges of misconduct against the headmaster of the Hoërskool Hendrik Verwoerd in Pretoria.

After a recent investigation, headmaster A J van Niekerk had been charged with misconduct in terms of the Transvaal Education Ordinance, Education and Culture Minister Piet Clase said last night.

Van Niekerk had denied the charges.

Clase said where a charge was denied a commission — a magistrate as chairman and two members — could be appointed to investigate.

The charge against the headmaster arose from a clergyman's having made allegedly "extremely racist and confrontational" statements on "moral steadfastness" to pupils in the presence of the principal.

"Politicking" in schools was highlighted by NP MP Albert Nothnagel, who claimed some Transvaal schools had been infiltrated by right-wing racism. He cited the Hoërskool Hendrik Verwoerd incident.

Lonrho provides for acquisitions

7/2/88

61

By Julie Walker

LONRHO produced attractive results in the year to September 30, 1987, increasing earnings a share by 30% to 30,1p.

The group's turnover of more than £3-billion does not include its share from associates, although profit before tax includes their return of £36,3-million.

Lonrho is offering a one-for-six capitalisation issue in April. It seeks a mandate to be authorised to make market purchases of up to 56,5-million of its own shares.

Lonrho says it is soundly based and will progress. Its major SA investment is in Western Platinum Mines. Listed under industrial holdings, Lonrho's JSE price is 1 310c.

Natal floods

Masonite's growth in earnings was 12% — below the rate of inflation — but it improved profitability. Its 1987 turnover cannot be compared directly with that of the previous year because of the disposal of 55% of the equity of its UK subsidiary Hardboard Servicing. This gave rise to extraordinary earnings of 857c.

The Natal floods delayed the harvesting of timber from the plantations, although Masonite says the forestry division did well.

In the year it acquired Ezebilt and expects earnings growth from it. Masonite shares rose 50c to 800c ahead of the results, and added 25c afterwards. At this price the dividend yield is 8,7%.

Sasfin earned 3,82c for the six months to December 1987 — 96% higher than in 1986. Tax allowances on exports and a low rate of tax for its foreign subsidiaries meant that only R12 000 was paid on income of R397 000.

Listed in November, the company's business is in factoring, confirming, shipping and instalment finance.

Bloch, the Ciskei-registered company which earns most of its revenue from royalties paid for the use of its trade marks, earned 1,8c a share in the six months to December 1987 — 64% up on last year.

Royalty income was 13% ahead of forecast. Bloch has registered a new trade mark — Blochkor — to a company of the same name, 50,03% owned by ICS associate Roelcor Vleis and the balance by Bloch Supermarkets. Blochkor operates butcheries in eight Bloch supermarkets, and has a wholesale division. Royalties from Blochkor are not expected to exceed 10% of total income.

In its year to December 1987 Progress Industries turned over R42,5-million — 35% more than 1986. Its earnings a share at 107c were 67% higher, and the dividend for the year was 36c. At a share price of 410c the PE is 3,8 and the dividend yield 8,8%.

Progress does not expect its earnings to grow at the same rate since 1986, although it says they will improve in the current year.

Veka, the schoolwear and men's fashion manufacturer, produced a tidy set of results after a change of control. It earned 7,2c a share for the year to December 1987, compared with only 0,6c in 1986. Increased turnover and reduced finance charges were responsible for the change.

A management buy-out of Veka was effected late last year by a consortium led by managing director Almero Oosthuizen.

Carlton Paper (Carlcor) failed to impress. It earned only 45,1c a share in its 1987 year, compared with 53,5c in 1986. The operating margin fell from 9,8% of turnover to 8,2%.

Carlcor says private consumption expenditure showed little growth in real terms and competition was intense. Selling prices lagged behind the rise in input costs.

Property

In the year to December 1987 Standard Bank Property Fund (Stanprop) increased its net income from rents, after adjusting new acquisitions, by 3,2%. However, this was negated by a drop of 37% in interest received. This resulted in the dividend distribution falling slightly from 11,16c to 10,9c.

Stanprop bought the Citylab office complex in Sandton for R5,3-million with an initial yield of 11,25%. It has been conditionally leased for 20 years.

It is spending R6,5-million on the refurbishment of the Bedford Centre in Bedfordview. This leaves R6,1-million for investment. Management expects higher earnings for the current year.

South

11-17/2/88

Protesting workers at the Mono Pumps factory near Kempton Park are set to secure significant rights.

(64)

'We want a fair deal'

Multi-national companies are disinvesting from South Africa supposedly because of their concern for the oppressed workers. Yet, when they leave workers often lose the few rights they had. Now unions are going all out to ensure that workers' rights are transferred and even extended when a new management takes over.

THIS month workers at Mono Pumps at Sebenza, near Kempton Park in the Transvaal, will hear whether they have won their fight for new rights when the company they work for disinvests from South Africa.

In the Eastern Cape hundreds of workers who were fired from the former General Motors over a year ago are expecting to hear soon whether the Industrial Court will allow them to return to their jobs at the new local company, the Delta Motor Corporation.

Cosatu

According to Frank Meintjies, information officer for the Congress of South African Trade Unions (Cosatu), there is now greater pressure for the workers of companies disinvesting to be given a fair deal.

"These companies are pulling out because of so-called concern for the plight of the oppressed and exploited," he said. "But last year Cosatu and other solidarity groups started exposing the fraudulent ways in which they were disinvesting.

"Often, there were no safeguards for the workers. The multi-national would just hand over to a local company that would merely pay the workers for the work they did. There would be no attempt to honour the agreements between the union and the previous management.

"The mother company would often then retain an interest in the new company with the hope obviously of trying to rebuy the company at a later date."

Central to the drawn-out negotiations at Mono Pumps has been the claim by the company's executives that the sale is a "commercial decision" and not a disinvestment. They claim the Kempton Park branch is one of five or six being sold off around the world.

But the National Union of Metalworkers of South Africa (Numsa) has disagreed and has pressed for a deal that would not only preserve existing rights but extend them .

If the company is bought by the local management team - which appears almost certain at this stage - the union will have succeeded in its aim. It will also have created a precedent, maintains Ms Adrienne Bird, the Numsa organiser involved with the Mono Pumps issue.

"It's very difficult in a situation like a takeover to extend the rights of the workers, so we'll have every reason to be proud when the sale goes through this month," she said.

Workers

Under the agreement reached between Numsa and Mr Michael Kettle, the UK executive handling the sale, a clause will be inserted into the terms of sale protecting all the present terms and conditions of all workers in the company.

A trust will also be established for the benefit of the workers, which will be controlled by a board of trustees consisting of two worker representatives elected by a secret ballot, one representative from Numsa, and two independent representatives, one of whom will be an accountant and the other an attorney.

In the past the company refused workers the right to negotiate at plant level. This right has now been assured and Numsa has agreed to negotiate a formal recognition of the union by the company.

A "very generous" retrenchment package was also secured with the local management team undertaking to give "ample" notice if anyone should be retrenched, said Bird.

Sacked

Workers at General Motors are not so fortunate. Thousands of workers were summarily sacked when they downed tools after their demands for severance pay, pension refunds and the right to appoint two directors to the board of the new company were turned down.

A series of meetings between management and workers reached a stalemate. The matter has now taken over a year to reach the Industrial Court. In the meantime many of the waiting workers have become involved in township mechanics, bricklaying, dance and drama workshops.

As Meintjies of Cosatu points out, the real danger of takeovers and mergers is that the agreements the workers have won through bitter struggle will be overturned.

"The hard-won gains made by organised workers should never be reversed," he said. "Workers should fight to ensure that they are not thrown out to starve after having worked to create the wealth of the company.

"The rights of workers haven't been won easily. It's been an agonising process. That's why we're determined that all affairs of a company should involve consultation with its union - especially takeovers."

UK approves social project investment in South Africa

61

Star 13/2/88

LONDON — The British government welcomed United Kingdom companies investing in social projects in South Africa, the Foreign Office Minister of State, Mrs Lynda Chalker, told the House of Commons.

She was asked by a Conservative Party MP what assistance the government proposed to give to the British Industry Committee on South Africa in its efforts to get UK companies to invest in social projects in the Republic.

Kept in close touch

Mrs Chalker said: "We have kept in close touch from the outset with the British Industry Committee on South Africa about their scheme to invest in social projects in South Africa.

"We also maintain contact with the major British companies already involved in such projects, which we welcome.

"The government has committed funds totalling £21 million for the five years beginning in April 1987 to our own major development programme for black people in South Africa." — Sapa.

Cape Times 25/2/88

LSE joins move to dump SA interests

61

Own Correspondent

LONDON. — The London School of Economics (LSE) this week became the first British university to emulate American colleges by disinvesting itself of all its shares in companies with South African interests.

The disinvestment covers shares in 25 companies, which have an aggregate value of about R8,5 million.

The school refused to name the companies, but said they included some of the UK's biggest names.

The decision, already taken in principle by the LSE's 100-strong Court of Governors, was ratified by the smaller standing committee.

The court and the standing committee are chaired by Sir John Sparrow, a director of Morgan Grenfell merchant bank.

Radicalism

The decision re-establishes LSE's place in the vanguard of student radicalism, and comes on the 20th anniversary of the year in which it acquired that reputation.

Disinvestment has swept through US campuses over the past two years, and institutions have unloaded their substantial holdings in companies with South African links.

Mr Nick Randall, general secretary of the LSE students' union, said this week that he hoped the school's example would be followed by other colleges.

Both Mr Randall and the school stressed that the decision was one shared by the students and the vast majority of the staff.

cerest in Sun Life. Sapa

CAPE TIMES 25/2/88

Barclays shows £1-bn profits

61

Own Correspondent

LONDON. — Barclays Bank (UK) showed its first £1-bn operating profit, helped by its decision to withdraw from SA.

Since leaving SA, Barclays has seen its share of the important student market, which had maintained an effective boycott, move up from 16% to 24%.

But chairman John Quinton said sharply increased provisioning against Third World borrowers had slashed the the overall pre-tax profits down from £895m to £339m.

He said he had raised provisions against loans to developing countries to 35%, which is more than any other of the big five banks in Britain and at the top-end of the matrix range recommended by the Bank of England.

The decision lifted the exceptional charge to £143m higher than at the half-way stage and gives a huge £713 of extra provisions for the year.

It took the equity to assets rate to 4,8%, raising the possibility of a rights issue in the coming year although a number of capital raising exercises including foreign share listings have already boosted capital resources by a net £145m.

Opinion

Simon's new Bill S 507 is a savage folly

Cape Times 7/3/89

280

Washington Letter
by SIMON BARBER

IN HIS approach to South Africa, Senator Paul Simon brings to mind the Jack Nicholson character in Stanley Kubrick's horror film *The Shining.*

For those who may not have seen it, Nicholson plays a seriously blocked writer engaged as caretaker at a cavernous rocky mountain resort hotel during the snowbound months when it is cut off from the outside world.

He goes insane and attempts to chop up his wife and son. There is a famous scene in which he staves in the door to their room with an axe, pokes his head through and says with demonic cheeriness: "Hi, honey, I'm home."

The chairman of the Senate Africa sub-committee would like Pretoria to believe that, if sufficiently provoked, he and his colleagues will become unhinged in precisely the same manner and will attempt to disembowel the South African economy. Allow me to present the policy of "deterrent derangement".

Last Friday, Simon introduced S 507, a Bill identical to HR 21 placed in the hopper by Congressman Ron Dellums in January and very similar to legislation (HR 5175) passed by House of Representatives last August which subsequently died in the Senate because it could not muster the 60 votes needed to end a filibuster.

S 507 is a savage piece of folly, as Simon well knows. Its main features, which should by now be tediously familiar, are total disinvestment by US firms, a hypocritical trade ban that excludes exports of South African strategic minerals, extra-territoral punishment of non-US firms involved in the South African energy sector, the withholding of all nuclear-related assistance even if a meltdown at Koeberg threatens to fry the Cape, and, my own favourite piece of humbug, a requirement that departing US firms arrange to transfer assets made valueless by their departure to "the victims of apartheid".

The last provision, I might note in passing, conjures the image of a poor man who asks for a car that he may start a delivery business and is given instead one of those charming wire toys that township children push about in the dirt.

But, as I said, Simon is aware of this (though he might frame his objections differently). So what, then, is driving him? Two things.

First, he is possessed by that most prevalent of Washington tokoloshes, the desire for re-election. Like the Reverend Jesse Jackson, who is principally headquartered in Chicago, he hails from Illinois.

The coincidence is critical because, though very liberal (in the debased American sense), he has managed to infuriate Jackson by backing the wrong man in the Chicago mayoral race. His seat is up next year. Therefore, he must do obeisance.

Second, he seems genuinely convinced that the threat of sanctions serves a worthwhile purpose in obliging Pretoria to give its opponents "breathing space" in which to expand their own bargaining power while at the same time strengthening the hand of those within government who want to see that expansion take place.

Jackson is of the political genus blackmailer, species rolling maximalist, which is to say he asks for everything, and when he gets it, more. This appears to be one reason Simon abandoned his original 1989 strategy, which was to offer a "mild" Bill — chiefly tightening "loopholes" left by the Comprehensive Anti-Apartheid Act (CAAA) — that would survive the Senate and could then be toughened up in conference between the two chambers after the House had passed the Dellums Bill.

His plan was to reverse the pattern of past years, in which the house has adopted Dellums's lunacy only to see it watered down or entirely blocked by the Senate, and thus make it at least look to Pretoria as though new sanctions were now a far more plausible proposition than they had been in 1988.

However, even the appearance of going soft (and appearances are now a deadly sin in Washington as Defence-Secretary designate John Tower can attest) would have left him open to attack by Maximum Jackson. He had no choice, therefore, but to go the whole hog. Hence, the madman strategy in which Simon will try to convince Pretoria that, if there is just one more Delmas-type verdict, Congress will fire up the old chain-saw it already has to hand and cut a swath of indiscriminate mayhem.

The trouble with this is that its fakery is too obvious. The strategy remains thoroughly unconvincing.

By introducing S 507, Simon has signalled to the new administration that he, not it, means to run US policy towards South Africa. He may be a trifle more judicious than his counterparts in the House of Representatives, but, one, Congress is constitutionally unequipped to direct any kind of foreign policy and, two, the idea that an object of Jackson's blackmail should be directing anything makes *The Shining* look like *101 Dalamatians.*

Admittedly, the administration has been more than a little lethargic in getting its own act together but, by pre-empting it in the way he has, Simon has all but ensured that it will start out where its predecessor left off, firmly on the defensive.

Bush and his team have made it their first aim, not only on South Africa but across the foreign policy spectrum, to retake the initiative from Congress. But if the fight over Tower's nomination as Secretary of Defence — which is not about the man's lifestyle but about who will be in charge of national security — demonstrates anything, it is that the Democrat-controlled Congress intends to relinquish none of the power it has seized from Republican presidents over the past two decades.

As for the administration's hope that it will be granted the flexibility to reward Pretoria for positive steps — for example, by encouraging banks to show lenience on the debt repayments that come due in 1990-91 — there is little room for optimism.

It would have been nice to see the Bush administration, which really has given South Africa a lot more thought than its predecessors, have a shot at something a little more nuanced and construc ... oops, positive.

61

LONRHO

Prescient asset sales

Activities: *Diversified international group, domiciled in London, with interests in motor and equipment distribution; general trade; manufacturing; leisure, wine and spirits; mineral extraction and refining; financial services; and agriculture.*
Control: *R W Rowland holds some 15,3% of the ordinary issued shares.*
Chairman: *E du Cann; managing director: R W Rowland.*
Capital structure: *375m ords of 25p each, fully paid; 17 250 ords of 25p each, 5p paid. Market capitalisation: R4,75bn.*
Share market: *Price: 1 250c. Yields: 3,5% on dividend; 4,2% on earnings; PE ratio, 23,7; cover, 2,3. 12-month high, 2 000c; low, 1 136c. Trading volume last quarter, 178 000 shares.*
Financial: *Year to September 30.*
Performance:

	'84	'85	'86	'87
Turnover (£m)	2 368	2 586	2 651	3 014
Pre-int profit (£m) ...	157,7	189,9	194,7	231,9
Taxed profit (£m) ...	55,0	67,6	76,5	104,2
Earnings (p)	17,3	21,2	23,2	30,1
Dividends (p)	9,0	9,0	10,9	13,0
Net worth (p)	199	199	182	246

Lonrho's colourful chairman, Tiny Rowland, showed last year why he has a reputation for being an imaginative but successful maverick. Early last year, the directors decided to put the group into a strong liquid position. After asset sales and various other transactions concluded in the months before the stock market crash, Lonrho ended the year with shareholders' funds of £924m and cash balances of £313m (£220m).

Among asset disposals was the sale of the UK casino interests in July for £128m and the sale of News (UK) to Rupert Murdoch's News International for £33m. Further funds were generated from the listing of 20m shares on the Tokyo Stock Exchange and the fully-subscribed offer provides a base for expansion in the Far East. In August, another £60m were raised through a 4,5% convertible bond.

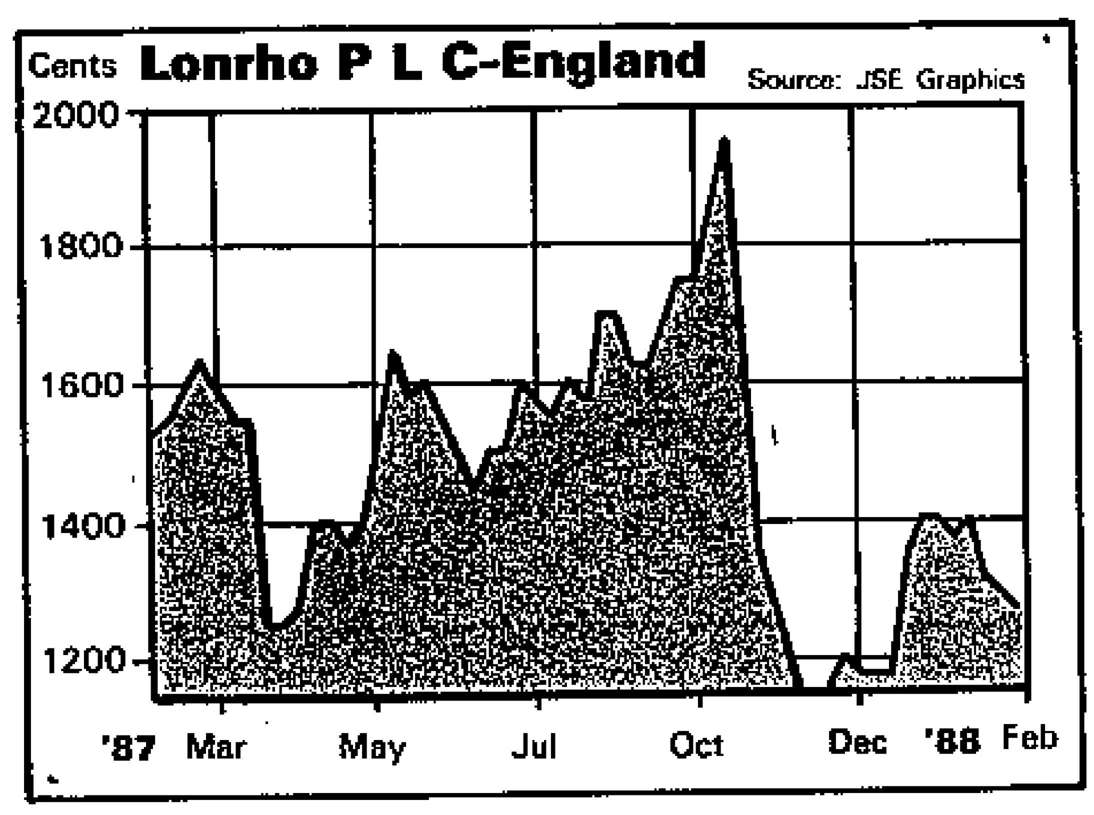
Last February, when the platinum bull market was getting into full swing, the group bought out its partner in Western Platinum for $US75m and, in April, it bought Ruhrglas AG, which is the largest manufacturer of table glass in West Germany and the fourth largest supplier of container glass.

Even with all the diversification undertaken by this widely spread international group over the past three decades, however, mineral extraction and refining remains the biggest single contributor to pre-tax profits. In the 1987 year these interests provided £59,1m or 29,5% of total taxed profits of £200,2m.

This indicates the importance of the South African mining operations, particularly Western Platinum, although by no means all of the group's mining investments are situated in SA. Even so, no less than 40% of taxed profits were made in southern Africa, which supports the view that Western Platinum is probably Lonrho's single most profitable operation of significant size.

The group has increased production of platinum group metals for the tenth successive year and remains the lowest cost producer in the industry. Additional shafts are being sunk and construction has started on a third plant designed to mill and treat an additional 1 Mt/year of ore from the middle of 1989. The report says that, even at much lower prices, the expansion can be self-financed out of profits while maintaining strong dividend flow. Long-term contracts for sale of the extra output have been concluded.

Mining income should be boosted further over the medium- to long-term as output from new gold investments build up. Group gold output last year reached 442 000 oz, with the Zimbabwean mines at an all-time high, but the largest gain came from Ashanti, where $US160m is being spent in lifting output by 50%. There is a 36% stake in Anglo American's new Erfdeel mine, where production started shortly before year-end and output should reach 400 000 oz in a few years. The group also has a 25,8% interest stake in a joint venture arrangement with Anglo to explore an area near Erfdeel.



The leisure, wine and spirits division became the next largest profit generator, with a contribution of £32,1m (£18,1m). Next in line was motor and equipment distribution with £31m (£22,3m), V A G UK remaining the leading importer of European cars into the UK. It was followed by manufacturing with £23,3m (£22,1m), financial services with £23,9m (£30,7m), general trade with £16,8m (£18,3m) and agriculture with £14m (£9,3m).

In geographic terms, the UK remains the largest profit source, having produced profit of £68,7m (£65,3m) but its influence diminished last year. It was followed by east, central and west Africa with £58,6m (£46,1m), southern Africa with £40m (£32,6m), the Americas with £23,1m (£11,7m) and Europe and other with £9,8m (£9,4m).

Benefits are already being seen from a recent move into the North American energy industry. Rowland notes that in October 1986, Lonrho entered into partnership with Robert O Anderson, creator of Atlantic Richfield, by acquiring 600 producing oil and gas fields in the US through the jointly owned Hondo Oil & Gas Company. He says that Hondo has made a healthy profit and has been further expanded since the year-end by merger with the Californian-based Pauley Petroleum Company.

Lonrho has consistently increased earnings per share since the setbacks in the 1981-1982 years, when earnings fell to 6,3p, and last year they rose by 29,7% to 30,1p. It remains to be seen how a group that is so widely diversified may be hurt by the fall in equity markets, but certainly the high level of liquidity is seen as a strong advantage in such times.

The share does not look cheap on the JSE, where it stands on p:e of 23,7 times and dividend yield of 3,5% versus the average yield for the industrial sector of 4,4%. Still, it could be worth holding, particularly for those who want a currency hedge.

Andrew McNulty

FINANCIAL MAIL MARCH 4 1988

D/D 19/3/88

UK exports to SA up in '87

61

LONDON — British exports to South Africa rose by 12 per cent to £949 million last year.

The figure, released in the latest report of the London Chamber of Commerce's tropical Africa committee, confirms South Africa as the leading market for British goods in sub-Saharan Africa.

It also shows British traders have not allowed sanctions to interfere with business.

The trade minister, Mr Alan Clark, has urged businessmen to continue to do business with South Africa within the limits of the United Kingdom's international obligations. Trade, he said in a speech last November, should be determined "by the commercial judgment of those engaged in it."

British business is expected to send five trade missions to South Africa this year to promote exports.

British exports to Nigeria, the largest market after South Africa, fell by £84m to £482m, the lowest level for several years, the report says. — DDC

61

17 Organisations
18 Individuals
Restricted
24th, 25th February 1988

Everyone has the right to freedom of thought, conscience and belief, and the right to express those beliefs.

Oil companies skid over labour relations

Social responsibility should begin at home, say workers at three major petroleum companies who have declared disputes over wages. By EDDIE KOCH

WAGE talks involving some 1 600 workers in the petroleum industry this week ground to a halt as the Chemical Workers' Industrial Union (CWIU) declared a number of disputes that could lead to widespread work stoppages.

CWIU branch organiser Pat Horn told the *Weekly Mail* deadlocked wage negotiations are fuelling worker dissatisfaction at plants owned by Shell, British Petroleum and Mobil in the Durban area, the Transvaal and the Eastern Cape.

About 30 workers have voted in favour of strike action at Veetech Oil, a Shell subsidiary, where the union is demanding a minimum wage of R700 a month and a 13th cheque as an annual bonus.

Horn said talks deadlocked after the company offered a minimum of R690 and refused the bonus demand.

Shell had insisted on treating Veetech as an autonomous plant so that it could pay wages lower than the minimum in the Shell group, she said. "Shell spends a lot of money on advertising their commitment to social responsibility but workers feel that charity begins at home and that the company should sort out relations with its own workers."

At the large Sapref refinery in Durban, owned jointly by Shell and BP, the union has applied for a conciliation board on behalf of some 700 workers after the company offered an across-the-board increase of 14,25 percent or R142 a month in response to the union's demand for 16 percent or R180.

The CWIU has declared a dispute at Shell Chemicals, which employs 80 workers in Durban, claiming the company is refusing to negotiate wages on the grounds that a full agreement with the union has not yet been signed. Horn said the union had applied for a conciliation board last month and the workers would consider legal strike action if the board did not meet within 30 days.

A media representative for the company said: "Shell maintains good and stable relatioships with all the unions with which it deals. Of these, the CWIU is one of the most important. It has already negotiated a number of substantive agreements with them amicably.

"Like any employer, however, it reserves the right to resist unreasonable demands when negotiating on wages and other substantial issues. It would not be fair to expect any employer to 'belly up' every time a union makes a demand.

"Shell maintains an excellent wage policy and employee benefits package and will continue to do so. Any dispute which currently exists is taking place in the normal course of industrial relations interaction and collective bargaining procedures."

Meanwhile labour relations at Mobil Oil's refinery in Durban and its petrol depots around the country also ran into a slippery patch this week.

Horn said Mobil's refinery refused to meet the union's demand for 16,5 percent or R215 per month increase across-the-board, offering 14 percent or R135. The union claims Mobil has also refused to provide information on wages neccessary for negotiations and has applied for conciliation over both issues.

Talks to resolve a dispute with Mobil's depots in the Transvaal and Eastern Cape, where the union is demanding across-the-board hikes of R200 a month in response to an offer of R155 a month for some 360 workers, are due to take place today. CWIU's education secretary Blake Moseley has accused Mobil of paying wages below those of the other big petroleum companies.

Asked to comment, Mobil Oil's public relations manager, Barry Housdon, confirmed that disputes had been declared by the union.

He said Mobil was unable to comment on wages paid by other companies but his group undertook regular salary surveys and offered "a total package that was very competitive". Mobil's minimum wage was R710 a month and housing subsidies and educational assistance were available to employees.

Housdon added that Mobil believed it had supplied the union "with adequate information to proceed with negotiations".

One-in-five has left in past two years

Number of British firms in SA dwindling

Star 61 28/3/88

The Star Bureau

LONDON — One-in-five British companies operating in South Africa two years ago has now withdrawn, says a report prepared by the Anti-Apartheid Movement.

It claims the number of British companies with subsidiary or related companies n the Republic has fallen from 297 to 235 as a result of commercial and political factors.

A further 19 companies substantially reduced their exposure during 1986 and 1987, either by partial disposal of subsidiaries or by reducing their shareholdings, while three indicated their intention to disinvest during 1988.

The report also says that Britain's economic relations with South Africa are being restructured away from direct investment and towards other commercial links, such as licensing and franchise agreements.

After a slower response than US companies to declining profitability, shareholder pressure and political uncertainties, the pace of British withdrawals has "quickened markedly", it says.

The roll-call includes such companies as Barclays, BICC, Legal and General, John Mowlem, Rover and Vickers. An estimated 40 percent of foreign investment in South Africa is British. While no up-to-date figures are available, total direct British investment has fallen from R23,5 billion in 1980 to an estimated R11,3 billion in 1986.

This is said to be partly because of the steep decline of the rand. But the sale of South African subsidiaries by Barclays and Standard banks are estimated to have pushed the book value of British investment down by 10 percent.

The report notes, however, that "disinvestment moves have not all been what they seemed at first sight".

"Withdrawals have generally been structured to ensure the twin result of minimising the impact on the economy and guaranteeing a continuing foothold in South Africa for the parent companies."

Most companies sold by departing foreign parents have not ceased operating and still function either as independent units owned by their management or as part of large South African conglomerates.

The report states that many continue to manufacture, assemble, or market their ex-parents' products under licence or through franchise arrangements.

DID 29/3/88

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AAM: disinvestment not a failed strategy

LONDON — One in five British companies operating in South Africa two years ago have since withdrawn, says a new report by the Anti-Apartheid Movement (AAM) to be released next week.

The report, which concludes the disinvestment drive has met with mixed success, says the number of British companies with subsidiary or related companies in South Africa has fallen from 297 to 235 in the same period.

It says total United Kingdom direct investment in South Africa fell from £6 billion to £2,9 bn between 1980 and 1986.

The withdrawal of Barclays and Standard Chartered reduced the book value of UK investment in South Africa by 10 per cent.

In the past two years, it says, a further 19 companies reduced their exposure, either by partial disposal of subsidiaries, or by reducing their shareholdings.

The AAM said Britain's economic relations with South Africa are being restructured away from direct investment towards other commercial links, such as licensing and franchise agreements.

Withdrawals, the report says, have not resulted in total disinvestment.

Instead they have been structured to ensure the twin result of minimising the impact on the economy and guaranteeing a continuing foothold in South Africa.

Despite this, the AAM still argues that disinvestment is not a failed strategy.

Among the adverse consequences of disinvestment for the South African economy, the reports says, have been:

A lessening of company interest in opposing sanctions after having reduced direct involvment; An exacerbation of South Africa's position as a long-term exporter of capital and reduced access to foreign technology. — DDC

CITY/NATIONAL

R500-m pullout by international firms

The Argus Correspondent

JOHANNESBURG. — Two huge multinational firms have announced the sale of their South African interests for a total of over R500-million.

The US mining group Newmont has agreed to sell its stake in five South African companies for a total of R363-million.

The transactions will be completed by the end of April and involve the mining operations Palabora Mining, Okiep Copper, Tsumeb and Gamsberg Zinc and the Anglo-American controlled Highveld Steel and Vanadium.

Benficiary

Anglo American is said to be the beneficiary as it has a substantial financial interest in Newmont through London-based Consolidated Goldfields.

In comment on the disinvestment move Newmont said the group had tried for years to dispose of its Southern African interests.

In the second major announcement yesterday the British packaging group Metal Box said it had sold its 25 percent stake in its local operation to Barlow Rand subsidiary Nampak. Financial details of the deal would be announced later, a Barlow Rand spokesman said.

The acquisition of Metal Box (SA) will give Nampak a huge share of the local packaging market. Metal Box (SA) will continue as a licensee of Metal Box technology and will be able to use the Metal Box name for two years.

Barlow Rand will also take up Metal Box's 25 percent interest in steel, metal and tube group Robor Industrial Holdings for R34,4-million, in which it already has a 60 percent stake.

The disinvestment moves were taken ahead of expected new sanctions legislation, especially in the US, where a congressional committee has been hearing submissions on a range of Bills calling for intensified sanctions.

British Steel to quit SA

D/D 31/3/88

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LONDON — British Steel was pulling out of South Africa, Mr Robert Atkins, junior trade and industry minister, told MPs yesterday.

But the state corporation, which is soon to be denationalised, made it clear later that the decision was being made on commercial rather than political grounds.

A spokesman said the corporation was not doing enough business to justify maintaining a sales office in Johannesburg. In recent years sales had averaged less than 2 000 tons a year.

The office, staffed by one salesman, his secretary and a driver, is expected to be closed by the end of May.

Mr Atkins made the announcement during the committee stage of the British Steel de-nationalisation bill in response to Labour amendments calling for the corporation to cut links with South Africa as a protest against apartheid. — DDC

Sales based on commercial reasons

Metal Box pulls out for R148m

61

Bday 31/3/88

UK-BASED Metal Box PLC has disinvested from SA for R148,4m.

Barlow Rand is the ultimate beneficiary of the move.

Metal Box's 25% stake in Metal Box SA has been sold to packaging giant Nampak, owned by Barlow Rand, for R114m (£28,7m). And its 25% stake in Robor Industrial Holdings has been sold for R34,4m to Barlow Rand, which already has a 60% stake in the JSE-listed investment holding company.

The final amount paid to Metal Box PLC is subject to exchange-control regulations.

A Metal Box PLC spokesman Sean Travis Healy said in London the sale of its interests was based on commercial considerations and was not a politically motivated disinvestment.

Speculation that Metal Box PLC would exercise the option it had to dispose of its stake in Metal Box SA to Nampak had been rife since the start of the year.

Its decision to do so now apparently resulted from approval for the deal being obtained from the sole dissenting member of its board.

The long-term strengthening of the financial rand could also have been one of the persuading factors for going ahead with the sale.

LINDA ENSOR and MIKE ROBERTSON

The Metal Box deal was concluded at 669c which represents a premium of 39,4% on the net-asset value of 480c which prevailed as at September 30, 1987, and a discount of 10,8% on the closing price of the share (750c) before trading was suspended in the Metal Box and Nampak shares at noon yesterday.

The suspension will be lifted when details of the deal are formally announced on or before next Thursday.

The shares in Robor were bought at 430c — much higher than yesterday's closing price of 375c but below net-asset value which, in September last year, was 484c.

The takeover of Metal Box SA, which in 1987 had a turnover of nearly R1bn, is a coup for Nampak which already owns 54% and now has a 79% stake. It is believed to have made an offer to the other minorities.

No details are available on how Nampak will finance the deal. At its year-end in September 1987, it had R60,5m available in cash. If borrowings are used to fund the balance this will have a dramatic effect on finance charges which at

● To Page 2

UK's Metal Box pulls out of SA for R148m

● From Page 1

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a prime rate of 14% would escalate by R9,4m.

Gearing at the end of September 1987 was a low 18% so the group has the financial strength to expand its borrowings, but the effect on the bottom line of the additional income accrued from Metal Box would be diluted by the higher interest bill if borrowings are used.

On Metal Box's 1987 earnings, Nampak would have derived R38,9m from a 79% stake compared with the R26,6m which, in fact, flowed onto its balance sheet.

If the assumed finance charges are deducted, Nampak's earnings a share would have been 235c in 1987 rather than the actual 228c and 257,8c without that consideration.

Metal Box SA will continue as a licensee with the right to use the name for a two-year period.

31/3/88 Bday

NAMPAK/METAL BOX

Taking the gap

61

Obviously the rumour was true. For months it has been suggested that the British company Metal Box Plc (MB) planned to disinvest and that Nampak would buy its 25% interest in Metal Box SA (MBSA). Despite Nampak's vehement and recent denials, this is what has happened, though even now Nampak chairman David Brown is insisting this is not a disinvestment.

Nampak, which initiated the proposals, already had a 54% holding in Metal Box, so it knew the company's potential and was eager to increase its holding. Good results are expected to be announced shortly, explaining Nampak's eagerness to buy MBSA. It seems probable that the current relatively high rand and the likelihood of a future weakening was the carrot Nampak used to entice the British parent to sell now.

MB opted for cash and will receive R860 per share, or R146m. Minorities have the option of cash, shares or a combination of both.

If all minorities also choose cash, Nampak must pay R269m, which it will probably borrow. At end-September, Nampak had net borrowings of only R60m, so the debt:equity ratio will be only about 0,30 after the deal. Cash flow was more than R200m in the year to end-September, so the purchase will probably need outside finance for a short period.

The situation will be even better should minorities opt for the box rather than the money — the box being 35 ordinary Nampak shares for every 100 MBSA shares held, or a combination of both cash and shares.

For the MBSA shareholder, Nampak's offer is attractive. Nampak's performance was very similar to that of MBSA over the past four years, but the deal is geared so that the earnings of MBSA shareholders will increase by 9,9% and dividends will be 9,4% more, based upon a market value for the shares 16,7% above the March 29 price — if shareholders take the Nampak share offer. The cost comes in terms of net worth which falls 24,2%.

Preference stockholders will benefit even more as the value of their investment will increase by 86,6% and their dividends by 75%. If the offer is fully taken up, MBSA's listing and that of its preference stock will be terminated. MBSA's shareholders will qualify for the MBSA dividend to be declared in May, but not for the Nampak dividend.

Although Nampak shareholders will have to forfeit an equivalent amount in the short term (1,3% of earnings and 9,9% of net worth on an historic basis), long-term benefits are expected. With MBSA as a 100% subsidiary of Nampak, this will create a unified packaging company, able to maximise synergy between the two divisions. MBSA also has much lower cost inflation than the paper divisions, because of Iscor's efficient cost control.

In a further deal, Barlow has announced the purchase of 25% of Robor Industrial Holdings (RIH), also from MB, for R34,3m. But Barlow says it does not intend to increase its holding in RIH further and the deal will have no effect on earnings or net worth.

Louis Venter

NEWMONT

Bowing out

Gold Fields of SA (GFSA) has jumped at the chance to increase its investments in base metals by picking up the interests sold off by US mining group, Newmont, in a number of mines where GFSA already had large equity stakes. Analysts suggest the result could be a new mining venture for the house.

Deputy chairman Dru Gnodde confirms that GFSA has picked up Newmont's 40% stake in northern Cape copper mine O'okiep, its 31% stake in Namibian base metals producer Tsumeb Corporation and its 27,5% stake in the Gamsberg zinc deposit in the northern Cape. He declines to disclose the price paid.

These acquisitions take GFSA's total holdings in O'okiep to 83%, in Tsumeb to 78% and in Gamsberg to 55%. Gnodde says that Newmont auctioned off its various South African investments and GFSA's bids for these interests were accepted. He adds that GFSA did not take over Newmont's stake in Palabora copper.

Gnodde says the disinvestment by Newmont is linked to the group's serious debt problems and is not politically motivated. He points out that Newmont has also put its Australian operations up for sale to the highest bidder. Newmont was the target of a failed takeover bid by US corporate raider T Boone Pickens last year. Its debt problems result from the defensive action.

GFSA had taken over management control of O'okiep and Tsumeb in previous years after Newmont had reduced its stakes in these companies from the absolute controlling shareholdings it once held. GFSA now has absolute control of Gamsberg, which is SA's largest zinc deposit. It previously had only an indirect stake through its 43% interest in O'okiep, which holds 27,5% of Gamsberg. O'okiep also holds the right to manage whatever mine may be set up at Gamsberg. Anglo American Corporation holds the re-

Metal Box pull-out startles the unions

Despite a Cosatu call to disinvesting companies to inform unions, Metal Box, which has a liberal reputation on labour matters, pulled out quietly. HILARY JOFFE reports

WORKERS at Metal Box are surprised and concerned that they were given no indication of the disinvestment move by UK-based Metal Box, National Union of Metalworkers' organiser Bobby Marie said this week.

The British multinational last week said it had sold its 25 percent stake in Metal Box South Africa to Nampak, a Barlow Rand subsidiary, for R114-million. Nampak previously owned 54 percent of the company.

"It came as news to us," said Marie. "And we are concerned that management did not have the courtesy to mention it to us and explain its implications."

As yet it's unclear whether there will be any implications, since the British company only had a minority holding. The technical agreement between the two companies will be continued.

But Numsa was surprised that it was not informed of the disinvestment, since Metal Box SA has adopted a progressive approach to industrial relations. It consults with shop stewards and union organisers on a range of issues, including, for example, its social responsibility projects.

The company is aware of Cosatu affiliates' policy on disinvestment, which includes a call for disinvesting companies to negotiate disinvestment issues with unions in organised plants.

Marie says the union will be approaching Metal Box management to discuss the issue.

In its R148,4-million disinvestment, British company Metal Box also sold its 25 percent stake in Robor Industrial Holdings for R34,4-million to Barlow Rand, which already owns 60 percent of Robor. Barlow Rand is thus the ultimate beneficiary of the pullout.

A Metal Box spokesman was reported from London as saying the sale of the multinational's South African assets was based on commercial rather than political considerations.

The number of British companies which have disinvested from South Africa is relatively small compared with the 140 US companies which have pulled out over the last three years. Barclays Bank and Standard Chartered Bank were among the biggest British moves.

From London, British Industry Committee on South Africa (Bicsa) spokesman Nick Mitchell said this week he believed the Metal Box disinvestment was not part of a pattern, although "one can't exclude the possibility of other companies saying the economic advantage of staying in South Africa is outweighed by the disadvantage.

"By the beginning of this year there was less pressure but events in South Africa over the past few weeks have made life more difficult."

Bicsa's members comprise 40 of the largest British companies which have South African investments, making up an estimated 70 to 75 percent of the value of total investment. The committee was set up in January 1986 with combatting the sanctions campaigns as one of its primary aims.

Altogether there are about 160 British companies with South African investments. British direct investment in South Africa was estimated at £6-billion in 1984. With the decline in the value of the rand and some disinvestments since, this figure has probably remained at about that level, Mitchell estimates.

He adds that British associated companies in South Africa were spending more than R100-million a year on social investment, according to research done last year. The money was being allocated primarily towards education, housing and job creation.

● British industry's "Marshall Aid" plan for South Africa, reported in the press last year, never really existed, says Mitchell. A proposal was circulated for collective action on social change by British companies operating in South Africa. But Bicsa members rejected this in favour of continuing and expanding individual companies' social spending programmes.

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W/Mail

8/4/88

...in fifty years

...the rice, cotton, and soya revealed the full extent of US market power. In the case of rice, US action cut world prices from $230 to $170 a ton.

The EC has not been above pursuing agricultural policies with a disastrous developmental impact. Thanks to the CAP, the Community has become a major exporter of agricultural goods marketed with the aid of export subsidies.

Overall, CAP export subsidies are estimated to reduce the prices of temperate foodstuffs by 16 percent.

Attempts to resolve the international food crisis are focused on Gatt where the Reagan administration remains committed to complete free trade in farm produce by the year 2000.

For the majority of developing ...

Mount Nelson's best year

S Times 10/4/88

61

CAPE Town's Mount Nelson Hotel has completed the most successful year in its history.

"In the last few years we have operated at high occupancies, and last year we produced our best profits ever," says Managing Director Angus Dodds.

Last week the owners of the hotel, British & Commonwealth Holdings, confirmed that the sale of the hotel was being discussed.

Mr Dodds says negotiations are in an early phase.

"It is, however, incorrect to suggest that the possible sale is linked to last year's labour dispute or to tough competition from Southern Sun's Cape Sun."

He says the labour dispute was amicably settled last December and the Mount Nelson's high occupancy led to last year's record profit.

The hotel is owned by UK-registered Mount Nelson Hotels.

BUSINESS

DD 14/4/88

Share raid won't affect Wilson Rowntree says MD

(61)

EAST LONDON — The managing director of Wilson Rowntree, Mr John Rich, said yesterday the dawn raid on Rowntree Plc on the London Stock Exchange would have no effect on the operations of the wholly owned subsidiary here.

He was commenting after the giant Swiss company, Jacob Suchard, acquired 14,9 per cent of Rowntree shares at £6,30 a share, up £1,50 on the opening listing.

Asked what would happen in the event of a full take over by the Swiss company, Mr Rich said: "We will have to evaluate the situation then but I do not think it will have any major effect on our operations here."

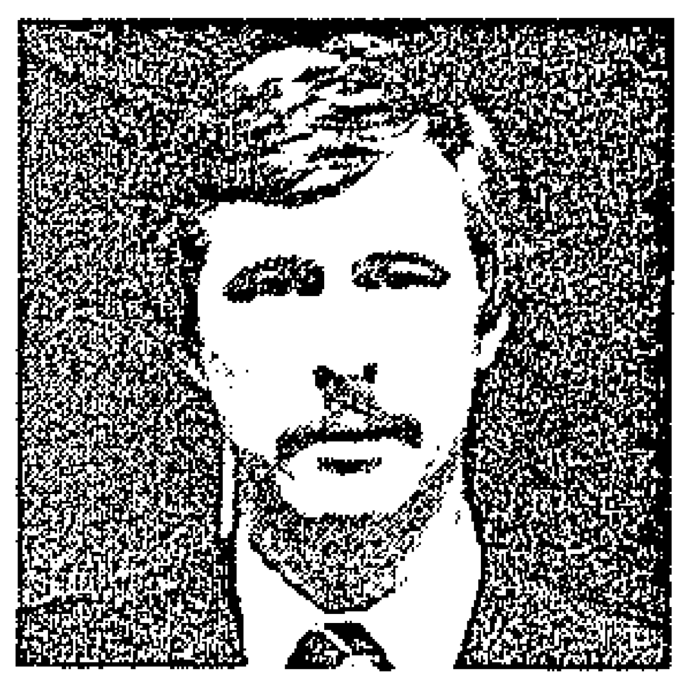
Jacobs Suchard paid just over £160 million to boost a previous stake, built up in earlier buying, of 2,77 per cent. The Swiss firm said in Zurich it would like to go up to 25 per cent, but did not plan a takeover unless a rival stepped in.

The group, created in a 1982 merger of the Jacobs family coffee company with Interfood SA, makers of Suchard and Tobler chocolates, is no stranger to the takeover game.

Last year it bought Cote d'Or, Belgium's biggest confectioner, and E.J. Brach, the third largest confectionery business in the United States after the Mars and Hershey groups.

Rowntree has been mentioned before as a possible takeover target, with Switzerland's Nestle SA seen as a possible bidder.

Based in York, northern England, it is an old-established British confectioner with products that include Kit Kat bars, Rowntree jellies and Fox's Mints.



Mr Rich. . no effect

Its chewy fruit gums have been a favourite with British children for decades and were marketed under one of the most famous of British advertising slogans — "Don't forget the fruit gums, mum," said the little boy, as mother went out shopping.

Rowntree's 1986 turnover was £1,29 billion, yielding pre-tax profits of £84 million. It is valued at current share prices at more than £1,3 billion.

Brokerage Warburg Securities confirmed it had acquired a total of 14,9 per cent of Rowntree for Jacobs Suchard, after the Swiss firm bid £6,30 each for 25,7 million Rowntree shares.

Suchard spokesman, Mr Walter Anderau, said in Zurich his firm's eventual aim was 25 per cent of Rowntree but, under British regulations, it was able to buy only 15 per cent. A five-day notification period would follow after which Suchard would be free to buy more.

"We believe 25 per cent will make us important shareholders and our intention is to stick with this. But if a 'white knight' emerges, we would have to reconsider the situation and might make a takeover bid," he said.

Mr Anderau said there was no discussion with Rowntree before the raid and Suchard had not been in touch with it the company.

"There were some informal contacts further back with Rowntree but nothing substantial. They made it very clear until now that they were not interested. They are very independent minded," Mr Anderau said. "It's a strategic investment. We want them to be a profitable firm which pays good dividends."

Mr Anderau said a takeover bid would have been "quite a thing" and might have caused worry on monopoly grounds.

Mr Suchard had a small British chocolate-making operation, Tobler Suchard Ltd, based in Bedfordshire, north of London. It wanted to get more involved in Britain, which had the world's third highest per capita chocolate consumption — 7,9 kg a person a year, behind Switzerland with 10,9 kg and Norway with 8,1 kg.

BUSINESS

Rowntree chairman: takeover is in nobody's interests

D/D 15/4/88

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EAST LONDON — The £160 million share raid into Rowntree Plc was not in the interests of the company, its shareholders or its employees, the chairman, Mr Kenneth Dixon, said in statement released in York yesterday.

He was responding to the raid on the London Stock Exchange by the giant Swisscompany, Jacob Suchard,which acquired 14,9 per cent of Rowntree shares at £6,30 a share, up £1,50 on the opening listing.

"It is not in our interests that a Swiss company with nothing like the breadth of Rowntree's brands should have a large shareholding in the group. Jacobs may need Rowntree but Rowntree does not need Jacobs," Mr Dixon said.

Mr Dixon said it was understood that Jacobs had indicated its wish to acquire a further 10 per cent of the shares at the same price but apparently would not make a bid for Europe's largest confectioner within the next 12 months.

"The board of Rowntree regards this acquisition of a stake by Jacobs as wholly unwelcome.Rowntree believes tha the price at which Jacobs has acquired its shares is wholly inadequate for obtaining a major stake in the group.

"Rowntree, the largest manufacturing group in the United Kingdom, has one of the best portfolios of brand names of any confectionary company in the world, far better than Jacobs own. These have taken years of investment to develop and are a resource which can be exploited in international markets.

"This is a strategy Rowntree is successfully following, particularly in Continental Europe where profits in 1987 were double those in 1986.

"As a result of prudent financial policies, Rowntree has the flexibility to continue the aggressive pursuit of this policy and to reap the reqards which follow when sales in regional markets rise tothe level where economies of scale can be achieved."

Suchard, one of Switzerland's most acquisitive companies, said it planned to go up to 25 per cent, but did not envisage a full bid unless a rival emerged.

But investment analysts in Switzerland and Britain said a full bid was almost certain and the only question was timing.

"It's not in the nature of Suchard to stick with a minority holding. It's a very dynamic company and one which likes to take control," said Michel Rousset, of Lombard Odier et Cie, a private Geneva bank.

The company, created in a 1982 merger of the Jacobs family coffee business with Interfood SA, makers of Suchard and Tobler chocolates, is no stranger to the takeover game.

Last year it beat its Swiss rival Nestle SA in a takeover battle for Cote d'Or, Belgium's biggest confectioner, and bought E.J. Brach, the third largest confectionery business in the United States. It also took over Italian chocolate maker Du Lac.

Analysts said Rowntree was attractive for its strong brand names - such as Kit Kat bars, Rowntree jellies and Fox's Mints and its strength in parts of the world, particularly Britain, where Suchard was weak or wanted to expand.

"Their (Suchard) market share (in Britain) is almost non-existent and Rowntree is the biggest producer of sugared confectionery and chocolate," said Julian Lakin, of Citicorp Scrimgeour Vickers, in London.

Andreas Meier, of Zurich Kantonal Bank, said: "I don't see any big advantage for Jacobs in having just 25 per cent. I believe they must aim for at least just over 50 per cent," he said.

Under London takeover panel rules, Suchard cannot buy more Rowntree shares for another week.

Some London analysts said Suchard might have to pay more than the £6,30 pounds it paid on Wednesday to get the extra 10 per cent it wanted if fund managers decided to push the price up against it.

Suchard spokesman, Mr Walter Anderau, said there was no discussion with Rowntree before the raid and Suchard had not been in touch with the company on Wednesday.

"There were some informal contacts further back with Rowntree but nothing substantial. They made it very clear until now that they were not interested. They are very independent minded," he said.

If it comes to a takeover battle, analysts here pointed out that Suchard does not always win. Last year it was beaten off in an effort to buy Hero Conserven Lenzburg, another Swiss foods group, after a fierce contest.

●Wilson Rowntree in East London is a wholly owned subsidiary of Rowntree Plcand the managing director, Mr John Rich, has said that the share raid has no effect on its operatic ns.

Carlton may 'close its doors'

By Magnus Heystek

Western International (Westin), which has managed Johannesburg's Carlton Hotel since it opened for business in 1972, intends disinvesting from South Africa, it is believed in hotel circles.

A press conference has been called later today at which the future of the Carlton will be announced. Star

But Mr Pat Kelly, general manager of the Carlton, yesterday emphatically denied that the hotel will close its doors, as some rumours suggested. 20/4/88

Shell under attack from anti-apartheid groups

By BONNY SCHOONAKKER
The Hague

ATTACKS on Shell petrol stations by anti-apartheid activists in Holland continued this week as the courts continued to hold one of their number, a suspected arsonist, in detention.

The attacks were carried out by Revolutionary Anti-Racist Action (RaRa) and are now, according to police, being copied by other groups.

Police this week arrested two teenagers and a 20 year old for repeatedly cutting petrol hoses at a Shell garage in Apeldoorn.

On Thursday, a 30-year-old man, identified only by his initials R F J R, was committed to 30 days' detention by the Amsterdam District Court pending his trial.

The man was one of eight RaRa activists arrested last week — seven of them have since been released.

Police have indicated they are still likely to be charged.

Oil strike ends in big pay deal

By EDDIE KOCH

A FOUR-WEEK strike at Shell's Veetech Oil Company in Durban ended yesterday after management agreed to increase the minimum wage from R558 to R700 a month and pay an annual bonus of 25 percent to all workers.

However wage disputes at major oil refineries in the Durban area threatened to escalate this week as members of the Chemical Workers' Industrial Union (CWIU) met to consider holding strike ballots at Mobil Oil, Shell Oil and Sapref Refineries. Wage talks with the union have deadlocked at the three plants.

W1 Mail (61)

CWIU organiser Pat Horn said a meeting of the union's shop stewards' council for the petroleum sector last week decided to deal with the disputes on a joint basis. As a result workers from all three refineries had attended joint meetings over the past three days in an attempt to take a united decision on whether to hold strike ballots.

In the Transvaal, the union is involved in a separate wage dispute with Mobil's oil depots, which employ some 200 workers. Annual wage talks for workers in the Caltex and BP depots in the Transvaal are also due to take place in the next few weeks.

15-21/4/88

THE ECONOMY

One-in-five UK firms has pulled out of SA

A British report says one in five UK companies have pulled out of South Africa in the past two years.

Weekly Mail Reporter, London

ONE in five British companies has withdrawn from South Africa over the past two years, according to a report published this month by the Anti-Apartheid Movement in London.

In the AAM's view this is a victory for the disinvestment campaign, although the report says: "Despite disinvestment moves, many ex-subsidiaries in South Africa continue to enjoy access to technology, product ranges and management expertise from their parent companies, an unsatisfactory situation which reduces the damage that disinvestment does to the apartheid economy."

The two largest disinvestment moves, Barclays Bank and Standard Chartered Bank, cut British investment in South Africa by an estimated 10 percent, according to the report. AAM estimated British direct investment in South Africa in 1986 at £2,9-billion (about R12-billion), down from about £6-billion in 1980, a fall due to rand depreciation and disinvestment. British direct investment accounts for 40 percent of the total.

According to the report, South Africa was the 15th most important destination for UK overseas investment in 1986, having fallen from third place in 1982.

There are now 234 British parent companies with subsidiary or related companies in South Africa, down from the 297 companies in mid-1986, a net reduction of 63 companies or over 20 percent, the report says.

A total of 55 parent companies disposed of their South African subsidiaries in the period 1986 to end March 1988. Others merged or were liquidated. A further 19 companies substantially reduced their shareholdings in South African subsidiaries.

Over the same period 104 US corporations (or 40 percent of the original total) sold their South African investments, leaving 157.

Although companies often give "bland commercial reasons" for their departure, the AAM report says, their decisions involve assessment of the current profitability of the South African economy, its prospects given the escalation of the political crisis and public and shareholder resistance.

"That companies have responded to South Africa's economic crisis by disinvestment is due to the unique position of South Africa as a target for international sanctions campaigners," the report says.

It quotes figures showing a 19 percent drop in British companies' net earnings from South Africa between 1984 and 1986. By contrast net earnings from the world increased by 96 percent in the same period.

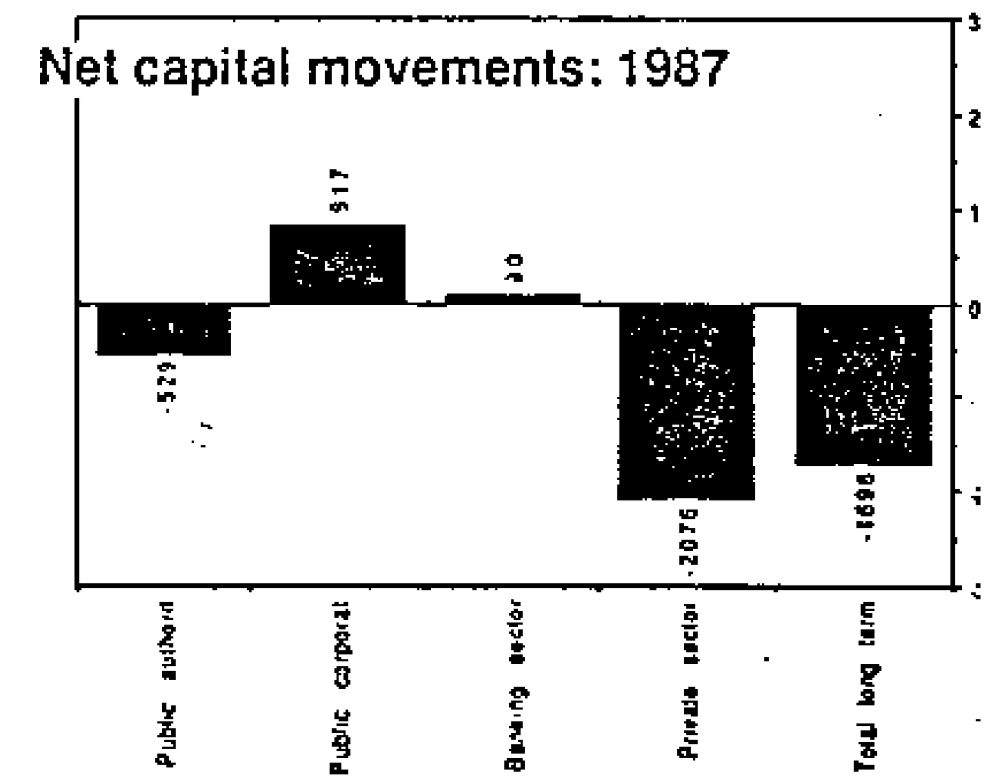
In the AAM's view disinvestment is no substitute for effective sanctions against South Africa, the report says. But "disinvestment is creating a favourable situation for further sanctions to be imposed by reducing the strength of the corporate lobby against them," says the report.

Apart from Barclays and Standard, the list of prominent disinvesting British companies has included Hill Samuel, Rank Xerox, Wilkinson Sword, Rover Group and Metal Box. Companies which have announced their intention to disinvest during 1988 include Alexon Group, Allied Lyons, Glynwed International and British Steel Corporation.

The AAM report also lists 33 British companies with subsidiaries, associates or offices in Namibia.

BUSINESS BAROMETER

GENERAL INDICATORS

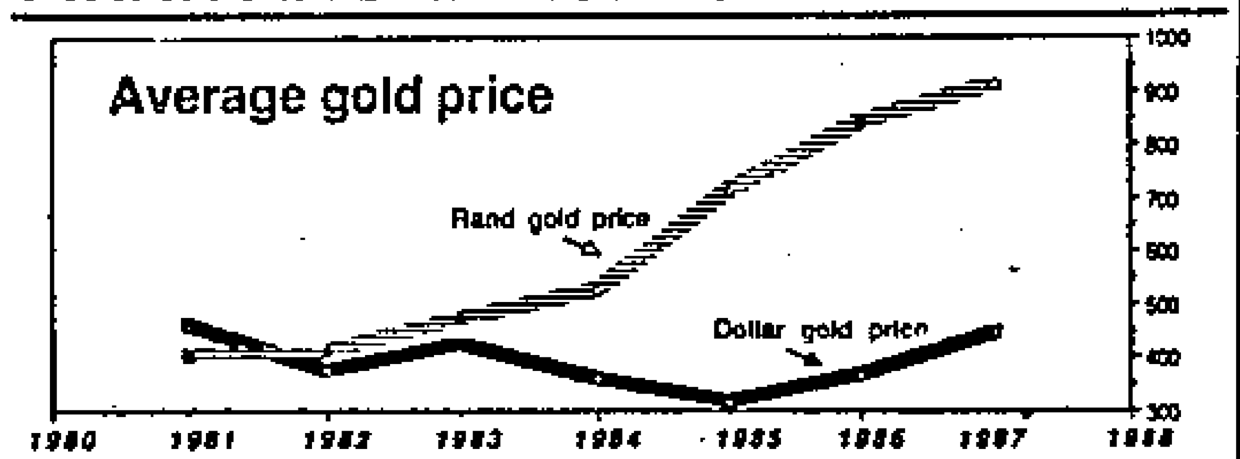


CAPITAL OUTFLOWS
The flight of capital from South Africa continued in 1987, but at a slower rate than in the previous two years. The net capital outflow (not related to reserves) in 1987 was R3,1-billion — compared with R6,1-billion in 1986 and R9,2-billion in 1985, according to the latest Reserve Bank Quarterly Bulletin. Short term capital flight declined from R3-billion in 1986 to R1,4-billion in 1987. The outflow of long term capital declined from R3,1-billion in 1986 to R1,7-billion in 1987. South Africa's repayments of foreign debt in terms the First and Second Interim Arrangements with foreign creditor banks were the main component of last year's outflow, the Reserve Bank says. Public corporations were responsible for a net inflow of capital last year, drawing on foreign loans of R817-million for project financing. In 1986 they were net repayers of loans totalling R75-million. The graph shows net inflows or outflows of long term capital by sector.

ADVERTISING
Advertising spending exceeded R1-billion for the first time in 1987, with television's share growing by 1,9 percent from R242,1-million in 1986 to R309,6-million in 1987. The share of all other media types declined, except that of radio which grew slightly from 11,5 percent to 11,6 percent (or R120,3-million). Advertising agency Grey Phillips says in its newsletter that the increase in radio spending is a result of radio stations increasing their rates according to what the market will bear – no new stations of any consequence have been launched, there has been no upsurge in radio sets bought and radio listenership has not shown an upward trend for years.

BLACK URBAN SPENDING
Reserve Bank Deputy Governor Jan Lombard earlier this year estimated total expenditure on goods and services by black urban households at R30-billion a year. Of this about R2,6-billion is spent on clothing and footwear and R10-billion on food. The demand from the black urban community constitutes almost 40 percent of total demand for food products in South Africa. On his estimates there are two million black urban households in South Africa, and this number is growing by about 100 000 or five percent a year. On average two to three out of about six people in each household are economically active, a total of about five million people of whom about one million may at present be looking for steady jobs. Lombard estimated income probably exceeded spending by about five percent or R1,5-billion.

FINANCIAL INDICATORS



Gold Price

	21/4/88	WEEK AGO	% CHANGE
	453.70	447.00	+1.5

Selling price: Major currencies against rand

	21/4/88	WEEK AGO	% CHANGE
US dollars	2.1450	2.1590	—0.6
Pounds Sterling	4.0478	3.9762	+1.8
Deutsche Mark	0.7776	0.7832	—0.7
Yen	57.93	58.45	—0.8
Swiss Franc	0.6420	0.6488	+1

US Dollar against major currencies

	21/4/88	WEEK AGO	% CHANGE
Dm	1.6680	1.6910	—1.3
Sterling	1.8871	1.8417	+2.4
Yen	124.26	126.19	—1.5
SwFr	1.3770	1.4008	—1.6

Source: First National Bank

BID 111/88

Vandals protest against SA link

THE HAGUE — Vandals cut pump lines and contaminated oil tanks with paint at four Shell petrol stations in the Netherlands to protest against the Anglo-Dutch Shell group's investments in South Africa, police said here yesterday.

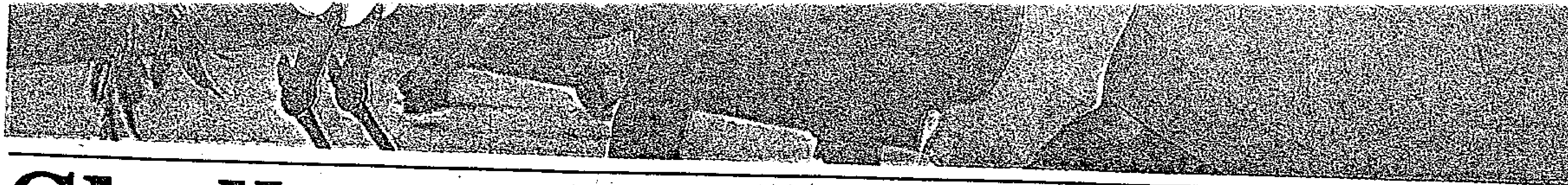
Police said two stations in The Hague and two others in Eindhoven were smeared with anti-apartheid graffiti.

Shell has come under increasing pressure from anti-apartheid activists to end its presence in South Africa, where critics say it is supporting Pretoria's racial policies by maintaining $500 million worth of investments.

Sixty Shell stations have been vandalised in the Netherlands.

The latest attacks came a day before Shell's quarter-year profits report at a shareholders' meeting in The Hague.

Anti-apartheid groups have bought shares of Shell stock in a move to allow activists, including the president of the South African National Union of Mineworkers, Mr James Motlatsi, to address the meeting. — Sapa-RNS



on a specially-built gantry above the stage. There will be six performances till June 11 and three special condensed performances for children.

Picture: ANNE LAING

Shell shareholders vote to stay

Cape Times 12/5/88 (61)

THE HAGUE. — A Shell Oil shareholders' meeting here yesterday voted overwhelmingly in favour of continuing the company's operations in South Africa, in spite of criticism that the company is not doing enough to end apartheid.

About 95,5% of the votes cast at the annual shareholders' meeting of the Royal Dutch Petroleum company, Shell's Dutch wing, supported the Shell management's view that the Dutch-British multinational should not withdraw its South African interests.

Strong criticism of the company's South African presence was voiced before the vote by American and South African labour union officials.

Of the 437 441 share votes cast at the Dutch meeting, 418 132 backed the Shell management, which has consistently argued that withdrawal from South Africa would only hurt that nation's black majority. There were 19 309 votes against.

The company has always refused to take a formal shareholders' vote on the South African issue, arguing that only a small minority of shareholders ever attend the meetings. Royal Dutch has issued more than 286 million shares.

Yesterday's vote followed several speeches by trade union officials and anti-apartheid activists who had bought Royal Dutch shares to attend the meeting.

The president of South Africa's National Union of Mineworkers, Mr James Motlatsi, urged Shell to pull out of South Africa where it was "providing fuel for the racist government".

He said he would ask Cosatu to pass a resolution boycotting Shell products. He added that he did not think it would be successful.

In London, meanwhile, anti-apartheid demonstrators virtually hijacked yesterday's annual meeting of Shell International.

The chairman of Shell, Mr Peter Holmes, was interrupted several times by Anti-Apartheid Movement members scattered among the 800 shareholders present.

At question time the AAM members dominated, asking 11 question compared with only three by other shareholders.

Jeering grew from both camps in the audience as protesters interjected while Mr Holmes fielded hostile questions on a range of issues from Shell SA sales of fuel to the police and the military, to its employee relations.

Mr Holmes devoted almost one-third of his annual statement to shareholders to the issue of its South African operations.

He said that more than two years of attempted boycotts of Shell products had had little effect on business.

"We are not complacent, however. The issue is a serious one and I regret that anti-apartheid groups still make unwarranted and unfounded allegations against us." He said that Shell employees "find these unjustified attacks deeply offensive".

He told shareholders Shell welcomed the growth of the black trade union movement and was concerned at the government's proposed amendments to the current labour relations legislation.

"They run contrary to the beliefs of Shell South Africa and to the spirit in which it wishes to conduct its employee relations," he said. — Sapa-Reuter, Own Correspondent

DID , 27/4/88 (61)

Nestlé in £2,1bn bid for Rowntree takeover

LONDON — The Swiss food giant, Nestlé SA, has announced a £2,1 billion takeover bid for the British confectioners, Rowntree Plc.

A spokesman for Rowntree here said the offer was unwelcome and did not reflect the true state of the company. "It is our intention to remain independent," the spokesman said.

The bid was the second Swiss assault on Rowntree in what a British newspaper dubbed as the "chocolate war".

After a stock market dawn raid in London on April 13, the Swiss food company, Jacobs Suchard AG, said it had built up a 14,9 per cent stake in Rowntree and planned to boost its holding to 25 per cent.

Suchard, maker of Toblerone chocolate bars, said at the time it did not envisage a full bid for Rowntree unless a rival emerged.

But in response to the Nestlé challenge, Suchard's chairman, Mr Klaus Jacobs, said: "Our hands are untied now. We are free to act.".

"A Swiss does not give up so easily," he said.

Nestlé's managing director, Mr Helmut Maucher, said the proposed merger with Rowntree would "create a major international confectionery group . . . better able to exploit new opportunities particularly in Europe and the United States".

Nestlé said it had bought 4,6 per cent of Rowntree on the stock market in the last few days. Since the Suchard raid, the price of the British firm's shares have almost doubled.

● In East London yesterday, Mr John Rich, managing director of Wilson Rowntree, which is a wholly owned subsidiary of Rowntree Plc, said it was premature to speculate as he did not have enough information.

"Rowntree Plc is holding its annual meeting today and this was preceded by a board meeting so it is difficult to get enough information to comment."

He said he was told that in the first hours of trading on the London Stock Exchange, Nestlé had acquired 14 million shares at £8,90 a share.

"This is not much when you consider there are over 200 million shares," he said. — Sapa-RNS-DDR.

DD 27/4/88

We are committed to end apartheid says UK envoy

Political Correspondent

CAPE TOWN — Britain was "totally committed" to the fight against apartheid and intended helping provide "the weapons" to fight it, the British ambassador, Mr Robin Renwick, said yesterday.

However, those weapons would not be bombs, but education and economic advancement, he said at a meeting organised by the Get Ahead Foundation in Johannesburg.

Mr Renwick said Britain had no intention of disengaging from South Africa, but would increase its assistance to community and self-help organisations.

The basic choice for Western countries was not, as some seem to think, whether to "ban this or deplore that" — though Britain had done its share of this.

The fundemental choice was between cutting ties and walking away from the problem in South Africa as many were calling on Britain to do, or continuing efforts to contribute directly to social and political change.

"We will go on providing practical help and, whatever the difficulties, we will go on working for positive change.

"We are totally committed to fight against apartheid, and we intend to provide weapons to fight it.

"Those weapons will not be bombs, but education and advancement."

Britain was currently providing R80 million in assistance for black higher education, and would before long be sponsoring 500 black students at university level in Britain and South Africa.

British companies operating in South Africa had contributed over R130 million to black housing, education, welfare, training and pension programmes in a single year.

Britain was assisting in a wide range of projects in townships and rural areas.

Mr Renwick cited as an example the grant made available yesterday for the construction of a covered market for small businesses at Katlehong near Germiston.

"This is one of 60 or 70 grants we will be making to community and self-help organisations in this country this year," he said.

"Britain will be continuing and increasing assistance of this kind and would not accept interference with these programmes.

"Why are we doing all this?

"It is not in our power to change the politics here in the way we would like to do, and were able to do in the countries for which we had direct responsibility and where we had power as well as responsibility.

"But we can help you to help yourselves, and that is what we are trying to do," Mr Renwick said.

Nampak ties up a bargain

Business Times Reporter

THE withdrawal of Metal Box UK from South Africa after 55 years is the biggest disinvestment by a UK company since Standard Chartered's pullout last year.

By selling its 25% stake in Metal Box SA and its 25% stake in Robor Industrial Holdings, Metal Box UK is taking about R180-million out of SA. At the present financial rand rate, it appears that Metal Box UK is taking home £33,7-million.

Nampak will acquire the Metal Box SA shares. Nampak is making an equivalent offer to the 21% MBSA minority with a view to acquiring 100% and delisting the company, so its total outlay comes to R269-million, either in shares or cash.

Barlows will acquire the 25% Robor stake for R34,4-million.

Metal Box shareholders are offered R860 cash for 100 shares or 35 Nampak shares, which before the deal were worth R25 each. The share alternative is worth R875, but those who elect to take shares will not get Metbox's interim dividend, so the effective share price is 860c.

The Metal Box share price has been as high as 900c, but after the October crash it plunged to 575c. It rose subsequently to 700c, so the offer is a premium of 23% on the pre-deal price.

It is 11,9 times earnings and a premium of 79% on net asset value — an apparently generous offer, which is worthwhile for Nampak because of synergy and rationalisation benefits.

The deal will dilute the holding of CG Smith in Nampak from 71,7% to 63,9%

Barlows is paying 430c a share for Metal Box UK's 25% of Robor. That is 5,9 times earnings and an 11% discount to net assets of 484c.

Running

Although the deal has been reported as a disinvestment from SA, Nampak made the running in the deal which will make Metal Box South Africa its wholly owned subsidiary.

"We approached the UK parent with the proposal," says Nampak managing director Don McCartan.

"The timing seems to have been propitious and after due consideration the British company accepted our offer."

Nsampak chairman David Brown says: "It is incorrect to interpret this as a divestment by Metal Box plc. It is a deal which will be to the benefit of all parties."

The big Chocolate War

DD 29/4/88

61

Rowntrees Plc, of which Wilson Rowntree in East London is a wholly owned subsidiary, has been the target for takeover by two Swiss companies in what has come to be known as The Chocolate War. Magareta Pagano, of Reuters, sketches the background to the intense battle.

LONDON — Nestle has been provoked into launching its R8,4 billion hostile bid for Rowntrees by the recent dawn raid of its competitor, the Swiss Toblerone-to-coffee group, Jacobs Suchard.

Not only do the two Swiss groups slug it out in their respective chocolate and coffee markets, they are said to dislike each other intensely — to the point of outright hostility between Helmut Maucher, managing director of Nestle, and his counterpart at Suchard.

Suchard's chairman, German Klaus Jacobs, a grand-nephew of the founder who still controls the group, is well known for his autocratic business style and was said to be pondering whether he can afford a counter offer.

On Wednesday Suchard declared it had bought 2,5 million more shares to take its holding in Rowntree to 16 per cent.

Nestle plays down any hostility, but the thought of Suchard gobbling up Rowntree's bagful of brands was too much for Nestle to swallow.

Nestle, based in Vevey, nestling on the edge of Lake Geneva, has courted Rowntree before. An attempt to set up joint ventures in Europe, with Nestle taking a small share stake in Rowntree, were rebuffed by Rowntree in January.

After Suchard's dawn raid, Mr Maucher approached Rowntrees chairman, Mr Kenneth Dixon, again, but quickly realised that an agreed deal was not on.

Nestle is the world's largest food group and claims it can exploit Rowntree's resources better than Rowntree itself, by using its international network to distribute its products. Mr Maucher points to economies of scale in manufacturing and marketing and, inevitably, to the vision of 1992.

The Swiss group, which started life in 1866 as a milk producer, is truly multinational. Just 2% of last year's £136 billion sales were in Switzerland, with the rest in 59 countries. Net earnings of £700 million last year dwarfed Rowntree's £112 million pre-tax profit.

Nestle has been in Britain since it started, earning £65 million last year on sales of £800 million. It owns Crosse & Blackwell, Branston Pickle, Libby fruit drinks, Nescafe and Gold Blend coffee, Findus frozen foods and Chambourcy yoghurts, but it has only 2%. of the United Kingdom chocolate and confectionery market.

Britain's Office of Fair Trading will now be scrutinising the proposed takeover which, on the face of it, is unlikely to be referred to the Monopolies and Mergers Commission on the normal 25% competition criterion or on grounds of national interest. The combined groups would have some 27% of the British confectionery market and some 10% globally.

Europeans eat about £525 billion of chocolate a year, making it the world's second largest chocolate market. But Switzerland is not in the Common Market so Swiss companies must buy their way on for the market after 1992.

This raises the issue of reciprocity. In theory, British companies can bid for Swiss ones, but, in practice, it is impossible. Swiss companies have up to three classes of shares and registered shares are often reserved for Swiss nationals.

There is no such thing as a level playing field in Switzerland's mountainous financial markets.

To date, Nestle has favoured agreed deals and it recently paid $3 billion for the American Carnation group. It has just bought the Buitoni pasta and Perugina chocolate brand names from Carlo de Benedetti.

Nestle and Suchard both want Rowntree for its brand names. Kit Kat, the staple diet of British tea breaks, has broken into 95 countries and sales yield £260 million a year.

The Swiss have stayed "block" chocolate makers, but the world's taste has changed towards "countline" bars like Lion. The Swiss have been slow to notice. Instead, because of the huge costs in launching new products, they are being forced into buying brands to compete.

All this led the Swiss inexorably to Rowntree.

Thomas Cook sells out

CHERILYN IRETON

61

THOMAS COOK'S disinvestment from SA follows a change in thinking on minority investments by the British travel group's new management team.

The group disclosed yesterday it is to sell its 29% stake in Thomas Cook Rennies to partner and major shareholder Rennies for an undisclosed sum.

The local operation, which has a 10-year contract to sell Thomas Cook travellers' cheques, will operate as Rennies Travel.

Rennies chairman Buddy Hawton says Thomas Cook, now owned by Midland Bank, took a policy decision earlier this year to get rid of its interests in minority investments worldwide.

"Politics were never mentioned as a motivating factor, but it is my personal view that continued involvement in SA would eventually place a strain on overseas shareholders."

Although the price paid by Rennies is being kept under wraps, Hawton says it was a fair deal. "We were not prepared to pay a significant premium for the business as we are expecting travel will become more difficult if the rand relegates against other currencies — as seems likely."

The biggest part of the price paid was dependent on Rennies' ongoing ability to sell travellers cheques, adds Hawton. To ensure this, performance guarantees have been provided.

2/5/88 B/Day

61

BUS

COMPANY FOCUS

Asseng's profits for '87 wiped out in dividends, royalties to UK parent company

From MICHAEL MENOF

JOHANNESBURG. — Asseng's UK holding company, T & N PLC, has absorbed the company's 1987 profit with massive dividends and royalties paid to the parent company.

Yet, in Asseng's latest annual report, UK chairman Sir Francis Toombs claims: "The conservation of foreign currency, both in the new vehicle and replacement markets is of particular relevance to us because of the nature of our products and the length of period over which the basic tooling can be used."

SCOOPED

In direct contradiction, T & N scooped handsome dividends of R12,8-billion and a further R1,7-billion in technical aid fees and royalties — a total of R14,6-billion out of profits and retained earnings of R16,2-billion during the year.

Nothing was ploughed back for Asseng's expansion.

Perhaps management feels comfortable that the reduced shareholders' funds are adequate for the future.

Management also needs to be reminded that the company only became profitable recently and needs every incentive to grow.

South Africa is desperate for reinvestment capital which makes one wonder how deeply T & N PLC is committed to South Africa.

Hefty past tax losses have also meant that the income statement escaped heavy tax charges thereby boosting the bottom line and saving cash flow.

It appears management did not see it that way and has milked the cow dry.

Associated Engineering is held 77,8 percent by ultimate UK holding company T & N PLC.

The annual report was positive on 1987's achievements and the outlook for 1988 is confident.

In order to streamline its year-end with that of its holding company, Asseng's year-end has changed to December 31.

For the 15 months ended December 1987 sales reached R93,58-million (1986: — 12 months R58,56-million).

Operating profit was 12,2 percent (1986 10,8 percent) of sales and totalled R11,38-million (1986: R6,34-million).

Net interest paid declined significantly to R668 000 (1986: R1,9-billion). Profit before tax was R11,53-million (1986: R4,97-million).

PAST LOSSES

Assisted by past losses, the tax charge was a token R480 000 (1986: R239 000) giving a bottom line of R11,05-million (1986: R4,73-million).

Earnings a share were 29c (1986: 12c). Below the line a net extraordinary gain of R3,78-million (1986: R3,3-million) arising from a refund portion of pension fund surplus (R5,77-million less a R1,99-million loss on the disposal of the 50 percent interest in Silverton Engineering Holdings) increased profits to R14,83 million (1986: R8,03-million). To this was added R1,41-million retained profit from 1986 giving a total of R16,24-million.

From this amount, dividends totalling a massive R16,55-million were paid turning the retained earnings negative to the tune of R304 000. This means that dividends were paid partly out of capital.

Sir Francis Toombs says new vehicle sales were depressed due to the rapid escalation of new vehicle prices by some 80 percent during the last three years caused by the collapse of the rand.

MAJOR

Major emphasis is now on used vehicles helping the AE Engineering Parts division which accounted for 76 percent of Asseng's 1987 turnover.

The proposed basis for establishing local content for new vehicles aimed at saving foreign currency also presents expansion capacities and the introduction of new products for Asseng's core product range.

Asseng has six divisions but no breakdown in sales or contributions to income was disclosed. AE Engineering Parts experienced difficulties in sourcing products both locally and abroad to satisfy demands. AE Cylinder Components (aluminium) was under pressure throughout the year to maximise output.

INCREASE OUTPUT

The Iron division did not reach profitable levels. AE Bearings automotive division had an exceptional year and has signed export contracts (not disclosed). Glacier Bearings enjoyed steady growth in sales and profit and AE Valves managed to increase output.

Shareholders' funds declined to R32,3-million (1986: R34,1-million) at end December 1987. Long and medium term liabilities increased to R4,23-million (1986: R4-million). Working capital improved to R22,4-million (1986: R16-million).

Net asset value per share has declined to 84c (1986: 89c). Tax losses, available to reduce future tax, and cash flow is now only R1-million (1986: R16- million). Future tax payable will have a major impact on the income statement from 1988 onwards.

FUTURE EARNINGS

Sir Francis gives no indication of future earnings apart from saying that 1988's prospects remain encouraging and that current capacity is being expanded as opportunities arise.

A more aggressive marketing approach should generate a number of further opportunities for import substitution and increase Asseng's existing product range.

There is little doubt that sanctions, isolation and the high inflation factor — threatening to place new vehicles beyond the reach of most and meaning a longer life for used vehicles — has all helped.

It is only during the last two years that Asseng has returned to profitability. With this in mind, it was strange to find the entire profits earned to date wiped out in dividends.

The unanswered question is what is the intentions of the UK controlling shareholders? Somehow their actions show little faith in this country despite a positive chairman's statement, which is generally written by PR companies.

THE ECONOMY

Go well, go Shell - if the Bill passes

The oil companies, so determined to stay in South Africa, might find the new American sanctions Bill changes their minds. JO-ANN BEKKER reports

THE Total Disinvestment Bill currently under scrutiny in the United States House of Representatives has added a new urgency to the sanctions issue.

If it were to be passed in its current form, the Bill would sever trade links between America and South Africa. It would deny federal oil leases to foreign companies who also supply South Africa. And it would empower the president to take retaliatory action against other foreign companies who try to step into the vacuum created by US sanctions.

The American Chamber of Commerce, which represents the major American multinationals in South Africa, took the Bill so seriously that it sent a five-member delegation to the US last month to lobby against the proposed sanctions package.

According to the Chamber's executive director, Adrian Botha, there are 150 to 160 American companies still trading in South Africa, with total assets of just under a billion dollars.

Sources in the oil industry said if America denied federal leases to oil companies who supply South Africa, it would force them to pull out of South Africa.

They said multinational oil companies' markets in South Africa were negligible compared with those in America. Royal Dutch Shell, for example, derives five percent of its earnings from Shell South Africa and 45 to 50 percent from its American subsidiary, Shell Oil.

Thus if the Bill was passed the departure of America's Caltex and Mobil would be followed by that of Shell and British Petroleum.

"In that sense the Bill is the death-knell of oil capitalism in South Africa," one source said.

Amcham's Botha believes this prognosis applies to other industries too, through the Bill's provision for retaliation against companies who take advantage of US disinvestment.

"This means, in short, that America can turn round to Toyota and BMW and say: you sell one more car and you can forget about our market," he said. "It is probably the most devastating clause because we do not have a single trading partner who would not be directly affected. For all of them America is definitely their biggest market."

Piroshaw Camay, general secretary of the National Council of Trade Unions, said he believed the trade union movement, which had pressed for foreign pressure, would welcome the Bill.

He said it would intensify the South African issue in the European community and would force South Eastern Asian countries such as Japan and Korea to re-assess their position.

Camay discounted fears that implementation of the Bill would result in massive unemployment. He predicted South African managements would take over companies. While it was likely that workers in marginal companies would lose their jobs as smaller companies folded, "I can't see it happening in the major companies".

Camay said he was disappointed that union demands that disinvesting companies re-direct their investments into the frontline states had not been heeded.

The Congress of South African Trade Unions was banned from engaging in non-union activities in March. It was specifically prohibited from calling for disinvestment. However, Cosatu called for comprehensive and mandatory sanctions at its second national congress in July. Demands by Cosatu affiliates that disinvesting companies negotiate the terms of withdrawal with their workers are included in the sanctions package.

The proposed Bill to intensify the Compehensive Anti-Apartheid Act of 1987, based on congressman Ron Dellum's Total Disinvestment Bill, has already passed its first station. On May 3 the House Foreign Affairs Committee adopted the package by a 27-14 margin.

Now it must be approved by the House of Representatives. From there it will go to the Senate, where it is likely to be modified. After a compromise is worked out by representatives of the Senate and House of Representatives, the Bill must be ratified by a joint vote of both the Senate and House. It then goes to the president for ratification or veto. If he vetoes it, it can be passed by a two thirds majority in the Senate or House of Representatives.

Some observers predict the Bill will sail through the various stages. But it might be delayed by the mid-year summer recess.

"I would say the Bill quite likely will be passed by the House of Representatives," Botha said, "but it is difficult to say whether it will get through the Senate. It is not improbable that the legislation will be passed by June. The urgency will be dictated by events on both sides of the Atlantic."

● Sapa reports from Washington that Senate opponents of South Africa's apartheid government prepared to introduce a Bill yesterday similar to the one before the House of Representatives. Senator Edward Kennedy, one of the Bill's sponsors, said "So long as apartheid continues, American business has no business doing business with South Africa".

The bill's fate is unclear in the Senate, in part because moderate Republicans who were the key to the passage of limited sanctions in 1986 are said to be reluctant to go along with stronger measures.

● In a disinvestment deal announced this week, US company Sterling Drug Inc sold South African subsidiary Sterling Drug(SA) to Tiger Oats subsidiary Adcock-Ingram for R52,5-million. This is the second disinvesting drug company bought by Tiger Oats, part of the Barlow Rand group, which last year bought high-technology drug company Merck.

(6)

We, mayors and leaders of city councils of 92 cities in 7 countries hereby call on the ROYAL DUTCH SHELL to cut all its ties with South Africa, including the withdrawal of its subsidiaries from South Africa and Namibia.

We make this call based on the fact that ROYAL DUTCH SHELL continued investments in South Africa and Namibia help to maintainthe oppressive system of apartheid.

We are aware of the fact that Shell has publicly renounced the apartheid system and the company has introduced a number of social programs in South Africa. However, these actions are negated by Shell's active support for the South African Government and economy.

Our request for Shell's withdrawal from South Africa and Namibia is inspired by the plea for economic sanctions made by organisations of the black majority of those countries, including the South West African Peoples Organisation, the United Democratic Front, The Congress of South African Trade Unions and the National Council of Trade Unions.

Our request that Shell should withdraw from South Africa and Namibia arises from our abhorrence of racism and oppression and our conviction that these evils should be combatted wherever they appear.

We hope that this call will serve as a stimulus for Shell's board of directors to decide to break all ties with the South African regime

This call was presented to the board of ROYAL DUTCH SHELL at the AGM of Shell, May 11 '88 in The Hague, Netherlands.
The call is signed by mayors and leaders of city councillors from the United States, the United Kingdom, Denmark, Ireland, Canada, Belguim and the Netherlands. Amongst them the Mayors of Los Angeles (U.S.), Washington DC (U.S.), Amsterdam (Netherlands) and leaders of the City Council of Glasgow (U.K.) and Liverpool (U.K.).

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Shell loses market share: Boycott is reason — claim

Own Correspondent

LONDON. — Speakers at an anti-apartheid movement press conference claimed here yesterday that Shell UK's share of the oil market in Britain fell by 6,6% in 1987 as a direct result of local boycotts because of its business involvement in South Africa.

The claim was made on the eve of Shell International's annual shareholders meeting.

A special commission formed a year ago to win support for an extraordinary shareholders meeting to discuss Shell disinvesting from South Africa has received support from 5% of the shareholders, half-way towards the 10% required under Royal Dutch Shell by-laws, according to Mr Joe Jurczak, an official of the United Mineworkers of America, who is a member of the commission.

Mr Roger Lyons, an official of the British Manufacturing, Science, and Finance Union (MSF), which represents 3 000 Shell UK employees, said the company's petrol sales in Britain fell by 3,3% in 1987. Its total market share fell from 19,7% to 18,4%, representing a drop of 6,6%. He said this was calculated in terms of an overall increase in the size of the market.

A spokesman for Shell denied that boycotts had led to Shell becoming number two in the market and said the market share continually fluctuates between Shell and Esso.

He said the company had embarked on a huge upgrading of large service stations which had to be closed down for lengthy periods, leading to losses.

● Sapa-Reuter reports from the Hague that vandals cut pump lines and contaminated oil tanks with paint at four Shell petrol stations in the Netherlands to protest the Anglo-Dutch Shell group's investments in South Africa, Dutch police said, yesterday.

Protests as 95 percent of Shell shareholders vote to stay in SA

(61) Star 12/5/88

THE HAGUE — A Shell oil shareholders meeting yesterday voted overwhelmingly in favour of continuing the company's operations in South Africa, despite criticism that the company is not doing enough to end apartheid.

Approximately 95,5 percent of the votes cast at the annual shareholders' meeting of the Royal Dutch Petroleum Company, Shell's Dutch wing, supported the Shell management's view that the Dutch-British multinational should not withdraw its South African interests.

Strong criticism of the company's South African presence was voiced before the vote by American and South African labour union officials.

ANTI-APARTHEID SLOGANS

Outside the Dutch Congress Centre, where the meeting was held, a few dozen demonstrators waved banners and shouted anti-apartheid and anti-Shell slogans. There were no arrests.

Royal Dutch Petroleum owns 60 percent of the Royal Dutch Shell Group of companies, with Shell Transport and Trading Company of Great Britain owning the remaining 40 percent.

Of the 437 441 share votes cast at the Dutch meeting, 418 132 backed the Shell management, which has consistently argued that withdrawal from South Africa would only hurt the black majority. There were 19 309 votes against.

The vote does not represent a formal statement by the company's shareholders, but is only "an opinion poll" by the up to 800 shareholders attending the meeting, said Mr Dirk de Bruyne, chairman of Royal Dutch's Board of Supervisors.

The company has always refused to take a formal shareholders' vote on the South African issue, arguing that only a small minority of shareholders ever attend the meetings. Royal Dutch has issued more than 286 million shares.

Mr John Banovic, international secretary-treasurer of the United Mine Workers of America, told the Royal Dutch shareholders that "Shell has shown itself an enemy of the black workers in South Africa".

Mr James Motlatsi, president of SA's National Union of Mineworkers, charged that "your company is supplying fuel to the South African ... defence forces to go into the townships to kill innocent women and children". — Sapa-AP.

D/D 12/5/88

AAM protestors disrupt group's congress

LONDON — Chanting anti-apartheid demonstrators virtually hijacked the annual meeting of Shell International here yesterday.

In what turned out to be the biggest disruption by protestors of any meeting of a multi-national body in recent years, the chairman of Shell, Mr Peter Holmes, was embarrassed before 800 shareholders when he was reduced to passing resolutions over two dozen protestors singing "we shall overcome".

The meeting drew to an apparently early close after Anti-Apartheid Movement (AAM) shareholders, in the audience, dominated question time.

Jeering erupted from both camps as anti-apartheid protestors interjected while Mr Holmes,fielded hostile questions.

Mr Holmes devoted almost one-third of his annual statement to shareholders on the issue of its South African operations.

He said that more than two years of attempted boycotts of Shell products had had little effect on business.

"We are not complacent, however. The issue is a serious one and I regret that anti-apartheid groups still make unwarranted and unfounded allegations about us."

He added that Shell employees "find these unjustified attacks deeply offensive".

"I do not believe that the proponents of disinvestment can point to a single change of attitude or policy resulting from these withdrawals which helps the process of fundamental political change."

He repeated the belief which Shell has stated in the past: that change in South Africa must come from within.

"Contrasting with the euphoria of two years ago, when it was thought that 'one more push' would end apartheid, the realisation has grown that the struggle may yet be a long one.

"At the same time, doubts about disinvestment have also grown."

He told shareholders that Shell welcomed the growth of the black trade union movement and was concerned at the government's proposed amendments to current labour relations legislation.

Mr Holmes' speech was well received by Shell supporters and the meeting seemed to be going well until question time began.

Demonstrators began to question Mr Holmes in quick succession.

"How brutal has apartheid got to get before Shell withdraws from South Africa?" one speaker asked.

Another asked about the role of Shell Oil South West Africa, demanding to know how the company could ensure that its product wasn't being supplied to South Africa's "war and military machine".

Mr Holmes said that, because of South Africa's secrecy laws, there was no way that Shell could know if their products were being used.

He denied that Shell intended to help South Africa circumvent oil emgargoes by making ethanol from a 2 000 hectare sugar plantation bought in Natal last year.

The plantation was a forestry project, he said.

An official of the powerful United Mineworkers of America, Mr Joe Jurczak, said Shell had acted as a major union-buster in South Africa.

"Repeatedly Shell has shown itself to be antagonistic to workers."

He asked why Shell continued to operate in South Africa when it was jeopardising its United States business since a Bill before congress would, if passed, deny oil companies maintaining links with South Africa the right to bid for lucrative fuel contracts in the US.

Shell South Africa is only one per cent of the company's overall holdings compared to a US holding of 30 per cent.

Mr Holmes answered the first question by saying that he did not agree that Shell was antagonistic to its black workers. To the second, he replied that he wouldn't comment on a Bill which had not been enacted.

The meeting began to disintegrate when a leading AAM official, Mr Allan Brooks, stood up to complain about the exclusion of some members from the meeting.

He also questioned Shell's coal export policy and its South African industrial relations procedures.

Mr Holmes answered quickly then called an end to the meeting.

Protestors, carrying posters and balloons, gathered in the centre of the hall and sang "South Africa will be free" and "Shell sells apartheid coal". 280 61

They continued singing while Mr Holmes battled to pass four resolutions. HB

Some of the audience, obviously intent on the singers, forgot to vote but the resolutions were passed anyway.

Jubilant AAM officials said later that their campaign against Shell was gaining strength.

However, a Shell International spokesman denied that the outcome of the meeting was an embarrassment for the company and said that it happened every year.

● The president of the National Union of Mineworkers, Mr James Motlatsi, has urged Shell to pull out of South Africa where it was "providing fuel for the racist government".

Speaking at a shareholders meeting in The Hague, Mr Motlatsi said he would ask the Congress of South African Trade Unions to pass a resolution boycotting Shell products. — DDC

Pull-out Mono faces demos

W Mail 27/5/88

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By MUSA ZONDI

ABOUT 100 workers at Mono Pumps this week staged a demonstration at the company's East Rand factory demanding management — now finalising details of a sell-out to a Gencor group company — negotiate a package for workers with the union.

Members of the National Union of Metalworkers of South Africa (Numsa) marched in the street outside the factory on Tuesday carrying placards saying "Look after the the welfare of Mono SA employees".

Mono Pumps, owned by Gallaher, a British subsidiary of the multinational American Brands Inc, is selling out to Fluid Holdings,

Numsa is demanding the sellers, Mono Pumps, ensure that:

- Fluid Holdings guarantee job security for the workers
- Service bonuses of one month's wages for each year of service be paid "in recognition of the workers' contribution to the company".
- Malbak continue to recognise Numsa and practice Mono Pumps' non-discriminatory employment.
- A trust be set up for the benefit of the workers in South Africa.

George Coucourakis, Fluid Holdings chairman, said yesterday job security for the Mono Pumps workers had been guaranteed by his company.

Union wins R400 000 for its workers

CAPE TIMES 9/5/88

Own Correspondent

JOHANNESBURG. — The National Union of Metalworkers of SA (Numsa) has negotiated a R400 000 disinvestment deal with UK-based Gallaher Ltd, which has just sold off its subsidiary Mono Pumps to Malbak's Fluid Corporation.

After an all-day negotiating session last Thursday with Gallaher representative Mr Michael Kettle, it was agreed Gallaher would finance a R200 000 trust fund, while a similar amount would be paid out in equal portions to the firm's 350 employees, said shop steward chairman Mr Abraham Motha.

The settlement followed a union campaign locally and overseas since the sale was announced in March.

Mr Motha said the total payout was not as much as was hoped for. However, members were satisfied with the deal as, till Thursday, Gallaher had resisted any immediate payout to workers at all. "The R575 per person half-loaf was better than none," he said.

The trust fund, to be established after lawyers draw up a set of rules, will be administered by one person elected by hourly-paid employees, one union official, one representative of salaried staff and two nominees of an investment company.

The intention is to allow the fund to build up its capital for about a year. Thereafter, Mr Motha expected, funds would be used mainly as housing loans to employees.

Mr Kettle left for the UK on Friday morning and could not be reached for comment.

18/61

Church accused of indirectly funding apartheid

D/D 14/5/88

28

LONDON — Two church groups yesterday accused the Church of England of indirectly funding apartheid in South Africa and urged it to stop investing in companies with holdings there.

The accusation came in a report issued by End Loans to Southern Africa and Church Action on Namibia, and was endorsed by the Bishop of Oxford, the Right Reverend Richard Harries.

"The church should demonstrate its opposition to apartheid and the terrorism of that regime, by selling its own holdings in British companies with a heavy involvement in the country," the two church groups said in a statement.

"For example, the church is indirectly funding the apartheid war machine through its investments in Shell. This suggests that it gives tacit consent to the atrocities of the South African Government."

A spokesman for the Church of England's commissioners, who are responsible for investing its money to support the clergy, said he had not seen the report, but there were no plans to change investment policies.

The report said of 131 companies in which the Church of England had a shareholding of more than £1 million, 63 had investments in South Africa.

It said the companies included: The BOC Group Plc, Imperial Chemical Industries Plc, Shell Transport and Trading and Unilever.

The value of the commissioners' investments in the companies was £285,5 million at the end of 1986, it said.

The commissioners' spokesman said their policy was not to invest in any company that had more than a small stake in South Africa.

"The stake is something we judge by what percentage of a company's profits come from its South African involvement.

As charitable trustees, the commissioners were legally required to manage their assets efficiently, he said. — Sapa-RNS

Workers' trust fund for Numsa

15/7/88

By KERRY CULLINAN

THE National Union of Metalworkers of South Africa this week secured a R200 000 trust fund for Mono Pumps workers from the company's disinvesting British holding company, Gallaher.

Gallaher has also agreed to pay each of the 350 Mono Pumps workers R575 as compensation.

Five trustees – two Mono workers, one union official and two independent individuals will be full-time trustees – are to administer the trust, which will be used to fund community projects.

However, the issue of worker trust funds has become contentious for Numsa recently, after workers at Samcor plants in Pretoria and Port Elizabeth went on strike in protest against a trust fund.

Cape Times 19/5/88

Protests at multi-national

61 | BTR | 31/ACON

Own Correspondent

LONDON. — Sir Owen Green, chairman of the multi-national congolmerate BTR faced a large anti-apartheid demonstration at the annual shareholders meeting over the labour dispute at their Dunlop subsidiary in Natal.

He rejected appeals from National Union of Metalworkers of South Africa (Numsa) executive members and British TUC delegates, who said said BTR headquarters had a moral duty to intervene and secure a just settlement.

Sir Green said the Natal dispute was strictly the business of local management.

B & C may sell stake in Royale

CAPE TIMES 25/5/88 61

Own Correspondent

LONDON. — British and Commonwealth Holdings (B & C) is set to announce on Friday that it has disposed of its 51% stake in Royale Resorts, the vehicle used by Sun Hotels for a $100m redevelopment of its French gaming interests.

Sun Hotels has a 49% stake in Royale and in August last year Sol Kerzer relinquished his post as Kersaf MD to become Royale CE.

A B & C spokesman said no announcement would be made until the publication of its annual report on Friday, but brokers close to the group are convinced the disposal has already taken place.

Cape Town's historic Mount Nelson hotel may be part of a management buy-out of Bricom, the hotel division of present owners British & Commonwealth Holdings (B & C). This was disclosed by Peter Goldie, CE of B & C, who said yesterday: "We will sell Bricom. If it doesn't go to management it will go elsewhere."

There are no clear indications here as to who a likely buyer could be, or of the effect this will have on Royale's redevelopment of a chain of French casinos owned by Societes des Hotels et Casinos de Deauville (SHCD).

A Royale spokesman at its headquarters near Henley on Thames said neither Kerzner nor his deputy Peter Bacon were available for comment. Both were away for the rest of the week.

Under the deal announced last August French hotel magnate Lucien Barriere transferred his hotels and casinos to SHCD in which he and Royale each held a 38% stake.

Kerzner said at the time that the group with a net asset value of 1,1bn French francs and almost no gearing effectively controlled half of France's gaming market.

Under the re-organization B & C held 49% of Royale's interests in Southern Africa and Mauritius with Kersaf holding 51%.

Any disposal by B & C would be in line with the group's new strategy of concentrating on the financial services sector.

B & C CE Peter Goldie announced last night that negotiations for a management buy-out of Bricom, the division which runs its hotels including the Mount Nelson in Cape Town, were proceeding.

"We will sell Bricom. If it doesn't go to management it will go elsewhere."

Broking sources say, however, that the Royale disposal has taken place separately from the sale of Bricom.

It is unlikely that Sun Hotels will be the buyer of the B & C stake as one of the stipulations made by the French Ministry of Finance before approving the SHCD deal was that it had to be assured that B & C was the majority shareholder in Royale and that the new SHCD would be ultimately French controlled.

BTR defends sacking 950 at SA plant

Star 26/5/88

61

The Star Bureau

LONDON — The BTR group has defended the sacking of 950 workers at its Sarmcol plant in 1985 and claimed that its South African subsidiaries have progressively achieved targets set by the European Community's Code of Conduct.

It was replying to a letter in *The Guardian* from Dr Roger Southall of Leicester University, who pointed out that some shareholders at BTR's recent annual general meeting had challenged the board.

The challenge had concerned the "brutal sacking" of the Sarmcol workers just two days after they had gone on one of South Africa's very few legal strikes.

Dr Southall said the BTR chairman, Sir Owen Green, had failed to give any satisfactory answer on why BTR failed to recognise and negotiate with the National Union of Metalworkers of South Africa (Numsa) as the representative union at its Sarmcol plant, nor why it failed to comply with the minimally acceptable conditions of work recommended by the EC.

Replying in a letter to *The Guardian*, Mr D F P Sharrock, the BTR secretary, said the BTR subsidiaries in South Africa had maintained and extended a wide range of employee benefits. These had been introduced at Sarmcol "decades" before the EC Code of Conduct was conceived.

On the sackings, he said the May 1985 dispute at Sarmcol was unofficial, in breach of employment contracts and followed a sustained period of industrial action prior to the principal strike.

Most foreign companies working in SA are British

Str 30/3/88 (61)

BRUSSELS — About 1 267 companies from 20 Western countries continue to do business in South Africa, but 188 companies from seven countries have pulled out, according to an International Confederation of Free Trade Unions survey.

Britain leads the field, with 374 of its companies still operating in South Africa.

Confederation secretary-general Mr John Vanderveken says the report is "clear evidence of the triumph of corporate greed over morality".

He derides the claim often made by investors in South Africa that their presence could be an instrument for reform, saying "cheap labour is what brings them to South Africa, not a desire to restore social justice".

After Britain, countries with the most companies still in South Africa are West Germany with 333, the United States with 164, Japan with 103, France with 90 and Switzerland with 54.

Others include the Netherlands with 29, Austria with 28, Australia with 19, Canada and Belgium with 18 each, Sweden and Denmark with 10 each, Italy with seven, Finland and Ireland with two each, and Spain, Norway, Portugal and Greece with one each.

The US had withdrawn 134 companies, followed by Britain with 26, Canada with 20, the Netherlands with four, France with two and Italy and Australia with one each.

The confederation's list includes businesses from almost every industrial and commercial sector.

Margins at Premier food lacking lustre

Star 15/6/88 (61)

By Ann Crotty

In the six years since financial 1983, the last year in which UK-based Associated British Foods controlled the group, Premier's annual turnover has surged from R1,7 billion to R3,2 billion.

Over the same period, trading profit has risen from R116,1 million to the R206,5 million recorded in financial 1988, while earnings have soared from R53,3 million to R202 million.

The performance at trading-profit level shows that margins dipped from a high of 6,8 percent in financial 1983 to a low of 5,5 percent in financial 1986. The last two financial years have seen a recovery in margins which were back to 6,4 percent in financial 1988.

While food continues to dominate turnover, other interests, chief of which is SAB, are of growing importance at the earnings level.

Over the six-year period, the greatest pressure on margins was in food-related areas. In the latest annual report, chairman Tony Bloom says Premier Food Holdings enjoyed a highly successful year in which profitability was significantly increased. "It holds the largest or second-largest market share in virtually all the important sectors in which it operates."

With the exception of pet foods, all divisions in the food company were ahead of budget. "It was particularly satisfying to see the broiler division return to profitability after several years of difficulties."

However, the report reveals little about the comparative performance of the food division in financial 1988. As Mr Bloom points out: "Restructuring and divisionalisation of the group, and in particular Premier Food Holdings, into different cohesive business units, renders comparative information completely misleading," and so none is provided.

But investors are likely to focus on the fact that the newly structured Premier Food Holdings reported a turnover of R2,2 billion in financial 1988 and a trading profit of only R102,4 million. This means margins in this area were an unexciting 4,5 percent.

Whether or not the comparisons are strictly valid, it seems inevitable that investors will refer to Fedfood which, in the year to March, reported margins of 7,6 percent. And in the six months to March, Tiger Oats was looking at margins of 6,5 percent. Perhaps more significantly, margins at both Fedfood and Tiger are on a firmer trend.

In financial 1987, before the restructuring, milling, baking, distribution and industrial feeding, which accounted for 40 percent of the Premier group's turnover and 48 percent of trading profit, reported margins of 6,9 percent.

Star 17/6/88

Oil's well as Shell SA hits a R3-bn gusher

61

By Tom Hood

Shell (SA) has lifted the lid off a secrecy-ridden industry and disclosed record turnover for last year, rising about R200 million to exceed R3,2 billion.

This puts Shell among the largest companies in South Africa — on a par with Sasol, Premier and Anglo American Industrial Corporation and bigger than giants such as, Sappi, AECI and Tongaat.

Turnover has soared from about R1,8 billion in 1983, according to the company's report for 1987, which, however, conceals what the company paid for materials such as oil.

Turnover hit R3,2 billion in 1985, then dipped about R200 million in 1986, mainly through a fall in oil division sales.

Biggest business last year was oil, with sales of about R2,3 billion, followed by coal, chemicals, business ventures and metals.

John Wilson says in his chairman's review that Shell's growth in petrol sales at 14,6 pecent was significantly above the industry average.

The oil division registered a 5,3 percent growth for the year compared with an industry average of 5,7 percent and maintained its position as market leader. Major product contributors to industry growth were paraffin (12,7 pecent), liquid petroleum gas (10 percent) and petrol (nine percent).

"The increase in consumption of these products can be ascribed to rapid urbanisation, growth in the informal sector and an apparent decline in social unrest," he said.

The report for 1987 discloses operating costs rose about R50 million to top R400 million.

However, finance director Kees Lenders says group financial and operating results increased significantly over 1986.

The oil division increased its sales volumes, although gross profits came under pressure because of the decline in world oil prices, inflation and improved exchange rate levels, he said.

"The relative stabilisation of oil prices ensured that the 1986 stock losses were not repeated," says Mr Lenders.

Coal and metals divisions' performances were ahead of target as a result of tighter control over costs and volume-margin movements.

The chemicals division also performed well against target. Business ventures performed better than in 1986 but profits were down for a number of companies in the portfolio.

Operating costs rose by 14,34 percent — well within the inflation rate of 16,1 percent. Manufacturing costs were held to 1986 levels but marketing costs increased by 15,5 percent.

Overall capital employed at just over R1 billion rose by only 4,1 percent from 1986 levels but was below the 1985's R1,1 billion because of the continuing lower level of working capital in the oil division.

Average working capital dropped by 14 percent to R650 million in line with the group's strategy of keeping working capital levels to a minimum, reported Mr Lenders.

Because of the stabilisation of the dollar price of crude oil and the relatively constant rand rate against the dollar, 1987 stock levels were held close to 1986 average value.

Capital expenditure of about R110 million was slightly down, although the R30 million spent on forestry reflected the acquisition of more land.

Metal Box/Nampak deal offers additional benefits

Star 20/6/88 (61)

By Sven Forssman

Metal Box South Africa shareholders taking the Nampak share option could enjoy an additional earnings boost of more than 20 percent in the 1989 financial year, says Mr David Brown, chairman of both companies.

Nampak announced in March its intention of taking over the 46 percent balance of ordinary shares in Metal Box South Africa not already held by it, as well as the preferred stock.

Basis of the deal

The basis of the deal was that Nampak would offer 35 Nampak ordinary shares or R860 in cash for every 100 Metal Box SA ordinary shares.

Metal Box in Britain indicated that it would elect to take the cash offer for its 25 percent holding, but the ratio of the deal suggests that most shareholders would prefer the share swop.

Mr Brown says the pro-forma calculations that show an earnings improvement of more than 20 percent is based on four considerations.

"They are the strategic plans of both companies, the recently adopted partial deferred tax system, the assumption that all Metal Box SA shareholders take the share alternative and the proposed structural changes," he says.

In the original announcement, it was stated that the implementation of the deal calculated retrospectively to September 30 1987 would have added about nine percent to earnings, 9,4 percent to dividends and 16,7 percent to the market value. On the same basis, Nampak's earnings would have decreased by 1,3 percent.

Synergistic benefits

According to pro forma calculations, existing Nampak shareholders should benefit by about four percent in earnings growth if the Scheme of Arrangement is implemented.

The main synergistic benefits of the deal, according to Mr Brown, are the "accommodation of future projects and expansion without minority constraint, increased gearing to be repaid from the strong combined cash flow, wider management deployment and further minor rationalisations".

Since the scheme, if approved, would only be operative for two months of the current financial year, it would have little effect on the earnings of either company this year.

Standard Merchant Bank, acting on behalf of Metal Box SA, and Finansbank acting on behalf of Nampak, have both declared the scheme to be "fair and reasonable" to the parties concerned.

4000

Rembrandt plans unveiled today

Star 28/6/88. (61)

By Magnus Heystek

The business community will be presented with its second major company reconstruction within days when the normally secretive Rembrandt empire of Dr Anton Rupert unveils details of its multibillion rand regrouping at a Press conference today.

This follows on the restructuring of the FSI/Waicor group, announced over the weekend.

This sudden rush of major reconstruction of large companies is partly a result of the moratorium declared on stamp and transfer duties relating to group restructuring announced in this year's Budget.

The shares in the Rembrandt fold have been very strong since the cautionary announcement on reconstruction was posted last month.

Due to technical problems at the JSE last night, the closing prices could not be ascertained. But at noon, Rembrandt Beh, Rembrandt Group, Tegkor and Tegniese Industriele Beleggskorporasie were trading at 1020c, 1400c, 860c and 920c respectively.

In all instances, this was up nearly 50 percent from lows the various shares dropped to after the Great Crash of 1987.

With prospects of a major reconstruction and, hopefully, greater declaration in the wind, coupled with renewed weakness of the rand, Rembrandt shares have outperformed the market as a whole.

Dr Anton Rupert

It is believed that results for the Rembrandt group, due out last week, have been held back to coincide with the announcement of the new structure.

If the results of its major international subsidiary, Rothmans International, in which Rembrandt holds a controlling 35 percent, are anything to go by, these should be sound.

For years, chairman Dr Rupert has managed to throw a veil of secrecy around his multibillion rand international operation, with shareholders having to accept the barest of information.

But a study by the Bureau for Financial Analysis at the University of Pretoria has found that shares in the Rembrandt group have been the most consistent performers in respect of income plus capital growth.

With the company delivering the goods year after year, shareholders have had no reason openly to question this lack of information.

Scattered assets

Since its inception in 1946, the Rembrandt group has evolved into one of South Africa's truly multinational companies, with assets scattered around the globe.

Initially a manufacturer of cigarettes and tobacco, the group now has vast, and in many cases dominant, interests in liquor, mining, insurance, finance, luxury goods, hospitals, banking, engineering, appliances and other consumer goods.

Its overseas interests include major stakes in brand names such as Rothmans, Cartier-Monde, Piaget, Dunhill, Cavalla, Carling O'Keefe and Rowenta.

Rembrandt last year acquired a siginificant stake of 10 percent in Consolidated Gold Mines (Cons Gold), with a preferential option to increase this stake even further.

Rumours in London last week were that the recent strengthening of the share value of Cons Gold might be linked to this possibility.

One line of thought suggested is that the group will be split into local and overseas components, with investors holding shares in both entities.

But comment from Stellenbosch, headquarters of the group, has not been forthcoming.

Star 28/6/88

Liebesman gets thumbs-up from top market analysts

By Magnus Heystek

Stock market analysts came away from a meeting with FSI-chief executive Jeff Liebesman yesterday generally positive about the prospects of the newly reorganised FSI/Waicor grouping.

The reaction of analysts and institutional investors are paramount to the success of the various rights issues in the pipeline. The meeting also cleared up certain misconceptions regarding the cash-flow of the various holding groups which were seen to be negative prior to the restructuring.

"Hunts is the immediate beneficiary in the whole restructuring and is grossly undervalued at present," one analyst said after the meeting. While Hunts would have earned 149c a share (up 21 percent from the actual 123c) had the reorganisation been in place since January 1 last year, this particular analyst is now predicting earnings a share of at least 250c for the current financial year, which ends on December 31 1988.

For a dividend he is forecasting at least 65c which at the current price of 800c makes the share very cheap.

The market seems to have made a similar conclusion with more than 17 000 shares in Hunts trading yesterday, in contrasts with a paltry 750 in W & A.

W & A will enhance its image by becoming more of a rand-hedged stock due to its 50 percent holding in London-listed AAF. Although only approximately 15 percent of its earnings will come from AAF, this will provide it with sufficient off-shore income to qualify as a rand-hedge. In a scenario of further rand-weakness this is bound to be eventually appreciated by investors.

AAF, which now has more than £25 million in cash at its disposal, can be expected to be fairly vigourous on the international front. It is the stated desire of Mr Liebesman to develop AAF into a major off-shore operation.

But the main beneficiary in the long-run still seems to be FSI itself, what with a substantially lower gearing and more than sufficient cash-flow from its operating subsidiaries to trade away the remaining debt.

FSI earns more than 40 percent of its income abroad, and although not much is known about the quality of these assets, they will provide FSI with a handsome cushion in times of currency weakness.

FSI also attracted some interest with the price moving up 10c to 710c a share on fairly active volume. This was more in reaction to the absence of a rights issue by FSI than anything else, one analyst indicated.

Majority of firms want to stay on

Star 29/6/88

British companies want to continue trading with South Africa and, apart from an arms embargo, are encouraged to do so by the Thatcher government.

While government funding for trade missions has ended, information and advice on the South African market is provided to businessmen, whether they travel to this country individually or as members of a trade mission.

South Africa represents about one percent of British export trade.

The British ambassador to this country, Mr Robin Renwick, has denied reports that South Africa is being written out of the books and the minds of British businessmen.

On the contrary, most British companies want to continue operating in the Republic, both because their businesses are profitable and because they believe they can make a real contribution to the prosperity of the whole community and to the advancement of blacks.

Companies such as BP, Shell, Rio Tinto and Unilever have led the way in providing health, welfare, pensions, education and training programmes for their employees.

British companies spent over R140 million on such programmes in this country in 1986.

"Whether these companies stay, as they very much wish to do, or whether they drift away is very much in your hands," Mr Renwick says.

It is a question of confidence in the South African economy and the country's political future.

If real progress is being seen to be made with political reform, and that starts to attract leaders who have support in the black community, a much better busines climate would prevail, Mr Renwick says.

The British government does not tell companies what to do — they make their own decisions. If they do not have confidence in the future here, they will leave. If they have confidence, they will stay, the ambassador says.

Withdrawal from SA unproductive, says Shell

Cape Times 1/6/88

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By **AUDREY D'ANGELO**
Financial Editor

THE threat of withdrawal by foreign companies is now counter-productive, says John Wilson, executive chairman of Shell (SA).

Shell has come in for strong criticism overseas for its recent announcement that it would stay in SA, and there were claims by the anti-apartheid movement that the multi-national's market share in Britain had dropped by 6,6%.

But Wilson stresses in the Shell (SA) Business Report that the company is actively contributing to the elimination of unjust laws and unacceptable human rights practices in SA and is fighting for "change which will lead to a just society for all".

He says the disinvestment campaign which was undoubtedly a factor in the withdrawal of at least 50 multi-nationals in 1987 "has produced reactions totally contrary to the hopes of its proponents.

"The SA economy has not crumbled, but rather disinvestment has been welcomed by many businessmen and government as it has increased domestic control over business and, more importantly, silenced foreign critics.

"It can truly be said that disinvestment has been development aid to SA capitalism.

"There are those in government and business who still believe the country can survive adequately without the support of the rest of the world and that sanctions and disinvestment will be a tremendous boost for the domestic economy.

"These are the voices most clearly heard at the moment. They are also on the sidelines, waiting for the pickings from distressed sales by fleeing multinationals."

Wilson continues: "The threat of withdrawal by foreign companies is now counter-productive. Furthermore it would seem of little concern to the government as the transition from international to domestic control of dozens of disinvesting companies has been achieved without any noticeable effect on the economy.

John Wilson ... Shell (SA) actively contributing to the elimination of unjust laws.

"In the meantime," he emphasizes, "it remains Shell's firm belief that multinationals must 'sit it out', must be active participants in creating a new and free, just and democratic society for all."

He says that Shell believes every business is a nucleus for change by precept and example.

A recent survey of the corporate responsibility profiles of 50 major companies showed that "Shell was ranked third by black Africans, second by so-called coloureds, first by Asians and eleventh by whites."

Discussing the state of the SA economy, Wilson says the upturn "remains fragile with business confidence balanced on the knife-edge of political problems and the apartheid system."

He points out that apartheid is "not only an unacceptable tax burden on the SA taxpayer, costing him between R10bn and R15bn yearly, but is also the major cause of uncertainty in relationships with large world trading partners."

Rembrandt plans to set up international holding company

(61)

Star 24/6/88

By Sven Lünsche

The Rembrandt Group yesterday said it would float off its vast international interests into a new European-based investment holding company to be listed separately on a European stock market and the JSE.

The group will control virtually 50 percent of Rembrandt's current worldwide earnings of R1 billion.

However, at a Press briefing yesterday, Rembrandt director Johan Rupert remained secretive about details of the deal, which would be presented to shareholders in August.

He said shareholders in the four main listed Rembrandt companies — Rembrandt Group (Remgro), Rembrandt Controlling Investments (Rembeh), Technical Investment Corporation (TIB) and Technical and Industrial Investments (T & I) — would be offered shares in the new world group on a pro rata basis to their current shareholding.

Shareholders in Remgro and its three pyramid companies would have the chance to retain existing holdings, while also taking up shares in the new company, representing Rembrandt's offshore interests.

Between 40 and 50 percent of total earnings of the Rembrandt empire are off-shore based. While Remgro's and its three pyramid companies' future earnings would be without the contribution of the overseas investments, Mr Rupert stressed: "Every shareholder in all our listed companies will have a precise interest in the new holding company, depending on the stake of his company in the underlying assets of the whole group."

Mr Johan Rupert

He said the new company would have to adopt a more generous dividend policy, in keeping with norms in Europe.

South African shareholders will receive dividends from the new holding company without deductions. So the dividend yield, being more generous than for the South African companies, is likely to lift the price of the shares.

Mr Rupert said the overseas rationalisation would involve Rembrandt's unquoted investments. While Rothman's would play an important part in the new group, it would not be restructured, as had been reported recently.

The arrangements seem likely to force the group into somewhat fuller disclosure. Mr Rupert said the European holding company would obviously have to meet the requirements of the major overseas market on which its shares were listed.

He denied that the deal was being done mainly to disguise Rembrandt's South African lineage.

Mr Rupert said the group wanted to be prepared for the unification of the European market in 1992 and had been working on the deal for about three years.

"Following this unification, it will be very difficult for outsiders to participate on any scale in this market, which is the major reason why we are going for a distinct European-based operation," he said.

Mr Rupert said Remgro would rearrange its local investments into five operating divisions, "in order to exploit opportunities for expansion and further growth".

The division would have trademark-orientated products, mining and engineering, financial services, diverse interests and internal group services.

The announcement of the restructuring coincided with the release of results for the year to March, which showed that Remgro's earnings had risen by 33 percent to R740,6 million. The total dividend has been raised from 12,5c to 17c.

Rembrandt Beheer's earnings rose by 33 percent to 105,08c, with the dividend up from 9,25c to 12,58c. TIB's and T & I's earnings improved by just over 32 percent each to 92,16c and 97,65c. They are paying respective total dividends of 11,04c and 11,70c.

15-21/7/88

(61)

W/Mail

Nestlé lands in the hot drink over 'dumping'

By MARK TRAN, Washington

NESTLÉ faces the prospect of a renewed consumer boycott after being accused of breaking a pledge not to "dump" infant formula in hospitals and maternity wards in developing countries.

The giant food company recently bought the British chocolate manufacturer, Rowntree.

Action for Corporate Accountability, which led a boycott lasting several years, has threatened to unleash a new offensive unless Nestlé and another aggressive infant formula producer in the Third World, American Home Products, respond by October 4 — the fourth anniversary of the end of the last campaign.

According to Douglas Johnson, national chairman of Action, Nestlé broke a 1984 agreement with the boycott organisation when it promised to follow future clarifications by the World Health Organisation and Unicef on the restriction of free infant formula supplies in maternity wards.

Nestlé, whose Beechnut unit was recently indicted for selling fake apple juice for consumption by babies, maintains it has complied fully both in its agreement with the International Boycott Committee, which included Action, and with the WHO.

"We are allowed under the WHO code to provide free and low-cost supplies, and this is what we have been doing. We make sure the supplies are used properly," a Nestlé official said.

Action admits that the WHO code did not ban the free supply of infant formula. But it argues that subsequent reports from the WHO and Unicef unequivocally called for a halt to the practice.

Action objects to the use of infant formula in the Third World as the frequent absence of clean water for rinsing baby bottles and mixing with the powder can lead to severe complications.

"The distribution of free supplies to hospitals is the industry's most damaging entry into the lucrative market," Johnson said. "It is the promotional tactic which most effectively undermines breast feeding, leading to infant malnutrition, illness and death...

"And of course once bottle feeding starts, breast milk begins to dry up. When mother and baby leave the hospital there is a physical need to buy more formula — both mother and baby are 'hooked'."

Nestlé, AHP, Abbott/Ross and Meiji of Japan are among the leading competitors in the $6-billion infant formula market. An Action survey of 23 Pakistan hospitals found that 20 received large quantities of free formula, with Nestlé supplying 65 percent of the hospitals.

Nestlé's losses from the last boycott vary from its own estimate of $20-million to Johnson's figure of $3-billion. — The Guardian, London

Numsa gears up to down tools

(61)

21-27/7/88

South

LABOUR relations at ~~the British-based~~ multinational Dunlop factory in Durban are restive following the dismissal of Mr Bongani Mkhungo, national chairman of shopstewards under Dunlop.

More than 1 200 workers went on strike on July 13 in support of Mkhungo, but were forced back to work on July 18 after Dunlop management brought a successful court interdict against the workers - all members of the National Union of Metalworkers in South Africa (Numsa).

Shopsteward Samuel Mthethwa said the dispute started after management dismissed Mkhungo for attending a meeting in Harare when he had been booked off sick by a doctor.

At a meeting last weekend, shop stewards from all Dunlop factories in Natal declared a dispute and decided that a lawful strike would be effected 30 days after an application was handed to the Conciliation Board.—*PTSA*

Plea to delay District 6 plans

61

By ANTHONY DOMAN Argus 15/8/85
Municipal Reporter

AN appeal has been made to BP not to proceed with its plans to revitalise District 6 unless the Group Areas Act has been scrapped "in its entirety".

The appeal was one of several strong attacks on the Act at the launch of an ambitious project being tackled jointly by the community, business, and the City Council.

A sod-turning ceremony yesterday at Salt River's historic Lilies field marked the launch of the R1,3-million Blackpool Sport community centre. The City Council and private sector companies represented by BP Southern Africa will each contribute R300 000, while Blackpool will provide "sweat equity" — labour to build the centre.

Blackpool patron Mr Siraj Desai lauded BP for not proceeding with their plans for redeveloping District 6 "without the consent of the community".

However, Mr Desai, who is also leader of the Hands Off District 6 campaign, appealed to the company to abandon its District 6 proposals until the Group Areas Act was scrapped in its entirety.

"Very run down"

City Council town planning committee chairman Mr Clive Keegan said the council was proud to be associated with the project. The centre would bring life back to a "very run down" part of the city.

The council had increasingly begun to realise that it had to plan with the communities it was serving, he said.

Mr Keegan also spoke out strongly against Group Areas.

"We are not interested in open or non-racial areas — small pockets scattered around the city. The only way in which the wrongs of the Group Areas Act can be redressed is by total abolition of that Act throughout the municipal area," he said to loud applause.

Mr Graham Barr, director of BP Southern Africa, said that the centre was not simply a BP-assisted project. "This project has been supported by the private sector," he explained.

The company believed that what it was doing was "a very important first step" towards the abolition of Group Areas.

Blackpool chairman Mr Moegsien Hassen said that the club had not compromised on its non-racial principles in dealing with the private sector.

"The deal is clear-cut. BP supply us with the funds and we see to the community," he said.

Blackpool was merely a "facilitator".

"The people will control this complex."

Mr Dullah Omar, standing in for South African Council on Sport president Mr Joe Ebrahim, said it was a common perception that the private sector and the government worked "hand in hand".

However, it was good that sections of the private sector were "turning their eyes towards our community".

He welcomed the involvement of the council and the private sector.

"We will never turn down genuine approaches. I look forward to this project being a success."

Gearing up for the next phase of the project for District Six

By GRAHAM BARR, Director, BP Southern Africa

ARGUS 17/8/88 61

MUCH progress has been made with preliminary planning undertaken by BPSA in support of its proposal to help the redevelopment of District Six, Woodstock and Salt River as open areas and evolving options for the consideration of Capetonians.

The issues and options surrounding the proposal are complex and emotive and a restatement of the offer, which is backed by 18 other major South African companies, is necessary as the project gears to move into the next phase of its preparation.

First, the proposal. This is that the area be redeveloped in consultation with the community — should it be declared open to all by the government — in a triangular partneship involving the community, the Cape Town City Council and the private sector.

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No planning will take place without community participation, but the intention is that the fullest range of accommodation be provided, including home ownership opportunities affordable to households earning R1 000 to R1 500 a month.

A project team engaged in preliminary planning has from the outset been charged with developing concepts to meet this criterion.

Other parameters include:

- Residents of Woodstock and Salt River must be given every opportunity to own their homes and their displacement — which already is beginning to occur — must be minimised.
- Former District Six residents must have every possible opportunity for involvement.
- The redevelopment must be facilitated by a Section 21 nonprofit company in which the community, the city council and the private sector are involved.

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BP, like many others in South Africa, strongly believes that the Group Areas Act must be abolished. When work began on the project in 1982 local option to open areas was an interim target. This continues to be the case.

Hence the condition that, as a minimum, District Six [illegible] project not proceed — without the community having any say.

It has been said that District Six must not be redeveloped or the project supported unless the Group Areas Act is scrapped in its entirety; that for some to live in open areas while others are forced to stay in segregated areas is not acceptable.

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This is an entirely understandable view. The heart supports it, but the head says that by doing so an opportunity to pave the way for the removal of the Act will be missed and that District Six will be built over anyway. That is the present position.

The views of former District Six residents and of people who live in Woodstock and Salt River have not yet had a proper chance to be aired.

Once the project team has completed pre-planning studies and prepared suggestions for Woodstock and Salt River and the community is able to see and discuss them, these views will emerge. This will be possible soon, since the teams are nearing the end of this phase of their task, and we believe widespread support will become evident.

There remains, of course, uncertainty about government reaction to the proposal. Legislation tabled before Parliament and probably due for debate this month will provide part of the answer.

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However, this is also complicated since the Bill which aims at providing the mechanism to breach the Group Areas Act for the first time by allowing areas to become open has been accompanied by a Group Areas Amendment Bill that tightens up on segregation elsewhere.

At the time the Bills were published, BP chairman Ian Sims said in a press statement: "The draft legislation provides more scope for confusion and negative reaction than for the positive response so desperately needed.

"We have been working and hoping for legislation that would allow South Africans the option of living in open areas if they wish as a vital and symbolic shift

"BP," like many others in South Africa, strongly believes that the Group Areas Act must be abolished. When work began on the project in 1982 local option to open areas was an interim target. This continues to be the case.

Hence the condition that, as a minimum, District Six, Woodstock and Salt River be open to all. Such an open area would prove that South Africans can and will live side by side and help open the way for the removal of the Act.

Community involvement is fundamental to the offer. Experience of inner city development in other parts of the world has proved this is the only way satisfatory development of this nature can be concluded. Given the opportunity, the project could be a blueprint for similar development in other South African cities.

The proposal can proceed only with the government declaring the area open and providing support through, among other things, making land available.

Full Cape Town City Council involvement is vital.

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It has been said that the project will help provide only expensive homes. This is not so, as has already been mentioned.

The concept is not to tackle the project as a conventional housing development. Rather, it is to plan jointly and then help by providing the framework and access to finance for those who need it, which would allow people to build their own homes.

It has also been said that by rejecting the project, District Six will be preserved as "salted earth" — a monument to the depredations of the Group Areas Act.

This, regrettably, is increasingly unlikely to eventuate. Like it or not, District Six will almost certainly be built over should the draft legislation provides more scope for confusion and negative reaction than for the positive response so desperately needed.

"We have been working and hoping for legislation that would allow South Africans the option of living in open areas if they wish as a vital and symbolic shift to a free and open society.

"However, the draft legislation is not encouraging in that moves to allow the option for some areas to open seem to be accompanied by even stronger measures to enforce restrictions in the greater part of the country.

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"we urge government to continue to strengthen positive measures to achieve a South Africa where all people can have equal rights and opportunity in education, living and employment.

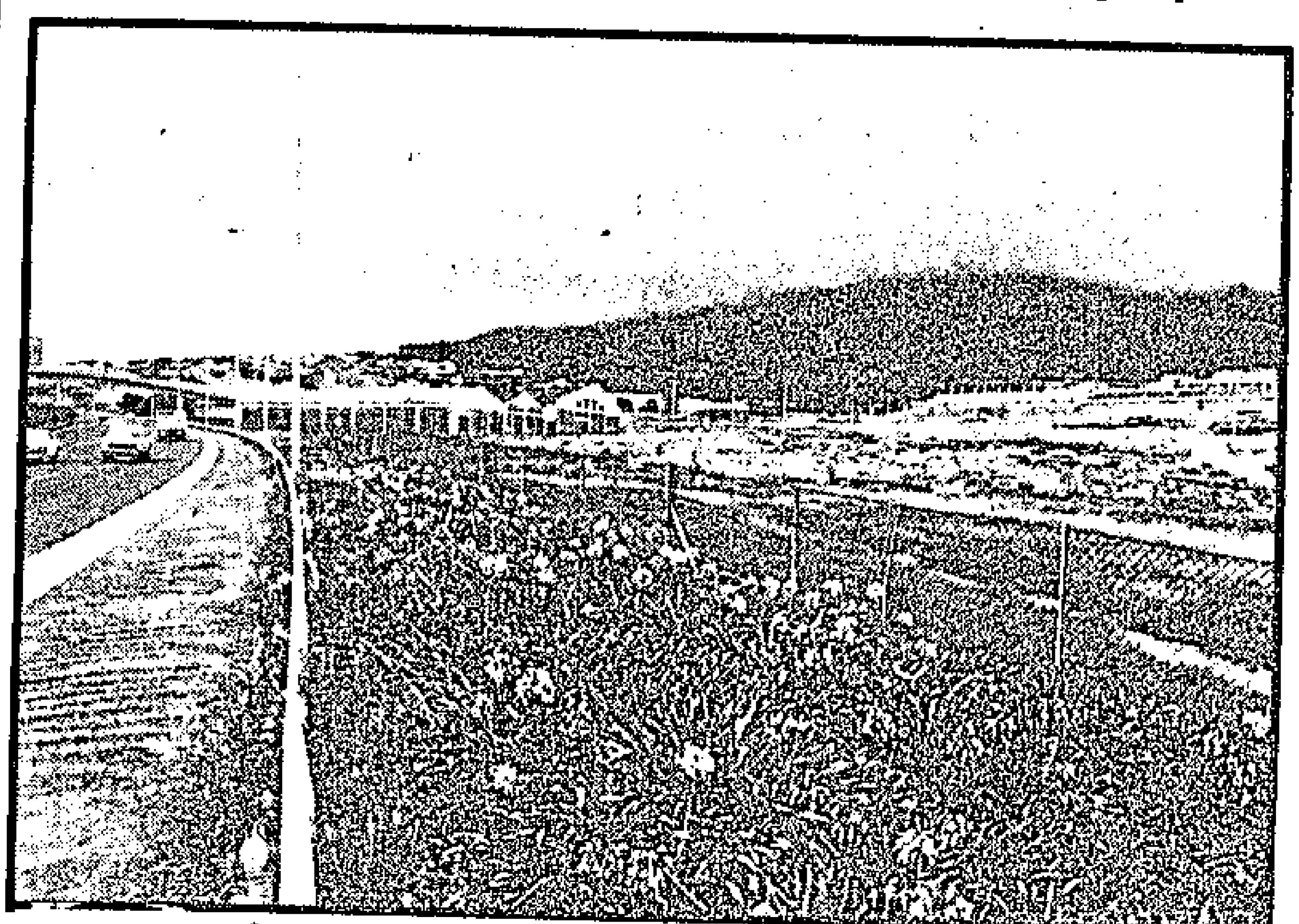
"BPSA's District Six project, still in proposal form, is aimed at helping achieve this and could serve as a valuable model as well as a symbol for the South Africa of tomorrow.

"It would be a tragedy if the existing goodwill between peoples and the small steps of unity so far achieved were to be thrown out the window by the imposition of draconian restrictions which set people against their neighbours."

The future of District Six, Woodstock and Salt River as open areas and the regeneration of Cape Town's inner city lies in the balance between the community, government and Parliament.

The areas could become beacons for the future or the opportunity to effect tangible and definite evidence of the ability of South Africans to come to reconciliation will be lost.

The latter would be a tragedy, a squandered chance to help build for the future a South Africa in which all South Africans can live together and prosper.



An Open expanse in District Six.

18/8/88

(61)

Cape Times

Keep up the pressure, urges UK ambassador

British Ambassador ROBIN RENWICK told the Urban Foundation yesterday that South Africa might be approaching another turning point in its relations with the rest of the world. Here are extracts from his address.

THE Group Areas Act, it has become fashionable to say, is not the central issue in South African politics. And indeed it is not. The central issue is the sharing of political power.

But the Group Areas Act remains a fundamental source of alienation in this society. It is about to be amended. The Urban Foundation has made clear its position, which is that the Act should be repealed.

It may be thought by some impossible to repeal it now; but one day it will be thought impossible to continue with it. The sooner that day comes, the better it will be for South Africa ...

From time to time I am asked what business leaders can do to help change South Africa. Your influence with the government, it often is pointed out, is limited.

Many of your recommendations have been greeted with the response that businessmen should stick to making money.

But you must maintain pressure on those who have the power to change laws which not only are unjust, but also are inhibiting economic growth.

Most important of all, business leaders represented here control large empires of their own and whatever you can or cannot achieve vis a vis the government, you can succeed in breaking down apartheid within your own enterprises; and that process so far has brought about more fundamental changes than almost any other I can think of here ...

By modern standards this is a hopelessly over-regulated society, with one of the world's more cumbersome bureaucracies. And many if not most of those regulations, for instance the restrictions on land use, as well as a high proportion of those bureaucratic jobs, stem from the continued enforcement of aspects of the apartheid system.

BUT, we are told, you have moved away from apartheid. And in some important respects that is true. We are not among those who refuse to recognize the importance of the changes that have been made — the legalization of black trade unions, the ending of job reservation, the scrapping of the pass laws.

This is, gradually, becoming a more multiracial society. But it is no use pretending that apartheid has been abolished, or is about to be. The cornerstone of the apartheid system is the Population Registration Act; and it remains very much in force ...

How can we seek best to overthrow apartheid without inflicting even greater misery on the people of South Africa, to say nothing of the neighbouring states?

The reality is that more general sanctions might end up reducing the average income of white South Africans by, say, five percent. But they would reduce the income of black South Africans thrown out of work by 100 percent and the consequences for their much larger number of dependents do not bear thinking about.

Even sanctions advocates acknowledge that they would take a very long time to produce their effects. What is going to happen to all these people meanwhile?

As we try to assist community groups in the townships, so we come across the practical effects of disinvestment. By numerous groups I have been told that they used to receive help from companies, usually US companies, that have left. When I visit the liberal universities, I hear of scholarships for black students that also terminated when companies left.

When a company decides to leave this country, it does not continue to worry about South Africa. On the contrary, it writes that subject off its agenda. And, after all, we can hardly blame them. They are not asked by the apostles of disinvestment to go on doing anything positive here. All they are asked to do is leave.

These pressures to disengage apply not just to companies, but to countries as well. We are urged to cut off all economic contact with South Africa, to break off diplomatic relations, to engage in a cultural boycott, to maintain the sports boycott, to reinforce the academic boycott — in short to leave, and pretend that the place no longer exists.

SO far as Britain is concerned, we do not believe in disengagement. We do not intend to walk off the pitch. We intend to stay on the pitch — to go on working for peace in Angola, an internationally recognized settlement in Namibia, a return to the Nkomati Accord with Mozambique, the repeal of all racially based legislation, the release of political leaders and negotiations in which all parties can participate on the basis of a cessation of violence on all sides.

We do not expect instant transformations, or success on all fronts at once. But however long it takes, and however hard we have to struggle we will go on working to attain those objectives. We are determined to help to defeat apartheid. And we intend to demonstrate that we too do not lack staying power.

When there are positive developments, which we have encouraged, we will welcome them.

We do welcome, and have worked hard to encourage the progress currently being made in the Angola/Namibia negotiations. We strongly support also and have tried directly to contribute to the efforts currently underway to normalize relations with Mozambique.

The most dangerous and debilitating disease in politics is fatalism. I recall only too well how people in my own country started reconciling themselves to what was supposed to be our inevitable economic decline.

It must be obvious to all of you that South Africa may be approaching a further turning point in its relations with the outside world. We do not believe in your isolation; but we cannot prevent you isolating yourselves.

Whether you do end up more or less isolated will depend on what happens here.

...S Box 11 CAPE TOWN 8000

...vbray does not need ...her thoroughfare

...MACLENNAN (Mowbray):

...y has already been sliced up by a freeway, an ...y and a railway line. All of these have contribut... ...menting the community.

...e city's planners want to bulldoze houses to ...artery up to eight lanes wide through the heart of ... What Mowbray needs is a plan to divert vehicle ...uter traffic, not to increase the throughflow. It ...tly needs upgrading in the bus terminus area.

...not done, and the artery goes through, and the ...is enlarged as planned, this pleasant residential ...hood will be reduced to nothing more than a ...isy transit zone.

...ban would do some good

...SEMARY KLEYN- (Green Point):

...se to the report ... Motion Picture ...n of America be... not to "victimize ...outh Africans" by ...American films ...nes, August 2) I ...ke to offer the ...opinion:

The vast majority of South Africans who can afford to go and see films are white and the majority of these supported the present government in the last election. Surely the ban on showing American films in this country would go a long way in bringing home the absolute repulsion with which the outside world views us.

...ble honour for Voortrekker

...ER KIRKHAM (Sea Point):

... years of a highly successful ocean racing career, ...er (I) qualifies for retirement; this is the opinion ...minent skippers, including the renowned Bertie ...eature at Victoria Docks, with a comprehensive ...er career, and surrounded by museum memora... ...ld be a centrepiece of attraction. Copies of the ...ld be sold and would find a ready market at yacht ...home and overseas.

...ch into Voortrekker's unique achievements may ...r for inclusion in the Guinesss Book of World ... Would the South A...ican Navy, as the owners, ...omment?

W Cape's squatters are to get UK boost

Aid for schemes to upgrade settlements

Mr Robin Renwick

By JEREMY DOWSON, Staff Reporter

THE British government is taking a keen interest in attempts to upgrade South African squatter settlements and intends giving financial aid to schemes in the Western Cape.

This was announced by the British Ambassador to South Africa, Mr Robin Renwick, at the annual meeting of the Urban Foundation in Johannesburg yesterday.

Praising the work of the largely private sector-funded body, which he described as epitomising "the acceptable face of capitalism", Mr Renwick urged British companies to pledge financial assistance to the foundation. It had made enormous strides and "a real impact" on South African society.

"This year alone the Urban Foundation will be helping to provide 12 900 developed sites and 8 800 houses, thereby contributing to housing facilities for over 100 000 people."

However, resources were not available to provide formal housing on a scale that would match the influx into the cities now taking place.

"The response of the foundation has been to devote increasing efforts to informal settlement schemes based on the upgrading of shack and squatter settlements.

"These schemes have already shown remarkable results, and it is in this area of the foundation's activities that the British government is taking a particular interest."

Last October the British government contributed funds to the foundation for low-cost housing in Natal where people had lost their homes in the floods.

"This year we are contributing to further shack upgrading in that area though the foundation's Innova informal settlement programme. We are looking also at the foundation's plans to provide assistance with informal housing in the Western Cape, and we intend to support that project too."

Turning to the role of British companies in South Africa, Mr Renwick said the British government had never tried to tell companies whether or not to remain in the country.

"But what we certainly are doing is to urge those British companies who wish to stay here to maintain and increase the contribution they make to the health, welfare, pensions, training, education and advancement of their non-white employees.

"And most of them, I am glad to say, are leaders in this field. British companies devoted well over R140-million to their efforts in these fields in 1986 alone."

One British company had pledged R3-million to the Urban Foundation this year and was believed to be considering a similar contribution next year.

"All those who feel strongly about the situation in South Africa I would urge to show their commitment by matching efforts of this kind."

Speaking on capitalism and apartheid, Mr Renwick said it was a myth that capitalism guided the key decisions of the State in South Africa. "In fact, the principles of free enterprise and racial segregation are totally incompatible."

South Africa had moved away from apartheid in some important respects.

"But it is no use pretending that apartheid has been abolished, or is about to be. The cornerstone of the apartheid system is the Population Registration Act, and it remains very much in force."

In South Africa there was a continuing belief, on the one hand, in the efficacy of State capitalism and, on the other, in "an extreme form of socialism". Both concepts were "hopelessly outmoded".

"The management of a socialist economy requires a hyper-efficient bureaucracy. And speaking as a bureaucrat, I can assure you that that does not exist anywhere, least of all in Africa — including this part of Africa.

"What is needed here is to preserve the economy while changing the politics — not to destroy the economy while reinforcing the worst features of the political system."

Change in South Africa was inevitable. "But those who promise short cuts are going to discredit themselves.

"It will be a long, hard road, and what matters most at this stage is to develop self-help structures which increase the confidence and organisational strength of the communities."

If organisations were to have any credibility, they had to prove themselves by delivering practical benefits to those they were seeking to help.

"We in turn try to help them and this year we will be supporting over 100 community projects. This will not bring liberation tomorrow. But it is certainly going to help people today, and also create hope for the future."

Cape Times 25/8/88

Day 2 of BP drivers' 'strike'

Staff Reporter

A GROUP of BP drivers yesterday stopped work for a second day while waiting for a reply to their demand for the suspension of a supervisor — but BP management said yesterday's stoppage did not affect deliveries of petrol.

A Chemical Workers' Industrial Union (CWIU) spokesman said yesterday that 35 bulk-vehicle operators at BP — supported by other workers — were calling for the suspension of a supervisor and had stopped work on both Tuesday and yesterday.

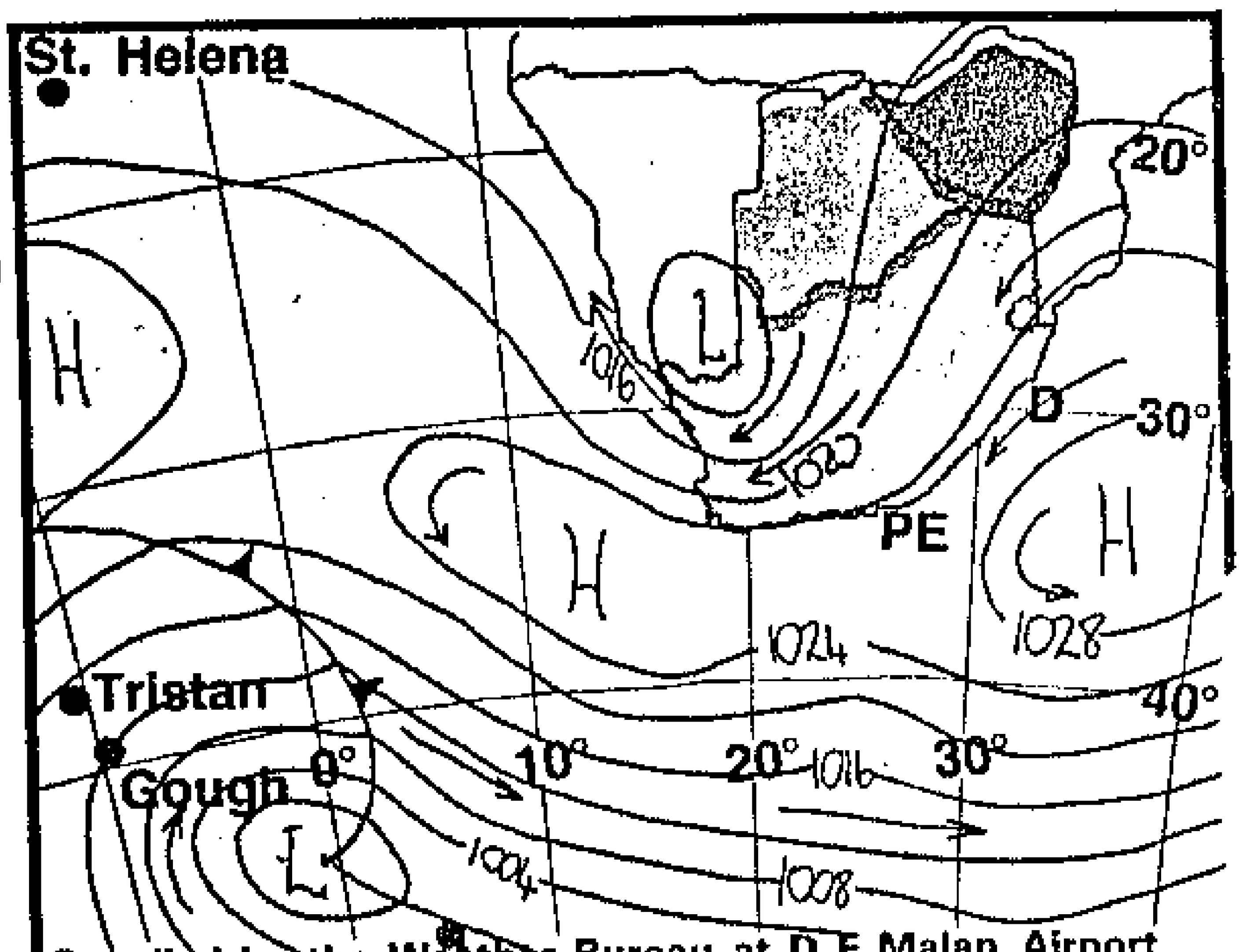
They had sent a letter to management containing their demands for an commission of inquiry and would continue their stoppage today until a reply was received.

A BP spokesman said that while there had been a "small disruption" of deliveries on Tuesday, deliveries were back to normal yesterday.

The CWIU spokesman said there was an estimated backlog of 100 deliveries to BP, Shell and Trek garages from the stoppage on Tuesday.

Workers had staged a demonstration at BP's Montague Gardens Terminal yesterday.

The BP spokesman said in a statement that 35 employees continued to refuse to work yesterday.



Supplied by the Weather Bureau at D F Malan Airport

Partly cloudy, mild

CAPE PENINSULA and vicinity and Western Cape Coastal Belt: Partly cloudy and mild becoming cloudy and cooler along the coast. Fog patches will occur later. Wind moderate northerly but strong south-easterly over the extreme southern parts. The minimum and maximum temperature will be between 12 and 21 deg C.

Coastal belt Cape Infanta to Plettenberg Bay: Partly cloudy and mild with isolated showers.

Coastal belt Plettenberg Bay to Port Alfred: Cloudy and mild with fog patches, clearing partially.

Namaqualand and the South-Western Cape Interior: Cloudy and mild with isolated thundershowers, clearing.

Pretoria, Witwatersrand and the Eastern Highveld: Fine and mild with fog patches.

Transvaal: Partly cloudy and mild.

Free State: Partly cloudy and mild with isolated showers.

Natal: Partly cloudy and warm.

Namibia: Partly cloudy and mild becoming warmer.

Botswana: Fine and mild.

YESTERDAY'S READINGS

	noon	8pm
Barometer	1018,4	1014,7
Humidity	60,0	70,0
Temperature	20,8	18,1

max 22,0 min 10,7

(At D F Malan 24 hours to 8pm)

Hours of sunshine: 5,3

Wind (D F Malan) 8 pm: Southerly 9 knots

TIDES (TABLE BAY) TODAY

High: 0129 1402

Low: 0750 2010

Sun sets 1823 rises 0715

Moon rises 1605 sets 0551

TIDES (TABLE BAY) TOMORROW

High: 0217 1444

Low: 0831 2053

Sun sets 1823 rises 0713

Moon rises 1722 sets 0633

PHASES OF THE MOON

Full Moon, Aug 27.

Last Quarter, Sept 3.

New Moon, Sept 11.

First Quarter, Sept 19.

POOL, SEA TEMPERATURES

Muizenberg: Pool 15, Sea 13

Sea Point: Pool 14,5, Sea 13

Newlands: 16

Long Street: 24

WEATHER ELSEWHERE

	min	max	
Athens	20	34	clea
Brussels	12	18	cloud
Buenos A	N/a	N/a	N/
Geneva	08	21	clea
Hong Kong	27	31	clea

TV TODAY

***Programmes supplied by SABC**

TV1

6.00-8.30: Good Morning SA

3.30: Ons wetenskaplikes

3.40: Insekgedrag, menslik betrag

4.00: Liewe Heksie

Britain throws down gauntlet to US over SA sanctions

Own Correspondent

WASHINGTON — Britain threatens to bar US oil companies from more North Sea exploration and development if the Dellums Bill's harsh sanctions on SA becomes law.

The Bill — the Anti-Apartheid Act Amendments of 1988 — would exclude foreign companies with SA links from competing for oil, gas or coal exploration leases in the US.

Shell and BP, which have massive investments in the US, would be affected.

The threat, in a letter from the charge d'affaires at the British Embassy in Washington to a group of congressmen, has caused concern among US oil companies with huge investments in the North Sea.

The British threat has also caused outrage in the US Congress where it was called crude and inept.

Congressman Nick Rayhall described it as "outrageous British interference in the domestic affairs of the US".

Another, Robert Wise, said the letter was a blow to Anglo/American relations.

He said: "It is a clear piece of meddling. If it has any effect it is to make us dig our heels in."

The proposed US legislation would impose an almost total US trade embargo on SA. All American companies would have to disinvest within 100 days.

The Bill has been approved by the House of Representatives but its long-term prospects are dim. On September 9, it goes to the Senate where the moderate Republicans are almost certain to vote against it.

Conservative Democrats are not in favour and even the Democratic leadership is in two minds.

The British government's ire was aroused by a provision, written by Wise, which said American subsidiaries of foreign oil companies would be barred from gaining US oil, gas or coal leases so long as their parent companies continued to operate in SA.

Shell and BP have large investments in SA where they employ more than 12 000 people.

Shell has US oil leases on the Outer Continental Shelf and BP has leases in Alaska and the Gulf of Mexico.

BTR Dun earns more, pays more

7/9/88 Star 61

By Ann Crotty

BTR Dunlop has reported a 21 percent increase in turnover to R240 million (R198,8 million) for the six months to June 1988 and a 31 percent increase in trading profit to R29,7 million (R22,6 million).

Attributable profit was up 31 percent to R14,8 million (R11,3 million), equivalent to earnings per share of 64,4c (49c).

A dividend of 37c has been declared, representing a 23 percent increase over the previous year's 30c.

This means that dividend cover has been increased marginally from 1,6 times to 1,7 times, but it still looks very tight, especially compared with a competitor such as Gentyre where dividend cover is 3 times.

The directors say the industrial rubber goods market did not improve "to the same extent as the economy because of delays in the bringing on stream major projects in the coal mining, ore beneficiation and electrical generation industries".

Operating margins were up from 11,36 percent to 12,4 percent. The interim figure represents a strong improvement on the 11,6 percent reported at the end of financial 1987 last December.

Strong demand

Strong demand in the group's activities (other than industrial rubber goods) will have helped to lift prices and boost margins. Margins would also have benefited from tighter asset management.

The directors say the group traditionally does better in the second half of the year, but cautions that this "depends on the state of the economy".

BTR Dunlop is on an historic P/E rating of 8,5 times at its current market price of 910c.

If the 31 percent earnings performance can be sustained for the full year, the share is sitting on a prospective P/E rating of 6,5 times.

Richard Ellis severe SA ties

CM 7/6/88 (61)

Own Correspondent

JOHANNESBURG. — Mounting foreign pressure on the Richard Ellis (RE) international property group has led to the group severing its ties with SA.

With immediate effect the Transvaal broking operation will merge with well-known Natal property group Russell Marriott & Boyd and will operate under the name Russell Marriott and Boyd Trust (Transvaal).

Its valuations business, as well as the Cape and Natal operations, will be allowed to continue to use the Richard Ellis name for a year after which it must be changed.

The move follows a hurried visit to SA last month of Richard Ellis' senior London partners who gave notice that the international operation has decided to quit SA.

In recent years RE has come under severe pressure internationally and has lost considerable business due to its SA connections.

SATURDAY SEPTEMBER 10 1988

Disputes rock oil industry

W/C ARGUS 10/9/88

By DICK USHER
Business Staff

TWO major disputes are looming in the vital oil industry, either of which could have serious implications.

The Minister of Manpower has granted a conciliation board to hear one dispute, over a demand by the Chemical Workers' Industrial Union (CWIU) for national collective bargaining, and the union has applied for a board to hear the other but this has not yet been granted.

If the board fails to settle the national bargaining issue the union has the legal right to hold a ballot and call a strike, an issue which company spokesmen say is "very, very sensitive".

In a Press statement this week CWIU referred to the hearing as a "CWIU showdown with petroleum bosses".

It involves nine major petroleum companies, including Shell, Mobil, Caltex, BPSA, Veetech and Cera-Oil over their refusal to bargain nationally at an industry-wide level.

CWIU claims to have noted common strategies and approaches by managements during wage negotiations and demanded that "employers come out into the open together and negotiate certain employment conditions".

These include public holidays, maternity and paternity leave, educational assistance, job security and pensions.

More controversial issues are demands for a bigger say for workers in social responsibility programmes and an end to PAYE while workers do not have proper political representation.

Bargaining

Company spokesmen said they regarded collective bargaining as a domestic issue to be conducted on a domestic level rather than nationally.

The second dispute is over disinvestment.

The CWIU is campaigning for disinvestment by all multinationals, including oil companies.

Claiming that the collective bargaining climate was less favourable where South African management had replaced foreign management after disinvestment, the CWIU is seeking prior agreement on the course of action to be taken by companies in the event of them disinvesting.

This would include sufficient notice of the intention and economic protection for workers.

BUSINESS

AM643 16/1/88 (6)

INDUSTRY

Oil's well as Shell SA hits a R3-billion gusher

By TOM HOOD
Business Editor

SHELL South Africa has lifted the lid off a secrecy-ridden industry and disclosed record turnover for last year, rising about R200-million to exceed R3 200-million.

This puts Shell among the largest companies in South Africa — on a par with Sasol and Anglo American Industrial Corporation and bigger than giants such as Premier Group, Sappi, AECI and Tongaat.

Turnover has soared from about R1 800-million in 1983, according to the company's report for 1987 which, however, conceals what the company paid for materials such as oil.

Turnover hit R3 000-million in 1985, then dipped about R200-million in 1986, mainly through a fall in oil division sales.

Biggest business last year was oil, with sales of about R2 300-million, followed by coal, chemicals, business ventures and metals.

Mr John Wilson says in his chairman's review that Shell's growth in petrol sales at 14,6 pecent was significantly above the industry average.

The oil division registered a 5,3 percent growth for the year compared with an industry average of 5,7 percent and maintained its position as market leader. Major product contributors to industry growth were paraffin (12,7 pecent), liquid petroleum gas (10) and petrol (9).

"The increase in consumption of these products can be ascribed to rapid urbanisation, growth in the informal sector and an apparent decline in social unrest," he said.

The report for 1987 discloses operating costs rose about R50-million to top R400-million.

However, finance director Mr Kees Lenders says group financial and operating results increased significantly over 1986.

The oil division increased its sales volumes, although gross profits came under pressure because of the decline in world oil prices, inflation and improved exchange rate levels, he said.

"The relative stabilisation of oil prices ensured that the 1986 stock losses were not repeated," says Mr Lenders.

Coal and metals divisions' performances were ahead of target as a result of tighter control over costs and volume-margin movements.

The chemicals division also performed well against target. Business ventures performed better than in 1986 but profits were down for a number of companies in the portfolio.

S. Times Business Times . 12/6/88

Advert campaign against Shell

By Patrick Mafafo

61

CHURCHES, trade unions, humans rights organisations and anti-apartheid movements in 15 European countries have placed adverts in the alternative Press in SA for Shell to withdraw from South Africa and Namibia.

So far the movements have the support of nearly 8% of the Royal Dutch Shell petroleum company shareholders, says a spokesman for the movements.

Under Dutch law a special meeting can only be held to consider a pull-out if a minimum of 10% of the shareholders agree.

Last year a group of American shareholders of Royal Dutch, including several retirement funds, began a campaign aimed at pulling the oil company out of SA, but they represented less than 2% of the shareholders.

Shell retaliated by placing its own anti-apartheid adverts in the same publications.

"The fact that Shell's South African interest

"The fact that Shell's South african interest amounts to less than 1% of it's world business and the fact our total social commitment costs in 1987 amounted to R28-million, is proof enough that we are not here only for money," says a spokesman for Shell SA.

Shell SA subscribes to the principles expressed in the South African Federated Chamber of Industries and one of the aims of Shell SA is peace and stability in the Southern African region, he said.

Shell bars group from AGM

The Star Bureau

61 Star 27/7/85

LONDON — A group of anti-apartheid campaigners are threatening legal action against Shell after being excluded from the company's annual general meeting.

About a dozen opponents of the company's involvement in South Africa were barred from the meeting in May because Shell officials said proxies, giving them the right to attend, were received too late.

However, the group say the Post Office has confirmed that the proxies were delivered two days before the deadline expired.

One member of the group has now written to Shell chairman, Sir Peter Holmes, asking for the meeting to be reconvened.

Shell admits mistake over anti-SA group

Cape Times 28/7/88

Own Correspondent

61

LONDON. — Shell has admitted it made a mistake in preventing a group of anti-apartheid campaigners from attending its annual meeting.

Shell officials stopped a number of campaigners from attending the meeting in May, saying that proxies allowing them to attend were received too late by the company registrars.

The proxy documents, however, were sent by registered mail and the post office has confirmed they were delivered to the registrars two days before the deadline expired.

A Shell spokesman said yesterday it had originally received a certificate from its registrars saying the proxy documents had arrived too late. It was only after the AGM that the registrars discovered they had arrived in time.

"Shell regrets this mistake occurred and arrangements have been made to prevent it happening again."

The spokesman stressed that the presence of the campaigners would have made no difference to the outcome of the meeting.

Two of the people barred from entering the meeting are considering taking the matter to court.

Group's threat to sue firm

(61)

Sowetan 28/7/88

LONDON — A group of anti-apartheid campaigners are threatening legal action against the Shell Oil Company after being excluded from the company's annual general meeting.

About a dozen opponents of the company's involvement in South Africa were barred from the meeting in May because Shell officials said proxies giving them the right to attend were received too late.

But the group say the post office has confirmed that the proxies were delivered two days before the deadline expired.

One member of the group, Mr Roger Lyons, assistant general secretary of the technicians and white collar union MSF, has now written to Shell chairman Sir Peter Holmes asking for the meeting to be reconvened. He has reserved the right to take legal action.

Although the group of campaigners with proxies were kept out, other anti-apartheid activists attended the meeting and bombarded Sir Peter with questions about the company's involvement in South Africa.

'Help black business overcome obstacles'

BLACK business had no creditable involvement in any of the major economic sectors in South Africa, businessmen were told this week.

Speaking at a lunch in Johannesburg, the executive chairman of Shell South Africa, John Wilson, said this would continue to be the case unless the government and white business was prepared to assist black business in "overcoming historical disadvantages such as limitations on land ownership in urban areas, inadequate access to capital, markets for their goods and services and skills".

Another major obstacle to the growth of black business was politics, he said.

"Constraints cover problems such as mismanagement, bureaucratic ham-handedness at local authority level. Clearly, the biggest obstacle to the growth of black business remains the lack of political clout."

He added: "It should be apparent that after a century of economic and social repression, black business, if it is to significantly expand the economic cake, will need more than deregulation. Black business will not become a significant economic force if it is left to rely on normal market mechanisms.

"Even if apartheid were ended tomorrow and black business was left to market related economic development, it could take another century before black business becomes a significant contributor to the SA economy because of resource limitations.

"Black business should not be left to the mercy of the free marketeers who appear to be labouring under the illusion that black business needs no particular support other than to be freed of all bureaucratic constraints.

"Unless there is a clear strategy for the development of black business, this sector of the economy will only add marginal growth to the economic cake. The potential is there but it will not just happen. It is up to us, the established and priviledged private sector, to make it happen," he said.

Press (61) 1/9/88

Oil companies deny disinvestment

CAPE TIMES 14/9/88 (61) (62)

Own Correspondent

JOHANNESBURG. — Major oil companies yesterday denied union allegations that they were intending to disinvest and described the Chemical Workers' Industrial Union's (CWIU) declaration of a dispute in terms of this, as irrelevant.

Shell SA, Mobil Oil SA and Caltex stated unequivically that they would continue to operate in SA.

BP SA was not prepared to comment.

Shell SA said they would continue business in SA. "In the light of this, any talks on disinvestment would be futile."

The union had recognized that possible employment under local management was less favourable. Their strategy on disinvestment had obviously rebounded.

Shell hoped other unions advocating sanctions would take note.

Cape Times 22/9/88

Consgold snubs £2,9bn Minorco bid

From MIKE ROBERTSON

SA-born Sir Michael Edwardes, new CE of Minorco ponders a question at yesterday's press conference.

LONDON. — Minorco's £2,9bn bid for Consolidated Goldfields (ConsGold) was promptly snubbed yesterday as "unwelcome" and "devoid of commercial logic".

The bid — Britain's biggest ever — was accompanied by the announcement that the SA-born former Chloride chairman, Sir Michael Edwardes, was taking over as deputy chairman and CE of Minorco.

The offer of 1 306p for each Goldfields share involves a consideration of £19 in cash and one new Minorco share for every two ConsGold shares. It values ConsGold at about £2,9bn.

London brokers dismissed the bid as "derisory" and "a sighting shot" saying Minorco will have to pay up to £16 a share if they are to succeed.

At a press conference in London yesterday Sir Michael said that if the bid was successful Minorco intended having no investments in SA. This would involve selling ConsGold's 38% stake in GFSA and its holdings in SA gold mines, resulting in the largest ever divestment from SA, some R2,6bn.

If the offer was accepted Anglo American and De Beers' joint stakes in Minorco would be reduced from 60% to 40%.

Sir Michael said the offer would give ConsGold shareholders a 20,4% increase in capital value and a 143,3% increase in income.

He said it was Minorco's intention to redeploy ConsGold assets so the borrowings would be rapidly reduced. The 49% stake in Newmont Mining Corporation would also be reduced.

Responding to the bid offer, ConsGold chairman Rudolph Agnew said the offer was unwelcome. He said Minorco's proposals envisaged the dismembering of the company which would effectively damage it.

The board, he said, strongly recommended shareholders take no action in relation to the offer which would be strongly resisted.

● The LSE is investigating possible insider trading following yesterday's bid. The market has been rife with speculation (emanating from Johannesburg) of a bid and on the first two days of this week alone some 4,5m shares were traded on the exchange. City sources say the Minorco bid could erupt into one of the biggest dealing scandals ever. They point out that at the beginning of the month ConsGold shares were 990p. This was 410p below the £14 which the share closed at yesterday.

Unions.

fish disributing concern. — Sapa.

BP and Shell reject claims by CWIU

(61)

BRONWYN ADAMS

TWO major oil companies, BP SA and Shell SA, yesterday rejected claims by the Chemical Workers' Industrial Union (CWIU) that they were not prepared to negotiate issues such as social responsibility projects.

Both said they were prepared to negotiate these issues directly with the union.

CWIU last week declared a dispute with nine oil companies for refusing to agree to bargain certain issues at a national level.

While BP would not comment on the issue of national negotiations, Shell questioned whether the CWIU was representative of employees in the oil industry and rejected the union's claim to bargain with nine different employers with "different businesses, employment policies and trade union arrangements".

The CWIU alleged the companies refused to negotiate public holidays, maternity leave, education assistance, job security and social responsibility programmes.

BP said there was no issue upon which it refused to negotiate with the CWIU, in those bargaining units where it represented employees.

Shell expressed surprise at the CWIU's claim that it was not prepared to discuss fringe benefits and social responsibility items, saying such meetings had already been held.

BP said employees were kept regularly informed of its wide range of social responsibility programmes.

B/Day 24/8/88

Oil firms reject union claims

Cape Times 24/8/88

JOHANNESBURG. — Two major oil companies, BP SA and Shell SA, yesterday rejected claims by the Chemical Workers' Industrial Union (CWIU) that they were not prepared to negotiate issues such as social responsibility projects.

Both said they were prepared to negotiate these issues directly with the union.

They were responding to the CWIU's declaration of a dispute with nine oil companies for refusing to agree to bargain over certain issues at a national level.

While BP would not comment on the issue of national negotiations, Shell questioned whether the CWIU was representative of employees in the oil industry and rejected the union's claim to bargain with nine different employers with "different businesses, employment policies and trade union arrangements".

The CWIU said the companies refused to negotiate for public holidays, maternity leave, education assistance, job security and social responsibility programmes.

BP said there was no issue upon which it refused to negotiate with the CWIU in bargaining units where they represented employees. The statement said BP was committed to negotiate with the CWIU at all worksites where it had such recognition.

Shell expressed suprise at the CWIU's claim they were not prepared to discuss fringe benefits and social responsibility; meetings had already been held in this regard, the company said.

The CWIU was unavailable for comment.

House of Skulduggery, Tiny's duplicity tale

Richard Rolfe reports from London

61

TINY Rowland, the maverick head of Lonrho, is a man with a grievance.

He believes he has been wronged by the UK Department of Trade and Industry, by Kleinwort Benson, the City merchant bank, and by Egyptian Mohamed Al Fayed, the owner of Harrods.

For seven years up to 1984, Mr Rowland tried to gain control of House of Fraser, the Harrods holding company, in which Lonrho owned 29,9%.

He was blocked by Fraser directors and the Government, perhaps mindful of Lonrho's reputation as "the unpleasant and unacceptable face of capitalism".

Right buyer

The Monopolies Commission instructed Lonrho in 1981 not to bid for the rest of Fraser unless there was a "change of circumstances".

Then in 1984, Mr Rowland says, the chairman of the Monopolies Commission indicated what that change of circumstances might be: if Lonrho sold its 29,9% stake, it might be freed to bid for 100%.

So the hunt was on to find the right buyer for the 29,9% stake. It could not be a business rival — an entrepreneur who would use it as a platform for his own bid for Fraser.

Instead, his choice was Mohamed Fayed. "He fitted our wish to sell to someone who was neither qualified for nor capable of taking over House of Fraser," Mr Rowland writes in his account of the saga, which is entitled A Hero from Zero.

Mr Rowland sold the Fraser stake to Mr Fayed for 300p a share. He and his colleagues waited for the DTI to release Lonrho from its undertaking not to bid for Fraser . . . and waited.

They went to see Norman Tebbit, Secretary of State at the DTI, "experiencing his 'Sod off, Lonrho' attitude at first hand — I don't think I would have believed it otherwise", Mr Rowland writes.

The Lonrho bid was under wraps at 380p. But in March 1985, while Lonrho was still waiting, Mr Fayed and his brothers bid 400p a share.

They accumulated more than 50% of Fraser. The afternoon they passed the halfway mark, Lonrho was released from its undertaking, "uselessly", as Mr Rowland says.

At this, Lonrho's chief was extremely upset. What stuck in his throat was that while he was regarded as an unsuitable owner for Fraser, and through it, Harrods, Mr Fayed was officially suitable.

Mr Rowland threw himself into a campaign to attack Mr Fayed, to undermine his Fraser acquisition and to obtain redress for Lonrho. A Hero from Zero is the tale of this effort.

When Mr Fayed put up 400p a share for Fraser — a total cost of £560-million — the immediate question was where the money had come from.

Kleinwort, Mr Fayed's bankers, said the Fayed brothers had a "net worth of several billion dollars".

They were described in the newspapers as wealthy for several generations from interests in growing cotton, shipping, oil and banking.

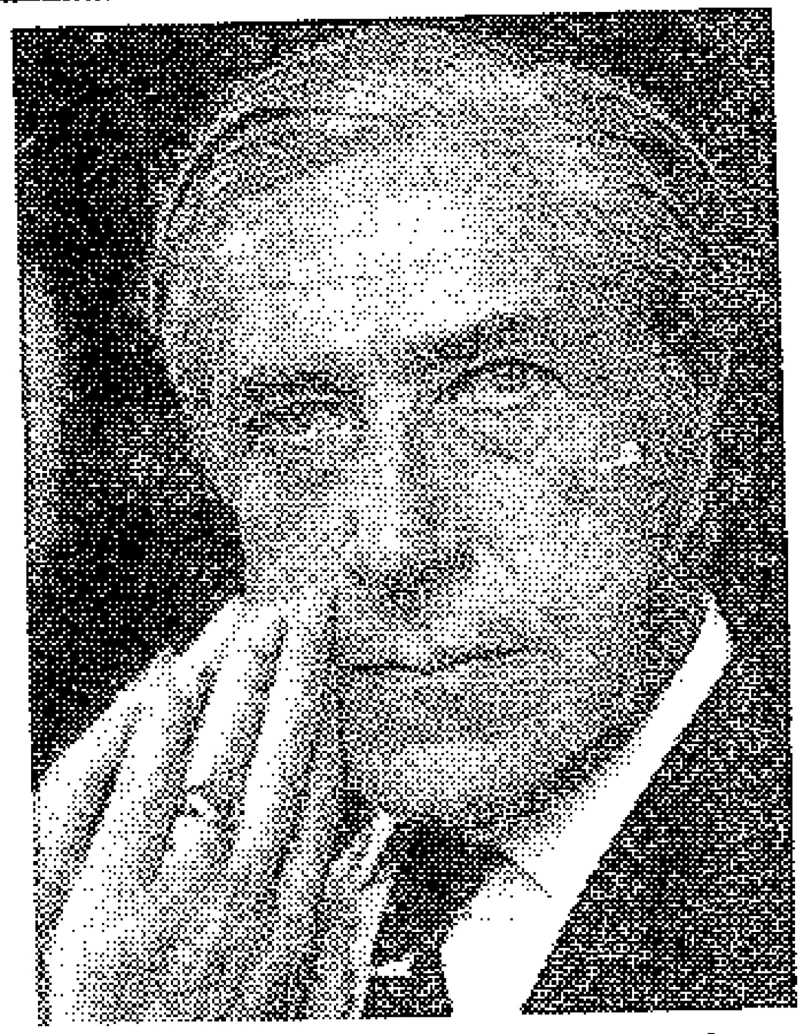
New rich

They were described as the new Pharoahs, disdainful of the nouveaux riches of the Arab world, such as the Saudis.

"Venal journalists turned a sow's ear into a silk purse," Mr Rowland writes.

On the strength of the assurances given of the Fayeds' wealth, the Fraser bid was waved through.

But Mr Rowland turned his energies to investigating the Fayeds' background. He claims that Mr Fayed's father, far from being a cotton tycoon, was an education inspector, earning 31 Egyptian pounds a month.



Tiny Rowland . . . bit between his teeth

The Fayed boys were not brought up by an English nanny, as the New York Times reported, but in El Gomrok, a slum area of Alexandria.

Of Mr Fayed's career, Mr Rowland says he was "caught red-handed for cheating and fired" from a company controlled by entrepreneur Adnan Kashoggi.

He went to Haiti where he passed himself off as the representative of the Emir of Kuwait and obtained a wharf concession.

"He began stealing from it," says Mr Rowland.

Also mentioned, but not highlighted, is the fact that Mr Fayed was a director of Lonrho in the mid-1970s. He made a living in London as an intermediary with Middle East contacts in the oil boom.

But in 1984, Mr Fayed seems to have hit the jackpot. He met a Hindi guru who offered to introduce him to the Sultan of Brunei, one of the world's richest men, for a fee of $2-million. Mr Fayued asked Mr Rowland to check the guru's credentials.

Mr Rowland obtained a reference through an Indian friend, Dr Ranganathan, who investigated the holy man through "Mr Ram, the former Indian High Commissioner in Zambia".

The guru was a fake, but Mr Fayed procured the introduction to the Sultan at a reduced fee of $500 000 plus a share of any profits from dealings with Brunei.

Mr Fayed became an intimate of the Sultan's and, Lonrho believes, it was Brunei money that was used to buy Fraser.

The Sultan gave Mr Fayed a power of attorney, which he is alleged to have used to put up the money to buy Fraser.

The inference is that the Sultan has had second thoughts because of all the adverse publicity and has asked for his money back. In any event, under Mr Fayed's direction, Fraser's debt has risen from £109-million to £836-million.

As its investigation into Mr Fayed developed, Lonrho bombarded the DTI and the Prime Minister's office with demands for a DTI inquiry into the Fayeds and the Fraser takeover.

In 1987, two years after the bid, the DTI appointed inspectors under a law used when "fraud or kindred impropriety" are suspected.

Mr Rowland concludes: "As for Lonrho, having proved its case, it looks for reparations from the DTI, Kleinwort Benson, the Fayeds and all who assisted them in having Lonrho's bid frustrated by deception."

As someone who has followed Lonrho closely, I have been critical of the company's business methods for the past 20 years.

But I have to say there is undoubtedly a case to answer in the matter of the official blocking of Lonrho's Fraser bid.

If the UK authorities think Mr Rowland is a crook, they should say so. If he is a crook, why is he allowed to run a public company, listed on the London and Johannesburg stock exchanges?

If he is not a crook, what was wrong with his taking over House of Fraser?

If Mr Fayed is a crook, as Mr Rowland believes — and Mr Fayed has taken no action against the allegations — the UK authorities should explain why they allowed him to acquire Fraser without carrying out a due diligence test.

The weakness in Mr Rowland's case is that the Fayed bid for Fraser could never have happened without Lonrho's sale of 29,9% of the company. It may be that Mr Rowland was tricked into thinking Mr Fayed would not bid for the whole of Fraser, which would account for his anger.

Also unexplained is why the Sultan of Brunei thought he could acquire Fraser only through dubious middlemen. Why did he not acquire it openly?

Mr Rowland has the bit between his teeth and will not let go. Indeed, the many waspish asides in A Hero from Zero suggest he is enjoying himself hugely.

He is over 70, is worth on the face of it more than £150-million and has no remaining commercial ambitions — except to be vindicated in his quest for Harrods.

In a battle with Mr Rowland, the UK Government would not be entirely defenceless. However, unless the DTI can defuse the issues, it may have an explosive political and financial scandal on its hands.

tive sanctions," the president wi

Shell vows to remain in South Africa

Star 4/10/88

61

The Star Bureau

LONDON — A director of Shell International has reaffirmed the company's commitment to staying in South Africa, while describing the State as "protectionist, bureaucratic, inefficient and wasteful".

Mr Desmond Watkins, a director of Shell International, was speaking in London yesterday at Business International's "South Africa: 1989" conference.

"The call from Shell's black employees, dealers and customers is for Shell to stay in South Africa. There is no black boycott of Shell in South Africa.

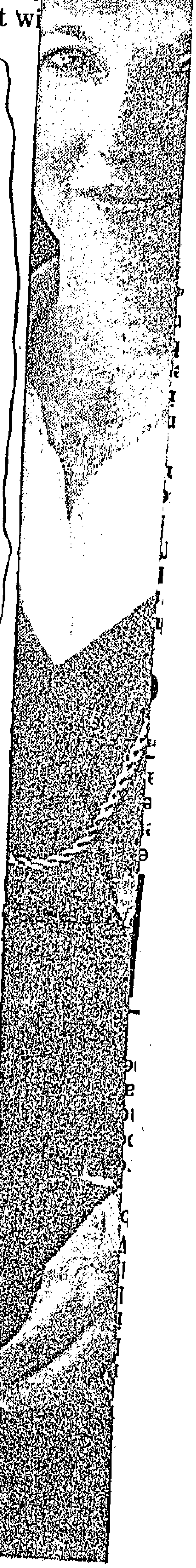
"The black community increasingly looks to Shell for support," said Mr Watkins, who is also the company's Africa regional co-ordinator.

"By what authority do those who urge disinvestment also claim to speak for these members of the South African community. They do so without having to suffer themselves the consequences of loss of jobs."

Mr Watkins said Shell shared most of the objectives of the anti-apartheid campaign. He said "apartheid is incongruous with the aims and practices of business.

"We have hopes that market forces will bring about fundamental changes in the Soviet Union, so with South Africa. Left to itself the market system will seek to develop the black community and market, train black businessmen, develop black entrepreneurs, sweep away the artificial prejudices and distinctions which inhibit economic success."

Mr Watkins said anti-apartheid activity had not caused serious financial damage to Shell.



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100 farms

JOBS AT LAST: Mr Kleinbooi Zukelwa and Miss Hazel Baatjies are happy to have a boss, Mr Dirk Swanepoel (left), and jobs at the new Shell Ultra-City service station at Three Sisters.

Work at last for 73 in small Karoo dorp

61

Star 10/12/88

NEVILLE ADLAM

Mr Kleinbooi Zukelwa (63) was out of work for more than a year. Miss Hazel Baatjies (19) had not found a job for the two years she had been out of school.

Both are from the Karoo dorp of Nelspoort north of Beaufort West on the N1 between Johannesburg and Cape Town.

They now have jobs — an envied status in this economically depressed part of South Africa. Seventy-three other people from the same community are now working at Shell SA's latest Ultra-City and Truckport service station at Three Sisters.

The new R3-million development was opened officially on Thursday by Mr Tony Kallis, retail regional manager of Shell SA (Western Cape).

He stated the aims of his company in committing itself to expansion in South Africa. He said it was the intention of Shell SA to stay and build its presence in the country to the benefit of the people, both economically and politically.

Shell in the past year has completed another three Ultra Cities — near Estcourt, Middelburg (Transvaal) and Kroonstad — and six more are planned in the coming 12 months.

The Estcourt project employs 170, Middelburg 100 and Kroonstad 70. These together with Three Sisters have given jobs to more than 400 people who would not normally have found jobs in these rural areas.

With the new projects this figure will have increased to nearly 1 000 by the end of 1989.

Mr Kleinbooi Zukelwa is one of the more fortunate people at Nelspoort in that he has a small pension of R248 a month to keep his wife and eight-year-old son. But the job as a cleaner at Twin Sisters is a God-send. He has nowhere else to go and has lived in Nelspoort for 35 years.

Hazel Baatjies has a respectable job, her first, as a waitress. She can now work close to her home town and will not have to seek work by joining the platteland exodus to the cities.

Although she has only a Std 7 certificate, there are many of her fellow workers at Three Sisters, says Mr Dirk Swanepoel, managing director of Three Sisters Ultra City, who have matriculated and until now have not been able to secure work.

The waitresses and other female staff formed a choir at the opening celebrations on Thursday night. One of their songs was one of thanksgiving. Many families in Nelspoort have been helped to find some of their respectability.

When I left the celebrations the lights were burning brightly in the black Karoo night. Light rain was falling and the trucks and the caravans were pulling in. And Kleinbooi Zukelwa and Hazel Baatjie and others from Nelspoort were hard at work and very happy ...

(61) B Day 28/9/88

BU

DISINVESTOR SELLS HICKSON'S TIMBERS FOR R6m

KAY TURVEY

IN a disinvestment move, UK-based Hickson's International has sold its SA timber division for R6m through a leveraged management buyout backed by Central Merchant Bank.

In terms of the agreement, local management — supported by Senbank, which has taken a 25% stake — has bought all the local assets of the London Stock Exchange-listed, SA-based Hickson's Timbers.

The company, which fought its way up to be a leading SA supplier of treated wooden poles, has an annual turnover of about R16m and has captured an estimated 40% of the telephone pole market in Southern Africa.

The division has entered into a seven-year licence and technology agreement with the R720m-a-year (turnover) Hickson's International to ensure continued access to international research and development.

The name Hickson's Timbers would change to Woodline Industries to reflect its local ownership.

Woodline MD Dendy Post said in order for Hickson's to consolidate its focus on chemicals, it was required to sell off the timber division.

He added that the sale was not politically motivated, although the move leaves Woodline well-positioned should international sanctions pressure be brought to bear by the UK against SA.

US duo enter the titanic struggle for Cons Gold

W/C Mail 11/10/88

From JOHN SPIRA

JOHANNESBURG. — A powerful new force has emerged in the titanic struggle for control of Consolidated Gold Fields.

"Masters of the Never-Never" Bruce Wasserstein and Joseph Perella have been lined up to fight off Mincorco's takeover bid for Cons Gold and, judging from the "Wasserella" duo's outstanding success record, Anglo American's "Young Turks" are facing opposition stiffer than bargained for.

Oppenheimer

Already the Wasserella touch is in evidence in the form of an instruction to Harry Oppenheimer, Anglo's retired chairman, to divulge his holdings in Cons Gold.

At week's end, London sources reveal that Mr Oppenheimer had made the requested disclosure, though its contents have not been released.

Mr Oppenheimer is currently on a private visit to London. Anglo American's London office said yesterday that Mr Oppenheimer could not be contacted as he wished his privacy to be respected.

Observers who have been following the progress of Messrs Wasserstein and Perella predict that their next move will be to ascertain the identity of Everal key shareholders (who have been hiding behind nominees) in Cons Gold.

The idea prompting such a strategy is to discredit Anglo group company Minorco's bid for Cons Gold in the light of strong suspicions of insider trading in the shares, whose price began moving strongly higher weeks before the bid was announced.

In the space of 10 years to February 1988, Bruce Wasserstein, 40, and Joseph Perella, 46, built — from nothing — a lucrative takeover business at New York investment bank, First Boston.

First Boston advised on more than 200 mergers and acquisitions in 1987, generating $365-million in fees and $200-million in profits from bridging loans.

The pair then left First Boston as accredited inventors of the double-barrelled two-step, whereby a raider tenders for only a portion of the target company's shares, paying for the balance with its own shares.

When they left First Boston, the bank's stock market value plunged by $127 million, 16 of its mergers specialists went to Wasserstein, Perella & Co, which received commitments totalling $1-billion from investors seeking equity in Wasserella takeovers.

Retained by 55 companies, it now has offices in New York, Chicago, Los Angeles, Houston and London.

The British magazine, Business, quotes Mr Perella as saying: "What happened in America over the past 10 years will happen in Europe in spades".

Transformation

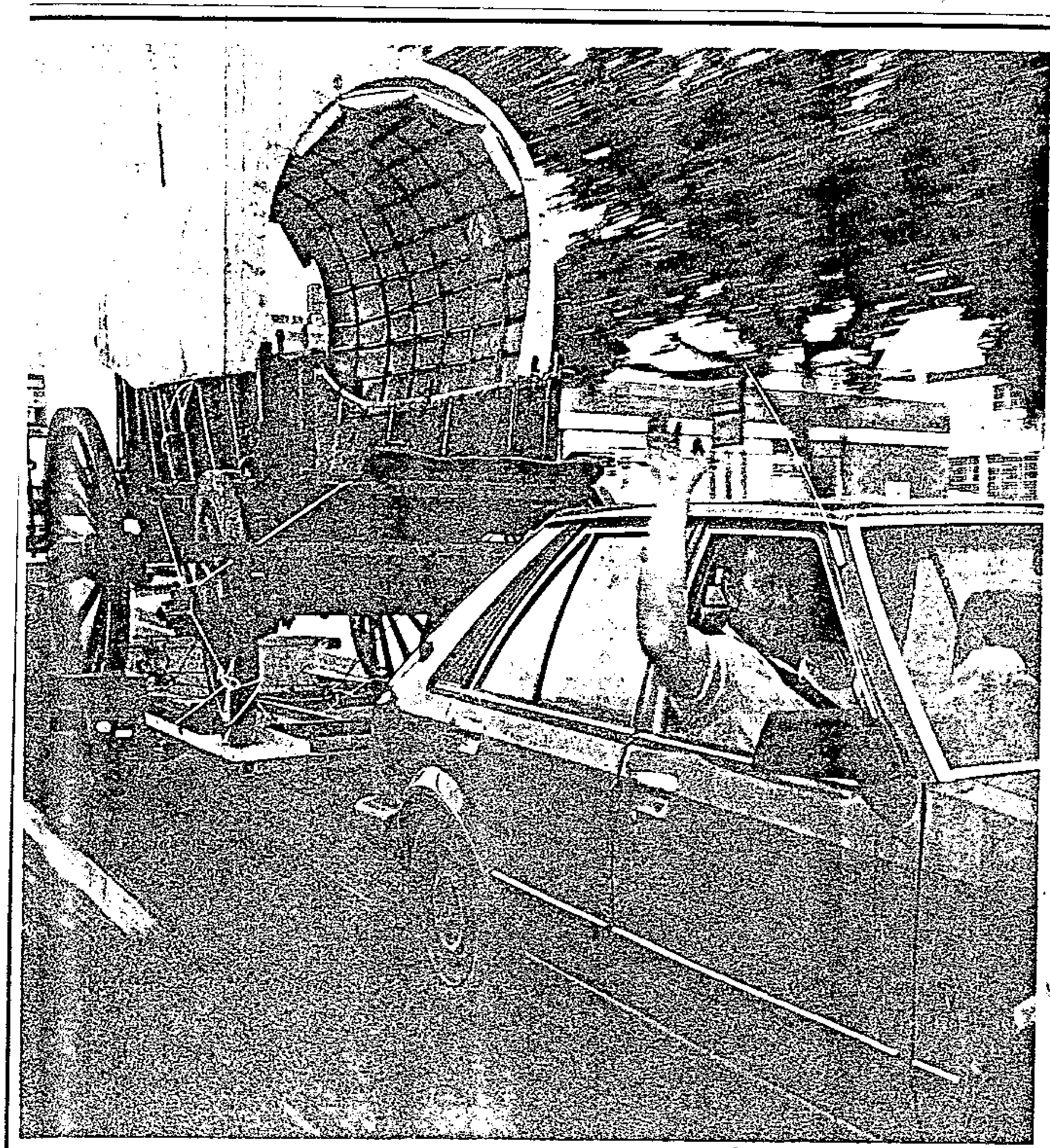
Business explains: "What happened was complete transformation of the corporate environment: from a quiet golf course filled with sleepy conglomerate vice-presidents, to a jungle teeming with predators, poison pills, greenmail, golden parachutes, golden handcuffs, bootstrapping bidders, two-tiered tender offers, proxy fights, white knights, crown jewels, midnight raids and leverage, leverage, leverage.

"Sleepy vice-presidents are now regularly devoured.

"Like it or not, every company is 'in play', yet among the advisers, according to Wasserstein, 'maybe five people know what they are doing'. Each enjoys an aerial view of the jungle and thinks in terms of the treetops: 300 carniverous chief executives and four other master practitioners."

Shell 'staying in SA'

Argus 4/10/88 (61)



Pictures: HANNES THIART, The Argus.

GT (GREAT TREK) POWER: The 60 horses under Mr Chris Adenant's bonnet tow the restored kakebeen oxwagon away from a Press launch.

LEFT: - oung "trekker" Piet Le Roux pours his

The Argus Foreign Service

LONDON. — A director of Shell International has reaffirmed the giant oil company's commitment to stay in South Africa, while describing the State as "protectionist, bureaucratic, inefficient and wasteful".

Mr Desmond Watkins was speaking here at Business International's South Africa 1989 conference.

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What authority?

"By what authority do those who urge disinvestment also claim to speak for these members of the South African community?" he asked.

"Particularly if they do so without having to suffer themselves the consequences of loss of jobs, earnings, security, education and the prospects of advancement for themselves and their families."

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Argus 4/10/88

Reagan rules against tough new sanctions

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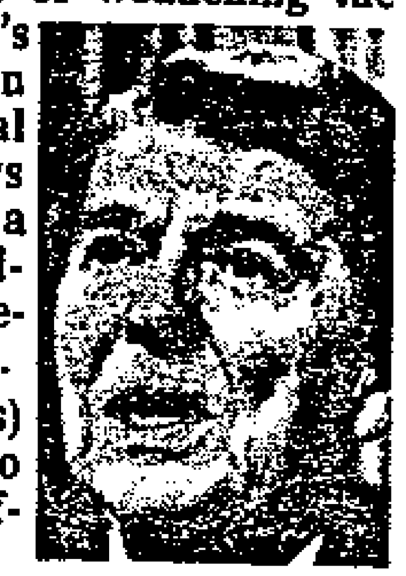
WASHINGTON. — President Ronald Reagan is to tell the United States Congress tomorrow that economic sanctions have not persuaded the South African government to abandon apartheid and that it is a bad idea to impose new, tougher measures.

"In good conscience I can recommend no additional punitive sanctions," the President will say.

"The sanctions enacted in 1986 have not had their intended effect of weakening the resolve of South Africa's white minority to retain its monopoly of political power," Mr Reagan says in the draft version of a report to be sent to leaders of the House of Representatives and the Senate.



Mr Reagan

"Indeed, (the sanctions) appear in some respects to have had the opposite effect.

"There is no indication that the South African government is preparing initiatives that would address adequately the aspirations of the country's black majority.

"The South African government's determination to demonstrate that it will not be swayed by pressure from abroad has further decreased the capacity of the United States to influence positively events."

Because the 1986 US sanctions have not advanced the goals shared by Congress and the administration, the report says, Mr Reagan will not recommend further sanctions.

Rock fans from city wait night at Wits for visas

Staff Reporter

MANY University of the Western Cape students hoping to see the Amnesty International concert spent the night on the Wits campus, but may continue to Zimbabwe today if their visas arrive.

Wits Students' Representative Council spokesman Mr Anton Roskam said today the Zimbabwean government had promised to deliver about 900 visas by this afternoon.

"We cannot guarantee they will arrive. Everything is changing by the hour, but South Africans on their way to the concert will leave Johannesburg today if we get their visas."

HELD UP

About 73 people from Cape Town, many of them UWC students, were held up in Johannesburg yesterday when the visas did not arrive.

"They slept on campus. We are sorry about all this, but the problem was caused by the non-arrival of the visas," Mr Roskam said.

Only 84 of the 500 tickets ordered by UWC had been sold, he said.

Radio UWC director Mr Gerrit Davids is among those stranded in Johannesburg.

An estimated 12 000 South Africans are travelling to Harare for the concert, which features Bruce Springsteen, Tracy Chapman, Sting and Peter Gabriel.

Tons of Rock, page 5.

Argus 4/10/88 332

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"Left to itself, the market system will seek to develop the black community and market, train black businessmen, develop black entrépreneurs and sweep away the artificial prejudices and distinctions which inhibit economic success.

"Most of the changes which have happened in South Africa, and there are many if not enough, have been brought about by business forces."

Recognition

"If such businesses withdraw the process will be longer, more difficult and much harder for the black community."

Mr Watkins said foreign firms which withdrew were often bought by white South African interests "who usually do not follow equivalent policies as regards pay, union recognition, black advancement or social conditions".

Those who were withdrawing were "very pragmatic businessmen" whose decisions were based on "economic and commercial reason".

Mr Watkins said anti-apartheid activity had not seriously damaged Shell financially.

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Disinvestment 'will remove foreign influence'

ARGUS 11/10/88 61

Sapa reports from London

SANCTIONS against South Africa would diminish the positive influence of the outside world, says the British Industry Committee on South Africa.

In a 12-page booklet entitled *Towards Change in South Africa*, the BICSA says: "Most of the changes to apartheid which took place during the decade of South Africa's 'perestroika' up to mid-1986 were the result of the dual logic of black empowerment and business pressure.

"The legalisation of black trade unions was the belated recognition by government of a *de facto* situation in which employers were actually signing wage agreements with unions that, in official eyes, did not exist.

"As John Kane-Berman of the SA Institute of Race Relations has said, if you wish to get rid of apartheid in the law, work first towards eliminating it on the ground and the law will have to be changed accordingly."

The BICSA says the same process is at work on the Group Areas Act.

"Black people are voting against it with their feet in their thousands. Business pressure, directly on government and indirectly by housing black executives in white areas and promoting new non-racial areas like District Six, is aiding and abetting them.

"Pretoria has announced plans to increase the penalties for infringing the Group Areas Act, but it is unlikely to hold up the tide for long.

"Even Pretoria appears to recognise this fact, since the increased penalties proposal is accompanied by a plan to legalise certain *de facto* 'grey' areas, and to permit some new ones."

The BICSA says none of this would be helped by companies disinvesting or economic sanctions.

"Disinvestment merely removes the influence that a foreign company can bring. The acquiring company rarely feels the same need to confront government.

"Nor does it need to observe employment and corporate responsibility standards imposed by international codes of conduct. No longer is it accountable to a London or New York board faced with shareholder action groups."

The BICSA says it is no accident that since 1986 the number of signatories to the Sullivan code has dropped by half.

"The Sullivan code, like the EEC code, eroded apartheid at the workplace, helped to empower black workers and made a substantial contribution to the welfare of South Africa's black communities. Today, as American companies leave South Africa, its influence has waned."

B/day 13/10/88.

British company sells off SA stake

(61)

ROBERT GENTLE

GLAXO, the British pharmaceutical multinational, has disposed of its interests in leading SA veterinary company Milborrow by means of a management buyout financed by Standard Bank.

Although neither party will disclose the exact sum involved, it is believed to be sizeable as Standard Bank now becomes a minority shareholder in Milborrow. Supporting that view is the fact that Milborrow is said to be the largest player in a veterinary market estimated to be worth R140m a year.

While admitting it made good business sense given the current sanctions climate abroad, Milborrow marketing director Dan Erasmus said yesterday that what had really prompted the move was Glaxo's strategic decision to sell off its entire worldwide veterinary operations and concentrate on its core business of pharmaceuticals.

He cited a similar management buyout in Zimbabwe as evidence that the move had not been motivated by the sanctions issue, but was rather a change of ownership.

"We plan to involve our employees in the future growth of the company and, when the time is ripe, consider a listing on the JSE," said MD Eddie Scholtz, leader of the local management group.

Ironically, the latest move brings Milborrow full circle as it was orginally a wholly owned SA company before being taken into the Glaxo stable in 1968.

CMt Times 15/10/88 (6.1)

The Oppenheimer empire

☐ From Page 13

that there must be a danger for his SA empire," Agnew said in an interview with the Financial Times.

Harry has already greatly expanded the empire founded in 1917 by his father, Sir Ernest Oppenheimer.

Through corporate vehicles such as the Luxembourg-registered Minorco, he has widened the company's operating base and extended its interests, particularly in America.

For years Anglo was ranked by Forbes magazine as the biggest corporate investor in America and the Oppenheimers' financial strength is reinforced by an impressive list of friends among the rich and powerful.

They have included the American Charles Engelhard, who inspired Ian Fleming's "Goldfinger", and the Rothschild banking family.

Educated at Charterhouse and Oxford, Oppenheimer's admiration for the qualities of English life pervade Anglo's discreet Johannesburg headquarters, 44 Main Street. The Oxford connection remains strong. Both Anglo's chairman, Gavin Relly, and De Beers chairman Julian Ogilvie Thompson, were educated there and, although South African-born, have a quintessentially English air.

"We did have occasionally the odd itinerant Cambridge man," Relly once remarked, half-seriously.

"They didn't stay for long."

Relly and Ogilvie Thompson both served as personal assistants to Harry Oppenheimer in their early years. Both are now considered part of the family.

Yet few Anglo-watchers doubt that the chairmanship of Anglo and De Beers will pass to Harry's only son Nicholas (or Nicky) Oppenheimer, currently head of De Beers' London-based diamond marketing arm, the Central Selling Organization.

The private company E Oppenheimer & Son remains at the apex of the Anglo American-De Beers pyramid, ensuring the family's unassailable control of the empire.

Within SA, Anglo is a colossus. It has holdings in an estimated 600 companies and interests in property, chemicals, food, motor vehicles, engineering and construction.

The company controls both the major Engliish-language newspaper groups, the Argus Printing and Publishing Company and Times Media.

Relations with the government have often been strained.

Ultimately, however, the government is aware that tax revenues from the Anglo empire drive SA's economy and help provide its white minority with one of the highest standards of living in the world.

Oppenheimer has long opposed the ruling National Party, fighting apartheid and serving as an Opposition parliamentarian before inheriting Anglo and De Beers in 1957.

Though it projects an image of a benign, liberal employer, Anglo's management last year gave a glimpse of the steel behind its courteous facade when it smashed a nationwide strike by black gold miners by dismissing nearly 50 000 workers. — Reuter

Harry O's colossus in biggest deal yet

CAPE TIMES 15/10/88 (61)

By CHRISTOPHER WILSON

Behind-the-scenes look at the Consgold affair

JOHANNESBURG — From his heavily-guarded estate in Johannesburg, Harry Oppenheimer, former chairman of the Anglo American and De Beers Corporations, oversees a family empire whose interests extend far beyond South Africa's borders.

For 50 years that empire has made the Oppenheimers one of the 20th century's wealthiest families, giving them control of 80% of the world's diamonds and a global pre-eminence among gold and platinum producers.

"Almost every wedding ring that is sold shows a profit for Harry," an Anglo executive commented nonchalantly.

Through Anglo, De Beers and a host of affiliates, associates and subsidiaries woven into a complex web, Oppenheimer interests form the backbone of the South African economy and extend to dozens of other countries.

When Anglo-controlled Minorco last month launched a £2,9 bn bid for Consolidated Gold Fields, the world's number two gold producer, nobody doubted the secretive hand of Harry Oppenheimer was directing operations.

Although officially retired since 1984, 80-year-old Oppenheimer's position as guardian of the dynasty guarantees his involvement in a deal as important as the Consgold takeover.

In true Anglo fashion, however, none will shed light on the deal or its objectives. All inquiries at all levels of Anglo's ever-courteous management met with a bland "no comment".

HARRY OPPENHEIMER: Hand still on corporate helm.

The bid, the biggest takeover attempt in British history, has sparked a battle royal between Oppenheimer interests and Consgold's management, led by chairman Rudolf Agnew.

It is a fight with political and financial dimensions, stirring anti-apartheid emotions and rekindling old rivalries.

One South African mining analyst remarked: "Agnew's grandfather used to run Consgold so he sees himself in a dynastic role, but there are all sorts of other considerations."

A successful takeover would give the Oppenheimers control of about 33% of the West's gold production.

This roused Consgold to urge the governments of Britain, Amerca, Australia and Papua New Guinea to block the bid and prevent its operations from falling into South African hands.

Some observers, including Agnew, believe Oppenheimer wants to distance the group from its South African identity to shield it from anti-apartheid sanctions.

Pervasive secrecy

Insiders contend that South Africa's limited, gold-dependent economy has grown too small and too isolated for the man they call "Multinational Harry".

Stockbrokers estimate that Anglo has shareholdings in about about 70% of the companies listed on the Johannesburg Stock Exchange. Such is the pervasive secrecy surrounding the company's complex business interests it is impossible to establish precise figures.

So great is Anglo's power that Johannesburg stock market analysts are wary of being quoted on the subject of Anglo and De Beers, fearing that careless remarks could cost them important business.

"He (Oppenheimer) is an old man in a hurry who recognises

☐ To Page 15

UK firms urged to boost SA trade

Star (61) (24)

15/10/88

THE STAR BUREAU

LONDON — British firms have been told to step up their efforts to sell more goods to South Africa or risk losing market share to foreign competitors.

The warning was given by Sir James Cleminson, chairman of the British Overseas Trade Board, when he addressed the UK-South Africa Trade Association in London.

"There is good business to be done here, and I would urge you to secure more of it," he said.

British exports to South Africa grew by 12 percent last year to R4,033 billion, leaving a favourable balance of R1,236 billion. Between January and August this year they rose by 17 percent to R2,945 billion.

Describing SA as probably Britain's most reliable trade partner, he said: "We are well on course to seeing it once more become a billion pound market for the UK." He added that increased business with SA was consistent with Government policy.

Tycoon, viscount in wrangle

CAPE TIMES 20/10/88 (61)

By CHRIS STEYN and ANDRE KOOPMAN in Cape Town and MIKE ROBERTSON in London

MILLIONAIRE Cape property owner Mr Roger Hamilton-Brown and his former British business partner Mr Martin Myers are being sued for damages totalling R2,5 million by Viscount Lewisham, step-brother to the Princess of Wales.

At the centre of the legal wrangle is a British office design company called Officescape, of which Mr Hamilton-Brown was chairman and which was placed under administration by order of the High Court in December last year.

London creditors of Officescape say the company has debts of £4,2 million. One of them said that at this stage it seemed as if they would get paid back about 60p for every pound owed.

Mr Hamilton-Brown said in Cape Town yesterday that it was "rubbish" that the Officescape's debts totalled £4,2 million. He said creditors could expect to get back up to 90p in the pound.

Admitting his involvement in the legal wrangle with Viscount Lewisham yesterday, an angry Mr Hamilton-Brown warned that news of the court action could jeopardize a R30-40-million foreign investment in South Africa by a consortium of British businessmen.

Mr Hamilton-Brown, who is the leading figure in the consortium, also threatened to pull out the R5 million cash he had invested in South Africa if details of his involvement in the court action were published.

"I am a successful person. I am a man of substance. I am not a man of straw.

"I am planning to put lots of money into this country into a worthwhile project, building retail outlets in the black townships. The whole thing is going to be in jeopardy," Mr Hamilton-Brown said.

"I will see what you print, and I will decide what to do from there, so will the gentlemen in here," said Mr Hamilton-Brown said, referring to a group of British investors in the adjoining boardroom. "Your people had better be beware that with something like this you have a R30-to-40-million investment pending on how you handle it," he said.

Mr Hamilton-Brown recently bought a R1,8-million house in Upper Constantia and intends to live there with his wife Holly and their one-year-old son Rory.

Leading estate agent Mrs Pam Golding, who handled the property deal, said she knew "absolutely nothing" about the litigation.

The writ issued in the High Court in London alleged that Mr Hamilton-Brown and his business partner Mr Myers had made false representations to Viscount Lewisham, who is seeking damages of up to £630 000.

The writ concerns events that took place in 1985 when Viscount Lewisham was invited to invest £250 000 in Officescape.

He claims that Mr Hamilton-Brown and Mr Myers had persuaded him to give up

To page 3

Mr Roger Hamilton-Brown and his wife Holly.

From page 1

CAPE TIMES 20/10/88 (61)

an $850 000-a-year job in America to return to a £250 000 post at an Officescape subsidiary.

On joining, he claims he discovered there was no chance of making the £635 000 profits which Mr Hamilton-Brown and Mr Myers suggested. In fact, the company made a £710 000 loss in 1986 followed by a loss of £1,2 million the next year.

Mr Hamilton-Brown said yesterday that the claim by Viscount Lewisham was being "hotly" disputed.

"The lawyers say he has no case," Mr Hamilton-Brown said.

He said he had lost a "considerable" amount of money in that Officescape venture.

"I must stress that I lost twice as much money as Lewisham. I put R500 000 into that company to underpin his investment. The whole thing is disgraceful. I am not a criminal.

"The writ thing came out about three weeks before I left for South Africa.

"My decision to come here was because I had sold out of Imry (a property development company he had shares in) and other interests, tax reasons and others (reasons) because I have interests here too. And there is a reason for me to be away from the UK for a year or so," he said.

Mr Hamilton-Brown and Cape Town businessman Mr Jeremy Day are co-directors of Portman Property Trust, the name of a group of foreign investors put together for the sole purpose of buying commercial property in South Africa. The consortium is in the final stages of negotiating to buy the Daily News Building in Durban.

One construction company owner who dealt with Mr Hamilton-Brown for several years said he personally was a very wealthy man whose house in Campden Hill Square, Kensington, was worth "a couple of million pounds".

A spokesman for the adminstrators, Levy, Gee and Partners, said it would take a further six months before Officescape's financial affairs had been sorted out.

● Mr Hamilton-Brown is registered in London as having directorships with the following companies: Officescape Ltd, Officescape Group Ltd, Officescape Partitions Ltd, Arbuthnot Properties Ltd, Elderfloat Properties Ltd, Main Street Shops Ltd, Associated Consultancy Investments Ltd, Arbuthnot Properties Investments Ltd. He was formerly a director of Leisurescape Limited.

TAKEOVERS

Argus 26/10/88 (61)

Cons Gold exposed to new hostile bidders

From NEIL BEHRMANN

LONDON. — Having won round one in its battle against Minorco, Consolidated Gold Fields could be in the unenviable position of protecting itself from other hostile bidders.

Potential bidders are rumoured to be Western Mining Corporation, a large Australian mining group, RTZ Corporation, a UK mining company and British Petroleum.

Cons Gold could then be in a difficult position, say analysts. Particularly if these companies decide to follow Minorco's plan and strip the company of unprofitable or undesirable assets.

With shares falling from to £11,40 from £12,80 prior to the announcement, the City is undecided which way Minorco will move. If there is an attractive offer, say city analysts institutions are likely to sell.

Minorco could increase its offer, if the bid is cleared by the UK Monopolies and Mergers Commission. Alternatively it might decide not to wait for the three month investigation period and sell its 29,6 percent holding to a a single mining company or a consortium of buyers.

In a terse statement, however, Minorco refused to disclose its intentions.

"We are considering our position (on whether to sell)," a Minorco spokesman said.

Analysts believe that Cons Gold is vulnerable because several of its assets are unprofitable and it has already indicated that it might sell its South African assets.

While Cons Gold points out that its gold operations, particularly in the US, will grow in the next few years, Minorco documents show that its profits have been inflated by share dealing and asset sales.

The proportion of pre-tax profit derived from operations has shrunk to 60 percent in 1987 and 47 percent in 1988 from over 80 percent in the years 1984 to 1986, says Minorco.

Pre-tax profits of £302-million in the year to June 1980 were boosted markedly by a £97-million sale of a holding in Gold Fields of South Africa and a Chilean prospect. The purchase of additional shares in Newmont Mining Corporation which cost $1027-million last year, are now worth only $577-million, says Minorco.

Net debt of Cons Gold has risen to £638-million in 1988 from £266-million in 1982. Gearing is 99 percent against 42 percent.

For these reasons, say several independent analysts, institutions would have gladly accepted a higher Minorco's offer.

As expected, it was the UK government which held the ultimate balance of power and the record £2,9-billion bid has now lapsed.

Lord Young, UK Secretary of State for Trade and industry said that the hostile bid would be investigated by the Monopolies and Mergers Commission (MMC) over a three month period.

It could have an adverse effect on competition, particularly regarding strategic metals such as titanium and zircon.

In a seperate statement, however, the UK Take Over Panel ruled that Minorco's bid could go ahead even though there was an inquiry into possible insider dealing. Yet Minorco has not been let off the hook.

"If Minorco or any representative was found to be engaged in insider dealing, the remedies of the criminal law are available," says the Panel.

Minorco, in contrast to Cons Gold, is in a strong financial position, say analysts.

Minorco's stake in Cons Gold is worth around $1,26-billion says David Ridley a director of Williams de Broe Hill Chaplin $ Company. Over above that amount, it has cash resources of around $900-million.

Minorco, which has an asset base of $3-billion, has stated that it intends becoming "far more aggressive" in the international resources industry with "direct operating control" over companies.

Yet if Minorco made a bid for another European or US company it is highly likely that they would follow Cons Gold and complain about its South African connections, says Peter Miller, director of research at Yorkton Securities Inc.

PRICES of Cons Gold shares surged up and down on the Johannesburg Stock Exchange yesterday.

UP — after the London takeover panel decided not to take action, gaining R2 to R92.

DOWN — after the referral to Britain's monopolies commission, losing R11 on the day to close at R81.

Minorco shed 50c to R46,50.

28/10/88 FM (19)

LONRHO

Ball in Bond's court

Lonrho's share price was in a stall spin this week after it was revealed that if anyone is after the company it is only Alan Bond, the Australian mega-dealer, who has mopped up just under 15%. Bond's buying, which produced a frenzied one-day turnover of 67m shares in London, drove the price to a record £3,89 — total capitalisation £1,7bn — almost double the April low.

But in terms of London's takeover rules, at 15% a five-day cooling-off period comes into force. So Bond was sidelined until Friday (October 28). In this airpocket, the price fell to £3,51 (the level at which Bond started buying) as the *FM* went to press.

So far, Bond has said nothing about his motives for laying out in excess of £235m at a time when Bond Corp is in the process (like others in the wake of the 1987 crash) of running down debt of Aus$8,5bn (£4bn) by selling assets. Nor has Lonrho expressed anything except "interest" in developments.

This is in marked contrast to CE Tiny Rowland's reaction to the 4,74% stake built by Wall Street raider Asher Edelman four weeks ago (*Fox* October 7). Then Rowland spouted figures, boasting that break-up was worth £8 a share, while throwing out hints of a management buy-out.

The question is whether Bond is acting in defence of Lonrho, hoping to succeed Rowland (71 but still vigorous), or on the offensive. Or hoping to make a quick arbitrage turn on a group Edelman put into play.

For his part, Edelman took the money, netting an estimated £20m profit in quick time. In addition, Mutual Shares Corp of the US, Lonrho's biggest institutional shareholder, sold its 6,7%, having earlier said it would support Rowland in a management buy-out at £5 — the consensus figure for asset value. London analysts also believe Bond took the 1%-plus holding bought by Robert Holmes à Court, even though the ex-star of the Australian financial firmament is now a shadow of his former self. Bond Corp now controls Holmes à Court's Bell Resources. This week, the Michaelhouse old boy resigned as chairman.

That has left Bond as the only player — along with Rowland, who holds an estimated 15%-16% — in the Lonrho game. Bond is not a portfolio investor and London analysts who recommended Lonrho at £2,50 in July, have been telling clients to lighten holdings during the surge. Lonrho's forecast pretax earnings growth of 7,5% in the year to September and 7% for 1988-1989 were well discounted by an above average historic p:e of 15.

With Bond temporarily off the field, Lonrho is in the realms of speculation. The theory that Bond's move is friendly — he and Rowland spent some time this year cruising the Mediterranean together and have mutual interests in joint ventures — has yet to be proven. With Rowland's loyal shareholders, "Tiny's army," holding 30%, the two men's joint 30% would make the group invulnerable. But Lonrho has given no clue and in London it is felt that until Bond is invited on to the board the question is open.

But the Kuwaitis — who bailed Lonrho out of a liquidity problem in the Seventies with an injection of equity — found even with two members on the board they were impotent bystanders. Opinion in London is that Bond will have to buy up to 20% to have any real clout; even that may not be enough.

The other question is whether Bond is warehousing stock ahead of a full bid (mandatory over 30%), probably as part of a consortium, given his own gearing problems. The market has doubts. Stripping out Lonrho's assets outside independent Africa (but including Wesplats in SA), stockbroker Kitcat & Aitken arrives at an asset value around £4 a share net of central debt. Pending clarification, the share lacks visible means of support above £3,50.

John Cavill

Consgold delays plan to sell GFSA

By Neil Behrmann

LONDON — Consolidated Gold Fields does not have any immediate plans to sell its 38 percent stake in Gold Fields of South Africa and other South African gold mining investments.

At the annual general meeting of the company, chairman Rudolf Agnew was asked by several anti-apartheid pressure groups to pull out of South Africa.

Yet the reply was negative. Mr Agnew said that the company had the mechanism in operation to sell or reduce its South African investments. South Africa only contributed to 15 percent of the profits, far lower than a decade ago, he said.

At the meeting however, Minorco indicated that it was not about to bow out of the fray. Sir Michael Edwardes and key Minorco directors were present and blocked a resolution allowing directors of Consgold to use five percent of shareholders' capital.

"We want to show that we have shareholders rights," said Sir Michael after the meeting.

Analysts at the meeting were amused that after consistent attacks on Minorco's South African links during the past few weeks, Mr Agnew refrained to set out Consgold's own plans about its investments there.

Mr Agnew was attacked by various anti-apartheid questioners.

"Give us a firm idea on when you intend to withdraw from South Africa," said several anti-apartheid activists who dominated the meeting.

Mr Agnew replied that the company might have to withdraw from South Africa at some future date, but he refrained from details.

Some analysts at the meeting said that the South African holdings are probably being held as a "poison pill" to deter other predators.

In reply to a question, however, Mr Agnew denied that the board had "formal negotiations" with RTZ Corporation, the other huge UK mining group. Yet he agreed that after any merger the combined group would "look a marvelous company".

Mr Agnew agreed that there would have to be constitutional change to provide rights for all South Africans in the near future. But he disagreed on sanctions and disinvestments as means to achieve those aims.

Referring to the Minorco bid, however, Mr Agnew said that South African control would seriously damage Consgold's businesses.

for the Roman Catholic Church in Zambia said yesterday.

SAN Times 4/11/88 (61)

CWIU settles with Caltex

DURBAN. — A settlement was reached between the Chemical Workers' Industrial Union (CWIU) and Caltex yesterday, ending a two-month-long dispute. However, workers at Mobil and Shell SA are still in dispute with management.

Anglicans told to cut ties with SA

Argus 7/11/86

61

LONDON. — The Church of England has been threatened with legal action unless it disinvests from South African-linked companies.

A pressure group, the newly-formed Christian Ethical Investment Group, this week told the Church Commissioners — who handle the church's R9,8-billion assets — that legal opinion contradicted their argument that they could not lawfully pull out of South Africa.

The patron of the group is the Bishop of Oxford, the Rt Rev Richard Harries.

Bishop Harries stressed at the weekend that, although the proportion of shares held in South African-linked companies was small, the companies involved employed a total of 17 000 people in SA.

A spokesman said that returns on SA-linked investments made up less than half of one percent of their total annual income — R503,1 million.

Their investments include shares in about 65 companies with South African links, including ICI, GEC, Beecham, British Oxygen, Shell and BP.

The

Striking workers call for backing by UK unions

ARGUS 10/11/88

Labour Reporter

STRIKING workers at Power Engineers in Epping have appealed for support from two international bodies — the British Trade Union Congress and the International Metalworkers Federation.

The strike began on Monday over demands for plant-level bargaining at the company.

The union claims that about 200 members are on strike but the company says only 144 are out.

Mr Brian Williams, acting general secretary of the strikers' union, the Electrical and Allied Workers Trades Union, accused the company of having an industrial relations policy in South Africa which differed from its international policy.

TO THEIR ADVANTAGE

"They are a British multinational who claim to be in South Africa for progressive reasons but their practices have shown they are here to use the system of apartheid to their advantage," he said.

Company managing director Mr Jim Lappin denied the allegations.

"The NEI Africa group policy complies with the country's legislative framework," he said.

"The union has implied by its statement that the company practises racial discrimination.

"The group categorically denies this," he said.

"The group is committed to creating a favourable industrial relations climate and continually strives to ensure equal opportunity for all employees, irrespective of race, colour, sex or creed."

Star 24/11/88

British help SA evade oil ban

61

The Star Bureau

NEW YORK — British companies are helping South Africa evade a voluntary United Nations oil embargo, an inter-governmental group has claimed.

A group of 11 nations appointed by the UN General Assembly to monitor oil supplies to South Africa said British Petroleum and Shell had played a prominent role in the country's oil trade.

The group said: "Both BP and Shell are allegedly still involved in oil imports in South Africa."

Citing information from the Anti-Apartheid Movement in Britain, the group also alleged that British companies were involved in the project to drill natural gas from offshore platforms and convert it into motor fuels at a plant at Mossel Bay.

BAN

The group called on the UN Security Council to impose a mandatory ban and urged individual states to pass laws curbing oil supplies to South AFrica.

In London, a spokesman for Shell International denied that the company was involved in supplying oil to South Africa, either directly or indirectly.

BP said it would not respond to the allegations until it had seen them in detail.

A spokesman said: "We simply do not supply oil, crude or product, to South Africa."

A South African Embassy spokesman said: "Various firms from all over the globe are involved. It is possible that British firms are involved, but I cannot verify it."

money is the best way to dampen ...

GMT 7/4/45 28/11/88 (61)

Shell to raise stake in timber

JOHANNESBURG. — Shell SA, which began its diversification into timber in 1985, has plans to buy up as much forest land in northern Natal as comes on the market, said forestry division GM Terry McCulloch.

He said if long-term timber prices failed to rise, the oil giant would consider opening a mill of its own.

"In the long-term, we will not be satisfied just growing timber. The returns are simply too unattractive."

Profit is to be found in saw milling or in the production of pulp and paper, he said. Given sufficient volume, the export market could also be attractive.

Sappi MD Eugene van As denied that timber prices were too low for forests to be profitable.

He estimated that hardwood prices had risen 24% annually in the last three years.

Although Shell still remains a small player in the timber business, in the course of 1988 it has added 1 000 ha to its land holdings in the Kwambonambi area of Natal, bringing the total to 9 000 ha.

Sappi and Mondi expressed little concern over Shell erecting processing facilities. "I can't see where they are going to get the wood," said Van As.

Oil giants vow to keep service stations open

C/C Times 30/11/88

61

By CHRIS STEYN

FOUR major multi-national oil companies have warned white Boksburg that they will fight tooth-and-nail to keep their service stations in the town non-racial and one has threatened to take the council to court.

Shell executive chairman Mr John Wilson yesterday vowed to go to "the highest courts in the land" if the company's service stations were affected in any way by the reintroduction of petty apartheid legislation and practices.

Mr Wilson said: "Shell South Africa will not accept the imposition of this sort of nonsense lightly, and will fight it with every means at its disposal.

"It has for years now insisted that facilities at its retail sites be open to all. It will brook no interference with this policy. If any of its service stations or indeed its black dealers operating in white CBDs are threatened, the matter will be taken to the highest courts in the land."

Mobil chairman and managing director Mr Robert J Angel said the company would vigorously oppose "with all the means at its disposal" any attempt to interfere with its non-discriminatory business practices.

"Mobil deplores the action of the Boksburg Town Council which clearly is a retrograde step in the evolution of a just and fair society," said Mr Angel.

BP chairman Mr I J Sims said the company would resist efforts by any local authority to prejudice the position of any BP dealer or reverse the company's long-standing policy of open facilities at service stations.

Mr Sims said: "The overwhelming majority of our customers support our policy of open facilities and we deplore the possible implementation of steps to reverse this."

Caltex deputy managing director Mr Jock McKenzie said the company would not accept any move to limit its ability to treat all customers equally.

"Caltex has for many years practised complete non-discrimination within our company and at all the facilities we provide to our customers through our service station network," said Mr McKenzie.

Minorco wins a minor victory

CAF-714 LS 7/12/88 61

From MIKE ROBERTSON

LONDON. — Minorco won a minor victory in its stalled battle for control of Consolidated Goldfields yesterday when the US Securities and Exchange Commission (SEC) filed a brief in the Court of Appeals supporting the company's contention that a lower court was correct in concluding it lacked jurisdiction over a claim by ConsGold that the £2,9bn takeover bid violated US securities laws.

Minorco's bid has lapsed, while the Monopolies and Mergers Commission investigates whether it poses a threat to world supplies of titanium and zircon, but a series of US court battles initiated by ConsGold continues.

The Luxembourg-based company in which Anglo American and De Beers hold a 60% stake said in a statement that the SEC filed an Amicus Curiae brief stating that "a US court must examine whether, although it has subject-matter jurisdiction, it must abstain from exercising its jurisdiction because the extraterritorial effect of the particular remedy being sought would be unwarranted".

The Minorco statement added that the SEC said "the district court must abstain from exercising jurisdiction to grant the particular remedy sought here — a worldwide injunction against the tender offer — and it was therefore proper to dismiss the securities fraud claims".

ConsGold is appealing to the Court of Appeals against the lower court judge's ruling that he lacked jurisdiction over securities claims.

Minorco is appealing against the judges issuance of a preliminary injunction against its offer for ConsGold based on anti-trust laws.

A spokesman said the company was "very gratified" by the SEC's intervention in the case.

Exchange controls are not watertight

61

10

Star 20/12/88

The Star Bureau

LONDON — Companies with capital tied up in South Africa will succeed in releasing blocked funds only by pursuing an aggressive, strategy.

This is the opinion of *The Economist's* Untying Your Money — Regular and Unorthodox Techniques for Avoiding and Releasing Blocked Funds, one of the most comprehensive reports ever published on the subject.

The report reveals 16 indirect techniques for releasing blocked funds from 11 of the world's most difficult countries, including South Africa and Zimbabwe.

The report is designed to help companies "develop a systematic plan or approach to monetary authorities and gain concessions they would otherwise have thought impossible".

The report points to one legal but speculative way of making large profits for businessmen not resident in South Africa. "While all quoted South African shares and bonds bought by non-residents can be paid for with finanicial rands, dividends or interest payments may be received overseas in commercial rands."

But the mouthwatering yields are not without risk, it admits. "If the finrand falls sharply and/or South African interest rates rise, non-residents will be faced with possible major capital losses on such investments."

Nevertheless, it points out, those who bought stock in 1986, when the finrand dropped below 0,20 US cents, could sell today for a large capital gain. Alternatively, they could continue to enjoy interest returns of over 30 percent a year on their original capital out lay because the finrand discount was in the 40-50 percent range for much of 1986.

The report looks at a number of lesser possibilities and then at exchange control legislation which, it says, still contains major loopholes.

The two biggest involve over-invoicing of imports and under-invoicing of exports (both of which offer an illegal way of getting foreign exchange out of South Africa), and transfer pricing by multinationals with SA operations.

The latter tactic involves the legal practice of deliberately distorting prices in transactions between related companies operating in different countries.

The basic finding of the 1985 De Kock Commission remains valid, even in today's state of emergency, claims the report — that invoice falsification and transfer pricing are impossible to stop except where abuses are so flagrant as to be publicly demonstrable.

"That is the huge, soft underbelly of South Africa's regime of exchange control regulations, which work highly effectively in their areas, but which leave the main gate firmly ajar."

THE ECONOMY 9-15/10/87

Britain hits on the art of being moral AND moneyed

(61)

British investors are discovering to their surprise that it is possible to nurse both a healthy conscience and a healthy investment portfolio. GRAHAM MARSH reports from London

UNIT TRUSTS with a social conscience have become a very popular investment in Britain.

The concept of an ethical approach to investment is not especially original. The main thrust is that companies involved in the arms, alcohol and gambling industries to name but three, are expressly avoided.

Similarly, companies with links (be they commercial or political) to what are deemed to be oppressive regimes are not given investment consideration either.

Difficulties arise, however, when this philosophy is put into practice. Investments taken on board by one manager may be rejected by another, yet both may claim to be investing their funds ethically. In a political context, the debate on whether a particular regime is oppressive is another exercise in subjectivity.

The case of South Africa is an obvious one: should companies (in a more general context) avoid investing in South Africa entirely, or should they pursue a policy of "constructive engagement"?

For the individual, the same question applies, given that some ethical funds still retain the right to invest in companies with South African connections however tenuous. The big question then is can a fund be classified as ethical if it invests in companies even with only superficial South African connections? The answer for some people would be no.

The UK market for ethically invested funds had been a relatively underdeveloped area of activity compared with the United States. There, according to some observers, mutual funds with an "ethical" investment bent comprise 10 percent of the market.

But ethical funds and ethically invested Personal Equity Plans have been launched recently in Britain by several financial institutions, with more expected in the future.

And experience of these unit trusts so far seems to indicate that this kind of investment strategy need not result in lower returns.

NM Schroder Unit Trust Managers, for example, has introduced the NM Conscience Fund. The marketing theme of the Schroder launch is "The Good, The Bad, The Ugly" and the managers have made it clear from the start which companies are to be given a wide investment berth and which the fund can do business with.

The Schroder "Charter of Conscience" and the presence of a Validation Panel (composed of individuals from inside and outside the company) is all pretty standard stuff.

But in NM Schroder's case investors will be invited every six months (when the fund's report is published) to make a case to the managers if they believe the Charter of Conscience has been violated. The offending stock in question will either be sold outright or submitted to the Validation Panel who will then determine whether the Charter has been contravened.

The insurance company Abbey Life through their unit trust arm have entered the fray with the launch of their own Ethical Trust.

Investment director at Abbey Life Group Alan Frost, argues that corporate profitability "need not come at the expense of society and the environment". He argues that well-run companies aware of their responsibilities provide some the of the brightest investment opportunities.

In terms of applying their own investment criteria, the managers are taking a slightly different track. Healthcare and pharmaceutical concerns will come in for attention but Abbey is also stressing the need for good industrial relations in the workplace before companies will be considered.

The recent launch of the Dominion Ethical Personal Equity Plan (PEP) marks a first for the genre. Marketed under the title of "profits with principles" the managers have identified what they believe to be an unexploited niche in the marketplace.

Dominion has tailored its product to first-time shareholders whose appetites may have been whetted by the government's series of privatisation issues and who will likely be attracted by the tax efficiency aspects of a personal equity plan. Dominion's tie-up with brokers Buckmaster & Moore (in this case) would appear very prudent.

Buckmaster manages an ethically biased Fellowship Trust. The trust could not be described as having brought in a truly stellar performance, but it has nonetheless outperformed the *Financial Times* All-Share Index.

In order that Buckmaster & Moore can readily uphold the ethical investment criteria that it applies to the trust the research expertise of the Independent Investor Research Centre in Washington — an organisation that has been undertaking research on behalf of a number of church, financial and academic institutions for a decade — is drawn upon.

The result: a professionally managed operation designed to undercut the myth that adopting an ethical approach to investment severely limits the scope for capital appreciation.

— The Guardian, London.

450/7

JOHN WILSON

61

Trumpets from the steep

Some members of government believe Shell SA's chairman John Wilson is one of those businessmen who "interfere" too much in politics.

But he sees it as his right and duty to contribute fully towards the sort of SA he believes is in the best interests of all the country's people, and of his company.

Last week the Harvard Business School Club (HBSC) of SA gave its annual Business Statesman Award to Wilson — for his contribution to the advancement of the economy of southern Africa, and to the welfare of the region's people.

It is a fitting tribute to a businessman who has probably stuck his neck out more than most. He has simultaneously confronted what he regards as unacceptable government policy, on the one hand, and on the other, growing pressure from abroad on Shell to withdraw from SA.

Wilson . . . a new accolade

A course of change

In presenting the award, the HBSC South African president, Andy Andrews of the Wits business school, praised Wilson's bold and statesman-like stance in resisting pressure to disinvest, and for his courage in confronting and speaking out on social and political issues.

He said Shell SA, under Wilson's leadership, has accepted the course of change that SA must follow, and is working towards a better future for all South Africans.

In accepting the award, Wilson joined the likes of Sydney Press, Mike Rosholt, Jan Steyn and Gavin Relly — they've all won the honour in recent years.

It is for him the latest in a series of accolades which have followed his appointment as chairman in 1982.

Wilson joined Shell SA in 1961 and served at Shell installations and offices in SA, the Netherlands and the US, before being appointed MD of the Shell SA oil division in 1980.

He is a former chairman of the Cape Chamber of Industries, and former president of the Federated Chamber of Industries (FCI). Under his leadership, the FCI drafted its business charter, which is regarded as one of the most significant reform moves ever by South African businessmen.

Wilson's commitment to social and political change came through clearly earlier this year in a wide-ranging interview with the *FM* (July 17).

"I've never been coerced into saying anything by the (international) Group. Shareholders have always been surprised by what we've said when we've said it," he says.

Wilson is also not timid in his criticism of other businessmen, particularly the heads of other multi-nationals still operating in SA, if he believes they are too silent on socio-political issues.

For example, he says, you can count on half the fingers of one hand the number of businessmen who said anything about government's "onslaught" earlier this year on trade unions.

His gutsy determination, added to the fact that he — unlike many of his colleagues in big business — does not cower when P W Botha glares his way, probably has much to do with his approach.

Wilson is determined to keep up his crusade, despite the possiblity of a renewal in the government's menace tactics.

"I don't believe we can allow ourselves to be intimidated and bullied," he says. ■

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W/Mail 23-29/10/87

Exit Mono, but the workers (61) want guarantees

By HILARY JOFFE

THE right of trade unions to negotiate with companies pulling out of South Africa over the terms of disinvestment is at issue between workers and the foreign owners of Mono Pumps, who plan to sell their South African subsidiary

The workers are demanding guarantees, to be written into the deed of sale, that their jobs will be secure, their conditions of employment no worse and their union recognised. They also want the disinvesting company to leave behind it a fund, under workers' control, to provide them with improved benefits and make resources available for broader community projects, for example in rural areas.

The director of the British parent company has twice met Mono Pumps shop stewards and union officials. But the union says while the company has discussed the sale with them, it has refused to negotiate.

The company says it has given workers assurances that their jobs are secure, but it is not prepared to meet some of the "unrealistic" demands.

But the company denies that the planned sale is a disinvestment. Mono Pumps SA is a wholly owned subsidiary of Britain's Mono Pumps, owned by Gallaher, a British company. This is controlled ultimately by US company American Brands.

Gallaher, according to local Mono Pumps managing director Peak, decided some time ago to sell off its Mono group, comprising engineering companies in the UK, US, Australia and New Zealand.

But whatever the reason for the South African sale, the American controlling company is clearly getting some political mileage out of it.

An American Brands press release dated April this year says: "Edward Whitmore, chairman and chief executive of American Brands, announced today that the company's UK-based subsidiary has recently sold two of its South African units and plans to sell its two remaining units in that country after which American Brands will have no investments in South Africa." He added that the board of directors of American Brands had "re-iterated its strong opposition to the apartheid system".

Numsa, and the workers at Mono Pumps in Edenvale, are acting in part on the basis of this statement. Says a shop steward: "They are disinvesting because of apartheid, even if they say they are not. They can disinvest but they must leave something behind for us."

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25/10/87

Percy's Itch

The Queen has withstood all evil

THOUSANDS of people are expected to pack the Regina Mundi Church on Sunday, November 1.

No, it's not because they will be celebrating All Saints Day, which falls on that date.

Nor will it be another of the political rallies for which the church has acquired its unique international reputation.

It will be Regina Mundi's silver jubilee! My, how time flies.

For many of us it will be a sentimental journey. For years before Regina Mundi was established, I can vividly remember attending church services under a tree at the same venue as a young urchin.

Open-air services – and woe to us if the heavens opened up, leaving us soaking to our bones.

Not far from there a school, St Mathews, was built and our burdens became a little lighter because, for a change, we could attend Mass with a roof over our heads.

Many of my generation will remember the fun we had. Some of the incidents we remember with great fondness, but some of the things we got up to are enough to make you hang your head in shame.

Alter boys, being what they were then, operated as some form of Mafia that left many a mother grinding her teeth in anger at the antics we got up to. We were a hungry lot.

Usually, people living in shacks had their mbawulas (braziers) burning at full speed outside where they cooked their night meals.

In our irreverent way, the elder ones among us would snatch a pot of boiling meat and we would vanish in the smog-ridden alleys of the backstreets which we knew by heart.

Somebody would head for old Tshabalala's shop opposite the Mavis Isaacson hall and bring back a loaf that was also obtained by devious means and we would settle down for a meal. That was downright dirty stuff of which I am will be eternally ashamed.

Our parish priest in those days was a tough weatherbeaten German called Father Anthony Poulson, a no-nonsense stickler for discipline who packed the meanest left hook in the business.

After school, he got his alterboys around him and we were drafted for hours on end making coffins in his make-shift workshop behind the school.

With rampaging blanketed Russians strewing bodies all over the place, there were more deaths coming up than the coffins we were making.

A Russian funeral anytime provides the chills that would have left any soft-minded priest going round the bend.

For one thing they had very little respect for people who died in battle, delegating them to the ranks of cowards.

After all the funeral rites had been dispensed with at the graveside, they would order us out of the way and the coffin would be left in smithers as they bashed it with pangas called Kwakwas in their language.

From the graveyard they would go down the old Potchefstroom road at a menacing trot and anything that moved on two legs, and did not have the sense to get out of their maurauding path, was left stone dead.

Part of our responsibilities as alterboys was to take turns in serving Mass at what was then Protea High School for Boys. The resident priest then was an old retired bishop of Johannesburg.

It was not the fun of serving Mass for a bishop that we looked forward to, but the thought of a delicious breakfat the nuns at the school prepared for us after the service. Now, that was juicy stuff.

While all this was happening many people chrished the dream that one day we would have a proper church of our own.

That dream became a reality when the Regina Mundi foundation stone was laid by the late Pope Paul who was visiting South Africa at the time.

Gracing the occasion was another visiting dignitarian, the late Senator Bobby Kennedy who was here on a lecture tour of South African universities at the invitation of Nusas. Regina Mundi was born.

It was not to be just another church. June 16, 1976 saw to that. Today it stands as a proud monument to a people's resistance to an unjust society.

Thousands have gathered there to give testament to the will and determination of the people to be free.

Regina Mundi, Latin for Queen of the World, has accommodated all those aspirations with dignity.

The evil ones have visited her in the middle of the night and bombed her. They have set her alight. They have often shot at her roof.

People gathered there have often been subjected to painful tearsmoke. Yet the elegant lady has withstood all those evil deeds and continues to stand with dignity.

Her doors are open 24 hours a day for the afflicted who need to enter her bosom for consolation. Happy birthday, lady. You are, indeed, the Queen of the World!

Percy Qoboza

coast. — Sapa-Reuter.

News 29/10/87

New Shell boycott over SA links

CHICAGO. — The United Church of Christ is to boycott Royal Dutch Shell Petroleum and its subsidiary, Shell Oil USA, until the company stops doing business in South Africa. — Sapa-AP.

(61) F/M 30/10/87

BP SHARE OFFER

Winter on Wall Street

The American underwriters of the British Petroleum (BP) public offering this week stand to lose US$44m if the government does not bend to market conditions and extend the closing date for the issue. This was the prediction of several leading Wall Street oil analysts last Friday after the American depository receipts for BP closed unchanged at $55,75 a share on a shell-shocked Wall Street.

The US share of the $12 billion UK public offering is supposed to be 40m of the American depository receipts, and the lead underwriters Goldman Sachs, Morgan Stanley, Salomon Bros and Shearson Lehman Inc had over-subscribed order books up through last Friday's market fracture. Each American depository receipt represents 12 of the ordinary shares in London which the government wants to price at 330p despite the recent post-crash market price of 287p.

Empty order books

Even if Wall Street snaps all of the way back in the next three days, it is unlikely that the BP offering will command the $66,66 American depository receipt price that its underwriters have committed themselves to — let alone to the $74 price that BP shares traded at in New York last month.

What that translates into is a profound reluctance on the part of the secondary market on Wall Street to commit to the underwriters until the very last minute — on Wednesday afternoon, to be exact. Until then, Goldman Sachs and its colleagues will have to look at their now empty order books and pray. ■

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F/M 30/10/87

BP ISSUE

Long-term threats

The copyline in the avalanche of ads preceding the BP share sale was hugely ironic — "The Big One," it bragged. The big one it will certainly be, but not in the way meant.

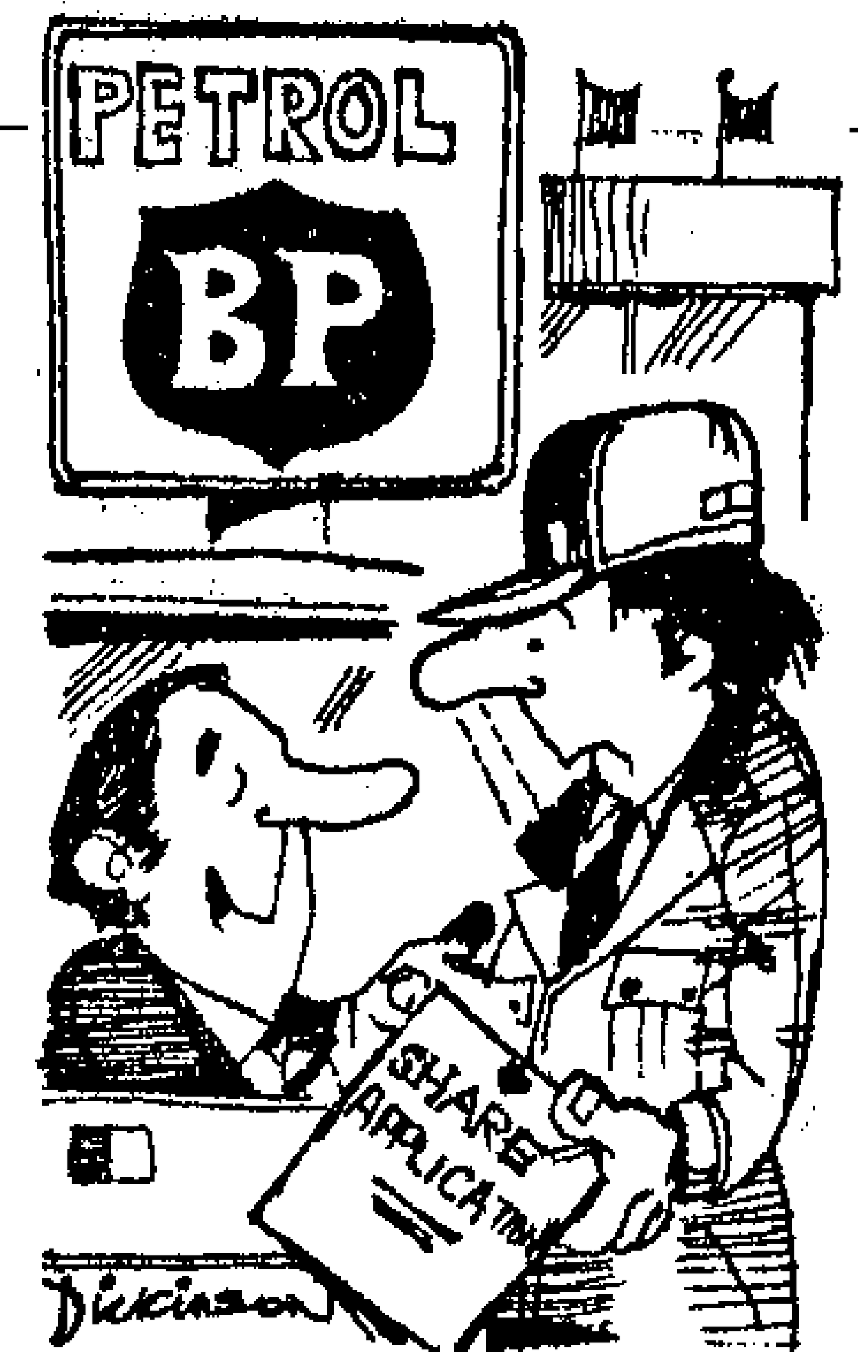
Britain's biggest-ever share sale seems guaranteed to be its biggest-ever flop. On Monday BP closed at 262p, a 20% discount to the 330p issue price.

The ad campaign promoting the sale of the government's 32% stake in Britain's biggest company has now been shelved. Unfortunately for the oil giant, the £7,5 billion issue (which includes a £1,5 billion rights call) is unlikely to suffer the same fate.

For government, this latest privatisation exercise will not be a financial disaster — the issue is fully underwritten. Politically, however, its effects could be lasting.

The sale offered the greatest opportunity yet for the Conservatives to push their policy of wider share ownership. The small private investor was expected to pick up as much as half the available stock.

But the past 10 days have put the fear of God into new investors, who thought the stock market was invented by Thatcher to guarantee them a premium on privatisation



'In the circumstances, I'd rather have the free wine glass please.'

issues. Now most will go nowhere near BP, even if the market price recovers.

The damage may spread wider than this particular sale, however. All of a sudden, privatisation's small print has become glaringly legible — "share prices may fall as well as rise." The BP fiasco may mute the inexperienced shareholder's fervour for future State offerings — water and electricity utilities, British Steel, and Rover.

This in itself will not cause future privatisations to flop. As long as the price is right, institutions will always be willing to relieve government of the burdens of ownership.

The sale of Enterprise Oil in 1984 and the second (1985) tranche of the Britoil issue were both flops. Neither ruined institutional, or indeed private, appetite for privatisations.

The real threat lies in the market itself. By 1990 government hopes to sell the electricity supply industry for more than double the BP price tag. The chances of getting such a mammoth issue away in a bear, or merely lukewarm, market will be much reduced. The chances of finding the same eager-beaver underwriters who lined up to get dumped with BP will be nil. ■

(See also ***World***)

1/11/87 (61) C/Press

Margaret Thatcher

UDF action threatens British interests in SA

By KHULU SIBIYA

THE United Democratic Front's decision to suspend all relations with British Prime Minister, Margaret Thatcher's government could have serious implications on British companies operating in South Africa.

In an open letter to Thatcher, the UDF said for some time now, the oppressed people in South Africa had watched the British political antics in the region with dismay.

The dropping of charges against people who allegedly plotted to kidnap members of the African National Congress living in Britain and the attack by Thatcher on the ANC were "the last straw", the UDF said.

The UDF said it had suspended all relations with the British government and its representatives, pending further discussions with its affiliate organisations.

"This action must be seen against the backdrop of widespread anger amongst our people that their calls for mandatory and comprehensive sanctions against the apartheid government have been contemptously dismissed by the British government," the open letter stated.

The UDF said the dropping of charges against men who allegedly plotted to kidnap ANC members living in Britain had only served to confirm that the British government had taken sides and had a close working relationship with the South African government against the people.

"What can we conclude, other than that the British government directly supports apartheid and is prepared to cover up the illegal actions of the regime and its supporters both internally and externally?

"In our view it is no coincidence that, just at the time British complicity in apartheid terror was being covered up, you launched an attack on the ANC, claiming that they were terrorists," the letter said.

In conclusion, the letter calls for Thatcher and the British government to apologise to the ANC and the people of South Africa for the "offensive" statements.

"We further demand that charges are immediately reinstated against the kidnappers, and that a commission of inquiry investigates and make public the conspiracy as well as the extent of undercover actions by the South African government on British soil," the open letter added.

Argus 4/11/87

Big business backs open areas for city

By TOS WENTZEL
Political Correspondent

Argus 4/11/87 61

EIGHTEEN of South Africa's major corporations are backing a multi-million rand proposal to redevelop and open District Six, Woodstock, Walmer Estate and Salt River to all.

BP Southern Africa has carried out the first, pre-planning phase of the plan to lead private sector initiative to redevelop District Six and revitalise Woodstock, Walmer Estate and Salt River. The scheme has now entered its second phase.

The object of the plan is to contribute to the removal of the Group Areas Act by providing the stimulus for the development of an open residential and business environment in these areas and in Walmer Estate.

According to the plan, a non-profit company could be established in association with other private sector partners. It has been estimated that the company would need at least R50-million in bridging finances.

By the community

Among the major corporations which support in principle and endorse the project are Anglo American, Southern Life, Pick'n Pay, First National Bank, Unilever, Standard Bank, Wooltru, Corobrik, Reckitt and Colman, Seardel, ISM, Liberty Life, Volkswagen, Foschini, W & A Gilbey, The Board of Executors and Johannesburg Consolidated Investments.

In The High Road, the latest publication of *Leadership* magazine, Mr Ian Sims, the chairman of BP, said that in the first phase of the scheme the company carried out much pre-planning investigative work without pre-empting the final outcome which must be determined by the community itself.

Progress had also been made on three pilot projects, Mr Sims said.

These were in the Bo-Kaap at the opposite edge of the City Bowl, in partnership with the community, a multi-purpose sports hall and club complex in Salt River and a day-care centre in Woodstock run by the local community which was restoring an old hall for use as a community centre and creche.

According to the article, BP is now entering the second phase in which Woodstock, Walmer Estate and Salt River become the priorities. People are living in those suburbs and, while District Six remains of great significance, the realities have dictated the course.

Mr Sims said it was a process rather than a plan and the key to its success would be the building of an alliance between the community, the private sector and local government.

Bottom line

At this stage the project is more about initiating, developing and sustaining a process of negotiation, consultation and co-operation than about the siting of new houses, business sites, open spaces and community services.

The company's bottom line remained that the Act must be scrapped.

There was some resistance in the community to the redevelopment of District Six as there were feelings that it should be left as a memorial to those who suffered. At one stage it had 33 400 residents.

It is hoped that these feelings may cool as bona fides, confidence and trust is built up through the rejuvenation of Salt River and Woodstock.

Behind the scheme is also the idea to offer a new post-apartheid approach to urban development which serves the needs of the majority of the population more equitably and positively.

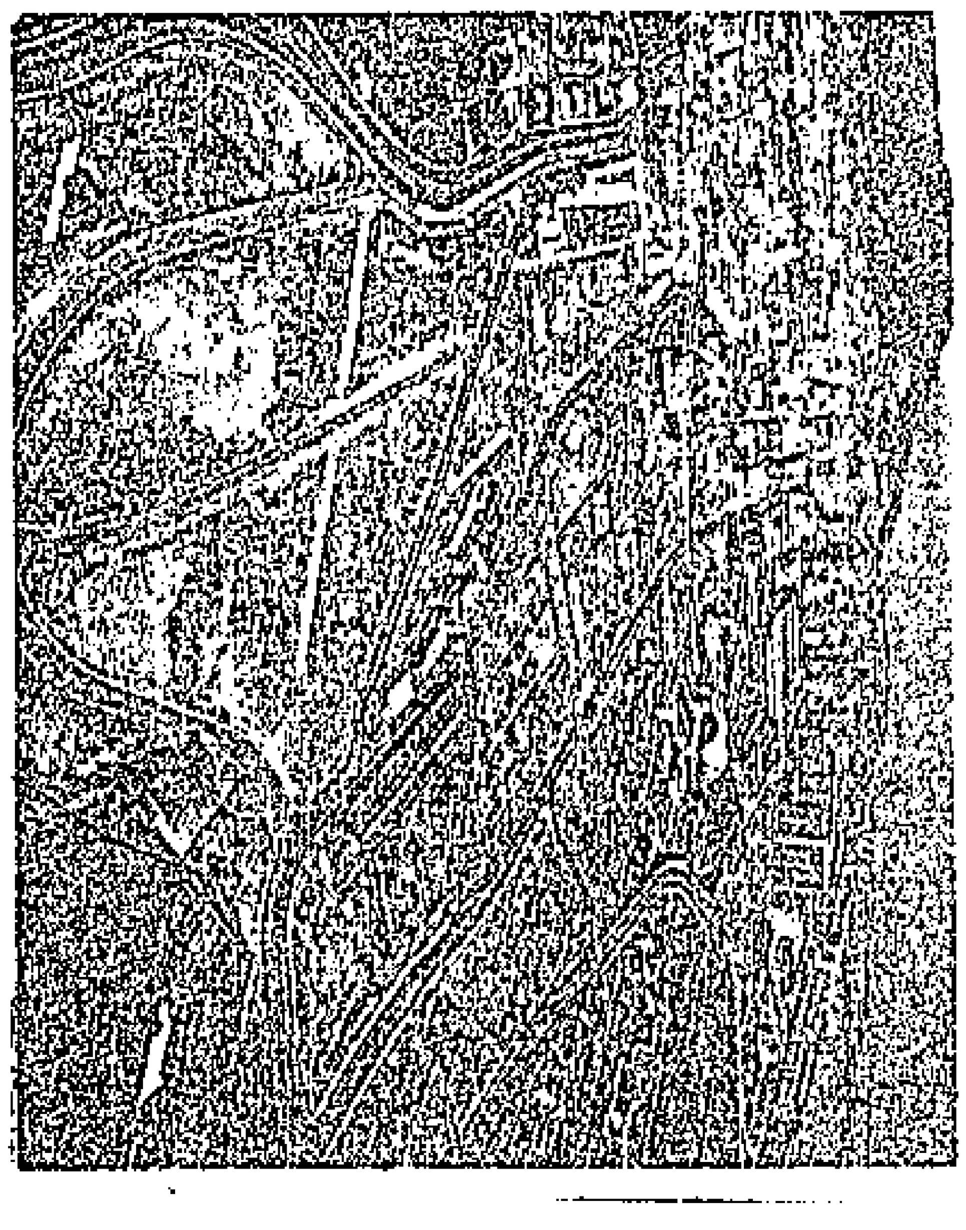
While the plan is still in an exploratory stage the planning of housing and business sites, open spaces and community service will follow later.

"Phase two involves a team of architects and planners working on design alternatives in consultation with the community. Implementation will hinge eventually on community participation," said Mr Sims.

"We have talked to many in the community and believe it is now time that we brought the debate into the open."

BP is ready to open a project office in the area for that purpose.

(Turn to page 3, col 1)



An aerial view of District Six.

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Business backs open District Six

(Continued from page 1)

The city council has responded favourably and has already extended considerable co-operation to BP while the other major corporations have indicated that they will put their full weight and resources behind the project.

The key elements remained the Government and the community, Mr Sims emphasised.

A series of options would be developed until one that was acceptable to all was found.

In the physical development itself the ideal would be small builders, small developers, selected and approved by the community itself, said Mr Sims.

Community reaction so far had shown that the majority believed in an open residential and business community in District Six and the upgrading of Woodstock and Salt River.

PRESSURE ON GOVERNMENT

According to Mr Sims, this debate within the community could also put some pressure on the Government to respond with greater enthusiasm.

"We are acting as a facilitator. We see what we are doing as being support for change in South Africa."

According to some BP executives, an "engagement strategy" was being followed. By engaging the various players in this process, shifts could be discerned in seemingly irreconcilable positions.

They feel that, among other things, the administrators of the Technikon must be engaged for some restructuring of their plans.

The private sector participants in the scheme plan to establish a non-profit redevelopment company to manage and co-ordinate the project with participation on this company's board of representatives of the community, the private sector and the city council.

GUIDELINES

Mr Sims also emphasised that in the case of areas such as Woodstock and Salt River, revitalising should not result in existing residents being displaced.

While no formal planning has begun on District Six certain, guidelines have been offered by planners regarding the ideal use of the land. Up to 65 hectares could be available for residential use which, given a density of about 80 housing units a hectare, could accommodate between 3 500 and 4 200 homes for between 17 000 and 21 000 people. Buildings would be no more than four storeys.

Critics of the scheme say that upgrading Woodstock and Salt River would inevitably force a rise in rents and a further exit of the poor. District Six, too, would be in danger of becoming a high-income zone.

Mr Sims said the companies believe the community will ultimately decide on a balanced socio-economic cross-section, with lower-income tenants in Woodstock and Salt River protected and encouraged to stay and buy homes.

The project team recommends a moratorium on all new property transactions until the land consolidation and a plan have been completed.

Cape Times 5/11/88

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BP commits R500 000 to open areas

By ROGER WILLIAMS
Chief Reporter

BP Southern Africa, initiator of a multi-million-rand redevelopment plan for what it hopes will become an "open" District Six, yesterday disclosed it had already committed funds to three community-based projects in the neighbouring areas of Woodstock and Salt River, and in Bo-Kaap.

The projects, in Phase Two of BP's overall plan (the first phase was largely pre-planning and investigation), involve building construction valued at a total of R500 000.

All three projects, BP said, involved co-operation among the community, the City Council and the private sector.

Plans

Outlining its Phase Two plans the company disclosed that:

- In Bo-Kaap it had been agreed the community would provide its own "sweat equity" and the City Council and BP would share the capital cost of building a R100 000 community hall and two tennis courts.
- The Salt River project, worth about R250 000 and already at an early stage of development, involved construction of an indoor sports hall, a library and an after-hours pupil study centre.
- And at Woodstock the third project, for the Silvertree Educare Trust, was a R100 000 back-to-back financing operation to enable a community group to buy and fix up an old building as a day-care centre, crèche and community centre in Church Street.

Asked if, by concentrating its redevelopment plans in these areas — and also in Walmer Estate, BP was backing off on District Six, a company spokesman replied: "Our District Six offer still stands, subject to its being open to all, and to community participation as we originally stated."

In the magazine "The High Road", the chairman of BPSA, Mr Ian Sims, is quoted as saying: "Now BP is entering Phase Two, in which Woodstock, Walmer Estate and Salt River become the priorities. People, after all, are living there.

"While District Six remains of great significance, the realities have dictated the course. It's a process rather than a plan, and the key to its success will be the building of an alliance between the community, the private sector and local government."

The Leadership publication says BP is, in its initiative to redevelop the areas "and open them to all South Africans", supported in principle by many major corporations.

These include: Anglo American, Southern Life, Pick 'n Pay, First National Bank, Unilever, Standard Bank, Wooltru Group, Corobrik, Reckitt and Colman, Seardel, ISM, Liberty Life, Volkswagen, Foschini, W & A Gilbey, The Board of Executors and Johannesburg Consolidated Investments (JCI).

Call on BP to drop District Six plans

Cape Times 6/11/87

(61)

Staff Reporter

BP Southern Africa has been called upon to "publicly renounce" its proposed plans for the redevelopment of District Six and to commit its top executives to face-to-face meetings with local community representatives.

The call was made in a statement issued yesterday and endorsed by 23 organizations in the area — including political, youth, sporting and cultural bodies.

The convener of the Hands Off District Six Committee, Mr Anwah Nagia, said: "We have made it very clear to BP Southern Africa and its conglomerates that we totally reject any sinister scheme in cahoots with this government to redevelop the salted earth of District Six."

However, the Western Cape Traders' Association's general secretary, Mr K Allie, yesterday welcomed the scheme for the redevelopment of District Six, Woodstock, Walmer Estate and Salt River — provided priority was given to allowing those who had been forcibly removed from the area to have the opportunity to return.

A BP spokesman said Mr Nagia last wrote to BP on behalf of a number of organizations in a letter received on October 12.

"We replied on the same day by letter inviting discussions with a properly mandated group. There has been further correspondence and we look forward to further discussion."

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Turn tide of divestment — Crocker

From ALAN DUNN, The Argus Foreign Service

WASHINGTON. — The Reagan Administration's top official on Africa has urged the US Congress to help turn the tide of American businesses disinvesting from South Africa.

"A clear signal of congressional interest in this would send a powerful message across America," the US Assistant Secretary of State for African Affairs, Dr Chester Crocker, told a House of Representatives hearing yesterday.

"... Company after company is being intimidated by all forms of local and other action into a belief that if you're in South Africa it means you have blood on your hands or you're some kind of racist," he added.

" "Our view is that our companies should be encouraged to stay."

In a clash with Congressman Stephen Solarz of New York, a leading sanctions advocate, Dr Crocker said black South Africans could show their displeasure at US corporations in the Republic if they wanted them out.

"They haven't done so. Why is that?" Dr Crocker asked.

● The US House of Representatives panel on Africa would consider specific proposals on new economic sanctions against South Africa early next year, its chairman, Mr Howard Wolpe, said.

Charging that the Reagan Administration's implementation of the sanctions passed last year were "clearly in conflict" with bi-partisan congressional consensus on American policy towards South Africa, he said:

"In the light of what is happening in South Africa today, and as a matter of American self-interest, I personally believe it is high time that we strengthen and expand existing US and international sanctions."

Mr Wolpe gave notice at a hearing yesterday that his sub-committee would look at new legislation, including various sanctions, at hearings early next year. He said a new package of measures should "embrace the thrust" of proposals presented yesterday by the US trade union giant, the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO).

The proposals included: Closure of all South African consulates in the US, restrictions on South Africans' entry to the US until South Africa was opened to all Americans, banning all advertisements relating to South Africa and it's products, banning all trade between the US and South Africa, including US exports, and forcing all US companies out of South Africa.

Denis Worrall's independents to form party

Political Correspondent

THE Independent Movement, supporters of Dr Denis Worrall, have formed a new constituency committee to further the aims of the original movement.

All attempts to bring together this group and the other independent splinter, the National Democratic Movement, have failed.

Mr Keith Gurney, chairman of the new Independent committee, who recently placed an advertisement in The Argus calling for efforts to get the two groups together, is chairman of the committee.

He said today efforts to achieve unity among the independents had only failed in the short-term. There was a feeling that the groups would eventually have to get together.

The committee was elected at a meeting in Gordon's Bay this week.

UNIFICATION

There are plans to form a national steering committee to plan a congress and the formation of a political party.

At the meeting Dr Worrall called on supporters to work towards the realignment and unification of the anti-apartheid opposition.

Rejecting allegations that he was concerned exclusively with parliamentary politics he emphasised the importance of negotiation with extra-parliamentary political groups in the creation of a non-racial democracy.

Two fishermen missing

Staff Reporter

TWO fishermen are missing, believed drowned, after their dinghy capsized near Elands Bay.

Police said men in other boats found no trace of Mr Ntkintiki Ntamo, 67, of Engelbrecht's Compound, Elands Bay, and his partner when they reached the overturned dinghy.

The identity of the other fisherman is being withheld until his family have been told.

 Argus 13/11/87

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UK business urged to boost SA reform

From MICHAEL MORRIS
The Argus Foreign Service

LONDON. — Some of South Africa's most important British business partners have been told that reform is continuing steadily and that they can help speed the process by boosting "action on the ground".

Mr John Kane-Berman, executive director of the South African Institute of Race Relations, has told businessmen in London that irrespective of the Government's public statements on political change, a virtually inexorable process of reform is occurring "from the bottom up".

Week-long visit

He said: "What we have told people in Britain is that this is happening not because the Government particularly wants to see the dismantling of apartheid but because it (apartheid) is crumbling under the weight of its own contradictions ... and it is action on the ground which forces Parliament to keep up and to change laws."

Mr Kane-Berman is nearing the end of a week-long visit to the British capital to brief institute members, including South African and British individuals and organisations, on the situation at home.

Mr Kent Durr

His contacts in the past week have included informal talks with London representatives of the African National Congress and Inkatha, a British MP, and members of the British Industry Committee on South Africa.

Meanwhile, the Deputy Finance Minister, Mr Kent Durr, has said in London that European countries are displaying a "new realism" towards South Africa and its political reform initiatives.

Mr Durr, on a two-week visit to Europe for meetings with South Africa's international bankers and industrial contact men, said sanctions and disinvestment had been "a hopeless failure in every respect".

The country's economy, far from being ruined, was moving out of its recession.

Mr Durr said he had found during his trip that Europeans were adopting a more pragmatic approach to encouraging political reform in South Africa.

He said: "People are looking at more realistic time-frames. Before, they were expecting the impossible of us.

Vital development

"There has been the realisation that the country is not going to go to revolution tomorrow morning, but also that we won't produce solutions tomorrow morning."

Many Europeans had come to believe, like Mrs Margaret Thatcher, "that the economic development of the region is vital for delivering political reform".

Do business with SA, urges Thatcher's man

61 STAR 27/11/87

The Star Bureau

LONDON — Forceful lobbying by British Premier Mrs Margaret Thatcher for positive economic engagement in South Africa was given a boost yesterday when one of her Ministers openly encouraged British companies to be "well represented" in the country.

In a speech that will anger Labour politicians and anti-apartheid activists campaigning for South Africa's isolation, Mr Alan Clark, Britain's Minister for Trade, said: "I hope British companies will continue to be well represented (in South Africa) and keep winning business from our competitors."

The fact that he was addressing the United Kingdom South Africa Trade Association is a clear signal of the British government's intent — and Mrs Thatcher's in particular — to bring more into the open the conviction that an increased economic influence within South Africa will do more to spur change than stiffer sanctions.

Mrs Thatcher spelt out this approach at the recent Commonwealth conference in Vancouver.

B/day 17/12/87.

UK 'is scuttling sanctions talks'

61

MIKE ROBERTSON

LONDON — The British government is trying to scuttle attempts to convene a meeting between the EC and African, Caribbean and Pacific States (ACP) to discuss sanctions against SA, EC officials say.

Members of the 66-member ACP group asked for a ministerial-level meeting between 12 of their representatives and the 12 EC members.

According to an EC spokesman the matter was discussed by foreign ministers last week, without any official decision being taken.

While the spokesman would not comment on reports that the reason for the delay was British Foreign Secretary Sir Geoffrey Howe's opposition to the meeting, another EC official said the reports were true. He said Britain was isolated on the matter.

A Foreign Office spokesman denied Britain had vetoed the proposed meeting. Discussions, he said, were still going on.

Unless the matter is resolved today it is almost certain to be raised at the meeting between all 66 ACP ambassadors and their 12 EC counterparts in Brussels tomorrow.

impact on the profitability of US companies.

"There are some who predict this

Exxon and General Motors.

About 160 US firms remain, many

US firms have nine days to act

Double tax Bill passed by Congress

B/day 23/12/87

SIMON BARBER

MOST of the largest US companies still in SA have nine days to restructure their corporate finances or face severe US tax penalties.

That, according to well-placed industry sources, is the effect of the SA double taxation provision enacted by Congress early yesterday morning and certain to be signed by President Reagan.

The measure is also likely to have profound consequences in SA because it says that Washington now equates Pretoria with a list of "terrorist" and other pariah states, including Libya, Iran, North Korea, Cuba and South Yemen.

The law was passed without public debate as part of a giant deficit reduction package which Reagan believes he must sign to restore international confidence in the US economy. It takes hold on January 1, with no grace period.

By an extraordinary irony, the final voting showed that deal under which the Senate was forced unwillingly to accept the house-endorsed SA provision was unneccessary. The overall legislation could have passed without it.

"Those hurt the most will be those with the largest exposures in SA in terms of employment and investment," said Steve Cooney, director of international investment and finance for the National Asso-

To Page 2

Profitability could be cut

From Page 1

ciation of Manufacturers.

Topping the list of potential victims are oil giants like Mobil which has taken the lead in black advancement and social responsibility programmes.

An executive with a pharmaceutical company chiefly involved in retailing said his and similiar firms would be affected only marginally, if at all.

"The companies most heavily impacted will be those who are consolidated in SA rather than, say, Europe, and, primarily those involved in primary resources — refining, processing and providing equipment," Cooney predicted.

Because these firms will no longer be permitted to subtract taxes paid or accrued to SA against their US tax bills, their profitability and competitiveness could be severely reduced.

Even if they are not directly damaged many US companies will likely conclude that the Reagan administration can afford them no further protection against the sanctions lobby.

Cooney pointed out that the Comprehensive Anti-Apartheid Act had specifically praised US firms for their "positive involvement". The CAAA deliberately avoided mandating, or even encouraging, disinvestment, partly to ensure sufficient congressional support to beat a presidential veto.

Congress had now taken a dramatic step further, Cooney noted, and the administration was powerless to stop it.

Senate negotiators on the the budget package, most of whom strongly opposed the measure which was not part of the Senate Bill, may have been hoodwinked into accepting it by the house.

Congressman Dan Rostenkowski, chairman of the tax-writing House ways and means committee, insisted that the package could not be passed without the support of the Congressional black caucus.

In the end, however, the caucus all voted against the overall package because of language maintaining aid to the Nicaraguan contras.

As a result, the key final vote in the house was a razor-thin 209-208. Because of black caucus opposition, one vote would have killed the entire package.