

IN DEFENCE OF foreign investment IN SOUTH AFRICA

BY MARTIN SPRING,
Editor of the SA Financial Gazette

Last month, *Commerce* presented "The Outlook for Foreign Investment in South Africa" by NIGEL BRUCE. This month, *Commerce* looks at the same subject from a fresh angle. This month's article is based on a publication called "Why Invest in South Africa?" produced by MARTIN SPRING for the information of American businessmen. The publication outlines in some detail the mineral, industrial, agricultural and other natural and economic resources which South Africa can offer investors in the Western world. In view of the fact that much of this information is already well known to South African businessmen, we have — in this article — confined ourselves to those sections of the publication which deal with the moral case for investment or dis-investment in the Republic.

WOULD it help American Blacks if General Motors closed down all its plants in the US which provide jobs for more than 100 000 members of minority groups? Or if IBM, General Electric, US Steel and other corporations shut down their operations, throwing countless thousands of Blacks out of work? Of course not. The very idea is absurd.

Yet some people seriously push the idea that it would help South Africa's Blacks if General Motors, IBM, General Electric, US Steel and 1 000 other international corporations with stakes here could be pressured into shutting down

their plants in South Africa, firing Black workers, withdrawing their investments, and refusing to do business with the country.

What are the arguments put forward for a corporate boycott of the land of apartheid?

Firstly, some people say that it is immoral for a company to profit from wage levels that are too low to provide a decent existence. Secondly, foreign investment strengthens the South African economy and therefore underpins apartheid, so it should be discouraged. Thirdly, disengagement from business involvement with South Africa registers an enter-

prise's moral indignation over continued racial discrimination here, which in itself is a worthy attitude. Fourthly — and this argument is usually voiced privately, and is by no means shared by all the boycott enthusiasts — anything which improves the situation of South Africa's Blacks is to be condemned because it lessens the pressure on them to rise up in revolt and overthrow the South African government. (Or at least to trigger off such bloodshed that foreign intervention is provoked.)

Let us take these four arguments one by one:

● Why is it immoral for corporations to profit from their operations in South Africa, but seemingly not immoral to make money out of paying considerably less elsewhere in Africa or even in the US itself?

If wage levels in South Africa are so unattractive, why are there at least half a million foreign Black workers voluntarily in the country, with many more waiting to take jobs here, given the chance?

In any case, what is a "fair" wage? The US State Department recently recommended that American employers in South Africa should not pay their workers less than R100 a month, which it said was a "reasonable minimum wage". But subsequent enquiries have revealed that 24-million Americans earn less than that — and the cost of living is considerably higher in the US than South Africa.

on the grounds that the greatest sufferers would be the Blacks.

And Mr George Kennan, former US Ambassador to the Soviet Union, has said: "There's no reason to suppose that the withdrawal or denial of participation by the American investor would have the slightest effect on official South African policies."

The "spokesmen of the Blacks" who favour corporate disengagement are usually extremist self-exiles — no more representative of South Africa's Blacks than the American Nazi Party or Communist Party are of American opinion in general. Indeed, it's odd how such fanatics are listened to and publicised when a man like Chief Lucas Mangope — representative of 2-million Blacks, and chosen in a free election on a one-man-one-vote basis — is ignored because he speaks in moderate terms, and sees "co-operation within the framework of separate development, in the present circumstances, as the only line of action that I, as a responsible leader of my people, can take".

● The argument that the withdrawal of foreign capital would "bring the South African government to its knees" does not bear examination. If assets were sold to local interests, the excessive supply offered in a reasonably short period would push their selling prices down to a fraction of their present market values.

Even the repatriation of capital realised from such sales would almost certainly be rationed out by the exchange control authorities over a number of years — certainly not less than five — in order to prevent drastic falls in the level of the country's foreign exchange reserves. The only other way the US could disengage from its more than \$1-billion stake would be to sell it to other foreigners — Germans, Swiss, French, Japanese — at knocked down prices. It wouldn't influence South African ethnic policy (except possibly adversely, through a backlash effect). It would be pointless.

In his statement to Congress in 1973, the US Assistant Secretary of State for African Affairs, Mr David Newsom, said: "We in the Department of State do not look upon either withdrawal of investment or trade embargoes as feasible courses of action."

Should US corporations nevertheless try to disengage — even if such action has no effect in changing policy, and even if the cost is heavy, if only to register their indignant disapproval of racial discrimination?

Quite apart from the fact that the leaders of South Africa's Blacks reject this approach, surely to take such action would be to establish a most dangerous principle? American enterprises operating internationally are subject to all kinds of political pressures at home, from Black militants, Arabophiles, pro-Israelis, liberals, conservatives, leftists and reactionaries. Who should be listened to? Where should the boycotting stop? And who would really benefit from such pointless posturing?

● The final argument for a corporate boycott of South Africa — that the more Blacks are made to suffer, the more likely it is that they'll revolt — embodies the kind of thinking that earned Nazi leaders their Nuremburg hangings and a former Russian Prime Minister the title "Butcher of the Ukraine".

Chief Buthelezi himself has said that to precipitate armed revolution among Blacks would "lead to certain suicide" and that those advocating this show "the height of irresponsibility" — especially as they themselves seemingly intend to stay safely well away from "the theatre of this proposed violent confrontation".

Such a revolt would not only inevitably fail — it would also poison relations between the races to such an extent that it would set back for a century the whole process of inter-group adjustment in Southern Africa, and alienate Black Africa from the White nations of the West.

No intelligent South African denies

that there is a lot wrong with his country. After all, most countries have plenty that's wrong. With a population that is ethnically, culturally, sociologically and economically the most complex on earth, this land could hardly avoid the sort of problems and prejudices which abound in other racially heterogeneous nations.

What is startling is not that problems exist, and that some of them are severe . . . but that person to person relations are so good in relation to the severity of those problems. For there has been far less interracial violence and conflict in South Africa, both historically and in recent times, than in other countries whose basic situations are far more favourable for peaceful adjustment.

Inevitably, there are differences of opinion — strong ones — among South Africans themselves on the question of whether things are improving or not. Many of us believe that interpersonal relationships between people of different ethnic backgrounds are steadily improving. Others would disagree. But there are some undeniable facts in support of the case that those who talk about South Africa as a land where Blacks are persecuted, exploited and **without hope**, show a complete lack of balance.

EDUCATION

Take education. The country is now spending on Black schooling almost seven times as much as it did in 1955. Last year's total of R109-million is equivalent to an average of about R46 a year paid in by every White adult (Blacks do finance part of this expenditure, but more than 95 per cent of direct or probably 80 per cent of indirect tax revenue is raised from Whites). More than four-fifths of Black children of schoolgoing age already attend school, and compulsory education will be introduced as soon as there are enough teachers (3 500 new Black teachers came out of training colleges in 1971, but the target for this year (1975) is R5 500).

Insufficient local capital for public

STAR 22/4/75

Neil Behrmann

Unless sufficient capital flows into the country, the money and capital markets will be under increasing pressure from the rise in public sector spending.

The table indicates Department of Statistics expectations of Public Sector (Government and allied bodies) spending during the next three years.

It can be seen that the department estimates that spending will rise from R3 108m in 1974 to R4 250m in 1977, an increase of 37 percent. But these estimates are calculated on current prices and if double figure inflation continues during the next three years, public sector spending could be around R6 000m in 1977.

Statistics of the South

sector spending

African Reserve Bank shows that public sector spending represented some 40 percent of overall gross domestic investment in the country, during 1974. Local savings of individuals, corporations, the surplus of the government and depreciation amounted to R5 990m.

But a capital inflow of R741m was needed to

finance the balance of the Republic's investment requirements.

A huge increase in public sector spending, means that a shortfall of savings is likely to occur. To supplement this shortfall a large increase in foreign capital is necessary.

And besides the required jump of foreign capital into South Africa,

the balance of payments must improve as well. One can only hope that a world economic recovery will occur during the next two years to boost exports and hence the gold and foreign exchange reserves.

ALTERNATIVE

The alternative is heavy borrowing on the local capital and money markets and a continuation of high interest rates.

The table shows that new construction will represent 67 percent of total spending this year. The department estimates that private construction firms will be awarded R1 946m of these contracts.

These estimates indicate that the construction and engineering firms will be bolstered from any economic decline in the private sector.

ACTUAL AND EXPECTED CAPITAL SPENDING OF PUBLIC SECTOR—1974 to 1977 (R-million)

	1974	1975	1976	1977
New construction ..	2 072	2 473	2 789	2 860
Purchases of machinery & equipment	867	989	1 088	1 220
Purchases of land & buildings	169	204	185	170
TOTAL . . .	3 108	3 666	4 062	4 250

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Blocked rand mysteries

F.M. 2/5/75

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Unless you can play tunes with blocked rand, in financial circles you really haven't arrived. Here's how it's done

What is a blocked rand? The simple answer — a rand which is blocked — raises a multitude of questions. As a broad generalisation all rand funds owned by non-residents, whether as a result of direct or portfolio investment, are blocked. Only overseas residents can legally hold blocked rands.

Even this generalisation needs qualification. For example, an immigrant to SA who wants to bring in money, typically from the UK, can buy SA shares listed in London and sell them in Johannesburg or simply sell here SA shares he already has in London.

However, the result of such a transaction is to create blocked rands in Johannesburg which then can be turned into ordinary rands. The procedure is application to the immigrant's bank for sums up to R20 000, and to the Reserve Bank for larger sums. Permission to unblock is usually granted for three years from the applicant's arrival in SA in respect

of shares or assets owned prior to immigration. Brokers usually suggest prior clearance with the immigrant's bank in order to avoid pitfalls.

There is a third category: "free" rands. These can arise in special circumstances. During the bids for Union Corporation, General Mining's partial offer (which was never formalised) involved the issue of securities and "free" rands.

To the UK resident, the Reserve Bank would have permitted these "free" rands to have been transferable into currencies other than sterling or rands at the taker's option, and they were therefore worth just over £1 each against the normal 62p-63p. In other words they effectively become investment currency, which we explain below.

In a less specialised sense, "free rands" are non-residents' funds transferred from abroad through banking channels and invested in the SA banking sector. Such funds remain transferable

(free) or convertible into resident rands.

Income earned either in free or blocked funds is transferable.

In the stock market a blocked rand is created when a non-resident buys shares in London, New York, or any of the minor markets where SA shares are dealt in, and sells in Johannesburg. Here's a specimen deal (with brokerage and duty omitted):

Buy 1 000 Loraine in New York at \$5:	\$5 000
Sell in Johannesburg at 400c:	R4 000
R4 000 at R1:\$1.47 (the official exchange rate):	\$5 875

This throws up a paper profit of \$875 but leaves the seller holding R4 000 in blocked rands in Johannesburg.

The blocked rands are eligible for investment in any shares quoted in Johannesburg, or in gilt-edged. In addition they can be used for subscribing to certain Escom and other public body issues and to rights issues of quoted companies. But other new issues and nil paid

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letters cannot be taken up in blocked rands.

However, back to our US dealer, who has been in and out a few times, built his R4 000 stake up to R11 000 and now wants to move his funds back to the US.

This time:
 Buys 2 000 Welkom at 540c:R10 800
 This is nominally worth \$15 900 at the official exchange rate.

Sells in New York at \$6 $\frac{1}{4}$:R12 800
 The shortfall is \$3 100 and is known as the blocked rand discount. In this case it is $3\ 100 \div 15\ 900$ as a percentage, or the difference between the official exchange rate and the rate you get by buying in Johannesburg and selling, in this instance, in New York. On this transaction, it works out at 19,5%, in the middle of the current quote of 18,5%-21%.

There is no blocked rand index, but most dealers calculate their own rate based on the major stocks traded between London, Johannesburg, and New York. If the blocked rand discount averages 19,5%, it means the overseas dealer is getting an exchange rate of R1:\$1,19, against the official \$1,47.

For the UK resident, the situation is different. UK prices, as quoted in *RDM* every morning, or on Reuters, are in new p or £ and include the investment currency premium, which extra he pays to acquire assets outside the UK, including SA shares quoted in London.

Reflecting a major movement of funds out of UK securities, this premium has recently risen to a nominal 110%, before falling back to 99%.

The premium is, however, worked out on the basis set by the Bank of England of £1:\$2,60, the Smithsonian sterling:dollar rate. Since then, sterling has depreciated against the dollar to \$2,34.

The effective premium is therefore calculated as follows:

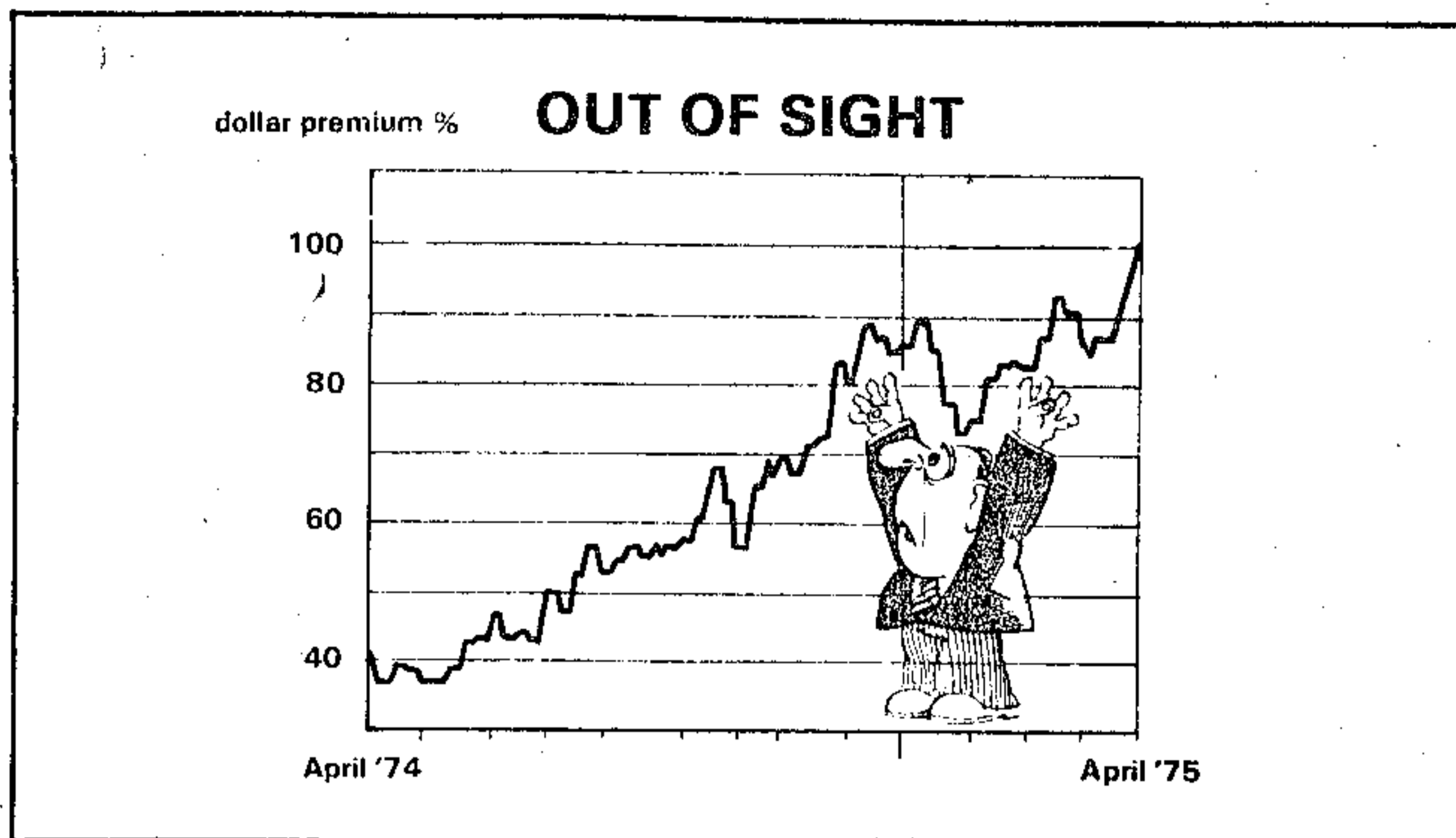
$$1,99 \times 2,34 \div 2,60 = 1,90, \text{ or } 90\%$$

This means two things: that UK residents are prepared to pay a very substantial sum to avoid holding either sterling or UK-registered shares, and that in the case, for instance, of an SA-registered share, the UK resident is now paying almost as much for investment currency as for the underlying security.

Of course, UK residents can deal in a large number of SA shares quoted in London. But if they wish to buy in SA, for example to take up an issue such as Saaiplaas, they have first to buy investment currency. At 250c, the Saaiplaas take-up price was equivalent to about 156p at the then rand:sterling rate; but the UK resident would, at the time, have had to pay an effective premium of 109p, or 70%, for investment currency.

On this basis, the Saaiplaas would have cost him 265p.

Not surprisingly, many in the UK refused to pay the extra and simply sold



their nil paid letters.

So far we have looked at the possibility of dealing in New York or of dealing in London as a UK resident. The third major type of dealing overseas in SA securities is in London as a non-resident of the UK.

The buyer in this case could be resident in Switzerland, the US, other countries on the Continent, or simply offshore — and sometimes a very long way offshore.

Such a person is entitled to deal "ex premium" — indeed, as a non-resident of the UK he is not permitted to hold UK investment currency. When he buys in London, therefore, the premium has to be stripped out of the London price.

It works like this:

Buy 1 000 Elsberg in London at 400p:£4 000
 With the effective premium at 90%,
 the cost to him of the share is:400 ÷ 1,90 or 210p

For simplification, most dealers apply the "conversion factor" published every evening by Reuters. Currently this is 0,525. So $400 \times 0,525 = 210p$.

These examples exclude brokerage and other costs and the 25% which UK residents have to surrender to the Bank of England of the effective premium on sale of a foreign security.

This means, in the Saaiplaas example, that if the investor sold at 265p he would get only 238p back 265 — ($25 \div 109$) before brokerage and other costs.

The market in SA securities has thus become an increasingly complex game for the international investor. A gold shares dealer in Zurich, for instance, has to monitor four markets: the local Zurich market, New York, London ex-premium; and Johannesburg.

At the start of trading on Tuesday, he would have found the following position in, say, Vaal Reef:

New York: \$38 $\frac{1}{2}$ at the close
 Johannesburg: \$38 (R32, or \$47 at \$1,47 less blocked rand discount of 19,5%)
 London: \$38 $\frac{1}{2}$ (£29 $\frac{1}{2}$ cum premium; £16 $\frac{1}{2}$ ex-premium × \$2,34).

From the Zurich vantage point, or

that of the US dealer, or anywhere offshore, the effective prices in the three major centres are brought into line as a result of arbitrage.

For the SA investor, these complexities have a profound bearing on the course of particular share prices. The existence of international interest in SA securities means that, regardless of local conditions, shares can move spectacularly in Johannesburg according to how the US and London are dealing. There are funds with massive buying power in both centres which can move the Johannesburg price significantly with a single order.

In recent months, the old umbilical cord with London has been severed. After June 1972, when SA-registered securities were brought into the UK investment currency net, (it previously applied only to the US and Canada) the blocked rand discount happened roughly to equal the effective investment currency premium. Nevertheless the UK investor tended to remain the influence on the SA market.

Today, however, the prime external influences on Hollard Street are the activities of US and offshore dealers, in the widest sense.

And while the investment currency premium has tended to rise over the past three years, it can go the other way as well.

If this happens, the UK resident holding, for instance, SA gold shares, could take a nasty loss.

Apart from this, the investment currency element in the London price is non-yield bearing.

Because of these external complications Hollard Street is more than ever standing on its own two feet. Over the past three years, local share prices have generally come on to a more favourable basis in relation to levels overseas. It is now, more than ever before, up to local institutions and investors to lead a revival in stock market interest.

Oil explorers head south

Sun Times
(Bus Times)
11/5/75

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NEW YORK. — At least one oil exploration company has abandoned its ventures in the North Sea and will search for petroleum offshore from South Africa. Others may follow.

United Canso Oil and Gas Co, a Canadian-based exploration and leasing firm, will conclude agreements next week for a 12.5 per cent interest in an offshore lease on the west coast of South Africa.

In March the firm sold its share of a lease on a North Sea development area for R40-million to a West German consortium.

This week, another drilling firm, Union Oil of California, announced that it too was pulling out of the North Sea.

A third, smaller firm, Tricentral Corp, has had to appeal to the British Government for relief from the heavy tax and 51 per cent participation demands London is making on the development companies.

John Buckley, United Canso's chairman, said his decision to switch from the North Sea to South Africa was mainly due to the difference in energy policies followed by the British and South African Governments.

the North Sea deal under such hostile conditions. No banker would lend to us when faced with the uncertainties of the British tax and participation demands.

"In South Africa we have confidence we will be treated fairly if we find something of value. And if it's gas, we are near enough to Cape Town for a ready market," he said.

Mr Buckley said United Canso will be a "sub tenant" on offshore leases already held by the French company, Societe Nationale des Petroles d'Aquitaine. Final terms of the lease agreement will be settled in Paris on May 19.

"Approval of the deal by the South African Government won't be a problem," Mr Buckley said.

The lease is a 3.5-million ha tract in shallow water just south of the territorial borders of South West Africa. Seismic exploration will continue this year with the first test wells scheduled for 1976.

Mr Buckley declined to estimate the cost of the exploration programme to United Canso. But he noted that the minimum cost of operating a drilling rig offshore in the North

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Non-disclosure irks investors

(67) Sun Times (Bus. Times) 4/15/74

By LEWIS JAMES

WASHINGTON. — American businesses which have tried to make positive public relations gains out of their operations in South Africa report growing frustration with a recent South African law that forbids disclosure of South African business information.

The criticism has grown in recent weeks because April and May are the traditional times for annual shareholder meetings in the United States.

It is also the time for the annual protests by church groups against US firms that do business in South Africa.

One such meeting was on Monday, when the stockholders of IBM were confronted with a proposal to force the management to stop its sales of IBM 350 computer to the SA Government.

The sales have been criticised both for IBM's hiring practices and because the computers are allegedly being used to expand Government data on Black workers.

Spokesman for the IBM management said this week they would meet the challengers with data on its employment policies and its efforts to equalise working conditions among its employees.

But they said privately that IBM attorneys had cautioned them not to

allow the data to be transmitted to South Africa.

"We were told by our counsel in South Africa that we could get the data internally and use it here in the United States. The only risk might be in the information being used in South Africa and the Government taking offence," one official told me.

Ford Motor Company in Detroit says its South African attorneys have warned against publication of its annual report on Ford's South African operations because of the new law.

Ironically, the disclosure law has yet to be used for the purpose it supposedly was for. At the time of passage the need for De Beers officials to be protected from the US Justice Department's anti-trust investigation was advanced as a critical need.

According to the argument at the time, if a De Beers official should fall into the hands of the Americans, he could offer the law as justification for not testifying.

But last week, two American distributors of De Beers' diamond abrasives — not in any way affiliated to De Beers — pleaded guilty to criminal price-fixing charges and paid fines.

De Beers, which was also charged, has simply refused to come into court.

THEY WANT TO TURN THE SURRENDER ON SA

By NELSON ROGALY

Action groups out to knock 'props from under racial system'

LONDON. — The external pressure on South Africa continues. Two important and potentially influential new reports appeared last week, both of which argue that outside investors and Western governments should make greater efforts to oppose apartheid.

The most outright advocacy of a tougher Western stand against apartheid comes in a pamphlet by Professor Jack Spence of Leicester University.

SUPPORT

This argues that in the economic, strategic and diplomatic sense the Western powers should reduce their involvement with South Africa.

The implicit argument is that while the West no longer depends on South Africa as much as it may once have done, South Africa has nowhere to go but to ally itself with the West. "If the West wishes to

preserve a semblance of its interests in South Africa following a successful resolution of the conflict in favour of the Black nationalists then it has every incentive to support the liberation struggle directly... as well as indirectly by embarking on the process of disengagement from the economic structures that are held to prop up apartheid," writes Prof Spence.

SPONSORED

Prof Spence was educated at the University of the Witwatersrand and the London School of Economics. His pamphlet is published by the Study Project on External Investment in South Africa and Namibia (South West Africa).

The group is sponsored by institutes at the universities of Sussex, England, and Denver, Colorado; the Scandinavian Institute of African Studies at Uppsala, Sweden; the Free

University of Berlin and others. It is a high-powered international pressure group and is producing about 30 papers on this subject.

The other report that appeared this week is from a group whose influence is probably more immediate and direct — "Christian Concern for Southern Africa" whose more moderate line is on the side of accepting that foreign investment already exists in South Africa and pressing firms to improve wages and working conditions for Blacks.

SOPHISTICATED

It has just printed the papers presented at its recent conference which was attended by senior managers from 23 British companies, which together employ more than 150,000 Black workers in South Africa. British Labour Government representatives were also there. The conference was addressed by South

Africa's Dr Alex Boraine, Leonard Sikhakhane, Robert Kraft and many managers from South African firms.

Christian Concern's report is highly sophisticated for it recognises at once that most companies resent being "hounded" and do not wish to take on the South African Government responsibility for social welfare, education and so on. It goes on from there, however, to keep up the quiet, factually-based and often person-to-person pressure on individual

companies that it has developed with so much success so far. The general line is to pay more and give further recognition to African rights at the workplace.

This very skillful pressure group is probably more in touch with the mainstream of British establishment thinking on "what to do about South Africa" than the Study Project group that has just published Prof Spence's work — but those who support the Spence line say it represents the wave of the not-so-distant future.

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F.M. 16/5/75

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Oh, Big Brother!

When the Second General Law Amendment Bill (now Act 94 of 1974) was published last year, Harry Schwarz MP warned that Section 2, which controls the flow of corporate information between SA and abroad, was so wide it would inhibit foreign investment.

That may have been an extreme view, but the measure has nevertheless caused sufficient nervousness and uncertainty to result, according to Commerce Secretary Joep Steyn, in a "steady flow of applications" to government from the business community for permission to furnish information to overseas principals. According to a spokesman in Steyn's office, an official in Pretoria has been specially detailed to deal with them.

This is no surprise. Section 2 is widely phrased and the penalties are severe (R2 000 or two years).

When the Bill was introduced in the Senate on October 28 last year, Minister of Economic Affairs Owen Horwood confirmed Senator Monty Crook's surmise that the measure was designed to protect officials of De Beers. When in the US, they risk being arrested and brought before a court to answer questions under the US anti-trust laws.

In an interview this week, however, Steyn and his deputy, Tjaart van der Walt, added a new dimension:

"SA refuses to submit to the kind of inquisition implied by the House of Commons sub-committee White Paper published towards the end of last year, which calls on UK companies with SA operations to incorporate all sorts of information about their SA interests in their annual statements. We will not stand for that sort of thing."

Referring to De Beers, Steyn argues that, had the measure been designed specifically for its protection, the clause would have been worded differently. Then why didn't his Minister say so when he took part in the Second Reading debate?

Senator Piet Swanepoel (UP) proposed an amendment to the wording of the section, making it clear it would be an offence to pass on business information *only* if this was done in compliance with any order, direction or letters of request "issued by or emanating from a court of law or governmental or statutory authority".

He and other UP Senators feared that, unless the source of such order or direction was clearly defined, the section



Joep Steyn... adding a new dimension

would have an extremely wide meaning and create confusion. It would, for example, include requests for information from non-government sources and so inhibit normal business practice.

This week Joep Steyn told the *FM* the information clamp was only being applied in cases where it was being sought as a result of an order served by a foreign government or its agencies on a holding company with an SA interest or subsidiary. Yet a Commerce Department directive this month to the FCI on the interpretation of the measure warns:

"Care should be exercised when information is requested by a foreign principal from a person over whom the law in SA has jurisdiction if the information is not normally supplied or not normally required by the foreign principal to conduct its business." This goes far beyond, say, labour and wages.

Recently, the Cabinet decided that where a foreign company holds less than 50% of a company registered in SA, the Minister will refuse permission for information to be sent abroad in response to an order issued by a foreign government. Foreign-controlled companies in SA should, in any event, refer requests for information to the Minister who "in applying his discretionary power, will treat each case on its merits".

Such applications should be accompanied by a copy of the questionnaire required to be completed by the SA company and by a copy of the company's proposed replies.

On March 21 this year, the position of SA exporters was clarified by

THE ACT'S EFFECTS

Overseas reaction to the corporate information curbs ranges from deep concern (Ford) to disdain (Polaroid).

Ford says it did not publish its annual report on employee conditions in SA this year because its counsel in SA warned it might violate the law.

IBM, however, takes the view that the SA authorities would invoke the law only if requested information were to find its way back to SA; that there would be no objection if such information is used outside the country.

Polaroid says it has no corporate presence in SA and doesn't care about the law. Its products are handled by an independent distributor, Frank and Hirsch. The latter, says Polaroid, has been providing information on its "efforts to upgrade occupational standards for non-Whites" all along.

The International Labour Organisation, however, has dropped SA from two studies of world employ-

ment standards because of the new law.

The ILO is probing pay scales and working conditions in the oil and metal-working industries. Ford, GM, Fiat, Siemens, Philips and General Electric are among the companies being canvassed.

ILO spokesmen told *FM's* correspondent that at a meeting held last week, the companies protested at having to submit data on SA operations because of the new law and the ILO — since the studies are voluntary — decided to drop SA from its listing. (SA dropped out of the ILO in 1964 — the first conflict it had with any UN affiliate.)

ILO officials concede that they have no clear idea of what the new SA law actually requires — nor, they say, does anyone else. But they recognise there could be danger for participating firms so, in the interest of the larger goals of the two surveys, they thought it would be best to avoid trouble.

Question.....
Write on both sides of the paper

Do not write
in this
margin

D_c Government Notice R532 which permits them to furnish information to foreign governments in respect of export products.

Though these directives narrow the field of uncertainty a little, a vast area of confusion remains. For example, Jimmy Kruger, Minister of Police, says the law has been widely framed because there may be extra-judicial authorities in other countries "which are entitled to order all sorts of investigations".

What does this mean? Does this include newspapers, universities or research institutions seeking information of an economic or social nature? No one in authority will say. It is, like so many areas of government-business relationships, disturbingly at the discretion of the Minister.

SA becoming 'nation of foreign shopkeepers'

By DAVID PINCUS

SOUTH AFRICA is being turned into a nation of foreign shopkeepers and industrialists by a steady stream of moneyed people slipping out of "liberated" African countries, and also away from Europe.

A large percentage — if not the majority — of businesses and factories being sold in South Africa are now being bought by people who until recently had similar operations in other African countries, and in some European countries.

Most of them come here for a few weeks to look around, decide what they want, then take out the necessary residence papers, and buy.

How they get their money out of their former countries is something of a mystery. Some, it is believed, use funds they established in Swiss banks when they saw which way the wind was blowing. Others have found their own ways, and will not divulge them.

The reason why people from former Portuguese colonies are flocking to South Africa is obvious, but Europeans are coming here because of the relative industrial and commercial peace and quiet, and as one said:

"So eager are these people to invest their money in South Africa that business brokers have reached a point where they have more buyers than sellers for certain types of businesses and manufacturing operations."

I was told this by two leading business brokers in Johannesburg, Hillbank Business Sales, and Barnabas Plein.

Hillbank is "scratching around for the small and medium-sized operation," while Barnabas Plein is "having great difficulty getting operations big enough to interest some of our clients."

Six of the last 10 businesses sold by Hillbank were sold to foreigners, and four of the last 10 sold by Barnabas Plein were bought by foreigners.

"It's rather sad to think that foreigners appear to be more confident about the future of South Africa than South Africans themselves," said David Wilk, a director of Hillbank, who is in charge of selling factories.

"However, the fact is that many of our inquiries come from Italians, Germans, Britons, although mainly from people who have left Mozambique and Angola.

"The majority of them have between R40 000 and R150 000 available in cash, and are looking for either retailing operations, or for small or medium-sized factories, which they want to use as bases for expansion."

Cosmas Mullinos, also a Hillbank director, but in charge of the organisa-



Cosmas Mullinos, sells retail for Hillbank . . . "There are ways and means."



David Wilk, in charge of Hillbank's factory sales . . . Short of small and medium types.



Gerald Abrahams, of Barnabas Plein . . . Short of the big stuff.

tion's retail operation selling, said he asked several of his clients how they were able to get their money into South Africa. Invariably the answer was a bland, "there are ways."

Gerry Abrahams, managing director of Barnabas Plein, had calls for businesses from a wider spectrum, ranging from those with R5 000 to invest in a fish and chip shop, to industrialists from Europe with millions to invest in South Africa, and from some South African finance houses who now wish to diversify.

Surprisingly, he has not had any direct approaches from people in Britain. This leads him to believe

that some finance houses are, in fact, acting as fronts for people in Britain who want to invest in South Africa without letting the trade unions there know of their intentions.

"The situation at the moment is that we are short of the bigger businesses and factories to sell," Gerry Abrahams told me.

"The reason is simple. The man in the street is having difficulty finding the extra few thousand to put down as a deposit for his own small business, but the bigger man has all the money he needs, so the bigger businesses and factories go first.

"To give you an indica-

tion of how easy it is to move bigger concerns: I advertised three businesses with a total selling value of R1.25-million in the SUNDAY TIMES at the end of January.

"Two of them have already been sold, and we are negotiating now for the sale of the third business. Had it not been for the fact that the business was in the throes of moving to a border area it would have been sold weeks ago.

"The response to the advertisement was incredible. For the first two months after it appeared I did virtually nothing other than attending to genuine inquiries."

Heavy going for Eveready

RDM
26/5/75

1 65

By C H R I S
CAIRNCROSS

EVEREADY South Africa, the Port Elizabeth-based battery, radio and electrical equipment manufacturer, made heavy weather of inflation and increasing costs in the 12 months to February 28 last, reflected in the fact that it was only able to push up taxed profits 2,7 per cent on the previous year.

Taxed profit for the year rose to R2 288 001 from R2 228 075 in the previous 12 months.

The picture might have been worse but for the slight boost given by the sale of property which netted R173 995.

The company is pegging its final dividend at 5,5c a share, although as previously reported the interim was raised 0,5c to 3c (2,5c). It is expected that the dividend payment will be made about August 29.

Eveready's shares ended last week at 125c to yield 20,8 per cent on earnings and 6,8 per cent on dividends.

On the basis of the comments by the chairman, Mr W. S. Giles, at the halfway mark it is clear that the company's profit margins have been squeezed by increasing costs. The

downturn in the motor industry last year has also played its part in giving this company an uncomfortable 12 months.

The big increases in raw material prices are one of the cost factors which had an adverse affect on the company, which is a subsidiary of Ever Ready of Britain.

The director's report will be issued on June 27. Because of prevailing economic conditions and the prediction that the next 12 months are not likely to show much of an improvement, it is almost certain the directors will not give shareholders any good news to chortle over.

DUGSON

DUGSON HOLDINGS increased its taxed profits for the year to December 31 last to R595 000, compared with R317 000 in the previous year.

The dividend has been pegged at 10c.

The chairman, Mr M. Shein, says in his annual review he is confident that his group will experience a favourable 1975.

No more loans until detente say bankers

5 APR 27/5 /8

Own Correspondent

DURBAN — Two top South African bankers have warned that South Africa is becoming "horribly over-borrowed" on overseas capital markets and that this country should adopt a more orderly approach to its foreign borrowing.

Mr R. A. Setter, managing director of Rand Bank said in Durban that overseas bankers were becoming more conservative, because of limited resources, in evaluating applications for resources.

Mr Setter said there

was a new awareness with regard to South Africa's political policies, but it had been clear that there would be no loans forthcoming until detente was reached in Africa.

Mr Setter called for the establishment of a "central agency" to handle all South Africa's infrastructural borrowings overseas and thereby create "banking order" in South Africa.

He said: "Everybody is scrambling for money in overseas markets" for example Iscor and Escom, one after the other. This had led many overseas bankers to believe that South Africa was over-borrowed.

Mr J. H. Gerber, managing director of Federale Bank has also warned South Africa will be unable to "get the foreign capital we need to expand our economy" in the next few years.

He reminded that one South African organisation had found great difficulty in raising a R10m loan at the end of last year, after being told overseas: "You have borrowed too much."

Added to this situation was the fact that savings had dropped dramatically in South Africa recently.

"Savings in the last number of years have averaged 10 percent of national income. In the last year this figure dropped to around four percent," he said.

Mr Gerber called for increased incentives to encourage savings.

Both bankers were addressing delegates to the change-orientation and planning seminar being held in Durban this week by the Graduate School of Business of the University of Stellenbosch.

HANSARD 17 Q. 1103-4

6 June 1975.

Supplying of information about businesses to persons outside Republic

*19. Dr. A. L. BORAINF asked the Minister of Economic Affairs:

- (1) Whether any persons have applied in terms of section 2 of the Second General Law Amendment Act of 1974 for permission to supply information as to their businesses to persons outside the Republic; if so, how many;
- (2) whether any of the applications were refused; if so, (a) how many and (b) for what reason in each case.

+The MINISTER OF ECONOMIC AFFAIRS:

(1) Yes, 38.

(2) Yes.

(a) Two.

(b) Permission was refused in both cases because the relevant order of direction issued or emanating from outside the Republic was addressed to a foreign company which was a minority shareholder in the South African company which applied for permission to furnish the information which would have enabled the foreign company to comply with the relevant order of direction.

1312
2165

STAR 12/6/75

Foreign firms can invest in uranium plant

John Patten,

Political Correspondent
CAPE TOWN — The Government has opened the way for overseas and private enterprise participation in South Africa's planned new uranium enrichment plant.

In a statement in the Assembly yesterday afternoon and a subsequent interview, the Minister of Mines, Dr Koornhof, gave details of the decision of the Uranium Enrichment Corporation to establish a subsidiary company in which potential shareholders from private enterprise will be invited to participate, and which will have a stake in the new plant.

Negotiations with unnamed organisations over foreign participation were in progress.

SUBSIDIARY

If successful, a locally registered company with international shareholding would be established to build and run the enrichment plant.

The Ucor subsidiary, named ISASA (Pty) Ltd, would be the South Afri-

can shareholder in the company.

At present ISASA had Ucor and the Industrial Development Corporation as shareholders, but Dr Koornhof said: "I trust that organisations from the private sector will grasp this opportunity to undertake uranium enrichment on a large scale together with the state."

The Minister indicated that feasibility studies for the plant were complete.

These studies, in conjunction with expert opinion from other industrial countries, gave confidence that the full-scale enrich-

ment plant was not only feasible, but was justifiable on purely economic grounds.

South Africa was always willing to share its knowledge on uranium enrichment with friendly countries and to tackle uranium enrichment as an international undertaking.

Dealing with the significance of the large-scale uranium enrichment plant, he said its initial capacity would be about 5 000 tons a year. At R50 a kg, the plant would earn about R250-million a year in foreign exchange.

1. Copy

2. State Department

inflow

saver

R327m helps payments

By **HOWARD PREECE**
Financial Editor

RDM
19/6/75

A WHACKING net capital inflow of R327-million helped South Africa effectively to break even on the balance of payments in the first quarter of this year. This is shown in the Quarterly Bulletin of the Reserve Bank.

There was a shortfall of R319-million on current account which, with a loss of R13-million on valuation adjustments, gave a net drop of R5-million in the gold and foreign exchange reserves.

This was reflected in a drop in the foreign exchange holdings of the private bank sector.

The holdings and the gold assets held by the Reserve Bank rose by R22-million.

The impact of falling gold production — down 9 per cent in the first three months of this year — is seen in the value of net gold output of R638-million.

GROWTH RATE

The average gold price was 2 per cent higher than in the last quarter of 1974, but the value of net output fell by R75-million.

Confirmation that a minimum real econo

growth rate of 4 per cent this year can be expected is given by the bulletin.

The bank expects a rate of between 3 per cent and 4 per cent, which is marginally lower than previously expected. As the bank says, however: "These estimates still compare favourably with those for most developed countries."

Even so, it is a pertinent reminder that there is a lot of difference between increasing the target rate of the Economic Development Programme to an average annual growth of 6.4 per cent and achieving it. The hare is not so easily cased.

It is also not going to be so easy as some think to get the next boom moving.



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LONDON SEMINAR ON SA INVESTMENT OVERSUBSCRIBED

ARGUS
2/7/75

The Argus Bureau

LONDON. — A one-day seminar on investing in South Africa, which opens here tomorrow, has been oversubscribed three times, according to Mr John C. Killip, chairman of the Industrial and Commercial Review, which is one of the organisers.

'We have held seminars on every world market over the past two years — Brazil, Germany, Japan among them — and this is the first time this has happened,' he said.

'I had telephone calls from two leading banks in Germany, but had to turn them down. I have been delighted with the reaction.'

Altogether 170 delegates will attend the seminar and hear papers delivered by, among others, the South African Secretary for Finance, Mr Gerald Brown, Dr W. B. Coetzer, chairman of the General Mining and Finance Corporation, Mr J. J. Kitchhoff, chairman of the Industrial Development Corporation, and Dr J. Adendorff, of the Bantu Development Corporation.

Others will include Dr C. N. Phatudy, Chief Minister of the Lebowa Government, and Paramount Chief Kaiser D. Matanzima, Chief Minister of the Transkei.

SA DELEGATES

Altogether 15 delegates will come from South Africa, in addition to most of the 12 speakers. 'As the seminar is on investing in South Africa, I did not want a South African audience,' said Mr Killip. 'I wanted to speak

to the unconverted in Europe.'

Most of the delegates will be from Switzerland, Holland, Germany, France, Italy and Britain.

The South African speakers have had meetings this week with companies which are interested in investing in South Africa, particularly the homelands.

They are also attending various functions, including one given by South African Airways. Most of the speakers are staying in London's new Intercontinental Hotel, near Hyde Park Corner, where the seminar will be held.

Several British MPs are expected to attend the

seminar, but the British Government itself will not be officially represented, although it is understood that an official from the Department of Trade will be there.

The Anti-Apartheid Movement is well aware of the seminar, and plans to picket the hotel tomorrow morning. Some British MPs are expected to be among the pickets.

The AAM has also taken other steps. It wrote to the hotel management asking it to call off the seminar, but received no reply. It has also asked the Labour Party to make urgent representations to the Government about the seminar.

R.I.M. homeland investment?

Daily Dispatch 2/1/77

LONDON — A plan to invest £100 million in a South African homeland is about to be finalised by a British firm.

This was said here yesterday by Mr John Killip, the organiser of an investment seminar which will be attended by three homeland leaders, including the Chief Minister of the Transkei, Chief Kaiser Matanzima.

Mr Killip did not name the homeland. He also said a large pottery might soon be established in another homeland and hoped plans for a cement factory in the Transkei might soon be finalised.

There is also a rumour that a British company might finance the building of a harbour.

The seminar will be attended by the biggest ever group of foreign investors to consider pouring money into South Africa, confident that détente has eased the political climate against investment.

They represent 45 leading European banks and companies from all over the world, with tens of millions of pounds to spend.

But the seminar could become the hottest political potato of the year.

The Left-wing Tribune group leader, Mr Sydney Bidwell said: "This will certainly be taken up most strongly and heatedly in the House of Commons. It is simply incredible that a seminar of this sort can be mounted in London."

The Anti-Apartheid Movement also condemned the

seminar and accused the British Government of encouraging economic involvement in South Africa's apartheid policy by allowing it.

While opposition is mobilising, having been caught almost completely unaware of the seminar, the organisers are claiming it as a major coup and kick-in-the-face for anti-apartheid groups. They see it as a triumph of business common sense.

They are so confident of their success that they are planning another seminar to be held in West Germany within months. On Friday the party will go to Amsterdam to meet businessmen.

Dr Johannes Adendorff, managing director of the Bantu Investment Corporation, said he would announce today that Mr Killip, a member of the British Industrial Development Board, would be appointed as industrial development adviser of the corporation for Britain, Europe and other parts of the world.

Mr Killip said investors were coming from America, France, Switzerland, Norway, Germany and Belgium. A former finance minister of Indonesia would also attend, and three Irish businessmen would see Dr Adendorff today. — DDC/SAPA/RNS.

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STAR 3/7/75

Africa's giant in investment

Half of all foreign investment in Africa goes to South Africa, the chairman of General Mining, Dr W B Coetzer said.

Although South Africa is on the tip of Africa and houses only six percent of its population, its production is nearly half that of

all other African countries, he said.

South Africa generates half the continent's electricity and carries 60 percent of its railway freight.

Dr Coetzer added that direct and indirect foreign investment in South African businesses rose at an annual rate of 11 percent from 1966 to 1972.

ESTIMATE

During this period, it increased from R2 286m to R4 700m in 1972 and represented 21,5 percent of all new investments in South Africa.

Dr Coetzer estimates that the value of all foreign investments in South Africa — both private and public sectors — exceeds R9 000m.

He said potential growth areas in the South African economy are:

- The spending power of the Blacks.
- The development of

South Africa's infrastructure.

● The television, construction, textiles, engineering and chemical industries.

He believes the mining industry will grow faster than other sectors in the South African economy.

South Africa's internal affairs had faced severe criticism but, once critics had made the effort to visit the country, their attitude changed completely.

This view was expressed by past president of the SA Federated Chamber of Industries Mr Harold Morecombe addressing the conference.

He stressed the need for businessmen all over the world to work closely together because of the understanding and mutual trust built up through business links.

South Africa, he said, had a remarkable record of industrial peace and a large slice of the free world's resources.

R1,6 billion on homelands — Phatudi

STAR 3/7/75

Already a total of R1 625 000 000 had been pumped into the homelands and more incentives had been offered. Dr C N Phatudi, Chief Minister of Lebowa, said in London.

Painting a bright picture, he said that in the four-year period since 1971 more than R1300-million has been invested in the homelands by commerce.

Stability

In order to prepare the people for a new economic life, education was spear-headed with an investment of more than R100-million over the last three years, Dr Phatudi added.

He told overseas businessmen and industrialists that the political and economic stability of the homelands gave unparalleled opportunities for investors.

The homelands were one of the safest investment opportunities anywhere, especially for those industries requiring a new lease of life.

He underlined invest

ment incentives, such as low-interest loans, tender privileges, liberal tax holidays and premises.

"Our political stability is enviable, our labour peace unbelievable and our economic stability a matter of great jealousy," he continued.

"It is safe to say that your managerial skills together with our raw material potential, adequate labour and surface resources would combine into the optimum type of industrial undertaking so much sought by shareholders."

He warned industrialists that they would be "naive" to think a vast pool of cheap labour existed in the homelands.

"Cheap labour only remains cheap until someone in their ranks gets a bit of savvy and the utopian bubble bursts."

1 170
2 101
3 Capital
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Dr. Phatudi — unparalleled opportunities.



Mr Harold Morcombe

Investors told of homeland potential

The Argus Bureau

LONDON. — The importance of new concessions being offered to overseas industrialists who invest in the Bantu homelands has been emphasised here by Dr J. Adendorff, managing director of the Bantu Investment Corporation, who said the concessions were now about double what they had been previously.

Dr Adendorff was supported by Mr Franko Maritz, managing director of the Xhosa Development Corporation; Mr John Miller, international manager of the Trust Accepting Bank, one of the seminar's sponsors; Chief Kaiser Matanzima of the Transkei, and Dr C. N. Phatudi, of Lebowa.

He used as an example of the new concessions a labour-intensive industry with a capitalisation of about R3-million.

CONCESSIONS

'Under the previous concessions, this would have had a tax concession of about R700 000,' said Dr Adendorff. 'Under the present concessions it is now R1.8-million.'

The stability of the homelands was also emphasised by Chief Matanzima and Dr Phatudi.

'I want to assure you that the Transkei is highly civilised,' Chief Matanzima said. 'I cannot boast about any real infrastructure but we have got good roads, good rail links and everything that would make our state viable economically. All we need is capital investment and the know-how.'

Critics of SA told to see for themselves

The Argus Bureau

LONDON. — When critics of South Africa visited the country to see things for themselves their attitude invariably changed, Mr Harold Morcombe, past president of the South African Federated Chamber of Commerce said.

QUOTES

DR CEDRIC PHATUDI, Chief Minister of Lebowa:

'People in the Bantu homelands have a sound educational base for fast and rapid growth and are becoming a people well prepared for the future. We have adequate labour of all types fully willing and able to roll up their sleeves and to bend to the task of assisting in the development of their territories.'

DR W. B. COETZER, chairman of General Mining and Finance:

'Britain is earning an average return on her South African investments in excess of 12 percent, compared to an overall average of 8 percent on all her foreign investments. This compares with 8.9 percent on Britain's American investments, 6.8 percent on her Australian, and 5.1 percent on her Canadian investments.'

'South Africa takes up only 5 percent of the total area of Africa and houses only 6 percent of the continent's population, but its industrial production is nearly half of that of all the other countries together. South Africa generates 60 percent of total electricity and its railways carries about 60 percent of all railway freight, while its telephone system comprises 46 percent of all the telephones in Africa.'

DR J. ADENDORFF, managing director of the Bantu Investment Corporation:

'The average annual growth of the African population in South Africa is 3.1 percent and estimates indicate that about 120 000 male African workers will enter the labour market every year. About R160-million will have to be expended yearly to create sufficient job opportunities in the Bantu homelands.'

'It was doubtful whether the shortfall in capital requirements, as well as the skills necessary to create the required industrial jobs, could be supplied by South Africa alone. For this reason, foreign investment is imperative to enable us to reach our targets.'

MR L. LULOFS, chairman of the South African Foreign Trade Organisation:

'SAFTO has been formed to create machinery to enhance South Africa's exports and by this to increase the country's overall production. This would help to raise the level of the standard of living of all our inhabitants — an object which many of us constantly have in mind.'

'British industrialists should take advantage of the rapidly expanding South African market and the ever-increasing export possibilities. South Africa has been satisfied for too many years to let gold and other mineral wealth earn foreign exchange and this has obscured the real wealth — raw materials, abundant fuel, good climate and hundreds of thousands of men and women patiently waiting to be employed by us.'

Speaking at a seminar on investing in South Africa he mentioned the visit of five prominent British trade unionists in October 1973. In many respects their preconceived ideas had changed.

Mr Morcombe said South Africa's recent growth performance was well known. A political commitment had recently been given to a high rate of real growth of 6.4 percent in the interests of expanding job opportunities for Blacks, expanding living standards and narrowing the wage gap.

Critics were calling for change, but what they really wanted was the collapse of the entire social and economic structure of the country. However, they would call for this in vain.

In his view, the most desirable direction of change in South Africa was change on the labour front, and the position in this field was 'by no means glacial.'

CONFIDENCE

He had great confidence in South Africa's future and believed the changes were taking place in the right direction.

Another speaker, Mr J. J. Kitshoff, chairman of the Industrial Development Corporation told the seminar that 'if you were to ask me why we are so enthusiastic about our industrial development, I would single out six factors.'

He listed them as:

- Government stability.
- private enterprise.
- The open door to foreign capital.
- Agricultural and mineral resources.
- Electric power supply and nuclear fuels.
- Man-power resources.

He said: 'South Africa is gradually moving away from the old pattern in terms of which direct foreign investment in our manufacturing industry was mainly in the form of wholly owned subsidiaries of the overseas parent companies. Present thinking favours the idea of foreign capital operating in partnership with South African capital in proportions and on terms arranged between the partners.'

'This is, of course, merely a guideline and a preference — there is no legal bar to entry into South African industry through the establishment of wholly owned subsidiaries.'

Reasons STAR 3/7/75 for rapid progress

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Mr. J. J. Kitshoff, chairman of the Industrial Development Corporation, listed six reasons why we are so enthusiastic about our industrial development and why the rate of progress has been so gratifying.

- Stability of Government. Communication between Government and industry was close and cordial and getting better.
- The belief in both business and Government in the superior merits of the private enterprise system.
- The Government's open-door policy to foreign capital, which it treated equitably and hospitably.
- South Africa endowed with mineral and agricultural resources.
- It had plentiful, low-cost power.
- It had big manpower resources especially in the hidden reserve of potential skills among Blacks.

Massive growth on way

By the turn of the century the market in the homelands will be bigger than the whole White South African market today. Mr J. Adendorff, managing director of the Bantu Investment Corporation (BIC) told the symposium.

If African incomes grow at 7.5 percent a year, faster than the national average, their total income will then be R17 000m.

If half of the market is in the homelands, industrialists will be able to build factories there to cater for the African market alone.

He said by the year 2000, SA would at current growth rates have a gross domestic product of nearly R50 000m and would be a major economic power comparable to some European powers today. Poverty as a mass phenomenon will largely have disappeared.

However, with the African population growing at 2.1 percent a year, 120 000 African workers would need jobs each year.

About 60 000 of them would be absorbed through normal growth, but 60 000 new jobs would have to be created in the homelands.

Assuming that one industrial job creates two in the tertiary sector, 20 000 industrial jobs would have to be created.

And if creation of the industrial job costs R8 000, R160m will have to be spent on this in the homelands every year.

The BIC has R65m available for economic development in the homelands this year. Presuming R10m is provided by private enterprise, the BIC intends creating 10 000 new jobs in the coming year — which is only half of requirements, he said.

It was doubtful whether SA could provide the shortfall. "For this reason foreign investment is imperative," he added.

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We guarantee your money, says BI Corp

By GEOFFREY ALLEN
LONDON. — Delegates to a South African investment seminar in London were slammed yesterday for claiming South Africa was politically stable when she was guaranteeing investors would not lose money through political activity.

Dr Johann Adendorff, managing director of the Bantu Investment Corporation, told a Press conference the guarantees were being offered because some investors, not fully aware of the South African situation, were nervous of investing in South Africa.

The Press conference, attended by most major British newspapers, turned

sour when delegates to the controversial seminar were pushed to answer specific points on political stability in South Africa.

Chief Kaiser Matanzima of the Transkei, was asked why people were arrested without trial in what he called the "totally stable" Transkeian homeland.

He said the emergency powers under which people were arrested had been imposed by the South African Government.

UNIONS

"We will repeal them the moment we get independence," Chief Matanzima said.

But he added: "There is nothing to stop us including some of these powers in our own security code."

Chief Matanzima was asked by the Times if he intended to perpetuate the

disparities of pay and labour conditions in the Transkei by not allowing trade unions.

"You have told us of all the safeguards for investors. What about safeguards for the worker?" he was asked.

Chief Matanzima said workers' liaison committees would negotiate fair conditions. Trade unions might eventually be allowed in the Transkei, but not while attempts to establish industry were being made.

"We don't want to offer industrialists the sort of crippling trade unions you have here in Britain," he said.

Political opposition to the seminar is growing rapidly.

● There is a threat of the Labour Party clashing with the civil service.

● The Labour Party central office is furious that a Department of Trade observer will attend.

● The Anti-Apartheid Movement is aghast that the conference is being held in London.

● The Labour Leftwing and British Press are "appalled that money might flow out of Britain when she faces economic doom."

F.M. 4/7/75

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INVESTMENT

South African Utopia

London's Intercontinental Hotel was like a Utopian island in the middle of hell this week. While government, trade unions and industry again crossed swords on Denis Healey's latest proposals to fight still-soaring inflation in Britain, ten top-brass visitors from SA and two local dignitaries were extolling the Republic's virtues at Trust Accepting Bank's seminar *Investment Opportunities in SA*.

The high-powered audience of European business leaders must have turned green with envy to hear Lebowa Chief Minister Cedric Phatudi tell them: "Our political stability is enviable, our labour peace unbelievable and our economic stability a matter of great jealousy".

Considering British industry's present mood of frustration and uncertainty, it wasn't surprising that most speakers emphasised the Vorster government's commitment to free enterprise. "Whether one agrees with all its policies and practices, or not, is really beside the point,"

IDC's Kitshoff . . . tea and sympathy

noted IDC Chairman Jan Kitshoff. "What counts is that one knows where one stands and that one is not likely to be confronted with sudden and violent changes in approaches."

Echoing him was General Mining Chairman Willem Coetzer: "I must stress that the threat of nationalisation is non-existent in my country. We also have no aversion towards the multi-national company concept." And from government's side, Secretary for Finance Gerthm Brown assured delegates that "expropriation or nationalisation of foreign investments are completely alien to our philosophy".

When it came to specific investment areas, the emphasis fell on opportunities in the Homelands and border areas. Bantu Investment Corporation MD Dr Johannes Adendorff put it bluntly: "We are here today, gentlemen, to solicit your support in the development of the under-developed Bantu Homelands."

Supported by Xhosa Development Corporation MD Franco Maritz, Chief Minister Phatudi and Chief Kaiser Matanzima, Adendorff made investment in the Homelands sound even more attractive than in White areas. He pointed out: "All labour legislation has been suspended as far as the Bantu Homelands are concerned".

More realistically, Decentralisation Board Chairman August Kretzschmar noted some of the problems in decentralised areas: inadequate housing, tele-communications and rail facilities and consequent difficulty of getting white Whites to move there.

All in all, the rosy picture painted of investment opportunity in SA makes it likely that at least some delegates will be taking up Kitshoff's invitation to visit the IDC in Johannesburg for investment advice and "a nice cup of tea"

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Assurance given to UK investors

Cape Times
4/7/75

Cape Times Correspondent

LONDON. — Many potential investors had been scared off Africa by a general tilt to the left in the continent, but an independent Transkei would not tolerate militant trade unionism, Paramount Chief Kaiser Matanzima told financiers at a seminar in London yesterday.

The Transkei Chief Minister said: "All-take-and-no-give trade unionism which bedevils industry in many parts of the world is something the Transkei cannot afford, and my government will not tolerate it."

But he added: "Employers are expected to pay a fair wage for a fair day's work."

Scheduled for independence next year, the Transkei would pursue a policy of "capitalism with a conscience" which would guarantee higher rewards to those with greater initiative and industry.

Also speaking at the seminar, Dr Johannes Adendorff, managing director of the Bantu Investment Corporation, said that without foreign investment South Africa would be unable to create sufficient work for its rising African population.

About 120 000 African male workers entered the South African labour market annually, of which 60 000 were absorbed by normal growth of the economy.

That meant an additional 60 000 jobs had to be created annually, Dr Adendorff said.

On the assumption that each industrial job generated two additional jobs through the "multiplier effect" a minimum of 20 000 industrial jobs would have to be provided each year to absorb the inflow of workers.

The Bantu Investment Corporation calculated that it would be able to provide 10 000 industrial jobs a year from its own funds (R65m.).

The anticipated shortage of jobs would be 10 000, half the requirements.

Earlier the Chief Minister of Lebowa, Dr Cedric Phatudi, gave assurances against socialism and nationalization of foreign investments.

"We do not envy success of others (and) it is not in our past or present or future to grab what is not rightfully ours."

He emphasized his rejection of segregation, and commitment to non-racialism.

● Sir Arthur Snelling, British Ambassador to South Africa from 1970 to 1972, said he did not believe that South Africa was "going to blow up in the foreseeable future" in spite of external and internal threats to its stability.

He said that he was convinced that barring unforeseen circumstances, the safety of capital invested in South Africa would be much greater over the next 10 years or more than that put into any other part of Africa.

He also believed that on balance, capital invested in South Africa would be better than in most of mainland Asia, Latin America and even parts of Europe.

Sir Arthur was examining the potential threats to the South Afri-

SA needs a lot from overseas

RD17
4/7/75

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By C. H. F. J. S. CAIRNCROSS
Industrial Editor

THE value of new fixed investment in South Africa over the next 10 years could reach R50 000 million, according to Dr W. B. Coetzer, chairman of General Mining, who stresses that a good percentage of the funds will have to come from foreign sources.

He said at an international seminar in London yesterday that the level of indirect and direct investment by foreigners amounted to almost 22 per cent of all new investment in the private sector.

The seminar's theme is investment opportunities in South Africa.

Dr Coetzer said that in value terms all foreign investments in South Africa, in both the private and public sectors, probably exceeded R9 000 million, of which more than 50 per cent came from the sterling area.

Because of the growth projections for the South African economy, investments from abroad would be welcomed. He accepted, however, that there were certain constraints — exchange controls, regulations — which "must be irritating and inhibiting to some overseas investors."

BLOCKED RAND

Specific reference was made to the blocked rand system, which many potential foreign investors have claimed to be one of the main restrictions dissuading them from putting money into South Africa.

Dr Coetzer said there was a sincere wish on the

part of the country's monetary authorities to break down the image built up by this blocked rand system.

He believed the abolition of the official gold price of \$42,22 an oz and the possibility that inter-central-bank clearing could soon be effected in gold would cause the authorities to introduce changes to South Africa's exchange system.

"I, personally, am very hopeful that we will see some relaxation of restrictions on the outflow of foreign capital in the foreseeable future," Dr Coetzer said.

The Secretary of Finance, Mr Gerald Browne, gave a clear hint that the South African Government was giving serious thought to changing the blocked rand system.

He said that while it had been necessary in 1961 to impose restrictions on the withdrawal of capital from the country, "we are at present reconsidering the whole system of blocked rand and I hope it may be possible to introduce more flexibility into the system."

UPTURN

According to Reuters bankers in South Africa said yesterday that while no major change or scrapping of the system was envisaged, a proposal to make non-resident blocked rand cash balances transferable was being considered.

If such a proposal were accepted, the bankers said it would allow potential United States and European buyers of South African shares to bypass the London market and buy direct in Johannesburg.

Stockbrokers see a potential upturn in business as a result, believing also that the blocked rand pool

would be more fluid if cash balances were made transferable.

They also pointed out that because of the controls on the market by the British authorities, London had lost its position to New York as the major overseas market for South African gold shares.

Because of the location of the investment seminar, it is worth noting that, almost without exception, speakers believed that a tempting feature which would encourage British industrialists to invest in South Africa was that there is no "threat" of nationalisation.

"I need hardly say that expropriation or nationalisation of foreign investments are completely alien to our philosophy," was how Mr Browne phrased it.

Attention was also drawn to the fact that South Africa has little industrial unrest and is not subject to the type of crippling trade unionism prevalent in Britain; that the South African economy is aggressively capitalistic; and that the tax structure is not as prohibitive as elsewhere.

New deal on blocked rands likely

Cape Times 4/7/75

JOHANNESBURG. — The South African authorities are considering changing the country's blocked rand system which could mean the creation of a market for blocked rands operating with official blessing, banking sources said.

While no major change and certainly no scrapping of the system is envisaged, a proposal to make non-resident blocked rand cash balances transferable is being considered, bankers said.

The authorities, commercial banks and the Stock Exchange have been holding discussions for some weeks now on ways and means to streamline the country's numerous exchange controls.

The numerous suggestions put forward are being studied by the authorities and while no major changes are expected, the most interesting one is that of transferability of the blocked rand. This, bankers say, will

Flexibility hope

JOHANNESBURG. — South Africa is at present reconsidering the whole system of the blocked rand and "I hope it may be possible to introduce more flexibility into the system", the Secretary for Finance, Mr. Gerald Browne, told an investment seminar in London. Mr. Browne said in a speech released here that it had always been South African policy to permit the transfer of all current profits, interests and dividends. Since 1961 South Africa had had to impose restrictions on the withdrawal of capital, but these had not discouraged the very considerable foreign investment over this period. — Reuter

allow potential US and European buyers of South African shares to bypass the London market and buy direct in Johannesburg.

Stockbrokers are very enthusiastic and see a potential upturn in business as a result. At present blocked rands are transferred via share deals through the Stock Exchange, and the loss of

this if cash balances are made directly transferable is seen as minor by brokers.

Brokers said the blocked rand pool will be much more fluid if cash balances are transferable. They also point out that London, because of the various controls placed on the market by the UK authorities, has lost its position to New York as

the major overseas market for South African gold shares.

As one broker put it, a buyer needs a price rise of some 15 to 20 percent to break even in London under present circumstances. There is just no interest in London now, he said.

Bankers said, concerning other aspects of exchange control, that the authorities are attempting to simplify the system and give the banks more scope in dealing with applications up to certain limits.

In this context, as a direct result of inflation, a doubling of the tourist allowance to R4 000 a person and increasing immigration allowances and monthly transfers to dependents abroad is possible, they said.

Bankers, while very encouraged by the moves to streamline change control, do not expect any dramatic changes in what will be they say is es-

entially a very slow process.

Generally, the proceeds from the sale in South Africa on non-resident-owned investments are subject to a blocking procedure, under which the proceeds must be credited to a blocked account with a local authorized dealer in

foreign exchange in the name of the non-resident.

These blocked funds can be normally used only for re-investment in locally quoted securities, or converted to foreign currency as follows:

● Tendering for non-resident bonds which are issued by the Government and are redeemable in

foreign currency five years from issue date.

● Purchasing of subscriptions for Government, municipal or public utility stocks which will be redeemed in foreign currency if held by non-resident for at least five years.

● Buying South African shares which are quoted abroad. — Reuter

Plea for relaxation on capital outflow

JOHANNESBURG. — General Mining and Finance Corp Ltd chairman, Mr W B Coetzer, said he was very hopeful of some relaxation of South African restrictions on the outflow of foreign capital in the foreseeable future.

Mr Coetzer told an investment seminar in a speech released here that he was aware that the

authorities had been working hard at this problem over the past few months.

The abolition of the official gold price and the possibility of inter-central bank gold transactions in the near future would certainly facilitate positive changes in South Africa's foreign-exchange system. — Reuter

Your money's safe in S.A. says ex-envoy

Natal Mercury 5/7/75

LONDON—It is difficult to avoid the sensation that the Third World is closing in on South Africa, Sir Arthur Snelling, a former British Ambassador to Pretoria, said yesterday at a seminar here on investing in the Republic.

Frelimo, sitting astride the Rand's main lifeline to the sea, were within 400km of Pretoria.

The writing was on the wall for the Rhodesian Government after ten years. South West Africa would undergo a major constitutional change before long.

South Africa's dramatically-increased defence expenditure was understandable in this situation, he said.

An African military invasion of the Republic could be ruled out as suicide. Infiltration and guerrilla activity would not succeed.

Economic pressure would be more serious. The Achilles heel of the Republic was, paradoxically, the size of its foreign trade and investment.

"A thorough-going economic boycott by Black Africa, backed by the new strength of oil-rich Nigeria, supported perhaps by the Arabs and some of the Asians could be effective if it forced British, European, North American and Japanese firms to sever their connections and their trade with South Africa, as the price of being allowed to continue their operations in other parts of the world."

He was not saying this would happen, but it was a danger which had to be assessed.

Attempts would be made at such action but, like sanctions against Rhodesia, they would fail through lack of enforcement.

Britain would oppose any such boycott plan. If peace were to return to major world trouble spots it would radically change this position. Attention would be focused on Southern Africa.

But if one considered this to be a remote possibility, one could dismiss the threat to South Africa.

He did not think the homelands would become a focus of discontentment and a source of trouble on South Africa's frontiers.

While typical leaders further north in Africa tended to be socialist, the typical African ruler, actual and prospective, in Southern Africa was inclined towards conservatism.

He put complete trust in Chief Kaiser Matanzima of the Transkei and Dr. Cedric Phatudi of Lebowa when they said their countries would welcome foreign investment and treat it fairly. He was confident British firms would play an expanding role in the economic development of the homelands.

Barring accidents and major slumps, given continued flexibility and restraint on the part of the South African Government and except in the highly improbable circumstances of the virtual disappearance of tension elsewhere in the world, the safety of capital invested in South Africa would, over the next decade and more, be considerably greater than that put into any other part of Africa, and on balance, better than that in most of mainland Asia, Latin America and even parts of Europe, he concluded.—(Sapa.)

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Unions hit

at Kaiser

Daily Dispatch
visit 5/7/75

BRUSSELS — The International Confederation of Free Trade Unions here has joined The Netherlands trade union movement in protesting against the visit of Bantustan leaders to Europe on an investment-promotion campaign.

The confederation said in a statement yesterday: "Public opinion must not be deceived by South Africa's use of Bantustan leaders, such as Chief Kaiser Matanzima of the Transkei, who do not represent the wishes of the majority of African peoples of South Africa and even less the wishes of the African workers in the Republic."

The campaign was a manoeuvre by the South African Government and yet another smokescreen for the realities of the apartheid Republic, characterised by discrimination against the African majority and aimed at the protection of the interests of the dominant white minority, alleged the confederation.

The statement added: "Because one of the baits used in the investment-promotion campaign takes the form of a guarantee that trade unions will not be allowed in the Bantustan itself, warrants an outright condemnation of the campaign." —DDC.

See Table 6/173

THE HORN OF AFRICA

London

DESPITE high-powered competition from eight of their White colonial patriots, it was the homelands leader, Paramount Chief Kaiser Matanzima of the Transkei and Dr C. N. Phatudi of Lebowa, who stole the show at this week's seminar on investing in South Africa.

Not that either said anything out of line with official policy. They went out of their way to stress, among other things, the political stability of the homelands — a theme hammered hard by the others.

But somehow it was hearing this from Black men with a stake in the country that impressed the 170 hard-nosed bankers and industrialists who made up the audience.

As the leader of the first of the homelands to

become independent, Chief Matanzima could not help but overshadow Dr Phatudi, and he certainly gathered the lion's share of publicity.

His main exposure, however, lay outside the conference hall — on television, radio, and before the Press, when he had to face searching and sometimes hostile questioning with no holds barred.

From the South African Government's point of view, he did not put a foot wrong — even when it was implied that he was a Government stooge.

"I am not at all collaborating with apartheid," he told Richard Kershaw, a BBC interviewer who put the question on television.

And he equally briskly dismissed a suggestion that the Transkei would not be really independent.

"I can assure you that the constitution of an independent Transkei will be drafted by Transkeian people, unlike other colonial states which had their constitutions drafted by the colonial power," he said.

Only once was the chief momentarily fazed — and he recovered quickly. This was when a reporter from the 'Anti-Apartheid News' asked at a Press conference why South Africa's emergency laws were still in force in the Transkei.

These laws would be repealed when the

Transkei became independent, said the chief. But he insisted firmly that there was nothing to stop his country incorporating some of the provisions in its own legislation. Any country was entitled to take steps to safeguard its security.

Dr Phatudi probably came closest to a departure from the official line. He made clear at the Press conference that Lebowa needed more land, and he insisted that his people wanted the present land, which was held in trust, to be handed over to them.

He also caused something of a stir at a lunch given by the Economist magazine when he said he would

like to meet members of the Anti-Apartheid Movement. But he added that he thought they knew what they were talking about.

Dr J. Atendorff, managing director of the Bantu Investment Corporation, and Mr Franco Maritz, managing director of the Xhosa Development Board, were probably the busiest of the other speakers.

They received numerous inquiries from prospective investors and, according to seminar sources, ended their stay with something in the region of R24-million worth of firm investment promises.

Although the seminar went off smoothly, the Anti-Apartheid Movement did its best to whip up opposition. It organised a line of poster-waving pickets outside the seminar hotel, and also wrote to the Labour Party and the Department of Trade to protest.

While the British Government was not officially represented, an official from the Department of Trade's Africa section attended as an observer.

Ironically, a Black British bobby was among a handful of policemen assigned to "protect" the delegates from the anti apartheid demonstrators.

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Demos lunatics, says Matanzima

Cape Times Correspondent

Cape Times
7/7/75

JOHANNESBURG.—On the outset of his European tour at the weekend, Paramount Chief Kaizer Matanzima, Chief Minister of the Transkei, dismissed London's anti-apartheid demonstrators as "insignificant lunatics".

The tour was preceded by two seminars, one in London and the second in Amsterdam, on investment opportunities in the homelands. The London seminar was picketed by anti-apartheid demonstrators.

Chief Matanzima and Dr Cedric Phatudi, Chief Minister of Lebowa, were key speakers at the seminars. Placard-carrying demonstrators tried to cut the ground from under their feet by describing

them as "Vorster's Uncle Toms".

Chief Matanzima said: "We put the case for South Africa and the Transkei. It was too important an occasion to take notice of lunatics. They were insignificant."

Dr Phatudi said "We ignored them. They were a very small group. They didn't worry us."

Both homeland leaders were confident that the seminars would bear fruit in the form of British and

European investment in their homelands.

Chief Matanzima spoke of a "great deal of interest" in the homelands as investment areas and Dr Phatudi of a "general enthusiasm" and of investors coming over to South Africa for a look at the homelands.

In his address to the London seminar Dr Phatudi said: "Our territories have been and are being consolidated into more manageable masses and the (SA) Government has bent over backwards to accommodate our requests for better lands."

It was put to Dr Phatudi that his statement hardly squared with the known objections of homeland leaders to the "final" consolidation plans already approved of by Parliament.

Dr Phatudi replied that he was dealing with the "positive side" at that point in his address, having already handled the negative aspects — "but we do want more land".

Second seminar planned

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8/7/75
Cape Times Correspondent
LONDON. — The international seminar on investment in South Africa held here last week was so successful that a second one will be staged in West Germany in February.

Already two West German banks have offered firm sponsorship for the seminar and an offer to hold a similar meeting came from Monte Carlo.

Angry confusion among the Labour Party left-wing and the Anti-apartheid Movement was never channelled into active demonstrations and many delegates at the seminar knew nothing of the political protests.

Mr John Killip, organizer of the seminar, said: "This is the most successful conference I have organized. I can assure you there will be several announcements fairly soon on big investments in

South Africa and the Homelands."

Although the conference was held behind closed doors, he said most of the 170 delegates from all over the world expressed interest in going to South Africa to research investment possibilities.

"As the British and European adviser to the Bantu Investment Corporation I can assure you that I will make plans to fly industrialists to South Africa as soon as they give us firm assurances that they are prepared to invest."

Most South African Government critics were amazed at the size and scope of the conference and bewildered that it could be held in London with a Labour Government openly opposed to apartheid. The Labour Party Central Office threatened to lodge an of-

ficial complaint with the Department of Trade which sent an observer to the seminar. The threat was withdrawn after the Department of Trade said the observer had not taken an active part.

"I expect that depends on how you define 'active', but we have decided to drop the protest," a Central Office spokesman said. South African delegates were openly intrigued at the idea of seeing a demonstration against them.

"I have often wondered what these things are like," Dr Johannes Adendorff, managing director of the Bantu Investment Corporation, said when 40 anti-apartheid demonstrators picketed the entrance to the seminar. The South Africans photographed them after deliberately avoiding using the internal corridor from their suites to the conference

hall at the lush Intercontinental Hotel where the seminar was held.

Mr Killip said many of the delegates had ill-defined ideas of the true political situation in South Africa.

"The claptrap in the British press about South African politics has clouded the view of many of them, but at the seminar we were able to assure them that even in the long term their investments would be safe. They were particularly impressed with assurances from Chief Kaiser Matanzima that the Transkei would move peacefully into independence."

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10255 SA (65)

Agent hires priest to put SA's case

The Argus Bureau

ARGUS 9/7/75

WASHINGTON. — Mr Donald de Kieffer, the controversial agent of the South African Information Department in Washington, has paid an equally controversial priest-turned-journalist to attend the stockholders' meetings of corporations under attack by anti-apartheid critics and, hopefully, to 'put the other side of the story.'

The priest is the Rev Lester Kinsolving who gave up his parish in the American West to become a highly effective journalist and radio commentator in Washington. He is an accredited member of the White House Press corps.

Mr de Kieffer today acknowledged that he had paid Mr Kinsolving's expenses to enable him to attend the stockholders' meetings of International Business Machines, International Telephone and Telegraph Co, and the Southern Company, all three of them targets of anti-apartheid church groups.

The church groups have evolved a technique of buying two or three shares in corporations doing busi-

ness with South Africa, thus winning the right to introduce resolutions at stockholders' meetings, to press for boycotts of South Africa and to denounce apartheid.

FIRE WITH FIRE

Essentially, Mr de Kieffer is fighting fire with fire. For each of the three meetings he bought Mr Kinsolving about 200 dollars (R140) worth of shares, about half Mr Kinsolving's normal lecture fee.

Mr de Kieffer says he exerted no control or supervision over Mr Kinsolving who merely spoke his own mind at the stockholders' meetings. At least one of the corporations — IBM — mentioned Mr Kinsolving in its minutes.

However, Mr de Kieffer could not have had much doubt about what Mr Kinsolving would say, because the priest-journalist had previously visited South Africa as the guest of the South African Government.

'HUNDREDS'

According to Mr de Kieffer, Mr Kinsolving is merely one of a number of people whom he has 'financed' in his efforts to bring critics and supporters of South Africa together. He declined to name the others but said that, including those on whom he had spent money for entertainment or luncheons, they numbered hundreds of people.

As an example of his efforts — one which cost him no money — Mr de Kieffer cited his part in bringing together the South African Minister of Information, Dr C. P. Mulder, with members of the Congressional Black caucus.

'They were very frank with him,' Mr de Kieffer said, 'and I think it is a healthy thing for South Africans to be directly exposed to what American critics have to say about them.'

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Buthlezi puts economic case

Natal Mercury 11/7/75

LONDON — The withdrawal of British investment in South Africa would have a negative effect, Chief Buthlezi of KwaZulu said in an interview published in Labour Weekly.

In the Labour Party's official organ Labour Weekly, Chief Buthlezi said he believed British investments in South Africa "could be used in a positive way in assisting us to reach justice for the Black people.

"I think that withdrawal is more negative, as far as I'm concerned, than investing. I believe that Britain should help organise those African trade unions that are already established," he said.

In the first of two articles on South Africa, interviewer Mrs. Ann Roberts called Chief Buthlezi a moderate, responsible leader.

He had told here: "We have been prepared to endure abuse in the hope that the Government's policy may be a road to real fulfilment for the Blacks.

"If this road is leading only to a cul-de-sac then our only real alternative is to seek fulfilment not in unreal "separate freedoms but in one South Africa, and in the only seat of power, which is Parliament." — (Sapa.)

MATANZIMA TO SEEK AID FOR TRANSKEI PORT

ARGUS

11/7/75

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The Argus Correspondent

PARIS. — Chief Kaizer Matanzima of the Transkei is to try to enlist the help of France and the Netherlands to build an ocean port for his country after it becomes independent in 1976.

The chief, who is currently on a European tour to seek investment in the Transkei, said he hoped that France would supply the money and the Netherlands the technology for the port. This was to be one of the topics discussed with a group of French bankers yesterday.

His visit to France is under the auspices of the French Foreign Ministry and included a meeting with the senior permanent Ministry official, Secretary General Geoffroy de Courcel.

He said that he was trying to convince European bankers and businessmen that the Transkei, as a new and undeveloped country, had all the possible potential to attract foreign investments.

The chief described his tour so far — he attended industrial seminars in Britain and the Netherlands before arriving here on Tuesday — as a success.

INTERESTED

European industrialists seemed very much interested in the Transkei although it was too early to talk of specific commitments. This would come later, he said, presumably closer to the Transkei's October 1976 independence date.

He added that he would like to invite French agricultural specialists to aid in the development of farming in the Transkei. He emphasised that he would welcome development loans from any European country that wishes to make one to us.

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10/10
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STAR
11/7/75

HOMELANDS VENTURES ON THE MOVE

Michael Chester, Financial Editor

Investors from at least five of the main European nations have started to lay plans to pursue the possibility of launching new ventures in the South African homelands.



CHIEF MATANZIMA — missions are coming.

Paramount Chief Kaizer Matanzima disclosed in Paris that a number of French bankers and industrialists he had met were now planning a series of missions to the Transkei to evaluate investment opportunities.

The Paris correspondent of The Star reported today that the Banque Nationale de Paris, one of the biggest in France, had confirmed it had now begun investigations into the potential of the Transkei as an investment zone.

The bank was reported to be considering the financing of a Transkei motor plant to assemble Berliet trucks. Chief Matanzima held talks with executives at the Berliet factory outside Lyons during his current tour of Western Europe.

The Chief Minister also said he had a "positive reaction" from French banking and business circles to his proposals to provide the Transkei with a port capable of handling export-import shipping.

NEW PORT

Mr Franko Maritz, managing director of the Xhosa Development Corporation, who accompanied Chief Matanzima on part of the tour, said on return to South Africa today that there now appeared very real chances of the creation of a new big port along the Transkei coast.

He said speculation that the site would probably be Port St Johns was off the mark. Port St Johns was impractical, he said. But there were several alternative possible points along the coast that were to be studied.

The response among potential investors in the wake of the tour — highlighted by special seminars in both London and

Holland — had been "most encouraging."

Missions to the Xhosa homelands were also now being planned by investors in Britain and the Netherlands and were expected to arrive around November.

"The climate is perfect at the moment to talk to European investors about ventures in Southern Africa," said Mr Maritz.

"It is not only labour costs that is a big consideration in their thinking — it is the prospect of labour stability."

"Investors in Britain in particular are thoroughly fed up with the unrest among labour forces and the excessive demands of the UK trade unions."

"Also, investors are looking at the potential of the Transkei as a launching pad for export drives into Black Africa. Some of them even see chances of export programmes back into Europe itself."

Mr Maritz was also optimistic about a new flow of investment from West German industrialists with whom he held talks.

The Rome correspondent of The Star reported that Chief Matanzima was due in Milan today on a three-day tour of Italy.

He will in particular be holding talks with the huge Bertrand textile company, of Biella.

A Bertrand spokesman said: "Our company has a very strong interest in investing in the Transkei. We have already drawn up a programme for the development of textile factories, there for fabric distribution on the South African market."

I understand the first phase of the Bertrand proposed plant will involve an investment of more than R2m but the ultimate investment plan grows to R12m.

Phatudi confident of overseas aid

Evening Times 12/17/75

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Cape Times Correspondent

JOHANNESBURG. — Dr Cedric Phatudi, Chief Minister of Lebowa, returned to South Africa yesterday convinced that overseas investors no longer saw the homelands as South Africa's "hostage states".

He predicted that overseas money would soon flow into the homelands, even from industrialists against investment in white South Africa.

His prediction came after a two-week tour of Britain, Holland and Germany. The tour included two investment seminars, one in London and the second in Amsterdam.

Dr Phatudi and Paramount Chief Kaiser Matanzima of the Transkei were key speakers at both.

Industrialists were all along labouring under misconceptions and would not distinguish between the homelands and the Republic of South Africa, Dr Phatudi said yesterday.

"Those who were not in favour of investing in the homelands thought that if they invested in them they would be investing in the Republic of South Africa."

"So a distinction had to be made and I think that distinction is a very healthy interpretation of the situation. I have no doubt that there was a

breakthrough in understanding the situation of the homelands."

Was he saying that industrialists not in favour of investing in South Africa itself would invest in the homelands?

"They would. I gained the impression that they would come into the homelands insofar as they understood the homeland situation much more clearly than before."

Turning to anti-apartheid demonstrators in London who described homeland leaders as "Vorster's Uncle Toms,"

Dr Phatudi said: "Paramount Chief Matanzima and I treated the demonstrators with contempt."

POLITICS

Homelands 'are not hostage states'

By PATRICK LAURENCE

DR CEDRIC PHATUDI, Chief Minister of Lebowa, returned to South Africa yesterday convinced that overseas investors no longer see the homelands as South Africa's "hostage states".

He predicted overseas money would soon flow into the homelands, even from industrialists against investment in "White" South Africa. His prediction came after a two-week tour of Britain, Holland and Germany.

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"Industrialists were all along labouring under misconceptions and would not distinguish between the homelands and the Republic of South Africa," Dr Phatudi said yesterday.

"Those who were not in favour of investing in the homelands thought that if they invested in them they would be investing in the Republic of South Africa.

"So a distinction had to be made and I think that distinction is a very healthy interpretation of the situation. . . I have no doubt that there was a breakthrough in understanding the situation of the homelands.

Was he saying that industrialists not in favour of investing in South Af-

rica proper would invest in the homelands?

"They would. I gained the impression that they would come into the homelands in so far as they understood the homeland situation much more clearly than before."

Turning to anti-apartheid demonstrators in London who described homeland leaders as "Vorster's Uncle Toms," Dr Phatudi said: "Paramount Chief Matanzima and I treated the demonstrators with contempt. They were just ignorant. They say we are Uncle Toms. Can you imagine rubbish like that?"

But Black students of the

South African Students Organisation took a similar view at their annual congress only a day or two ago when they described homeland leaders as "robots" — did that mean that they were also ignorant?

"Yes, the very people who criticise us have never been to see my homeland in Lebowa.

"If I asked them about the potentiality of Lebowa in terms of minerals, agriculture and things like that I am sure they won't tell me anything. If I asked them about education and the facilities we are trying to provide, I am sure

they won't tell me very much.

"Whereas they are in South Africa, they are very ignorant of their own country."

During Dr Phatudi's absence a key Lebowa Cabinet Minister, Mr Collins Ramusi, expressed "shock" that he should have cooperated closely with Dr Johannes Adendorff, of the Bantu Investment Corporation, during the tour.

Mr Ramusi was "shocked" because of the unresolved dispute between Lebowa and the corporation over a development project in the homeland.

Black business 'refuses to stay in back seat'

Staff Reporter

WITZIESHOEK. — Mr S. M. Motsuenyane, national president of the National African Federated Chamber of Commerce (Nafcoc) said here that Southern Africa had entered a crucial political and economic era, which required Black and White businessmen to plan their economic destiny together.

Mr Motsuenyane was delivering his presidential address to more than 500 delegates in Witzieshoek.

He said the Black man was no longer prepared to be relegated to the back-seat as a spectator of events that were shaping his own destiny. He wanted to become a true economic partner.

White entrepreneurs

were afraid to risk their capital in the homelands unless they had effective control of the business. Africans were just as afraid to risk their autonomy by giving them this power and wanted to control them.

"If businessmen of all races had the right to trade wherever they wanted to in South Africa, we would not face this dilemma.

"But a White-Black partnership that does not recognise the right of the African to hold majority shares in business ventures operating in his own area, is wholly unacceptable to the African under the present political and economic system".

Mr Motsuenyane was loudly applauded when he

said the new era in Southern Africa required a rapid adjustment of norms and traditions to meet a future in which colour would not be the criterion determining business opportunities.

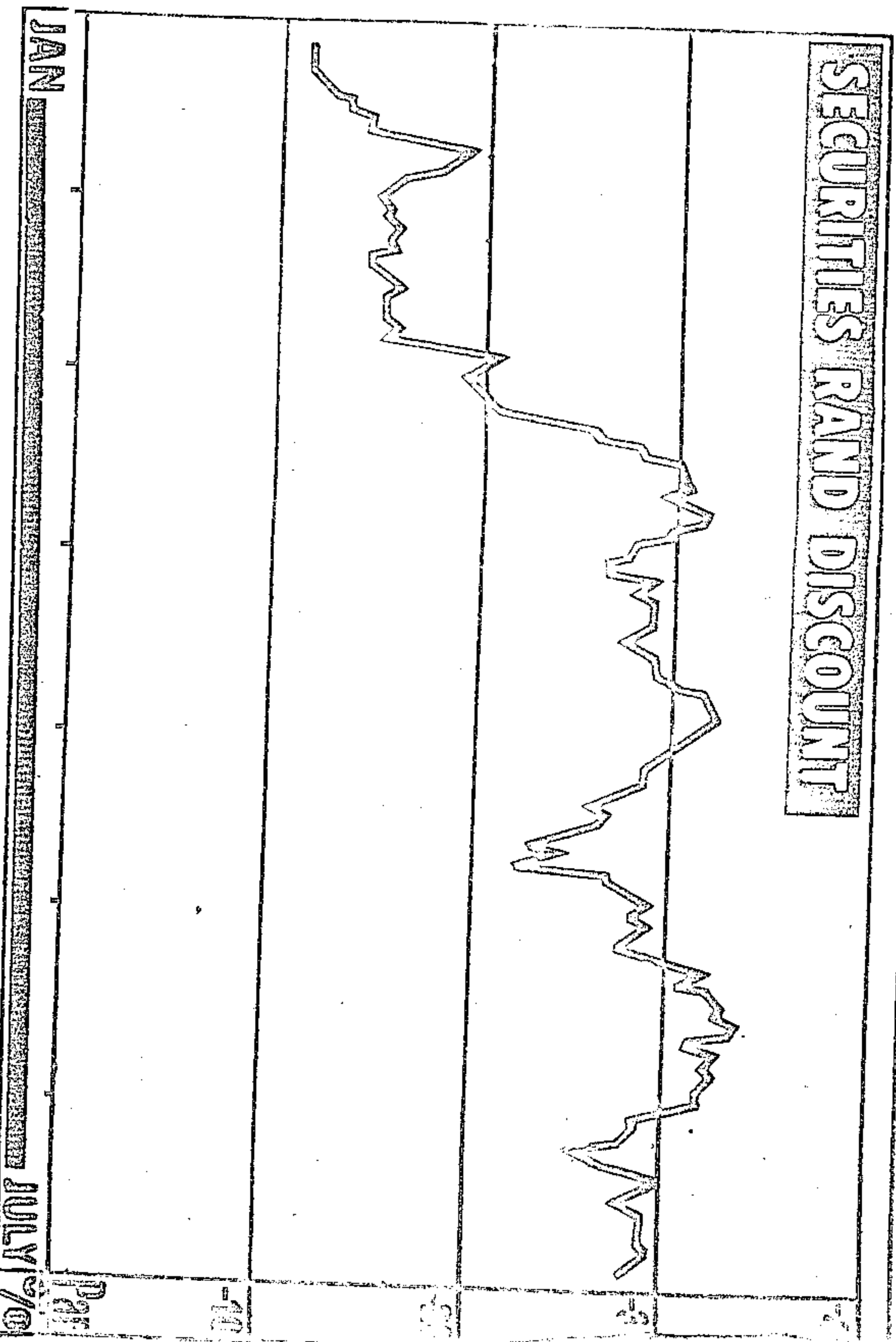
"We are entering a new and crucial era in the political and economic history of southern Africa and the need has never been so pressing for the various sections of our multiracial community to try to understand each other's point of view.

He announced that a Black bank the African Bank of South Africa Limited, would be registered soon. Its first two branches would be in Soweto and Garankua.

European investors sceptical about

our political stability

SECURITIES RISK DISCOUNT



BY NEIL BEHRMANN

EUROPEAN investment confidence in South Africa took a beating in the past year. Political rather than economic forces are the overriding concern. Foreign investors want assurances and steps in the right direction to ensure that there will be stable conditions for their investments.

Many South Africans might be surprised that it is not the anti-apartheid movements which are calling the tune. Instead, it is the hard-core money manager or banker who is appraising the relative merits of South Africa's attractions when compared with other countries.

The basis of international investment decisions is that areas should have sound economic potential and a measure of political stability.

European investors appreciate the importance of South Africa's mineral wealth and all its economic resources. They are also immensely impressed with the

country's economic progress during the past two decades.

Since the Portuguese withdrawal from Mozambique and Angola, however, there has been a subtle change in attitudes. Before, these views have been reinforced by events in Angola, Rhodesia and now

Soveto.

The change in outlook gained ground in the past year and it comes from investors who previously put large sums of money into South Africa.

This viewpoint is that, now the Portuguese buffer states have gone, will the South African Government be able to keep the political situa-

tion stable in its present policies?

Institutional investment managers in the West were far from pleased against South Africa. In fact, they were highly sympathetic to the needs and problems of the people in Southern Africa.

They merely assessed the situation in an objective light, coldly assessing the probability of investment success in the future. Certainly there was no doom and gloom trail.

The basic function of the international investment manager is that he is normally a political part to be successful in his operations he must be unemotional about areas in which he can invest.

With this in mind, none of the London and Switzerland institutions were prepared to put more cash into South African shares at this stage. They said that they were not selling their mining shares, but intimated that if there were rallies they would come in as sellers.

Moray available for mining shares

Interestingly, a Swiss investment money manager said that he was now only prepared to put money into special situations which could only be related to South Africa.

He would trade in gold, platinum, diamond and other

mining shares. But he firmly stated that he was not interested in South African industrials, because he had plenty of opportunity to put the cash into Wall Street or other markets.

British institutions were also uninterested in South African industrials despite the low price earnings ratios and high dividend yields.

Some managers said that they had been out of the South African market for some time and that with un-

exciting economic prospects and continual uncertainty there was no rush to place funds in this market. But they acknowledged that if the gold price ran away again they would be buyers of South African stock.

Another deterrent to investment in the South African market has been the investment premium and 25 per cent surrender rule.

Prior to 1972, South Africa, Australia and other sterling area countries were at an advantage over other world areas from a British investment point of view.

British investors had to pay a premium on their American shares and surrender 25 per cent of this premium when the securities were sold. Sterling area countries were not subject to these restrictions at the time.

But in 1972 the premium was introduced on shares bought in the sterling area countries, and in 1974 these securities were hit by the 25 per cent surrender rule too. These measures placed South African securities on

an equal footing with investments in other regions, so that the United Kingdom investor had to scrutinise foreign investments in South Africa on an equal basis with other countries.

The surrender rule, the investment premium and political events have all contributed to the wide securities Rand discount which basically means that South African shares are some 20 per cent cheaper on foreign courses, compared with their quotes in South Africa.

Huge balance of payment deficit

A huge balance of payments deficit means that South Africa must be able to raise sufficient money from overseas sources. The cash must either enter the country as cash for fixed investment — factories, plant equipment — or through borrowings.

It is an open secret that the South African Government and allied institutions have found it difficult to raise money on the Euroboard market. Last year, according to Credit Suisse White Weld statistics, the Eurobond public market provided 185-million dollars for South Africa.

This year, however, only 25-million dollars had been raised and in the first six months total issues on the Eurobond market amounted to 7.5-billion dollars.

The 25-million issue was South African Government stock with a life of five years and now yields 12.7 per cent to maturity compared with the 8.25 per cent for five-

year stock of prime borrower, Norway.

South Africa, however can raise cash through private placements and syndicated credits, but Swiss bankers with already much paper are reticent and say that "there will have to be a price."

Concessions for Blacks

Large companies who invest directly in South Africa appear to be more cheerful than the market makers. These companies are satisfied with the profitability of their earnings and some, like Ford, ready, say that they will be putting more cash into the country.

But official statistics of the South African Reserve Bank indicate that private foreign investment is still unsatisfactory.

The majority of companies, institutions, bankers and brokers who were interviewed said they would have much more confidence if they saw concessions for the Blacks, and felt that they preferred long-term stability to temporary repressive measures which would not cure the basic illness.

Steel giants in secret summit

STAR 18/7/75

First Sishen exports Oct '76

CAPE TOWN — Stockpiling of iron ore will begin at Saldanha Bay in April next year and the first exports by Iscor will be shipped from the new harbour in October 1976, Iscor's Saldanha-Sishen project general manager, Mr Gert Botha said today.

Despite construction delays he is confident Iscor will be able to fulfill its initial commitments.

The tonnage of iron ore to be shipped through Saldanha is estimated at 15m tons for fiscal 1977 and 18m tons from 1978.

He said factors contributing to the increased costs of the scheme, recently revised upwards to R603m, included modification of the original design to accommodate other exports.

Assuming all Sishen exports are channelled through Saldanha the gross tonnage handled by the port could reach 35m tons in 1978, with a potential export capacity of 50m tons, including all export categories, before the end of the century.

ADVANCED

Mr Botha said negotiations are well advanced with other parties on multipurpose operations for the railway line. The relevant tariff structure has been calculated but finalisation of arrangements will depend on the future of the St Croix project.

He added that rail-laying on the line is slightly behind schedule at present but it is hoped to increase the tracking rate.

Iscor's head of harbour operations Mr J F van der Linde said unforeseen difficulties had forced adaptations but construction delays can be measured in terms of weeks only. — Reuter.

Ivan Philip
In what amounts to a secret summit meeting of some of the world's steel giants held at Pretoria this week, problems connected with the building of a R1 500m steel semis plant at Saldanha Bay were swept away in a mood of optimism.

The talks were held between Iscor, which holds 51 percent of the shares in the venture, the Austrian state-owned steel-makers, Vereinigte Osterreichische Eisen und Stahlwerke (Voest) and unnamed West German and Japanese steel companies.

Overseas participants in the talks have already left for home.

Iscor comments: "Everybody is very optimistic that

finance will be found and the scheme will go ahead soon."

The project was originally expected to cost R660m but, by March this year, the cost had escalated to R1 000m and is now quoted at R1 500m.

A great part of this increase has been due to rising costs, but it is not known if the most recent estimate includes any expansion of the project itself.

Dogged by problems connected with the raising of vast capital sums, the steel semis plant has also been in the political limelight.

In March this year, Chancellor Bruno Kreisky of Austria called for a six-week postponement of Voest's participation in the venture.

Black African states had

threatened economic boycotts against participating countries and a heated row developed in Austria, with the Foreign Minister strongly opposing Austria's involvement.

TIDE TURNED

But, by April, the tide had turned, partly because the Voest trade unions gave powerful support to the project. This resulted in an official go-ahead from the Austrian Government.

In May, the Austrian Trade Commissioner in South Africa, Mr Lothar Puxkandl said that there was "no possibility" that Voest would pull out. Their 26 percent stake was, he added, regarded as an absolute minimum.

"It will be one of Austria's biggest undertakings anywhere in the world," he added.

confidence in SA — Horwood

21/7/75
Cape Times Correspondent

JOHANNESBURG. — Confidence in South Africa is so high that the country can attract all the foreign investment it needs, Senator Horwood, the Minister of Finance, said yesterday.

Speaking on his return from a two-week five-nation European tour, Senator Horwood said South Africa's export position was strong and inflation at home must be controlled to keep it strong.

"The Europeans are very impressed by South Africa's growth rate — more so since their own will be probably be zero this year," he said.

His visit had strengthened South Africa's already close ties with France. "I was most impressed by the French attitude to us and they are eager to increase trade links and investment in our country. We in turn, are making far more contacts with them and much better relations between the two countries are coming fast."

On the oil price, the Minister said there were strong indications that some oil States had over-estimated their oil revenue which, in turn, had led to fears of an oil price rise later this year.

AUCTIONS

On the future of gold, he said confidence in the metal remained high in spite of the public gold auctions in the United States and heavy selling from the Russians to buy grain.

"South Africans haven't realized the heavy pressure on gold recently. But even so, the gold price has remained between 164 and 165 US dollars an ounce and Europe's leading bankers feel the metal has weathered the storm very well.

"I still have the same confidence in the future of gold that I always did," he said.

Most European countries had managed to control inflation and their economies would probably move forward next year.

"The notable exception is Britain, which has an inflation rate of around 30 percent this year. When I spoke with the Chancellor of the Exchequer, Mr Dennis Healey, last week, he was waiting for the reaction to new Government pleas for the unions to curb their wage demands."

Would you invest in South Africa? Whether your conscience likes it or not, plenty of people are doing so: after years of persistent deficit, since 1965 every year has seen a net inflow of long-term private capital which, after a hiccup in 1973, reached a peak last year of R562-m.

Which is just as well, despite gold sales which, at around R2317-m a year, are running three times as high as at the start of the 1970s. South Africa almost as persistently runs a current deficit.

It was nearly R794-m last year, and now, despite an economic slow-down since last autumn, is running rather faster than that at an annual rate of R1125-m, about 5 percent of gdp.

In contrast, official reserves amount to some R198-m of SDRs and currencies, plus 18-m ounces of gold which the central bank dutifully values at an official price of about R496-m.

Short-term capital swings have recently moved in South Africa's favour, thanks to a change in exchange rate policy; instead of a managed float of the rand in terms of a trade-weighted basket of currencies, it has recently been pegged to the dollar at a rate that meant an effective 5 percent devaluation.

In short, South Africa is all right so long as foreigners keep putting money in.

Local financiers and the Finance Minister, Mr Owen Horwood, have been abroad recently, not least in London, to persuade them that they should, while some large concerns, among them the state-run railways and harbours, have been to the Euromarkets for medium-term money.

In the short term, capital needs remain high. Gross fixed capital formation was rising throughout last year both in money terms and as a percentage (about 27 percent) of gdp, and, despite the general slow-down, has so far remained at high levels in 1975. And future needs are huge. They include:

- Nearly R1986-m for telecommunications.
- Nearly R2516-m for two coal-fired power sta-

Will South Africa get the overseas billions it needs for economic expansion programmes? The Economist (London) examines both the programmes and the prospects.

Outside cash crucial to SA economy

STAR
28/7/75



FINANCE MINISTER HORWOOD... approach to overseas investors.

tion of the R562-m Sishen-Saldanha iron ore scheme in the south-west, plus a possible steel mill.

• Something over R662-m in chemical plants, notably a R265-m polyethylene plant and a R198-m plant to produce PVC from coal.

Whether South Africa gets this, and more, that it needs over the next five to 10 years will depend in part on foreign investors' judgments about the political risks.

The outsiders' assessment will be based partly on the success — and he has not done badly so far — of Mr Vorster's attempts to get on better with Black Africa (and keep guerrillas out of White-ruled Africa), but more on the way he manages his own Black subjects.

And here the splendid schemes outlined above may not all be as helpful as they might seem.

There is no proof that raising Black South Africans' living standards will lessen their political consciousness; but at least they demonstrated with strikes in 1973-74 that lowering those standards increased it.

And uranium enrichment or chemical plants are not exactly the best way of providing a living for largely unskilled Blacks, and so multiplying the Black middle class with a stake in stability.

Black people would benefit directly far more from investment in unglamorous things like Black agriculture, education and housing.

Foreign investors are hardly going to rush into financing such things, even if ways were found of inviting them to. Yet their funds, in the long term, might be safer if they did.

tions, and a further R1158-m for a nuclear one. These estimates assume imports of additional power from the Cahora Bassa plant in Mozambique.

• Possibly R860-m for a uranium-enrichment plant, still awaiting a government go-ahead.

• A second oil-from-coal plant, at R927-m to ensure against the (slim?) risk that other suppliers — Iran is the largest one — will join the Arabs' (official) boycott.

• Maybe R927-m in new coal ventures; near R198m for two new gold mines; as much again for a titanium and zirconium project at Richards Bay on the east coast; comple-

Govt relaxes exchange curbs

Cape Times 11/8/75

11/4/75
65

See also ECONOMY - Genef

PRETORIA — Announcing the Government's decision to relax exchange control restrictions on incoming funds, Senator O P F Horwood, Minister of Finance, said:

Last week in replying to questions put to me on South Africa's new exchange rate policy, I re-affirmed that the practice of making small and frequent adjustments to the rand-US dollar rate had been abandoned and ruled out any possibility of a devaluation of the rand in terms of the dollar in the foreseeable future. I also stated that further steps would be taken to correct the unfavourable "leads and lags" situation which had been arisen in South Africa's balance of payments and to encourage the inflow of capital in general. I now announce that these steps will be the following:

- (1) Monetary policy. Appropriate adjustments to monetary policy will be announced by the Reserve Bank today.
- (2) Exchange control.

(a) Sympathetic consideration will be given to applications by local entrepreneurs to borrow funds abroad for periods of not less than six months, provided that such funds are not destined for property development, speculation or consumer credit. This represents a relaxation of the existing control over incoming funds, as foreign loans were previously only approved for manufacturing and other productive purposes. The relaxation will extend to foreign borrowings by South African exporters in anticipation of receivable payments.

(b) Sympathetic consideration will also be given to applications by authorized dealers in foreign exchange to raise funds abroad in their own name for the financing of South African foreign trade and for other approved purposes.

BLOCKED

(c) It has been decided in principle that blocked rand will be made directly transferable between non-residents. However, in view of the need to hold further discussions in this regard with authorized dealers in foreign exchange and other interested parties, the details of this new arrangement and the date from which it will take effect will be announced at a later stage.

(d) Control in terms of exchange control regulation 3(1) (F) over local borrowing by the "foreign-controlled" South African firms will be extended by the inclusion under local borrowing of:

- (i) Certain defined leasing arrangements.
- (ii) Factoring (with recourse) and
- (iii) Certain defined "lease-backs".

Particulars as to how this measure will be applied in practice will be furnished by the exchange control authorities to authorized dealers.

TRANSITION

In respect of existing arrangements under these headings, firms affected by this regulation will be afforded a reasonable

and export receipts. Authorized dealers are specifically required to ensure, firstly, that importers do not transfer funds abroad in payment of imports prior to the date of shipment or despatch of the relative goods to South Africa, and secondly, that export proceeds are remitted to South Africa within 30 days after the receipt of payment. The authorities view these malpractices in a very serious light and will not hesitate to deal severely with those who contravene the regulations.

COVER

(3) Forward exchange cover

(a) The normal maximum period for which the Reserve Bank will grant forward exchange cover in respect of imports will be extended from six to 12 months.

(b) The charge in respect of such cover will remain 1 percent per year.

(c) The Reserve Bank will also consider granting forward exchange cover on application for periods longer than 12 months if required for the importation of capital goods with long delivery periods and/or under extended credit arrangements.

DEALERS

(d) Applications for forward exchange cover by authorized dealers in respect of foreign loans raised in their own names and approved by exchange control will be favourably considered.

(e) The present requirement that forward exchange cover must be arranged within seven days after the foreign transaction is concluded, is abolished. Importers and exporters will in future have the option of covering forward at any time within the relevant liability period. — Sapa

Tougher bank control

RDM 11/8/25

A RELAXATION of the exchange control restrictions on incoming funds so as to improve the facilities for forward cover, was announced in a statement here today by the Minister of Finance, Sen O. B. P. Horwood.

At the same time the Governor of the Reserve Bank, Dr T. W. de Jongh, announced an increase in the bank rate from 8 to 8½ per cent with immediate effect.

Other adjustments in monetary policy announced by the Reserve Bank include an increase in the minimum liquid asset requirements of commercial banks of 4 per cent of their short term liabilities in the public and 2 per cent in the case of banking institutions other than commercial banks or a discount house.

These adjustments in the monetary policy were in addition to the measures announced by the Minister of Finance, Sen Horwood, to counteract speculation against the rand as reflected mainly in the present unfavourable leads and lags situation in South Africa's balance of payments position, and to encourage the inflow of capital in general, the Reserve Bank said.

The new measures would be accompanied by appropriate adjustments in the Reserve Bank's transactions in Government securities and interest rate policy in general.

They formed part of a conservative credit policy which at present had two principal objectives, the Reserve Bank said.

The first was to strengthen the balance of payments in general and, in particular, to correct the

unfavourable leads and lags situation.

The second main objective was to reduce the rate of inflation by preventing domestic credit and the quantity of money and near money from rising at an excessive rate.

In taking these various steps, the Reserve Bank said the monetary authorities remained fully conscious of the need to maintain a satisfactory rate of real economic growth in South Africa.

The relaxation of exchange control restrictions announced by the Minister of Finance and the new monetary measures taken together could assist in providing adequate funds to South African enterprises thus sustaining economic expansion, while at the same time helping to redress the balance between domestic and foreign financing of the Republic's expanding production and trade, the Reserve Bank said.

In the final analysis, the curbing of inflation and the maintenance of a sound balance of payments position remained essential prerequisites for

authorities to authorised dealers.

In respect of existing arrangements under these headings, firms affected by this regulation will be afforded a reasonable transition period within which to move to a position of full compliance with the new requirements.

In addition to the new exchange control measure, a circular has been sent to authorised dealers instructing them to ensure full compliance with the existing regulations in regard to import payments and export receipts.

Authorised dealers are specifically required to ensure, firstly, that importers do not transfer funds abroad in payment of import prior to the date of shipment of the relative goods to South Africa, and secondly, that export proceeds are remitted to South Africa within 30 days after the receipt of payment.

The authorities said these malpractices were very serious and they would not hesitate to deal with those who transgressed the regulations.

The normal period for which the Reserve Bank will forward exchange in respect of import extended from 3 months.

The Reserve Bank also considered forward exchange application for longer than 12 months for the import of capital goods and delivery periods under extended arrangements.

Application for exchange control by authorised dealers in respect of foreign raised in their own and approved by control will be favourably considered.

15 821 437 Shares in
23.4 cents Earnings
10 cents Dividend
1. The issued share capital of shares in July 19 of a controlling interest of the profits of the period from 2. The annual financial statements with the reports of the holders on or after 8 August 19

Registered office
19th Floor,
20 Anderson
Johannesburg

15 August 19

(1) Capital (65)
(2) 47
(3) 78 A. See also
ECONOMY - General

Borrow abroad: Horwood gives signal for industrial spending spree



Senator Horwood: He's made it easier to borrow on foreign money markets

SOUTH AFRICA is poised to enter the 1980s on the back of a R10 000 million capital spending spree that will entrench the country as the industrial powerhouse of Africa.

And to underline the urgency of this massive capital generation, Minister of Finance Horwood this week encouraged big business to borrow abroad.

For it is obvious the vast amounts required to finance the ambitious projects either under way or on the drawing board cannot be raised locally.

However, a prerequisite for large cash inflows from overseas is investor-confidence in the future of South Africa.

For this reason, detente moves are as important economically as they are politically.

The fruits of an improving image on foreign capital markets are already being reaped. Escom, which will need R915 million before the end of 1977, found no difficulty in raising R27 million from German investors last month.

At home, Senator Horwood made it easier for the private sector to borrow on foreign markets by relaxing previous restrictions on borrowing abroad and also improving facilities for forward cover.

Such moves will help finance the huge developments planned here. They include:

SASOL 2. This is expected to come on stream in 1980-1981 at a cost estimated at R1 050 million.

ISCOR: Long-term plans for expansion and modernisation of its three steelworks and seven mining centres have been estimated at R3 240 million. This does not include capital requirements for the ore export scheme or the proposed semis works at Saldanha.

IMPROVEMENTS to the Durban refinery: Shell and BP are planning to spend R50 million in the next three years.

ETHYLENE cracker at Durban: This will cost Sappref R60 million between 1976 and 1979.

POLYPROPYLENE plant at Durban: Shell is to spend R30 million on this by 1980.

PHOSPHORIC acid plant at Richards Bay: Triomf is to build this for R70 million.

COAL-BASED chemical plant at Sasolburg: AE & CI has received Government go-ahead to spend R220 million on this plant which is planned to come into operation in 1977.

TUGELA-VAAL water scheme: Estimated cost R178 million.

The list goes on: Sentrachem's polyvinyl chloride plant (R75 million), Safripol's coal-based acetylene plant (R100 million), Foskor's Phalaborwa plant (R40 million), oil exploration (R20 million).

Then there are the development programmes planned by the railways and harbours; tentative capital expenditure needs have been put at R870 million for this year alone, including the new oil pipeline from Durban to Johannesburg (R82 million).

Containerisation will involve huge sums. It entails buying 10 large and four small ships and upwards of 500 000 containers plus handling equipment. Saldanha Bay's dock complex is estimated at another R100 million.

JSE CHIEF SAYS: WE'RE POISED FOR GROWTH IF...

By Esmond Frank

SUN. TRIBUNE (FIN) 17/3/75

THE ECONOMY is poised for growth, says Mr Eric McKie, president of the Johannesburg Stock Exchange.

But the economic future depends on the price of gold and an inflow of foreign investment capital, which, in turn, depends on relaxation of exchange control and on political stability.

He said this week that the outcome of the Rhodesian talks, due to be held before the end of the month, could have a vital bearing on the prosperity of Southern Africa.

An amicable solution to the Rhodesian problem would do much to re-establish confidence in the region as an area for foreign investment.

But an over-night transition to majority rule in Rhodesia would repel rather than attract foreign capital because of the economic chaos experienced in most other independent Black states.

A gradual transition over 10 to 15 years would probably be in the best interests of Rhodesia and Southern Africa.

Mr McKie welcomed the statement by Senator Owen Horwood, Minister of Finance, that it had been decided in principle that blocked rands would be made directly transferable between non-residents.

Blocked rands are funds realised when foreign-owned assets, such as shares, are sold in South Africa. In terms of the regulations — designed to prevent an outflow of capital — blocked rands can be transferred only by buying or selling South African gilt and gilt-edged securities.

Mr McKie said foreign investment must be encouraged, either directly or through the stock exchange.

"There is no doubt in my mind that problems related to the blocked rand and its non-transferability, and other related problems, have resulted in a vast amount of foreign investment by-passing the Johannesburg Stock Exchange."

The exchange had asked

the Reserve Bank to allow blocked rands to be used for subscription for any rights issues.

The Government had not allowed foreign investors to use blocked rands to take up rights of the recent Free State Saaiplaas and Deelkraal issues.

"The continuation of such a policy, in my opinion, can only damage the investment image of South Africa in the eyes of foreign investors."

Increased stock exchange activity would psychologically enhance the country's image as an area for investment.

Important

The stabilisation of the gold price at a minimum 170 dollars for 1975 was of the greatest importance to balance of payments.

"As there appears to be



And the big 'ifs' are gold and foreign cash

waning of interest by overseas investors.

Contributory factors included:

- A levelling off of the uninterrupted rise in the price of bullion that sustained the higher volumes of 1974.

- The growing fear the faction fights, strikes and the repatriation of mineworkers to their homelands would disrupt gold production.

- The accelerating costs of production when measured against the behaviour of the volatile bullion price.

- Political events in Mozambique and Angola.

United Kingdom investor interest in South African equities was dampened by the imposition of a 25 percent surrender of the investment currency premium and the widening of this premium to new high levels.

R1 499m inflow of foreign capital

STAR 20/8/75

Neil Behrmann

South Africa's growth rate dipped sharply during the year ended June 1975, but improved conditions of important trading countries should stimulate the economy in due course.

This is the overall observation of the South African Reserve Bank in its annual report. The bank says that excluding agriculture, real growth of the economy dipped from seven percent to three percent during the 12 months ended June.

Including agriculture the real gross domestic product declined from 5,5 percent to three percent.

But the Reserve Bank feels that business is reviving in the United States and other countries. Besides the stimulus from this source, economic activity should be sustained by a prosperous agricultural season, capital projects of the public sector and television demand.

Features of the report are:

- The rate of inflation declined from 13,8 percent in the six months ended March 1975, to 12,4 percent in the second quarter of this year.

- The deficit on the current account of the balance

of payments rose from R1 300m during the second half of 1974 to R1 710m during the first half of 1975.

- The total net inflow of capital during the year was R1 499m, but there were violent short term movements. During the previous year an outflow of R150m was recorded.

- Total long term loans of the public sector amounted to R749m (R314m) and long term loans of the private sector R257m (R39m).

- The inflow of short term capital into the private sector was R626m compared with an outflow of R497m the previous year, but fluctuations were wide, because of the leads and lags situation.

- Credit to the private sector increased by only 13 percent against 31 percent in 12 months ended June 1974.

The report says that this Government spending was the main cause for the 11,5 percent rise in the money supply. The big increase in spending led to a substantial rise in the Exchequer's deficit. The Government's borrowing requirement rose to such an extent that it was forced to make use of more bank credit.

Report on foreign money aiding S.A.

MERCURY 29/8/75

GENEVA—Britain and the United States together own 75 percent of the foreign investment in Southern Africa, and France is now the most important supplier of military equipment and know-how to the Republic, according to a report to a United Nations Human Rights meeting published yesterday.

Overseas capital had played a crucial role in South Africa's economic transformation since 1945, Mr. Ahmed Khalifa of Egypt told the UN Human Rights Sub-Commission here in his commissioned report, which also covered Rhodesia, and South West Africa.

Mr. Khalifa rejected arguments that increased investments in South Africa had promoted social change. The boom years of the 1960s had not given equal prosperity to the whole population, and the Government had used repressive laws vengefully against Black leaders and their supporters, he said.

Mr. Khalifa said financing of South African State investment in recent years had become critically dependent on European and U.S.-based international banks. — (Sapa-Reuter.)

771

No to mine share plan

From Ormande Pollok
Political Correspondent

MERCURY
3/9/75

EAST LONDON — Foreign companies exploiting mineral finds by opening mines in South Africa were requested by the Government to get local partners, the Minister of Mines, Dr. Piet Koornhof, said yesterday.

At the same time he turned down a resolution at the National Party's Cape congress that foreign companies developing new mining areas be compelled to give South Africans a 30 per cent share holding.

He stressed that South Africa needed foreign investment for development and it should be

careful not to harm its good name as a stable, honourable and trustworthy country.

He said that recently three companies had developed mines in South Africa. They had been asked by the Government to establish local partners and without exception they had done so.

(1) 2/10
2) 65

(1) 210
(2) Energy
(3) 65

Koornhof

gives uranium plant details

Staff Reporter

A DECISION on the size of the uranium enrichment plant to be built in South Africa would be made in 1978, the Minister of Mines, Dr Piet Koornhof, said in Pretoria yesterday.

The decision would be made in the light of the enrichment situation in the free world, the extent of enrichment contracts, and the prevailing economic conditions, he said.

It was envisaged that the plant would come into operation in 1984 with full production in 1986.

Expenditure during the years 1975 to 1978 would be relatively small.

Dr Koornhof stressed that the project was solely directed to the peaceful applications of nuclear energy, and was undertaken not only in the interests of South Africa, but also in the interests of the world community.

The Government was prepared to subject the plant to a system of guarantees, inclusive of inspections.

This was provided the system did not interfere with the operation of the plant, and did not create the danger for South Africa that sensitive details of its process could leak out and be misused.

"I should like to stress again that South Africa is prepared to share the benefits from its enrichment process with friendly countries, subject to conditions which will protect South Africa's interests."

WELCOMED

Foreign participation in the development and construction phases would, therefore, be welcomed. This would make it a multinational venture for the benefit of all parties.

It was expected that the construction of the rest of the pilot enrichment uranium plant at Pelindaba would be completed early next year, and the whole plant would be brought into production during 1976.

Feasibility studies by

Buthlezi, Naude attack investment

CAPE TIMES 10/3/76
Staff Reporter

KWAZULU'S Chief Gatsha Buthlezi and the Rev C F Beyers Naude, director of the Christian Institute, yesterday issued a joint statement condemning foreign investment in South Africa's "central economy".

Their statement, issued by the institute's Cape Town office, comes at a time when the Government's détente policy has been battered by events on the sub-continent and when it is being harassed by foreign pressures as never before.

The statement is a reply to remarks by the

Minister of Bantu Administration, Mr M C Botha, who said that homeland development could not be carried out at a pace which would have a detrimental effect on South Africa's economy.

The statement said that if the homelands existed only to make labour available to maintain the living

standards of an elite and to "provide benefits for the favoured few" only one conclusion could be drawn.

DEVOID

This was: "Foreign investment in the central economy is devoid of all morality."

It was equally evident, the two men said, that attempts to increase the responsibility of employers and investors within the system would do nothing to produce "the radical redistribution of wealth and power which are the essential prerequisites of justice and peace".

The statement also called for a national convention in which Blacks could speak for themselves on the matter of foreign investment.

In its preamble the statement says: "In South Africa for over a century capitalistic paternalism has produced the conclusive evidence which makes us reject government by a minority elite."

DOOMED

The statement's authors say they are convinced "that this capitalistic endeavour is doomed".

"It will fail because the needy millions of South Africa require for themselves the liberation they witness among their brothers in neighbouring states.

"It will fail because no 'concessions' can relax the grip of capitalistic control enough to enable the oppressed masses to discover and express their own dignity and self-respect in our land."

(1) Capital
(2) BS

Gatsha slams foreign firms

DD 10/3/76



DR NAUDE



CHIEF GATSHA

CAPE TOWN — KwaZulu's Chief Gatsha Buthelezi and the Rev C. F. Beyers Naude, Director of the Christian Institute, yesterday strongly condemned foreign investment in South Africa's central economy.

Their joint statement comes at a time when the Government's detente policy has been battered by events on the sub-continent and when it is being harassed by foreign pressures as never before.

The statement is a reply to remarks by the Minister of Bantu Administration, Mr M. C. Botha, who said the pace of homeland development could not be carried out at a pace which would have a detrimental effect on South Africa's economy.

It said that if the homelands existed only to make labour available to maintain the living standards of an elite and to "provide benefits for the favoured few" only one conclusion could be drawn.

This was "foreign investment in the central economy is devoid of all morality."

It was equally evident, the two men said, that attempts to increase the responsibility of employers

and investors within the system would do nothing to produce "the radical redistribution of wealth and power which are the essential prerequisites of justice and peace."

The statement also called for a national convention in which blacks could speak for themselves on the matter of foreign investment.

"In South Africa for over a century capitalistic paternalism has produced the conclusive evidence which make us reject government by minority elite.

"Men have been consistently dehumanised, the many blatantly crushed to produce wealth for the few, and the whole of society designed to protect and intensify this naked exploitation of man by man.

"We are convinced that this capitalistic endeavour is doomed.

"It will fail because the selfishness of South Africa's white elite is already unrealistic and cannot survive in today's world."

"It will fail because the needy millions of South Africa require for themselves the liberation they witness among their brothers in neighbouring states.

"No 'concessions' can relax the grip of capitalistic control enough to enable the oppressed masses to discover and express their own dignity and self-respect in our land," they said.

"Nor can professional economists in theoretical debate produce a relevant solution. Progress depends on realising the priorities and power locked in the wisdom of the black man who has suffered and will survive to make the real contribution to the new society which he is seeking.

"Whites in South Africa have denied blacks access to the central parliamentary decision-making process. They have imposed on blacks a divide-and-rule policy as though the blacks of the country have no right to speak on issues of national importance. The question of investment in South Africa is one such issue. — DDC.

'Crucial talks' call

Star 11/3/76

Capital
(2) 65
(3) 107

Chief Gatsha Buthelezi of kwaZulu will invite homeland and other Black leaders to a national convention to discuss the "crucial issue of foreign investment in South Africa."

He said last night that any decisions about foreign investment should be taken by a representative body of Black leaders.

Chief Buthelezi and Dr C F Beyers Naude, director of the Christian Institute, have issued a highly critical statement on foreign investment in South Africa.

They said that if the homelands existed to provide labour to maintain the cash economy and standard of living of elite Black and White South Africans and to establish an economic buffer zone of homeland economies to protect the central economy for the favoured few, then "foreign investment was devoid of all morality."

WARNING

Dr Naude and Chief Buthelezi warned that a radical redistribution of wealth, land and political power was essential for the establishment of a stable and moral society.

They say that capitalistic paternalism in South Africa had produced conclusive evidence that government by a minority elite should be rejected.

Chief Buthelezi's attack on the Government and foreign investment represents a significant shift in his opinion because of his obvious disappointment in foreign investment in his homeland and its failure to bring about any meaningful change in South Africa.

'SELFISHNESS'

The success of his call for a national convention will depend on whether or not other homeland leaders will support his statement.

Both Chief Buthelezi and Dr Naude said that the present capitalistic endeavour would fail because the "selfishness of South Africa's White elite was unrealistic."

They said Whites had denied Blacks access to the

① Capital
② 65

The Cape Times

FRIDAY, MARCH 12, 1976

Nose-cutting?

WE confess to being puzzled and disturbed by a statement about foreign investment made by Chief Gatsha Buthelezi and the Rev Beyers Naude this week. In fairness, it must be recognized that the statement was put conditionally, thus:

If the homelands exist to make labour available to maintain the cash economy and standard of living of the elite (Black, White, or both) and to establish an economic buffer zone of homeland economies to protect the central economy and provide benefits for the favoured few, we can come to only one conclusion. Foreign investment in the central economy is devoid of all morality.

Clarification is necessary, for the statement appears to repudiate all foreign investment in the "central economy" in present political circumstances, i.e. while an unfair ideology of Bantustans is the ruling philosophy. If so, the view is in our opinion ill-advised and contrary to the interests of the entire population, Black and White. Boycotts invariably rebound on those who try to inaugurate them. But were an investment boycott to take even partial effect, it would hit the masses much harder than the "favoured few" who are Chief Buthelezi's and Dr Naude's prime target. Blacks have less to cushion them in any deterioration of economic circumstances. They are the first to be affected by unemployment. And a diminution of foreign investment in the "central economy" would make fewer funds available for development of the

homelands, irrespective of what foreign investment the homelands themselves may attract. Apart from all these factors, any action aimed at undermining the country's economy is to be deplored as a matter of principle. We have enough economic troubles as it is, without anyone artificially inducing new ones.

Moreover, the current ideology of Bantustans — in so far as it is basically unfair to these areas — is no doubt a short-term phenomenon and will be even shorter lived if foreign investment continues to flow into South Africa and undermine the basis of apartheid.

Having said this, however, we would add with all the force at our command that White South Africans would be ill-advised to shrug off this declaration without any further reflection. The fact that men of the stature, locally and abroad, of Beyers Naude and Chief Buthelezi should feel impelled to resort to appeals of this sort is highly significant. It suggests that the radical injustice of South African society and the glaring maldistribution of wealth, land and political power are creating social pressures which could shake South Africa to its very foundations unless thorough-going reform is instituted. If the remedy proposed by Beyers Naude and Chief Buthelezi must be rejected, it must nevertheless be recognized that the malady they have diagnosed is real and dangerous.

N-station: Name of builder soon

CAPE TIMES 6/4/76

Chief Reporter

ONE OF THREE powerful international consortiums is expected to be named in the next few weeks as the successful tenderer for construction of a nuclear power station at Duinefontein, near Cape Town, the ultimate total cost of which has been estimated at R1 150 million.

This is to be South Africa's first N-power station, and there has been stiff competition around the world to land the contract for its establishment.

A spokesman for the Electricity Supply Commission (Escom) said from Johannesburg yesterday that there was no truth in rumours that Germany would refuse to supply plant for the station if South Africa did not first sign the nuclear non-proliferation treaty. The West German firm Kraftwerk Union is among the tenderers for the power station contract.

FINAL TENDERS

The three consortiums that were invited by Escom last year to submit final tenders for what is to be known as the Koeberg power station were:

- General Electric of the USA and Brown Boveri of Switzerland;
- Framatome and Spie Batignolles of France; and
- Kraftwerk Union and Murray and Roberts of South Africa.

These consortiums were selected by Escom after an "outline inquiry" about the Koeberg project was issued internationally in February, 1974, to nine leading manufacturers of light-water reactor power stations.

The N-power station is scheduled to become operative in 1982, and fully operative in 1983.

Last December the Upper Volta Ambassador to West Germany, Mr Aisse Mensha, urged West Germany to take African interests into account before it decided on supplying South Africa with a nuclear power station.

"We do not want nuclear arms and radio-active fallout on our continent," he told the West German Deputy Foreign Minister, Mr Hans-Juergen Wischniewski.

The South African Minister of Economic Affairs,

Mr Chris Heunis, has told Parliament the first phase of the Koeberg project will cost about R600m and the second phase another R550m. A further R350m will be accrued on interest during the construction period.

(1) 65

(2) Energy

(3) 260 B

Money for SA 'complex,' says Buthelezi

STAR 20/4/76

The Star Bureau
LONDON — Chief Gatsha Buthelezi, the kwaZulu leader, has told BBC radio listeners that the question of investment in South Africa is a "very complex one."

"That's why I have suggested that we should rather have a conference of Blacks in South Africa to have a Black consensus on it," he said in an interview on the early morning church programme.

"I believe it is a very crucial issue," he said. It was urgent for the Blacks to provide their own consensus because "the average White man earns 14 times more than a Black man."

Given inflation and all the things that had occurred in the economic life of South Africa, he wondered whether this gap in incomes could ever be eliminated.

If investments were promoted only to strengthen the central economy, "then clearly our conclusion is that investment is devoid of any morality."

This was a very complex issue for Christians, not only in Britain but in many parts of the world because no Christian, either directly or indirectly, wanted to strengthen apartheid or the apartheid society.

What contribution could the churches in Britain make towards South Africa?

"There are many things which the churches could do," said Chief Buthelezi. "At present we need a lot of assistance in education and in medical services."

He thought that the church also needed to support the development of Black consciousness in South Africa. "If the church in South Africa and here does not identify with the struggle of the Black man towards liberation, then the church itself will become irrelevant."

1. Capt. A. B. ...
2. 102
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Blocking of Black unions 'explosive'

Own Correspondent

LONDON. — The International Confederation of Free Trade Unions (ICFTU) yesterday said that at least 23 major foreign companies in South Africa were creating an "explosive situation" by victimising efforts to form Black trade unions.

The ICFTU said the "potential danger" dwarfed the violence that erupted after the mass sacking of Black workers at the Heinemann Electric Company in Germiston last month.

A spokesman said leading foreign employers like British Leyland (Mobeni), Volkswagen and Siemens

29/4/76, EDM
were as much at fault as Heinemann's American subsidiary, which has been harshly condemned in a report.

ICFTU spokesman, Mr Andrew Kailoembo, said: "We are drawing up a report on the activities in South Africa of major foreign companies which, like Heinemann's, are obstructing the formation of legal trade unions for Black workers.

"We will be naming at least seven American, six British, six German, two Dutch, and two Swedish companies, including Leyland, Volkswagen and Siemens."

He said they were also

increasing their biggest effort yet to end the migration of workers to South Africa.

More than 50 000 pamphlets had been sent to shop floors in every industrialised nation in the world urging workers to stay away from South Africa.

The pamphlet says: "Don't be lured by the false propaganda of the good life." It says there can be no security in a country like South Africa, where institutionalised racialism must eventually lead to violence.

Mr Otto Kersten, the ICFTU general secretary,

said in a statement that smooth industrial relations depended on trade unions which were legal in South Africa, even though they could not be registered.

He said that without these unions there would be stoppages, violence and the withdrawal of foreign investment. He said the "direct victimisation of workers" at Heinemann's and the deliberate sacking of two shop stewards — with the attempt to mask this purpose by also dismissing other workers — was directly responsible for the subsequent "police violence". The company was responsible for the "gross violation" of basic human rights.

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③ 148

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(2) 138

New pressure on firms in S Africa

CAPE TIMES
30/4/76

Own Correspondent

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A spokesman said leading foreign employers like British Leyland (Mobeni), Volkswagen and Siemens were as much at fault as the Heinemann's American subsidiary, which has been harshly condemned in a report.

MAJOR REPORT

ICFTU spokesman Mr Andrew Kailoembo told me: "We are drawing up a major report on the activities in South Africa major foreign companies which, like Heinemanns, are obstructing the formation of legal trades unions

for Black workers. We will be naming at least seven American, six British, six German, two Dutch and two Swedish companies including Leyland, Volkswagen and Siemens.

He said they were also increasing their biggest effort yet to end the migration of workers to South Africa. More than 50 000 pamphlets have been sent to shop floors in every industrialized nation in the world urging workers to stay away from South Africa. The pamphlets urge men to tell fellow workers tempted to go to "the land of sunshine and plenty" the true facts of the "evils of apartheid".

PROPAGANDA

The pamphlet declares: "Don't be lured by the false propaganda of the good life." It says there can be no security in a country like South Africa, where institutionalized racialism must eventually lead to violence.

Workers are also urged to put pressure on employers who have interests in South Africa to "review their policies".

In the meantime, the ICFTU has blamed Heinemanns for the crisis at the Germiston factory last month.

VIOLENCE

Mr Otto Kersten, the ICFTU general secretary, said in a statement that smooth industrial relations depended on trades unions which were legal in South Africa even though they could not be registered. He said that without these unions there would be stoppages, violence and the withdrawal of foreign investment.

to keep away investment from South Africa and the Transkei in particular were like "taking the bread out of the people's mouths."

Paramount Chief Kaiser Matanzima, Chief Minister of the Transkei, told his legislative assembly yesterday such attempts should be "dismissed with the contempt they deserved."

He was replying to a joint statement issued in Johannesburg two months ago by the Chief Councilor of kwaZulu, Chief Gathsha Buthelezi, and the Director of the Christian Institute, Dr Beyers Naude.

Paramount Chief Matanzima said the statement could be construed as condemning foreign investment in the homelands and as a personal attack on him as he was a well-known protagonist of such investment.

"DIATRIBE"

He said for two "well-fed, well-dressed and well-paid individuals such as they to preach virtues of mass unemployment would be hilarious if the potential consequences were not so serious."

He said to "harangue the crowds on how Angola and Mozambique inspire Blacks in South Africa to throw off the yoke of oppression" was bad enough.

"But to attempt to evade being regarded as an inciter by saying they say these things merely as a friendly warning against eventualities they devoutly hope will not occur, is the height of cynicism."

The two men, said Paramount Chief Matanzima, "had overlooked the fact conveniently that Angola and Mozambique had simply exchanged the Portuguese yoke for Russian and Cuban yokes."

Pictures of the Angolan bloodbath and the food queues in Mozambique "proved that liberation on those terms was literally a case of from the frying pan into the fire."

If his critics saw the oppression of Blacks as an improvement of the Blacks' lot, then their values were strange.

"I agree with the erudite speakers that Blacks in South Africa have for many years been oppressed. I only disagree with them on how we can escape this oppression."

STAR 7/5/76

① 103

② 65

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① 65
② 103
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Matanzima denounces RPM 'well-fed 7/5/76 inciters

UMTATA. — The Transkei's Paramount Chief Kaiser Matanzima has accused Chief Gatsha Buthelezi of KwaZulu and the director of the Christian Institute, the Reverend C. F. Beyers Naude, of making "an immoderate Left-wing manifesto verging on incitement to revolution and sedition."

The Chief Minister was delivering his last policy speech as Transkei Minister of Finance before independence.

He said he was bound to reply to the statement by "a certain homeland leader and a politically active cleric," condemning foreign investment in South Africa's central economy because it was an attack on his government's policy.

Chief Buthelezi and Dr Beyers Naude made the joint statement in Cape Town on March 10. They said the homelands existed only to make labour available to maintain the living standards of an elite.

Any attempts by such people to keep investment away from South Africa and the Transkei were tantamount to taking the bread out of the mouths of his people and should be dismissed with the contempt they deserved, Chief Matanzima said.

As entry to the White parliament had been denied, the Black people were faced with either accepting the status quo, overthrowing the Government by bloody revolution, or opting out peacefully.

"For two well-fed, well-dressed and well-paid individuals such as they to preach the virtues of mass unemployment would be hilarious, if the potential consequences were not so tragic," he said. — Sapa.

① 65
② Capital

JSE president warns against

'mistake'

Bas. MR645
15/5/76

JOHANNESBURG. — Overseas investors withdrawing their capital from South Africa were warned last night that they could be repeating their post-Sharpeville mistake when they lost heavily.

Mr Eric McKie, president of the Johannesburg Stock Exchange, told a Protea Holdings group dinner here that South Africa's economic problems, with inflation, the liquidity crunch, high interest rates and adverse balance of payments, were being compounded by political problems.

These had been aggravated by the events in Mozambique, Angola and Rhodesia, and had led to a certain reluctance of overseas investors to risk investment in South Africa.

'There has been some evidence of withdrawal of capital from South Africa,' he said.

'However, in this connection it could well be that overseas investors are repeating the mistake they made in 1960-61 after Sharpeville and our withdrawal from the Common-

wealth, when the shares which overseas investors sold at depressed prices were picked up by South African institutions and individuals whose confidence in the future of our country has been amply rewarded.'

Don't supply SA, pleads CI chief

27/5/76

STAR

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An appeal to the Netherlands not to supply South Africa with equipment for the manufacture of nuclear energy has been made by Dr C F Beyers Naude, director of the Christian Institute.

Dr Naude has also reacted to criticism from the Chief Minister of the Transkei, Paramount Chief Kaiser Matanzima, of a statement on foreign investment in South Africa he had issued with the kwaZulu Chief Councillor, Chief Gatsha Buthelezi.

Dr Naude says in a statement given to the Dutch newspaper Trouw that most Blacks in South Africa would be shocked and disappointed if the Netherlands assisted South Africa in generating nuclear energy.

"SERIOUS THREAT"

The Black community would view such assistance from any foreign country as "a serious threat to peace in Southern Africa — even if the assurance at this stage be given that such nuclear power would only be used for peaceful purposes," he says.

He appeals to the Netherlands to refuse to supply the equipment to South Africa until it changes its race policies.

Reacting to recent criticism from Chief Matanzima over his and Dr Buthelezi's opposition to foreign investment in South Africa's "central economy," Dr Naude says: "To state that our statement borders on incitement to revolution and sedition is devoid of all truth and too ridiculous to be contemplated."

What scares foreign investors off S Africa

By NEIL BEHR-MANN

LONDON. — The South African share market has remained flat in the past year because insufficient funds have moved in from overseas investors.

Other reasons include tight liquidity, a slowdown in the economy and political uncertainty.

But in previous bull markets, foreign funds set the ball rolling. Indications from South African brokers visiting London are that the market is offering good value and that institutions have picked up stock.

Industrials

South African investors cannot understand why the South African industrial market has not at least begun to move ahead in anticipation of better times in 1977.

For instance, when liquidity was tight in 1970 and 1971 and in 1974, it was the time to buy. Following those

troublesome periods, the market soon bounced ahead.

In those bear markets — and in previous bear markets — foreign buying lifted the market. Using history as an indicator, a sustained bull market will come into play once there is firm foreign buying.

Institutions and brokers are pleased with Government racial concessions, but politics aside, the foreign institution looks at the South African investment scene in a different light.

Soweto

The South African institution must invest in South African securities and property because of exchange control. The money manager does not have the opportunity to place his funds in outside markets.

When a crisis, such as Soweto, hits the market, there is no real point in selling. For a start, the weight of institutional funds would push the market downwards.

Once the shares were sold, what could the fund manager do with the cash?

So South African institutions tended to mop up the stock which overseas institutions and investors sold.

The foreign fund manager knows that if the going is good, he can invest in Japan, Australia, Singapore, New York or any other market. For the moment he believes that the economic and political climate is sound in those countries.

But he notes that the South African economy is still in a down phase and he is worried about further riots — not because he believes the South African scene is unstable, but because of the psychological effect on the market.

De Beers

He can buy De Beers on a view that the shares will rise ahead of increased earnings. His decision as far as De Beers is concerned may be

correct. But he could lose money.

A political scare in Southern Africa, or even a rumour of a rand devaluation — whether warranted or not — could widen the security rands discount. Once the discount widens, the foreign investor loses money.

For example, the security rand discount is about 29,8 percent compared with zero at the time of the rand devaluation last September — a large loss in anyone's language.

The institution must consider the investment dollar premium, too. If the premium falls, he can also lose money.

All these factors must be considered by the foreign investment fund manager.

So there must be a sharp rise in the price of gold again before the foreign investors return to the South African market.

Before that happens, predictions of a renewed South African bull market are premature.

Church warns on foreign investment

27/7/76

STAR

John Allen

Continued foreign investment in South Africa along present lines was supporting apartheid and contributing towards an "obviously looming conflict," Mr John Rees of the South African Council of Churches warned today.

Mr Vorster, as the country's most powerful Prime Minister yet, needed to be "liberated to act" by the National Party.

"He could change the face of South Africa," Mr Rees said.

He was delivering his general secretary's report at the national conference of the SACC, dubbed "Hammanskraal III." The conference's theme is "liberation."

"I believe the time has now arrived for the churches in South Africa to declare themselves on the whole question of investment," Mr Rees said.

The call for "disinvestment" was of little significance because there was little that would make multinational corporations change their minds.

But, he said, "the church could make a stand on the question of new investment, and in the eyes of many, particularly Black, it would be seen to have identified itself with a righteous cause."

The hypocrisy of foreign investors who criticised South Africa as though they were not part of what was happening had to cease: "They cannot have their cake and eat it."

Investors would protect their interests, using the rationale that they supported the South

Churches should make a stand on the question of foreign investment, the SA Council of Churches general secretary, Mr John Rees, said today. The aim should be to "liberate all South Africans to participate freely in the economy."



MR JOHN REES

'Blacks must get their fair share'

African Government against communism.

But while the SACC rejected communism it acknowledged Black liberation ideals, which were not to be equated with communism.

"We must therefore issue a warning . . . that continued investment along the lines of the present method, where there is no:

- Adequate training of Black personnel;

- Concession in regard to bargaining rights;

- Equal pay for equal work;

- Possibility for Blacks to take part in the management processes with equal opportunity, is an outright support of the apartheid system and is contributing towards the obviously looming conflict in which Blacks will demand their liberation."

If South African economists claimed they were restricted, "Where then is their combined influence? If there is to be

change, then sharing must be the order of the day."

Dealing with "liberation and leadership," Mr Rees said: "I am sure that even those in authority are aware that after 25 years of the application of an ideology there has never been such widespread rejection of this concept by the people on whom it is applied."

"Mr Vorster could, by decisive peacemaking and dramatic action, reverse trends in South Africa. Detente begins at home and ripples out, not the other way around. He is pragmatic and can act."

But Mr Rees warned: "At this very time when there is a sense of excitement and anticipation among Black people, God forbid that we should only make concessions in the face of violence, for then we become directly responsible for increasing violence."

It was sad that Black so-called "puppet" leaders were cast in the role, for

they often tried.

"Systematically all vocal, charismatic and well-intentioned Black leadership has been eradicated by imprisonment and banning."

"Why? Because they have criticised, opposed and have also (I believe wrongly) demonstrated violently against oppression. So that when we have a Soweto we can call on no leaders of note."

"Without losing face our leaders, Black and White, need to be liberated to speak to one another about the real issues facing South Africa."

"We need to be liberated from apartheid. The continued arrogance of Whites towards Blacks in pretending to know what is good for them can no longer be tolerated and has, in fact, demonstrably been rejected. What other proof do we need after the violent reactions in Soweto and other places?"

Mr Rees also criticised:

- The "insensitive and unwarranted application of harsh legislation" by the Department of Bantu Administration and Development. "They must be liberated," he said;

- The SABC's "glib self-righteous defence of all that South Africa does";

- The "senseless demand" that people take out homelands citizenship. "I have a deep-seated fear that unless our authorities can be liberated from this, I see the downfall of the hard-won national Afrikanerdom, for there will be a clash of two nationalisms. But in God's name this is not necessary... there is enough goodwill to share... all."

FIREARMS

Perhaps some Whites were being bluffed that changes were not needed. But why then had there been a run on firearms at gunsmiths? Blacks saw Whites in a frenzy about "civil defence and emergency."

It should not go unnoticed, said Mr Rees, that following recent unrest, English-speakers, the so-called liberals, had swung right.

"Yet so often our maligned Afrikaner brethren have been the ones in recent days to come through with the concrete recommendations about steps for the future."

Churches also needed to look to themselves.

Some church leaders "have adopted such know-all tendencies and platitudinous responses to Black demands that they are risking the very life of the Church at present."

Positions and money in church structures had to be shared with Black men.

Black ministers had indicated the next target of

F.M. 13/8/76

QUESTIONS AND ANSWERS

Forget the Bantustans, let's all work together

FM: Has Soweto made it more difficult to attract foreign investment?

Buthlezi: It is too early to say.

Would you clarify your attitude towards foreign investment?

The joint statement with Dr Naude was a response to Mr M C Botha's statement that development in the Homelands would only be allowed insofar as it didn't interfere with the central economy. We concluded, if this was the case, then foreign investment was devoid of all morality. Black people are not part and parcel of the free enterprise system in this country. As long as Black people have no stake in it then its future is in very much doubt. We would like to have a Black consensus on foreign investment and suggested that we should hold a Black consultation on the issue.

Have you any conditions for a prospective foreign investor in KwaZulu?

It is a matter of negotiation. I would like the entrepreneur to have 50%. The other 50% should belong to the people of KwaZulu. Since our people would not be able to purchase all of their 50% we ask the KwaZulu Corporation to hold some in trust so that if individual KwaZulu citizens get the finance to purchase these shares they can do so. I don't look at investment only as something which can give my people jobs because, after all, we can't just be a nation of serfs. We must have some stake. Profits would be ploughed back through the corporation and the wealth should not only be for some people but for the benefit of all. We would not like to have the wealth controlled by an elite whether it's Black or White or both. I don't believe in that.

Have any lessons been learned from Soweto?

I can only express the hope that they have learned some lessons but there is no evidence to show they have. At the height of it I consulted my colleagues and suggested we should have a meeting with the Prime Minister and the Minister of Bantu Administration. I made sure that protocolwise I was on the right side by ensuring that the texts of these telegrams were sent through the Commissioner General, who represents the government here. In spite of that, the Commissioner General is the only one who acknowledged receipt. Mr Vorster and Mr Botha completely ignored my telegrams. I heard the Prime Minister's statement about maintaining law and order at all

Earlier this year Chief Gatsha Buthelezi and Christian Institute director Dr Beyers Naude issued a joint statement on the vexed question of foreign investment in SA. Last week, the FM asked Buthelezi to clarify what he meant. He also described his own attempts to get the Soweto language issue defused. They met with a stone wall of resistance.

costs. I know what he means by "at all costs". That to me is not evidence that they have learned any lessons.

You wouldn't regard the concession on the language issue as a gain?

It's no gain at all. At what cost? Can you say the lives of my people who have been killed are worth just this thing? The very concession is a condemnation of them because when we had this meeting with Mr Vorster on January 22 last year we dealt with this matter in great depth. Even previously, on March 6 1974. We warned them then that this matter would cause trouble but Mr Botha was so insensitive that he completely ignored what we said. Mr Vorster did say Mr Botha should have another consultation with us by himself, but he even ignored the Prime Minister's suggestion and never held this. Then he went and imposed it.

But it wasn't only the language issue was it?

The frustrations of the people don't revolve only around the language issue but on the whole issue of decision-making and having and sharing the wealth of the country. The feelings of the people were exacerbated by the whole question of citizenship, because of the war between the Transkeian government and the central government on this issue and the possibility of having more than two million people going to be stateless in the Transkei. It found people's feelings on the raw really, this issue of language, because they were disgusted at our White countrymen making us, the indigenous people of this country, foreigners in our own country. It is something that has never happened — no conqueror has ever done what the White government is doing to us, the conquered. It's something unique in the history of man.

Will KwaZulu opt for independence?

I don't even see it looming on the horizon. The Zulu assembly we set up under their own laws has rejected it.



I don't see why I should be deprived of my South African citizenship. Why I should be fobbed off with KwaZulu when we could develop the rest of South Africa jointly with the White people in this country.

Is there anything within the limits of practical politics which could be done to defuse the situation?

Long ago I proposed a national convention but the government responded through Mr Botha saying they didn't need a convention because they knew what to do. Secondly I approached Mr Vorster and said to him 'now you've set up a multi-racial council for South West, what about having one for South Africa' and Mr Vorster's response was that we didn't need it here. But a national convention is a matter of urgency.

As long as we are talking to each other the situation would be defused. I was the very first man to suggest the release of Mandela when people were still even afraid to mention his name. I have repeatedly done so. I believe that people like Walter Sisulu, Govan Mbeki, others in jail, and some of our exiles like Oliver Tambo and those in the PAC, should also be allowed to send representatives with all of us together.

NOW THE WEST

THE West is holding an economic pistol to South Africa's head. Sources in Pretoria and Washington believe that the dearth of foreign capital, a major factor in South Africa's economic plight is—at least in part—politically inspired.

Faced with a huge balance of payments deficit of about R2 000-million, the country needs an injection of foreign capital of heroic proportions to stay afloat and finance its development programme.

It can't get it.

The Government is having difficulty raising short-term loans at high interest rates, while semi-state institutions, such as Iscor, Escom and Sasol, have found doors slammed in their faces in Europe and the United States.

The drying up of desperately-needed foreign capital is partly because of investors' fears of Black unrest and that South Africa has heavily over-borrowed.

But observers believe that the West, particularly the United States, is also deliberately turning on the economic screws.

Admissions

The Minister of Economic Affairs, Mr Chris Heunis, has admitted that South Africa is in worse economic shape than most people realise. The authorities admit that the recession is only beginning.

Business confidence and private investment are hitting-record lows and Black unemployment, now estim-

Drying-up of foreign loans seen as a political manoeuvre

By FLEUR DE VILLIERS

ated to be at least 700 000, is rising by more than 30 000 a month.

Net gold and foreign exchange reserves are estimated to be down to R680-million — not enough to cover the cost of one month's imports.

By most Western standards that measure a country's solvency by its reserves being able to cover three months' imports, South Africa is virtually bankrupt.

Offensive

The United States Secretary of State, Dr Henry Kissinger, in his meetings with Mr Vorster in Zurich and Pretoria, is believed to have promised a more benign United States approach to South Africa's economic needs in exchange for South Africa's co-operation on Rhodesia.

While Mr Vorster can now expect a quid pro quo for his aid in bringing Mr Smith to the conference table, Washington sources say the screws will be loosened only temporarily when, and if, the Rho-

desian and South West African issues are settled.

They could be applied again later to effect change in South Africa itself.

The economic offensive has sharpened noticeably in the past year with Sasol unable to obtain US credit guarantees for Sasol II. Sasol was later able to obtain the credit elsewhere.

South Africa is also suffering from a ceiling on financing via the United States Export-Import Bank.

Loans from the European money market, where America wields enormous indirect influence, have all but dried up and severe doubts have been expressed about even the Treasury's ability to raise a large loan in Europe until the Government makes major political concessions.

Squeeze

So great has been the squeeze that Iscor found itself without the capital to operate the Saldanha ore export harbour. The Railways, which has now assumed responsibility, is also unable to raise all the required funds.

The Government is concerned about the way in which the Havana conf-

ence in May, sponsored by the United Nations Committee Against Apartheid and the Organisation of African Unity, was able to pinpoint South Africa's vulnerable economic areas.

Targets

The conference decided on three prime targets for economic action against South Africa: Overseas loans, imports of South African raw materials, and foreign investments in South Africa.

Banking consortiums in Europe and the United States, and the Eurocurrency Market must, the document states, be pressured by governments to stop loans to state or semi-state organisations in South Africa.

The conference was told South Africa was in a serious economic crisis because of the falling price of gold, increased defence spending, and "huge long-term capital expansion which had further increased pressure on the balance of payments."

It needed about R1 000-million a year of foreign capital to "finance its development programme".

Action was recommended to...

West told: Don't sacrifice Blacks

Hugh Robertson

NEW YORK — Botswana's Foreign Minister, Mr Archie Mogwe warned the Western powers against sacrificing the Blacks of Southern Africa "on the altar of mercantile and mercenary interests and ideological hegemonism." In a speech yesterday, to the United Nations Security Council which was

notable for its sharp criticism of the West, Mr Mogwe also blamed South Africa's race policies for creating a situation in the region which was a threat to world peace and security.

"Free Africa's efforts in the decolonisation of their continent have consistently been frustrated by the collaboration of the West

with the enemies of freedom.

"Millions of Africans in Southern Africa continue to suffer from conditions created by the defenders of Western civilisation," he said.

While he strongly praised Dr Kissinger's efforts to bring about peaceful change in the region, Mr Mogwe said: "The ar-

med struggle impelled the negotiations now about to take place.

He appealed to the Western powers to "exercise their full responsibility" for delivering South West Africa to the people of that territory and added: "It is, after all, those powers which have consistently blocked mandatory action being taken

against South Africa."

Mr Mogwe said recent unrest in South Africa was "not just an inspired and transient effervescence of political excitement," but was a call to the conscience of South African Whites and of the world community.

"If Dr Kissinger failed to tell Premier Vorster that a government elected

by and representative of the people as a whole in what Africa and the world community wants in South Africa, then his shuttle in Southern Africa will be preserved in the archives of American history under the label of one of William Shakespeare's classics — much ado about nothing," Mr Mogwe said.

13/10/76 STAR

Gatsha warning to US investors K/10/76

JOHANNESBURG — It was not yet realised that in South Africa the people would conquer capital if capital opposed the will of the people, Chief Gatsha Buthelezi said yesterday when he called on big business to "take sides in the central political struggle. . ."

Speaking to a group of American businessmen, he said the partnership between capital and repressive legislation would have to be terminated.

If foreign investments were made to prop up an increasingly vulnerable whites-only cash economy, "they will be lost in the chaos which is bound to arise."

He warned that any hope that the "economically poor will remain politically disenfranchised is a misplaced hope. Any hope that the elite will not have to involve themselves in a radical redistribution of wealth is also wishful thinking."

Chief Buthelezi said he could not bring himself to tell the poor that he was working towards a cessation of foreign investment in the Republic.

Confronted with this dilemma, however, there were still "some things which must be stated about the acceptability or otherwise of foreign investment."

Blacks no longer approved investment simply because it created jobs for blacks.

"Investors must by now realise that the black majority in this country will in the foreseeable future have the power to grab any investment they like and do with it what they will.

"If and when that happens, everybody will be the losers. To avoid that situation, investors ought to start thinking about the situation now."

He called for a convention between blacks and investors.

Chief Buthelezi argued for some form of free enterprise system in

which the private sector was permitted to play a creative role.

Development should be based on the home market, encompass a wide range of industries and should not be reliant on foreign finance, except where this was subject to local control.

This development should also bring about technological progress for blacks.

There will be no economic progress unless there is political stability. That stability depends on the people's involvement in the economy and their gains from it.

^{DP} "The majority of blacks do not feel they have benefitted from the country's economic development. There must be further and rapid expansion of the home market if people are to feel that their new political dispensation has any meaning for them." — DDC.

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~~107~~

Britain,

U.S. have

role in

Africa —

Buthelezi

The Argus Bureau

LONDON. — Chief Gatsha Buthelezi, the KwaZulu leader, who arrived here yesterday from the United States, said he thought both Britain and the United States had a part to play in African affairs.

'I think it would be a good investment for Britain to help our cause,' he said. 'It has important trading interests with South Africa which it could try to maintain by supporting the Blacks.'

AN OBLIGATION

'Britain has a moral obligation to us. The British colonised South Africa and then handed it to the Whites on a plate.'

The United States also had an obligation to help because President-elect Jimmy Carter reached office by riding on the Black vote.'

He thought Mr Carter would have a definite policy towards Blacks in South Africa. 'It is not a matter of choice — he is morally bound to support us.'

RHODESIA TALKS

The chief thought the Rhodesia talks would help the cause of the Blacks in South Africa. They would help to develop Black consciousness in the same way that the liberation of Angola and Mozambique helped.

He added that he would have loved to see Dr Henry Kissinger complete the initiative he began in Africa.'

The chief left London by South African Airways last night.

SA investor 'safe'

argus. 16/11/76

The Argus Bureau

PRETORIA. — In spite of the predictions of South Africa's collapse by many self-appointed experts in the 1950s and 1960s, this country had been one of the safest in the world in which to live and invest, the Secretary for Information, Dr Eschel Rhoodie, said last night.

Addressing the Young Presidents' Organisation in Johannesburg, he said he was not advocating complacency about the future, nor was the Government complacent about the nation's problems.

But, if one studied the organisations and governments which predicted disaster in South Africa, Dr Rhoodie said five common denominators would be discovered:

- ⊙ Their rampant political hypocrisy;
- ⊙ A widespread disinterest in South Africa's White party politics;
- ⊙ A double standard in judging South Africa;
- ⊙ A fanatical obsession with one-man-one-vote;
- ⊙ And a commitment to Black majority rule in South Africa.

ALL-OUT EFFORT

They were racialistic in their approach, he said, to the extent that they could not care less what happened to human dignity in a purely Black, or Brown or White frame of reference. They were concerned with human dignity in South Africa only because the frame of reference was Black and White.

If one's personal outlook on South Africa's economic future was gloomy, Dr Rhoodie said one should think again.

In the political field, the Government would make an all-out effort to prove to the world the country's political stability and to illustrate the positive changes and improvements which had taken place in South Africa in the past few years.

The business community could play an enormously important role here.

Dr Rhoodie said South Africa should be regarded as an African nation, not an appendix of Europe. Judged on that basis, its record was one of which it could be proud.

CT-26/11/71

Conditions in SA dismay investors

THE chief economist for a major banking group, Mr Andre Hamersma, told the symposium yesterday that economic and financial conditions in South Africa would not be conducive to further rapid industrialization and large-scale development of the Western Cape in the next few years would be difficult.

The main problem confronting the economy was a political one, he said, and the country was moving on to the stage of international political and military activity. Not only would this tend to produce a change in the domestic and

social environment, it would also seriously affect the cost and availability of money.

The private sector would be increasingly crowded out by the Government in the battle to obtain finance. Banks were becoming reluctant to lend money to South Africa and it was possible that foreign-controlled companies would come under increased pressure not to increase their investments here.

Mr Hamersma added that the country's race policies had caused many overseas countries to reassess their activities in South Africa.

Letlaka accuses West of bolstering racism

PD 27/11/76

UMTATA — Western countries — especially Britain and America — were bolstering apartheid with their huge investments in South Africa while choosing to ignore Transkei, which was a non-racial democracy, the Transkeian Minister of Finance, Mr Tsepo Letlaka, said yesterday.

He also warned the West his country would stop at nothing to ensure the survival of its people.

Mr Letlaka was speaking at the South African Institute of International Affairs conference here.

He said the Western countries were prepared to protect South Africa in

spite of her apartheid policy, which they professed to abhor, for the sake of their immediate economic interests.

They were more interested in preserving these interests than starting new ventures in underdeveloped countries.

"The strangulation of Transkei through non-recognition of her sovereignty, through quarantining of her citizens so that they are completely isolated by rejecting their passports, through denying her development aid, through clobbering Transkei in international platforms and

presenting her people as the lepers of the world, has become the obsession of the Western world led by the United Kingdom.

"This 'ancient Western democracy' prefers to bolster up and protect apartheid in which it has made heavy investments and reaps phenomenal profits through underpaying and sucking the blood of the black workers to supporting a free independent black democracy which would never yield such lucrative returns," Mr Letlaka said.

Mr Letlaka said Transkei freedom would contribute substantially to the diffusion of racial discrimination and cessation of economic exploitation for blacks in South Africa and would lead the way to complete freedom for all in South Africa.

"We in Transkei believe that freedom and political independence must immediately be followed by economic development to have real meaning to our people. We have not struggled for freedom and independence in order to administer our own poverty.

"It is our inflexible determination to develop agriculture, encourage industrial growth and to raise the living standards of our people. The countries of the West have both the technology and the capital to assist us.

"Fortunately for the oppressed and exploited people of the world the countries of Western Europe and America do not comprise the entire world. There are other great and freedom loving countries to whom we may be constrained to turn."

Transkei would accept aid from any country as long as there were no strings attached, he said.

— DDR.

60/329.

African dollar drive runs into UN crossfire

Sun Times 28/11/76

NEW YORK. American research experts are hurrying to set up a vast "crescent" aid project for Rhodesia and South West Africa in the face of charges that it is a Western "plot" centred on South African economic power.

Secretary of State Henry Kissinger has sought out top American bankers and company executives, and his under-secretary, Mr William Rogers, told a closed-door gathering of company chiefs that the State Department would like to see them pump money into Rhodesia and South West immediately interim governments were established.

A small army of government specialists and consultants is preparing the groundwork through the Agency for International Development (AID).

The study covers nine countries. Four management consultant firms have been hired: American Technical Assistance Corp; Edward Burger Associates; Checchi and Co; and Robert Nathan Associates. Through them professional researchers have been hired to prepare papers on Rhodesia, South West Africa, Mozambique, Angola, Lesotho, Swaziland, Botswana, Zambia

By RICHARD WALKER

and Malawi. They are required to compile extensive data and prepare sector-by-sector analyses of the economies.

Internal memos at the United Nations have denounced the plan as part of CIA "covert operations" with "definite undertones of counter-insurgency war."

The memos also slam pricey and elaborate efforts to promote Herero Chief Clemens Kapuuo and other moderate South West African Blacks.

Jack Summers, Kapuuo's breezy promoter, is on a salary of R45 000.

International business consultant Arnold Burns, leader of the law firm retained by Kapuuo, has so far received R22 000 "on account", according to his deposition with the US Government. But friends say he claims to be about R130 000 out of pocket still.

In his Government state-

ment he says he hopes to be paid "reasonable" compensation for his efforts "as and when funds become available" to the chief.

The smaller of the initial D research projects targeted on Rhodesia and South West Africa is costing R310 000, and is to track down "political, social, economic and human problems, arising from transition to majority rule and to suggest appropriate programmatic and policy responses", according to a summary given by AID workers.

Activist

Commonly called the Adams project after Dr Sam Adams, a retired AID chief, it will pinpoint which Black factions, and leaders, would best suit the US. "Their openness and attitude towards US policy" is one study sector.

A wide selection of people is involved, mostly academic, but ranging from conservatives to Black activist Geler Butcher, most radical among President-elect Carter's advisers.

Sun Times • 28/11/76

They'd like to give

60/103

MANY countries would like to open contacts with and give aid to newly-independent Transkei, but are hanging back for fear of being seen to support apartheid.

This was the message from most speakers at the South African Institute of International Affairs' conference in Umtata on the international implications of independence.

They said its birth out of separate development was the greatest obstacle to recognition.

The American researcher, Dr Lorna Hahn, said many Africans and Arabs privately supported Transkei's independence but in public they took a different attitude.

It was now up to Transkei to prove that it was truly independent and at the start of a struggle for freedom.

Dr Hahn said if African countries were sincere in their desire to see fellow Africans treated with dignity and respect, they should stop treating Transkeians as inferior beings.

Instead of doing nothing, they should try to beat Pretoria at its own game by working Transkei into

Kei aid, but apartheid...

By **ARTHUR ROSE**

the African system.

"It is time we all stopped regarding independent Transkei as an affront," Dr Hahn said, "but view it as an opportunity."

A British political scientist, Mr Christopher Hill, said recognition was unlikely as long as Transkei was thought of as an end product of separate development.

But Transkei's own actions, he said, in detaining its political opponents and two world-acclaimed actors had not helped its image abroad.

Many speakers stressed that Transkei was not promoting its own cause by its actions at home.

Professor John Dugard of Johannesburg, said the United Nations saw South

Africa's discriminatory laws and repressive security laws as contrary to the universal declaration of human rights. Transkei had kept not only racist laws like the Mixed Marriages Act and the Immorality Act, but also repressive laws like the Terrorism Act and the Internal Security Act.

The director of the Institute of Black Studies in Johannesburg, Mr Nimrod Mkele, said that apartheid was "designed to keep the Black man as cheap labour for the White man, while ensuring that effective political power and the bulk of our wealth (roughly 88 per cent) is held firmly in the White man's own capable hands."

"The reserves, which are now called homelands, were designed for the express purpose of providing cheap migrant labour for South Africa's mines, industries and farms."

As a result, Mr Mkele said, their development was handicapped by the absence of able-bodied men. They were economically dependent on South Africa and could only endanger themselves by taking militant postures like withholding labour.

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HOW RETURNS HAVE CHANGED*

	1970	1971	1972	1973	1974	1975
SA.....	16.0	11.3	10.2	18.4	17.6	8.7
Non-US world.....	11.2	11.9	12.2	16.4	21.6	13.2
SA's advantage.....	4.8	-0.6	-2.0	-2.0	-4.0	-4.5

*US parents' earnings divided by its net equity in and loans to foreign affiliates. Earnings comprise parents' share in affiliates' earnings, less withholding taxes, plus interest received on intercompany accounts.

SA has lost its lead over Australia, and has again been surpassed by Brazil.

Later comparable figures are not available but it is worth noting that the Department of Statistics in Pretoria, analysing the accounts of 220 companies in secondary and tertiary industries, with assets of R8,6bn, highlighted a continuing drop in profitability in 1976. Operating profits as a proportion of shareholders' funds slipped from 20,1% in 1975 to 16,9% in 1976; net after-tax profits fell from 16,5% to 14,1%. In real terms, in other words, discounting profits for the erosion of the purchasing power of the rand, net after-tax profitability was only 2%-3%.

No doubt the chief reason for the fall in profitability is the recession, which has plagued SA for two-and-a-half years, longer than in most other countries. However, within that general picture, some disturbing trends should be noted.

The first is rising domestic interest rates, a problem that is bedeviling Glen Anil, for example. The total amount of interest paid by the 220 companies in the

Department of Statistics' sample, rose by no less than 76% in the 24 months up to last year. Interest paid relative to net profit was 17% in 1975 and 19,5% in 1976. And the rise occurred despite a step up in shareholders' funds, as a proportion of total assets, from 48,2% to 49,7%.

Also interesting is how the after-tax earnings of ordinary shareholders were distributed. In 1975, 57,5% was paid in dividends, but in 1976 the figure had risen to 62,7%. The result is that company retentions dropped sharply.

These trends, no less than the overall downward swing in operating profitability, will have to be reversed before SA can once again become a magnet for long-term foreign equity funds.

PROFITABILITY SA slips

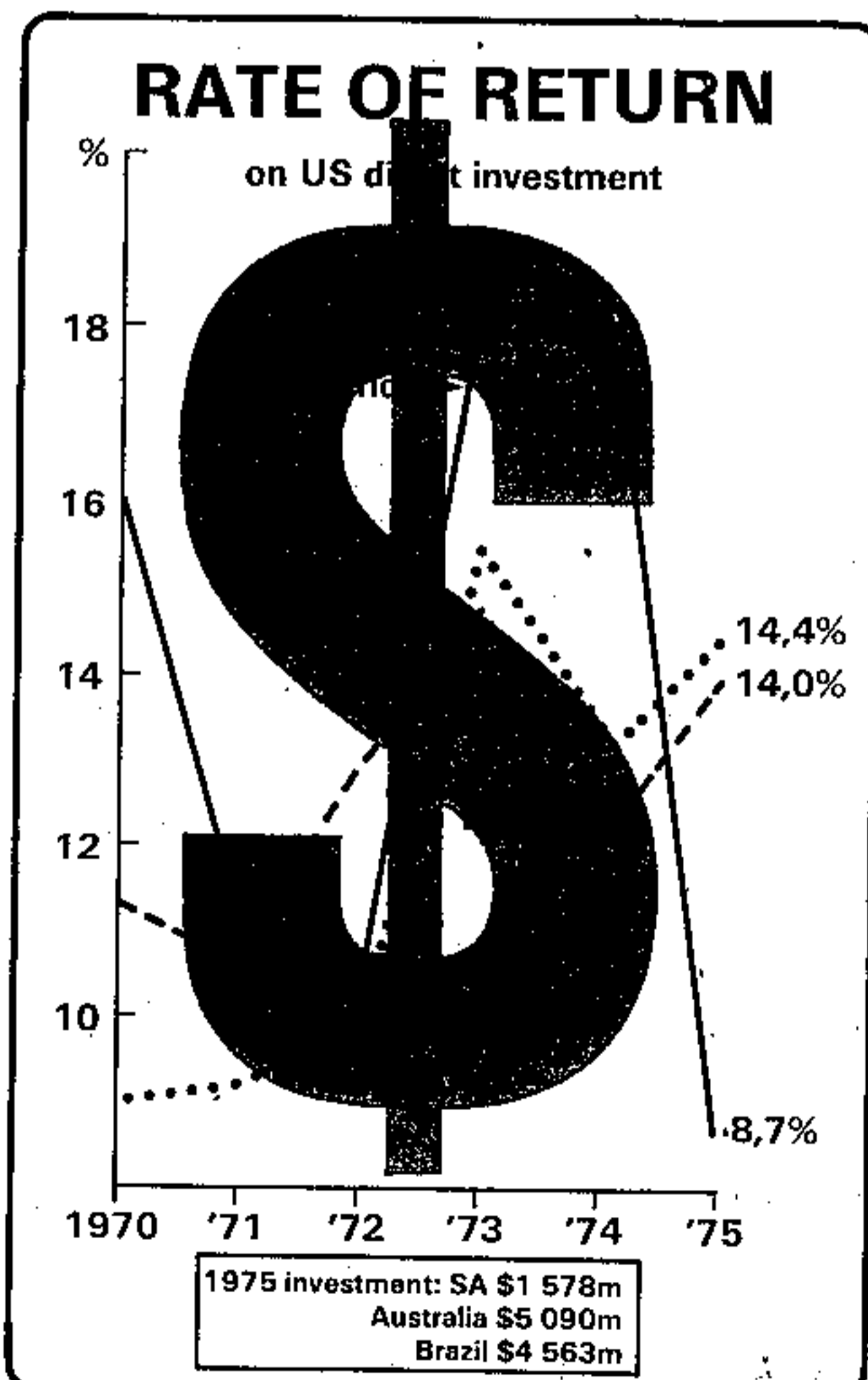
FIN MAIL
2/1/77

Notwithstanding the political risks, SA has usually managed to attract a fair amount of foreign capital, allowing a brisk rate of economic development. Why? Because of the profitability of its business.

Comparing yields around the world, multinational corporations, and others, have generally been pleasantly surprised to discover what their money could earn in SA. Rates of return on capital employed have been something to write home about.

No longer. From figures gathered by the US Department of Commerce, and processed by the weekly American news letter *Business International*, it appears SA has forfeited its place near the top of the world profitability ladder.

The table, which compares rates of return on US direct foreign investment in SA and the rest of the world, shows that the Republic's position has deteriorated, relatively and absolutely, since 1973, with a very sharp drop in profitability in 1975. For the first time this decade (see graph)



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Foreign companies 'leading the way'

4/2/77 S/21



Arthur Grobbelaar
"Outside pressure lacks teeth."

Labour Reporter

Most employers in South Africa are convinced they have done a great deal to improve wages and working conditions of black workers after the wave of spontaneous mass strikes in Durban early in 1973.

The president of the Transvaal Chamber of Industries, Mr J E Holloway, believes foreign-controlled companies have taken a lead in this.

Pressures exerted by foreign governments and trade unions have lacked teeth but there is no denying they have left their mark, says Mr Arthur Grobbelaar, Tucca general secretary.

Mr Scakes Sikhakhane, general secretary of the black Sweet, Food and Allied Workers' Union, says progress has been slight and most black workers still earn wages below the breadline. If

the British Trades Union Congress were to repeat its tour of a few years ago it would still find shocking conditions, he says.

What are the hard facts?

● It has been calculated that the average real income of white employees rose at a rate of only 1,3 percent a year from 1970 to 1975, while that of blacks went up eight percent.

● The average monthly income of blacks in mining, manufacturing and banking in the second quarter of last year was R82,29, R116,59 and R151,21 respectively, according to recent figures from the Institute of Race Relations. The white equivalents were R707,78, R548,79 and R489,48.

● It was announced recently that 77 726 black workers had received in-service training.

52 507 of them after the promulgation of the Bantu Employees In-service Training Act last year.

● The training went hand-in-hand with relentless employer efforts to minimise job reservation. The motivation was the skilled labour shortage and consequent "overpricing" of white labour, as well as the need to make black wage increases pay for themselves by increased productivity.

● Only four of nearly 70 leading manufacturing firms, including foreign companies, had housing schemes for black workers, according to a recent survey by Contact Personnel Services. Thirty-two percent intended to implement schemes this year.

● According to the same survey, 54 percent of the firms had a medical aid scheme for black

workers; 80 percent operated canteen facilities and subsidised them at an average rate of R49 annually per worker; three-quarters had a pension plan and 65 percent had a non-discriminatory pension plan.

● There has also been a flurry to improve "communications" between black workers and management as a result of the Natal strikes. Well over 600 000 blacks are now represented on committees which confer with management, though many of these were formed in efforts to forestall or stifle black trade unionism.

● The Transvaal clothing industry has accorded full recognition to the black union, which represents most of its workers. In about half-a-dozen other industries isolated employers have followed suit, but most give only partial recognition and do not want to publicise their dealings with the unions concerned.



Scakes Sikhakhane
"Wages still below the breadline."

tors of a selection of foreign companies with substantial investments in SA how — if at all — political turbulence here has caused them to change their development plans.

General Motors, one of the three biggest motor manufacturers in SA is unequivocal about its policy. "We currently have adequate plant capacity and do not anticipate any immediate investment in this area," says SA comptroller Paul Morgan-Smith. "But GM reiterates that it intends to remain in SA and is planning for the future."

US-owned **NCR (SA)** has multi-million rand assets here. "In the last three-four months there has been a capital inflow of above R1m from the US and further major investment plans are in the offing," says MD Alan Huskisson. "We certainly feel pretty bullish about the future of business in SA."

Dresser (SA), a US subsidiary manufacturing heavy equipment, has a capital investment of R20m. "We are certainly looking for further opportunities for expansion in SA. In fact an investment of almost R1m is in the pipeline," says Dresser's legal and finance manager Geoffry Windsor. "Dresser intends to stay here. It looks as if we will expand."

Bomag SA, a wholly-owned subsidiary of Koehring (US), has R6,5m capital invested in SA. "We have increased our investments by R1,5m in the past 18 months, and this year are embarking on a local manufacturing programme," says MD, Heiner Thorborg. "We are not scared. The moment the economic recovery comes we will put in more funds. We are not only here to stay, but here to expand."

British companies in SA seem similarly unconcerned.

With a 40% shareholding in the AECI colossus, UK-based **Imperial Chemical Industries (ICI)**, operating through its wholly-owned subsidiary **ICI (SA)** is a major investor, and is committed to substantial further investments.

In 1973, AECI announced a 10-year,

File here material on or by Labour Institutes e.g. S.A.L.D.R.U., I.I.E., UNISA, as well as general comment on the state of labour relations.

INDUSTRIAL RELATIONS - General
WAGE REGULATION - Industrial Councils
INDUSTRIAL RELATIONS - I.A.S.
Workers' Organizations I.A.S.
Sectors or industries.
Compensation, and specific
SOCIAL SECURITY - Workers
MINING - Accidents

FOREIGN INVESTMENT (60)
No shivers yet FIN. MAIL 4/3/77

Have foreign investors lost confidence in SA? Parallel to recent Parliamentary crossfire between Finance Minister Owen Horwood and MP Gordon Waddell, a report from the University of Delaware (US) downgrades SA from eighth to 19th position in its latest business environment risk index (see box).

The FM this week asked local direc-

THE RISK PLACINGS

The University of Delaware Business Environment Risk Index ranks countries on the basis of the security of private investments made there. Among the only indices of this nature prepared outside financial institutions, it is consulted as an information source by most banks.

The latest rankings (in

order of safety), are:

- | | |
|-----------------|-------------------|
| 1 Switzerland | 13 Denmark |
| 2 West Germany | 14 France |
| 3 United States | 15 China/Taiwan |
| 4 Canada | 16 Ireland |
| 5 Netherlands | 17 Iran |
| 6 Belgium | 18 Venezuela |
| 7 Japan | 19 South Africa |
| 8 Singapore | 20 Brazil |
| 9 Australia | 21 Mexico |
| 10 Norway | 22 Korea |
| 11 Sweden | 23 Malaysia |
| 12 Saudi Arabia | 24 Philippines |
| | 25 United Kingdom |

INDUSTRIAL
Industrial
Industrial
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INDIA - Lab
INDIA - Gen
INCOMES
Immortality
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Illegitimacy
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R1 000m expansion programme. "While economic conditions have caused some plans to be postponed, nothing of major consequence has been abandoned. We still have similar capital expenditure goals," says George Thomas, AECI's financial director.

ICI appears to be backing this programme. Bill Stephens, chairman & MD of ICI (SA) and on the board of AECI "has never known any worthwhile project to be scaled down because ICI was unwilling to provide funds. Nor do I foresee that problem arising."

These words have recently been backed with hard cash. In August last year ICI contributed R32.5m towards a rights issue for financing AECI's R260m Coalplex project.

Other British firms are following a similar path.

In 1974 **Leyland (SA)**, a wholly-owned subsidiary of British Leyland International, began a four-year R35m expansion programme. "We remain committed to this programme," says a Leyland spokesman. "Despite short-term uncertainty, we have long term confidence in our investments here." An assembly programme currently underway at a capital cost of R9m to introduce the Rover 3500 certainly adds strength to this assertion.

On a smaller scale, British-owned **Vickers (SA)** has recently contributed R1m towards a R3m project with British company Howson-Algraphy. "And" says Graham Crimp, MD "we have some other very good plans in the pipeline."

However, such confidence is not unanimous. British-owned **Delta Metal Holdings** has investments of close on R60m in non-ferrous metal production. It has no new investments planned. Executive chairman Pierce Newton-King frankly admits that Delta Metal Co, the parent company, "has become far more stringent about what constitutes acceptable investment." He adds: "At present they would not look at anything involving a payback stretching beyond five years. And there is pressure for a reasonable dividend policy."

On the other hand, **Pilkington Bros** has gone ahead with construction of a R46m float glass plant involving, according to chairman John Breadspear "a great deal of foreign capital".

The petroleum companies also have massive investment plans. In August last year **BP** chairman Wayne Templar disclosed that BP intended spending over R375m in SA in the next five years.

Sudden sensitivity to foreign feelings (in response, no doubt, to renewed allegations overseas by anti-apartheid movements) has made BP reluctant to discuss details. According to public affairs manager Graham Barr, "our investment planning remains unaltered. However, as

we have said in the past any investment situation is dynamic and changing."

In 1975 Dutch and British owned **Shell (SA)** announced it was considering investments of R500m over the next decade. Asked whether Shell still intended carrying out these investment



ICI's Stephens ... no scaling down

plans chairman Ken Geeling declined to comment.

Other European companies are not suffering from cold feet. Last May, Fiat of Italy undertook a major investigation into the advisability of remaining in SA. And in July **Fiat (SA)**, a wholly-owned subsidiary, with assets valued at R27m, reaffirmed that it intended remaining in the SA market.

"Nothing has changed. We are prepared to invest whatever is necessary to remain competitive" Fiat (SA)'s MD Gian Carlo Barsotti told the *FM* this week. Estimates that R10m may be required have been made. "In fact" says Barsotti, "we are currently completing a warehouse in Rosslyn, and installing machinery to manufacture engine components and crankshafts which together cost a good portion of the R10m."

BASF (SA), a wholly-owned subsidiary of BASF AG of West Germany with assets of R5m in SA is more wary. Its first direct investments were made in 1973. "But there is no hiding the fact that the risk factor has become greater since," says Rolf Rauschenbach MD of BASF (SA). "However, while we have adopted a wait-and-see attitude, political uncer-

tainty does not lead us to conclude that we must close our books in SA" he argues.

In fact, BASF (SA) regard itself as a growing company. "Although nothing concrete has reached the stage where plans can be disclosed, BASF is constantly watching for further investment possibilities in SA" says Rauschenbach.

Of the *FM*'s sample, then, the prevailing mood is one of optimism, sprinkled with some signs of increased cautiousness. Certainly none of those questioned has reneged on investments already announced.

However, there is no way of knowing whether previously unannounced investments have been scaled down, or even entirely scrapped.

At any rate direct foreign investment comprised only 14% of SA's gross private long term capital inflows in 1975 (and 9% in 1974) and as such is no accurate guide to total capital movements. The bulk of capital inflows are made up of loans by foreign banks.

Nonetheless, the continued confidence in SA expressed by international firms already here is certainly good news.

HEALTH & DISEASE - Ment
HEALTH & DISEASE - Drug
HEALTH & DISEASE - Alcc

HEALTH & DISEASE - Gene

Harbours

Hairdressing

H:

Growth, economic

GROUP AREAS - Transvaa

GROUP AREAS - O.F.S.

GROUP AREAS - Natal

GROUP AREAS - Cape

PLANS TO INVEST IN HOMELANDS

27/3/77

Finance Reporter

THE Pretoria-Jerusalem trade axis is strengthening despite international attempts to sever the links.

The latest development is the growing interest by Israeli entrepreneurs in black homeland investment potential.

Mr C. G. Mynhardt, planning manager for the Bantu Investment Corporation (BIC), said recently he had been contacted by 30 Israeli industrialists during a recent four-day stop-over in Tel Aviv.

At least six of these potential investors are seriously investigating the possibilities of establishing plastics, light engineering, rubber and household goods industries in the homelands.

Meanwhile, many South African industrialists are expected

Israel-SA trade axis strengthens all the time

to exhibit at Technology '77, an international trade fair to be held in Tel Aviv in June.

The fair covers mechanical engineering, electrical engineering, building construction, environmental control techniques as well as aspects of industrial research and development.

And on the consumer front, Shalom Stores, a leading Israeli retail chain, is to present a South Africa Week in June.

While the theme is outdoor living, the

chain will also promote a full range of other South African products usually associated with departmental stores.

And in Johannesburg recently, Professor Chaim Ben Schacharn, an economic advisor to the Israeli Government and President of Tel Aviv University, said that Israel should play a greater role in the international economy by embarking on more joint commercial and industrial ventures with friendly states. Meanwhile one of

the world's largest manufacturers of tactical military communications equipment, Tadiran Israel Electronics Industries, has set up a combined operation Consolidated Power (Pty), with South Africa's Calan Group at Rosslyn near Pretoria.

The combined Israeli-South African venture will produce a range of electrical and electronic products including an emergency lighting system.

The system, it is understood, has been designed to provide adequate lighting for about three hours when the mains power supply fails due to unavoidable overloading.

The new company's managing director is a 32-year-old Israeli, Mr Y. Brosh, formerly a senior executive with Tadiran in Israel.

No. 3 What you do not know about yourself which is known to others	No. 1 The things you know about yourself which are known to others
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THE JOHARI WINDOW

Window". Here it is:

EMBARGO : THURSDAY, 2ND JUNE, 1977 AT 11h00

"SOUTH AFRICA'S INVESTMENT RATING AMONGST LOCAL AND OVERSEAS INVESTORS"

ADDRESS DELIVERED BY THE SECRETARY FOR COMMERCE AT THE FORMAL OPENING OF THE NEW SOUTH AFRICAN HEADQUARTERS AND THE NEW TRANSVAAL BRANCH PREMISES OF BLACKWOOD HODGE (SOUTH AFRICA) (PTY) LTD.

Mr. Shapland, Ladies and Gentlemen:

It is a source of great personal pleasure to me to address you today at the formal opening of these fine and extensively laid out new premises of our host company, Blackwood Hodge (South Africa) (Pty) Ltd.

And, in doing so, I wish first of all to pay a brief tribute to this company which has an impressive record of constructive achievements to its credit - achievements which have in no small measure, been due to the praiseworthy efforts of its Board of Directors, its management and its personnel.

Since/...

-2-

Since it first started operating in South Africa some 30 years ago from rather modest premises in the city centre of Johannesburg, the company has progressively expanded its activities to the point where it now occupies a leading position as a supplier of earthmoving equipment to the local market, and where it has at its disposal also the extensive facilities of a number of branches in all the main centres of our country from which it can efficiently and satisfactorily serve the needs of its many South African customers.

With the passage of time the company was obliged on a number of occasions to move to larger premises in order to cope with the needs of its constantly expanding business operations.

The/...

The first of these moves was made from its initially somewhat restricted premises in the city centre of Johannesburg to a more extensive industrial site near Springs, in the East Rand area. From there it subsequently moved to even larger premises in the industrial area of Isando. And now it has moved again to this much larger site here at Boksburg where it has erected its new South African Head Offices as well as the premises of its Transvaal branch establishment.

In all these moves to constantly larger premises the company has displayed a firm determination to achieve new business successes by efficiently serving the needs of its ever increasing number of South African customers.

Moreover, the company has not only invested large sums of foreign and own capital in its South African operations, which include the recent acquisition by it of its own manufacturing facilities

in this/....

in this country with the aid of which the local content of its equipment has been materially increased. It has also brought to our country a large number of fully trained technicians from abroad, and has thus contributed in a positive manner to the enrichment of South Africa's technical knowledge of what can well be described as a highly specialised field of operations.

And finally, the company has made a significant contribution to the training of our technical manpower through the medium, amongst others, of direct grants to the Rand Afrikaans University and the Department of Water Affairs.

I mention these facts merely to show that our host company has conducted its operations in South Africa in an exemplary manner which I trust, will be emulated also by all other local subsidiaries of overseas companies.

I also submit that our host company's investment in these new premises is a reflection of its faith in the future of our country. And I believe that, in this respect again, our host company has set an example to many other business undertakings, both inside and outside South Africa, which in recent times have displayed an unduly negative attitude towards new capital investments in this country.

It is common knowledge that South Africa's investment rating, particularly amongst foreign investors, has recently suffered a setback because of our country's prevailing economic difficulties as well as political developments in Southern Africa as a whole. However, I would counsel all investors - and that applies equally to our own private entrepreneurs - not to allow their reactions towards new investment opportunities in South Africa to be dictated solely/...

solely, or even mainly, by considerations which reflect a total disregard of our nation's determination, as well as its capacity, to solve its present difficulties in a manner conducive to the future economic and political stability of this country.

Nobody with any sense of responsibility will deny the fact that the problems with which our nation is confronted today, are far more complex and formidable than any other difficulties with which it had to cope previously in the course of its relatively short existence.

But it is equally true that at no other time in South African history have the Government and the people of South Africa displayed such an undaunted determination to solve the country's problems in a satisfactory manner as is the case at present.

In the/...

In the economic field South Africa is at present experiencing a unique combination of unfavourable factors, many of which have their origin in developments outside our borders. Thus, our economic fortunes have been seriously affected by the severe conditions of recession which our main trading partners have experienced during the past three years and from which their recovery has, as yet, been exceedingly slow and patchy. In addition, the very steep oil price increases introduced by the OPEC-countries since October, 1973, as well as the high inflation rates prevailing in those countries which supply other essential goods to South Africa, have greatly increased our foreign expenditure on imports at a time when the inflow of foreign capital into this country which traditionally has exerted/...

exerted such a stabilising influence on our balance of payments, has shown a downward trend.

The net result has been the exertion of severe pressures on our available foreign exchange reserves at a time when the free market price of gold has also dropped to an appreciable extent:

In short, therefore, South Africa is, economically speaking, still passing through difficult times which are characterised by an exceptionally low rate of economic growth, coupled with rising unemployment and a decline in state revenue, as well as a relatively high rate of inflation and a difficult balance of payments problem. However, the South African Government has not hesitated to take strong, and in some respects also very unpopular, remedial measures to remove the basic causes of the country's economic dilemma and to

restore/...

restore the foundations for renewed economic growth and stability.

What is more, the Government has set an example to the nation by imposing upon itself those forms of restraint and of self-discipline which it has asked all sections of the community to observe in their individual actions and behaviour, particularly in so far as the curtailment of unnecessary expenditure, the more productive use of our manpower, the elimination of waste of all kinds, and the exercise of moderation in respect of wage, salary and price increases are concerned.

In the purely political field many of the problems with which South Africa is at present confronted, likewise stem largely from developments outside our own borders over which we have no control at all. Thus, the recent intrusion of Marxist influences into the Southern African geographical region, which pose such a serious threat to the/...

-10-

to the economic and political stability of this area, were not of our making and also cannot be cured by us alone. Similarly, the problems which others have created in respect of orderly constitutional changes in Rhodesia and South West Africa are not due to any faults or negligence on our part. At the same time no one will deny the fact that, within the limits of its capacity as well as its adherence to certain basic principles from which it simply cannot depart, the South African Government has done its utmost to contribute in a positive manner to the search for peaceful solutions to these exceedingly complex issues.

And, if we now turn to the domestic scene of inter-national relationships within our own borders, I feel that it can justly be claimed by us that, despite the setbacks which we suffered last year with the riots at Soweto and other places, the South African Government has made great progress during the past five years with the

establishment of secure conditions for the peaceful co-existence of this country's multinational population groups. Moreover, the Government remains committed to the continuation of its already significant advances in this particular field.

If, therefore, investors both here in our own country and abroad tend, as they are now doing, to cast doubts upon South Africa's investment rating, I would ask them to reflect on what I have told you today.

The fact of the matter is that the measures which the South African Government has taken in an attempt to solve the country's economic difficulties are generally accepted by most knowledgeable experts as the only appropriate cures for our difficulties.

We have shown to the world at large that we have the capacity to identify correctly not only the causes of our problems but also the/...

the measures which should be used to solve these difficulties. And we have shown that we are prepared, despite the temporary hardships and sacrifices which such action may entail for all sections of the community, to apply the correct measures which are needed to solve our difficulties.

But, what is more, the investor who reflects upon South Africa's investment rating, should take cognisance also of the fact that the South African Government is committed to the pursuit of policies which will safeguard the maintenance of our private enterprise economic system; that the private entrepreneur in this country continues to enjoy a great measure of freedom to pursue the profit motive as long as he does so in a responsible manner; that the private investor who puts his money into South Africa has an unqualified assurance against the expropriation of his assets by the State;

that/...

that South Africa has never yet defaulted on its external financial obligations; that our country has an enviable record of peaceful relationships which it is determined to preserve with all the means at its disposal; that our foreign exchange legislation provides reasonable scope for the foreign investor to transfer the earnings on his investments in South Africa to any other country of his own choice and also to withdraw his investments from South Africa after a period of time; and, finally, that our country's vast untapped resources still provide the investor with extensive opportunities for the profitable investment of his available funds.

If all these factors are weighed up in conjunction with the South African Government's determination to contribute in a positive manner to the maintenance of peaceful inter-nation relationships both inside/...

inside and outside our borders, no foreign investor can reasonably be doubtful about South Africa's investment rating as compared with that of the other countries which are competing with us for the reduced amounts of foreign investment capital at present available in the Western World.

It is now my privilege to declare these new premises of Blackwood Hodge (South Africa) as having been formally opened today. And, in doing so, I would like to extend to the company my very best wishes for the continued success of its South African operations.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE DEPARTMENT OF COMMERCE.

CAPE TOWN.

2/6/77

US firm takes back seat

Altech gets

control of STC

RDM
23/6/77

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Deputy Financial Editor
ALLIED Technologies acqui-
sition yesterday of Standard
Telephones & Cables (SA)
represents a dramatic rise to
prominence and power by a
modest shell of a company
created less than two years ago.

Altech, formed out of the shell
of the Unlewinkels quotation,
will become a South African-
controlled electronics and
electrical group with sales of
more than R48-million and at-
tributable profits of more than
R3-million when it absorbs STC
and its own former parent, Al-
lied Electric (Pty). And in clos-
ing the STC deal, Altech has pip-
ped its more illustrious com-
petitor in the race, Abercom.

Altech made a profit of R88 0-
00 in its first year as a listed
company, increased that tenfold
to more than R800 000 in its se-
cond year and aims to make a
pre-tax profit of more than R6-
million this year.

Acquisitions are, of course, at
the heart of this sensational per-
formance. But even more com-
mendable than the rise in the
numbers is the manner in which
it has been achieved.

Altech's balance sheet has not
been stretched by any of its ac-
quisitions and the latest actually
improves the share's net worth
materially, in addition to the
80% improvement it will mean
in earnings to Altech's
shareholders.

The deal which Altech has
done with STC's owners, the
giant American multi-national
group, ITT, involves it in the is-
sue of 3 050 354 new ordinary
shares and 3 400 000 11%
preference shares.

Shareholders will also be
asked to approve the issue of
4 757 777 shares for the acqui-
sition of Allied Electric — the
private company which has
hitherto controlled Altech but,
which for reasons of con-
venience, will become a sub-
sidiary of the listed company.

Once these shares have been
issued, Altech will be owned
36.3% by STC of Britain (a 100%
subsidiary of ITT) and the rest
by South African interests. This
will make it by far the largest
South African controlled com-
pany in the R1 000-million
electronics industry.

Minority shareholders, who
owned 34% of Altech before this
deal, will have their interest
reduced to about 18%.

The deal seems to have such
obvious advantages, however,
that its passage through
shareholders' meetings should
be smooth.

For STC's part, it regards its
investment in Altech as perma-
nent. Speculation that ITT was
withdrawing from its South
African investment in response
to pressures on American in-
vestors from political pressure
groups, was rejected by STC
spokesmen yesterday.

They said the partnership with
South African interests in what
was becoming increasingly a
strategic industry made com-
mercial sense. STC has long-
term contracts with Govern-
ment agencies and departments
which can only be cemented now
that the company is not foreign-
controlled.

Altech will be able to draw on
the technical expertise of ITT as
a result of the association.

Altech's business will be
spread among a range of high-
technology and strategic opera-
tions that will make it the major
supplier to the Post Office of
microwave systems and of
multi-channel carrier open-wire
telephone and telegraph equip-
ment.

It will also be the biggest
South African-owned manufac-
turer and distributor of
electronics components, such as
semi-conductors, capacitators
and integrated circuits for the
computer, communications and
general manufacturing in-
dustries.

For Mr Bill Venter, Altech's
founder and controlling
shareholder, the acquisition of
STC must be particularly
gratifying. It is only 12 years
since this 43-year old
entrepreneur resigned from a
promising career with STC to
set up on his own.

The acquisition of a multi-
million rand business which he
knows from the inside caps a
remarkable two years since he
bought the Unlewinkels shell.

The electronics industry, in-
cidentally, is one of South
Africa's fastest growing and it
would be surprising if Altech
were not able to increase its
sales by between 20% and 25%
annually for the next few years.

The shares, when they are
relisted on Monday, will be in
demand and are likely to remain
so now that Altech has es-
tablished its credentials.

Allied Technologies buys Standard Telephones

CAPE TIMES 23/6/77

By PAUL DOLD
Financial Editor

ALLIED TECHNOLOGIES is buying Standard Telephones and Cables (SA) and Allied Electric in a deal which will create a South African controlled electronics group with sales of R46m a year and equity earnings of R3.2m.

Altech is paying for STC and Allied through the issue of shares and will end up being owned 36.3 percent by STC of Britain (wholly owned subsidiary of ITT of the United States) and 63.7 percent by South Africans.

The deal ends weeks of speculation that ITT was negotiating with Abercom and creates the largest South African controlled group in

the electronics field.

There had also been speculation that ITT had been seeking to withdraw its investment in South Africa but last night a source close to Altech said that the group had wanted to make a 100 percent cash bid for ITT's local operations but this had been turned down by the US parent.

And it is noteworthy that the ITT announcement issued in New York last night stressed that ITT wanted to stay in South African market.

"ITT in agreeing to the merger with Altech indicated that it is doing so as a means of maintaining a presence in a national market while at the same time substantially increasing local ownership participation."

However in view of STC's large slice of strategic public sector work the authorities are bound to welcome STC becoming South African controlled.

New issue

Altech is to issue 3 050 354 new Altech shares and 3,4m 11pc prefs to pay for STC (SA) and 4 757 777 for Allied.

At Altech's pre-suspension price of R2 this puts a price tag of R19 250 000 on the deal, which rationalizes under

a single umbrella three of South Africa's major electronic groups. Clearly, this will have important benefits in competing with major multi-nationals in both local and export markets.

Altech's business will be spread among a range of high-technology and strategic operations that will make it the major supplier to the Post Office of microwave systems and of multi-channel carrier, open wire telephone and telegraph equipment.

It will also be the largest South African owned manufacturer and distributor of electronics components, such as semi-conductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

Agreements

Altech will hold agency and exclusive licence agreements with leading European electronics groups.

Pty, ITT Consumer Products and a significant holding in Maister Directories and African Telephone Cables.

Last night's announcement said that STC in the form being bought by Altech had sales of R31m in the year to December 1976 with net taxed profits of R1.9m. Some 70 percent of STC's business consists of supplying the Post Office with telecommunication equipment.

Electronics

Allied was formed in 1965 by Mr Bill Venter and four associates and last year achieved sales (excluding Altech) of R12.4m and equity earnings reached a record R1.3m.

Allied distributes electronic components to the professional market (as opposed to the domestic market) and claims to hold 40 percent of the market. Its manufacturing companies produce products which include solid state electronics equipment, water treatment equipment, and battery chargers.

Before the deal Allied Electric was Altech's holding for one year.

You to consider which of the two

opportunity costs involved in each.

(50%)

company and had a 65.4 pc stake in Altech with the public owning 34.6 percent. After the deal the public's stake in the enlarged Altech will be 17.8 percent.

"This consolidation of Altech and Allied not only gives Altech technical know-how and financial muscle in order to continue building up a major South African electronics industry, but also prevents any possible conflict of interest developing at a later stage between the JSE listed Altech and the privately held Allied."

● Altech will be relisted on June 27. The JSE has agreed to continue the suspension until then to allow for certain formalities to be completed.

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Type B has new Altech shares and 3,4m 11pc prefs to pay for STC (SA) and 4 757 777 for Allied.

Both jobs

The Man: alternatives

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The dividend drain

FIN. MAIL

1/7/77 (60)

Has one of Senator Horwood's attempts to staunch the outflow of funds from SA in fact had the opposite effect?

The Minister announced in the Budget that foreign-controlled companies (previously allowed to declare dividends and transfer profits abroad from income earned after January 1 1960) may now only make transfers from profits earned after January 1975. The cut off date will be moved forward annually by one year.

Though some bankers insist this move is having no effect on dividend and profit outflows, (which in 1975 totalled nearly R400m on direct and non-direct investment), others aren't so sure.

Comments one well-known international banker: "From exchange control applications and discussions with businessmen, we have noticed a speeding up of dividend and profit remittances. They feel the government has established a precedent for tightening up. They don't want to be caught in the future".

Adds another: "If you put a lid on a boiling pot, you've got to expect the pressure to increase".

Though a spokesman for a third major bank stresses there has been no flood of applications for higher dividend transfers since the new rule was announced, he adds that "there's no doubt that many companies are looking very carefully at what they declare out of 1975 earnings, so that they are not locked in next year".

He claims that at least one big overseas-based customer, whose dividend in the past has been around half of after-tax profits, is this year proposing a 100% payout.

The accompanying table gives an indication of the profits, dividends and distributable reserves of a sample of foreign-controlled companies in SA. Unfortunately, most of the companies refused to confirm or deny the *FM*'s figures. However, we have reason to believe that they are a true reflection.

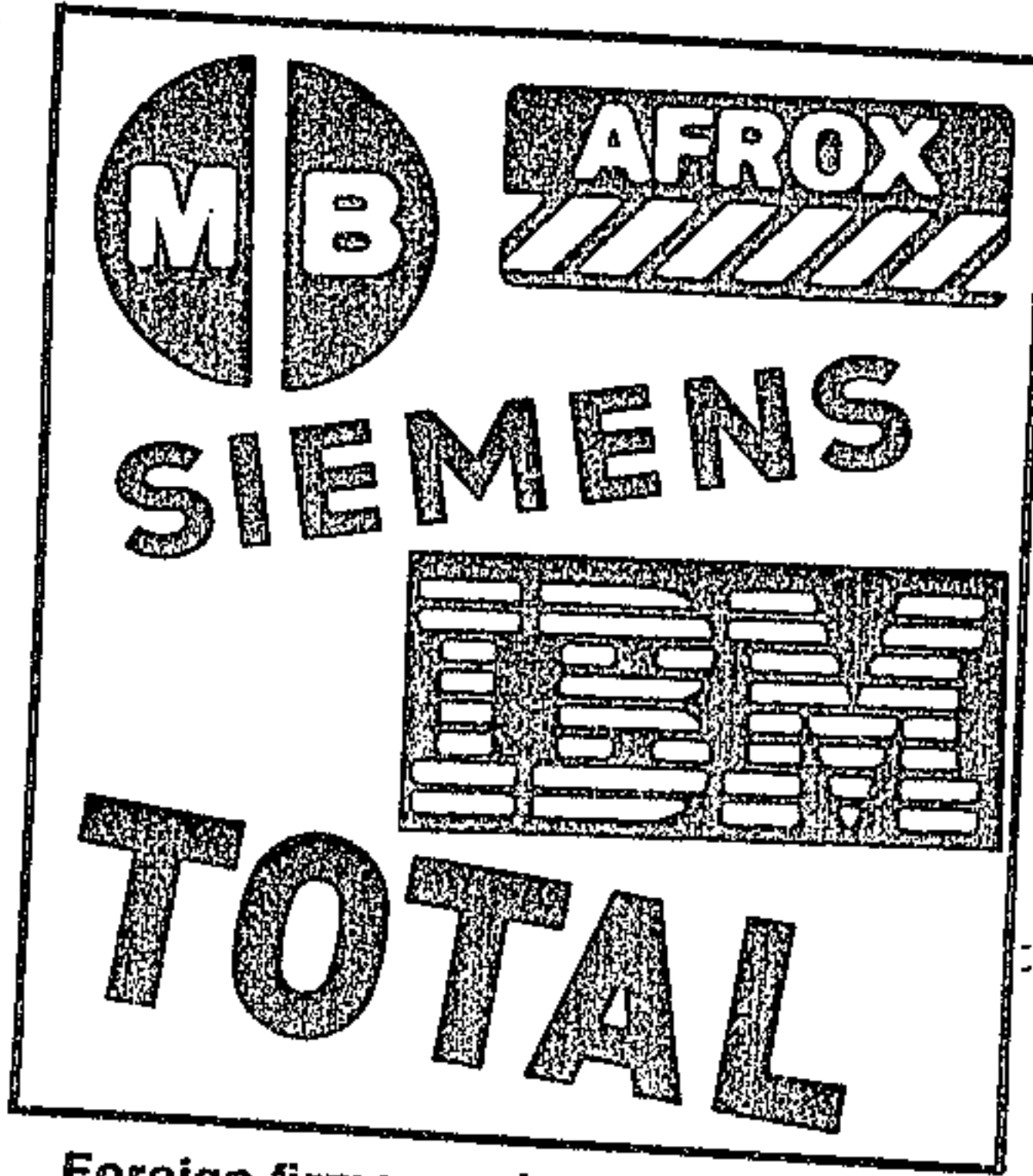
They show that the amounts foreign-based companies could send out by way

of higher dividends are substantial. Though firms like Esso are already remitting most of their profits, others such as IBM and Firestone have been leaving a sizeable chunk in SA.

An IBM spokesman notes: "The company remits a consistent percentage of profits and does not intend to change that percentage."

is not disinvesting and has not exceeded its local borrowing ceiling.

On the other hand, the Bank's official line is that, as a general rule, the new restriction is being strictly applied. However, it stresses that each case is decided on its merits.



June 1977.

that you will

Foreign firms . . . how much are they taking out?

p cover the

However, it is believed a number of companies are considering boosting their payouts. For instance, Otis' sharply higher dividend this year was probably motivated by political factors (*FM*, May 13). The new restrictions will certainly do nothing to encourage these firms to leave their earnings in SA.

Pretoria seems to be aware of the blow the restrictions could give to investor confidence. A spokesman for one large commercial bank notes that the Reserve Bank has in recent months approved several transfers of funds from companies' pre-1975 earnings. He claims to have been told that these transfers will still be allowed in certain cases, so long as the Bank is satisfied that the company

LOTS LEFT HERE

	After-tax profit		Dividend		Distributable reserves end-1976
	1975	1976	1975	1976	
IBM	5,6	10,7	3,6	4,2	22,0
Esso	2,3	n/a	4,4	0,9	1,5
Caltex	13,0	12,0	12,0	8,0	44,0
Chubb	1,0	1,0	0,7	0,6	3,0
International Harvester	1,0	0,3	0,7	*	n/a
Firestone	5,5	5,7	*	*	26,0
Otis	2,2	3,6	1,0	3,1	5,4
Ingersoll-Rand	2,4	2,6	2,2	2,2	12,1

Most of these companies refused to confirm or deny the above figures.
* No dividend.

EEC plan for 'code' on Eurofirms in SA

BRUSSELS. — Common Market foreign ministers, meeting in Brussels yesterday, agreed to study a plan put forward by the British Government which would impose a "code of conduct" on European firms operating in South Africa.

The hope is to adopt the code of conduct when the foreign ministers next meet on July 25-26, so that the nine can be seen to be doing something more than "passing pious resolutions" before the August anti-apartheid conference in Lagos.

The "code of conduct" would lay down general rules governing pay differentials between blacks and whites, working conditions for blacks and trades union rights.

But the British Foreign Secretary, Dr David Owen, admitted: "It will be very difficult to get the code of conduct into the legislation of member states."

He therefore hoped that the nine could formulate a joint position and, if possible, use the EEC's common commercial policy as a leverage.

Dr Owen said that his idea had received "a very good response" from the other Common Market foreign ministers, particularly from his German counterpart.

He saw the code as a possible means for obtaining democracy within South Africa without resorting to violence.

There were difficulties, however, in imposing a code of conduct — especially on the South African subsidiaries of European firms formed under South African law.

Dr Owen said he had not yet decided whether to go to South Africa and Rhodesia — as has been reported — later this month, but he said he would be "very surprised if I don't go".

Jan Theron

about in the Citrusdal Valley

Paper No. 22

SEPTEMBER 1976

SALDRU FARM LABOUR CONFERENCE

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Code for EEC firms in SA?

60

RJW
12/7/77

Own Correspondent

BRUSSELS. — Common Market Foreign Ministers, yesterday agreed to study a plan put forward by Britain to impose a "code of conduct" on European firms operating in South Africa.

They hope to adopt the code when the Foreign Ministers next meet on July 25-26, so the Nine can be seen to be doing something more than "passing pious resolutions" — before the August Anti-Apartheid Conference in Lagos.

The code of conduct would lay down general rules governing pay differentials between blacks and whites, working conditions for blacks and trades union rights.

But Britain's Dr David Owen admitted: "It will be very difficult to get the code of conduct into the legislation of member states."

He therefore hoped the Nine could formulate a joint position and, if possible, use the EEC's common commercial policy as a leverage.

Natal Mercury 13/7/77

EEC conduct code for firms in S.A.

BRUSSELS — Common Market foreign ministers yesterday agreed today to launch an economic initiative aimed at helping to bring peaceful change to South Africa and eroding apartheid.

The ministers, meeting at the Egmont Palace here for a periodic discussion on political co-operation, decided to adopt a British suggestion that a code of con-

duct be drawn up to regulate the activities of EEC firms operating in South Africa.

The British Foreign Secretary, Dr. David Owen, who originated the idea, said the code could deal with subjects such as different wage

levels for White and Black workers, differences in working conditions, discriminatory practices and the question of recognition of Black trade unions.

The Belgian Foreign Minister Mr. Henri Simonet, who chaired the

meeting, told a final Press conference that the ministers had not ruled out the use of economic and trade sanctions against South Africa.

Dr. Owen said sanctions would develop a siege mentality in South Africa that would be worse than the present situation.

The large British investments in South Africa could not be liquidated without damage to both countries, he said.

The only alternative was to use economic strength to bring peaceful change. This should be done collectively by the nine Common Market countries.

The adoption of such a code, representing the use of the community's considerable economic interests in South Africa for political ends, could mark a major change of direction in the way the EEC operates, he said.

Dr. Owen said the community had "an unrivalled opportunity" to take our economic inheritance in South Africa and use that as a catalyst for change. "Peaceful change in that country was still possible," he added, "but time is fast running out." — (Sapa-Reuter-AP.)

the adoptive roles of the endocrine glands to protein a central role in survival.

POTGIETER, J. Sociology, University of Stellenbosch Preliminary demographic, socio-political on the Blacks in the Western Cape.

PRETORIUS, W.S. Economics, University of Stellenbosch Labour supply in South Africa.

REES, D. Economics Agricultural marketing and price control

RICH, P. Comparative African Government and Law African political consciousness and the an examination of the relationship, over the period 1 African political movements and State policy.

PUTTERILL, M. Urban Problems Research Unit UPRU's work includes: factors affecting living environments in the Western Cape; self-help housing strategies for low-income families in the Western Cape; changes in urban African housing policy - a review of the possibilities for employer involvement; a Cape Town Chamber of Commerce housing project; a project on the provision of urban amenities; a quantitative analysis of the housing problem.

SACKS, L. Economic History The role played by Coloured labour in the industrial development of the Western Cape.

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EEC'S SA LABOUR CODE

Will it work?

FM 15/7/77

60

If the British government's own "code of practice" (introduced after *The Guardian's* 1973 exposé) is anything to go by, the decision in Brussels this week by EEC foreign ministers to explore a code of conduct for European businesses in SA is likely to be a paper tiger.

Even the idea's sponsor, UK Foreign Secretary David Owen, is well aware that legal difficulties may make the code difficult to put into operation. One of the ideas behind it is that defaulters will be liable to penal sanctions in their home countries. But Owen apparently realises that it is unlikely that EEC member

countries will pass the legislation necessary to back it up, writes the *FM's* London man.

It is not yet clear what the details of the code will be, and the EEC ministers will discuss it further when they meet again on July 25. At this stage, Owen's main points are that the code should ask companies to:

- Move to eliminate pay differentials between black and white workers;
- Allow black workers to join trade unions; and
- Study ways of preventing sanctions-busting by offshoots of international oil companies which are alleged to have supplied oil to Rhodesia.

All this is still pretty vague, and it will be interesting to see whether the code, when it surfaces, will attempt to tie companies down to anything more than vague expressions of goodwill.

The doom industry revives

160

N. Merca

27/7/77

I HAD hoped that the doom industry had gone into a recess or was suffering from the present economic climate.

Things certainly seemed quiet in that field. Some years ago, you remember, there was pollution of the environment. It was freely predicted that mankind would before long choke itself to death in its own rubbish of various kinds ranging from non-returnable bottles to oil slicks in the oceans.

Do you remember that man Heyerdahl who tried to prove that the ancient Egyptians could have taught the Incas (or Aztecs) how to build pyramids? He built a sailing ship to the specifications of some Egyptian shipwright dead these 4 000 years and sailed it to South America. I have forgotten whether the historians were convinced about the Aztecs (or Incas), but the point is that he found all sorts of rubbish floating in the middle of the South Atlantic — empty cigarette cartons, toffee papers and all the other unsinkable bits of stuff that even the sharks won't eat.

Pollution

Perhaps it all drifts eventually to the Sargasso, where it pollutes the seaweed.

For years the Rhine has been known as the sewer of Europe and the Mediterranean gets dirtier by the day so that people are scared to go bathing.

But the environment seemed to drop out of the news except for a dedicated few who still care.

The next big threat to human life emerged in America in the shape of the Anglo-French supersonic plane, the Concorde.

This, you may remember, was going to doom mankind by destroying the ozone layer, which upset the balance of things somewhere up there in the stratosphere.

Upset the ozone layer, the Americans said, and mankind will be vulnerable to death-dealing radiation from the sun.

The French and British never thought much of this theory, but the Americans

clung to it for a long time and some people in New York still do.

They want to preserve their little bit of the ozone layer, in spite of the fact that the problem doesn't seem to worry Washington, where the Concorde is allowed to land.

Now two deadly threats come in the form of war weapons. The first is the laser (light amplification by stimulated emission of radiation) beam, which, properly aimed, can apparently melt the engines of a plane in flight. Don't ask me how it does this, but any pilot will tell you that there is no future in a flight with your engines just a glowing lump of molten metal.

Laser beams

I don't believe for a moment that the Russians are ignorant about laser beams and one of them could probably extinguish the torch of the Statue of Liberty at the entrance to New York harbour. That would rattle the boys in the back rooms of the Pentagon.

But that laser beam is a trifle compared with the neutron bomb, which may now be developed by the Americans. This thing does little damage to property, merely killing people in large numbers. I don't know whether the Russian go in for cynicism much, but they might like to point out that this is a typical invention of the capitalist warmongers in America, where property has always been more important than people.

The descriptions in the Press of how this bomb works have so far been a little vague, but even if we knew the details, we certainly do not understand them. If you have ever read anything about what goes on inside an atom, you will realise that, in there, almost anything goes.

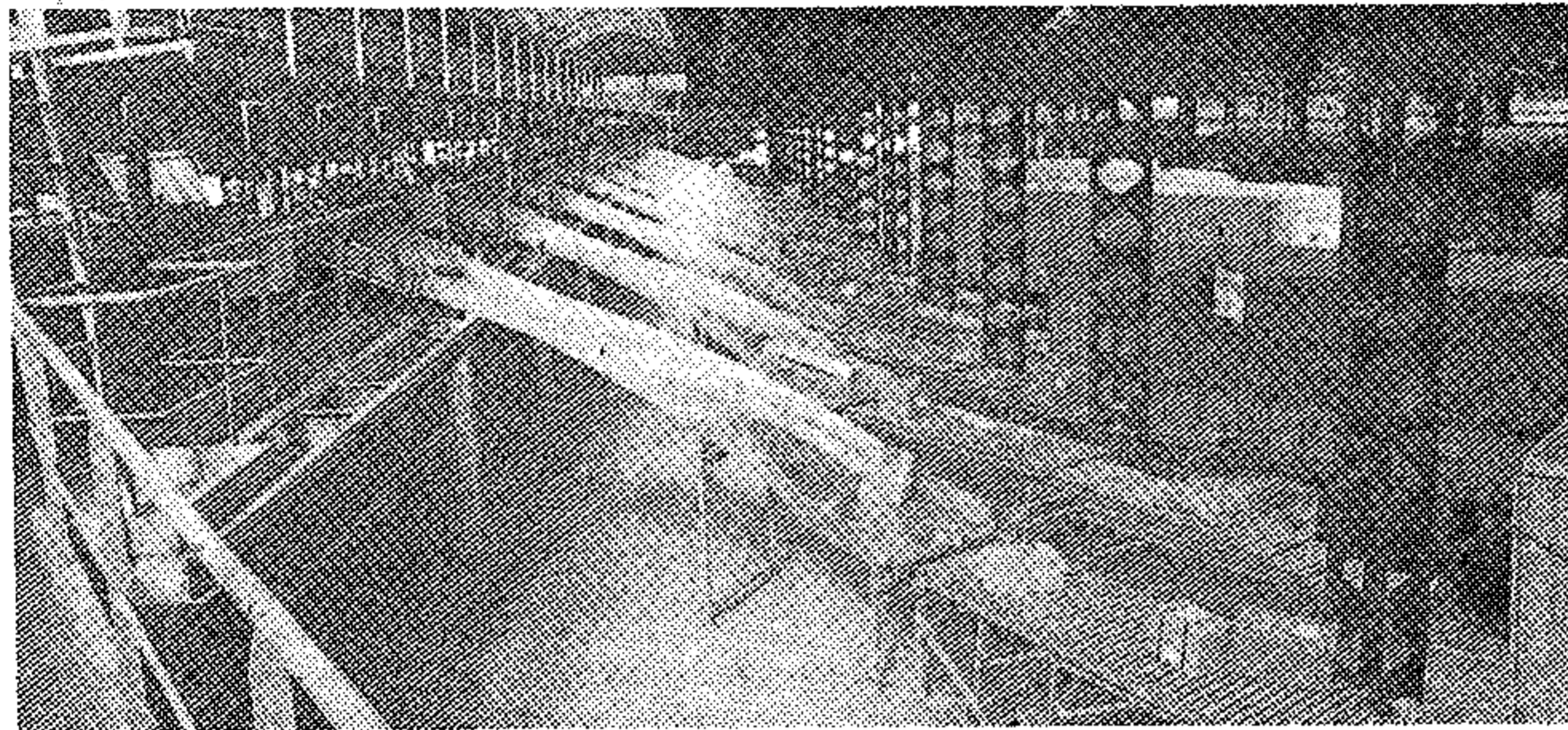
This bomb kills animals, too, and one newspaper report said that enough of these bombs could extinguish life on earth as we know it. Probably this is what the little green men in the UFOs have been trying to warn us about over all these years. But they have been too scared to land on such a dangerous planet —

and who can blame them?

But cheer up. Life is an extraordinarily difficult thing to destroy entirely.

Just after the war, when we were shocked by the primitive Mark One atomic bomb and those huge clouds shaped like mushrooms which it sent up into the sky Punch had a drawing of two chimpanzees climbing down from a tree.

In the distance is a mushroom cloud and one ape says to the other, "oh well, here we go again".



A typical Sandvik installation showing discharge chutes and roller tracks.

It's spot-on — thanks to a built-in memory

SANDVIK has introduced a magnetic memory conveyor system which guides an item to its destination by means of information stored in a magnetic spot, carried on the conveyor belt.

In practice, address information is stored in a control panel, while the item is approaching a photocell. As the cell is passed, the data is converted into a magnetic spot which is positioned at a predetermined distance in front of

the item on the belt.

An unloading device is actuated when the magnetic spot reaches a sensor. The address information is then erased when the magnetic spot passes a demagnetiser, and the cycle starts again.

An important feature is the division of the belt into invisible lanes, each of which can serve two stations. A belt can be programmed to serve up to 100 stations.

A saturated SA will force firms to export

*Sun. Times
Business
31/7/77*

60

THE South African mechanical handling industry appears to be gearing itself for an export drive.

It is already in a situation where it can supply many local needs with local manufacture and where, to keep costs down so that it can compete with imported mechanical handling aids, it will have to increase production runs. With many firms chasing the same business in this country, the obvious answer, if all are to survive, is to export.

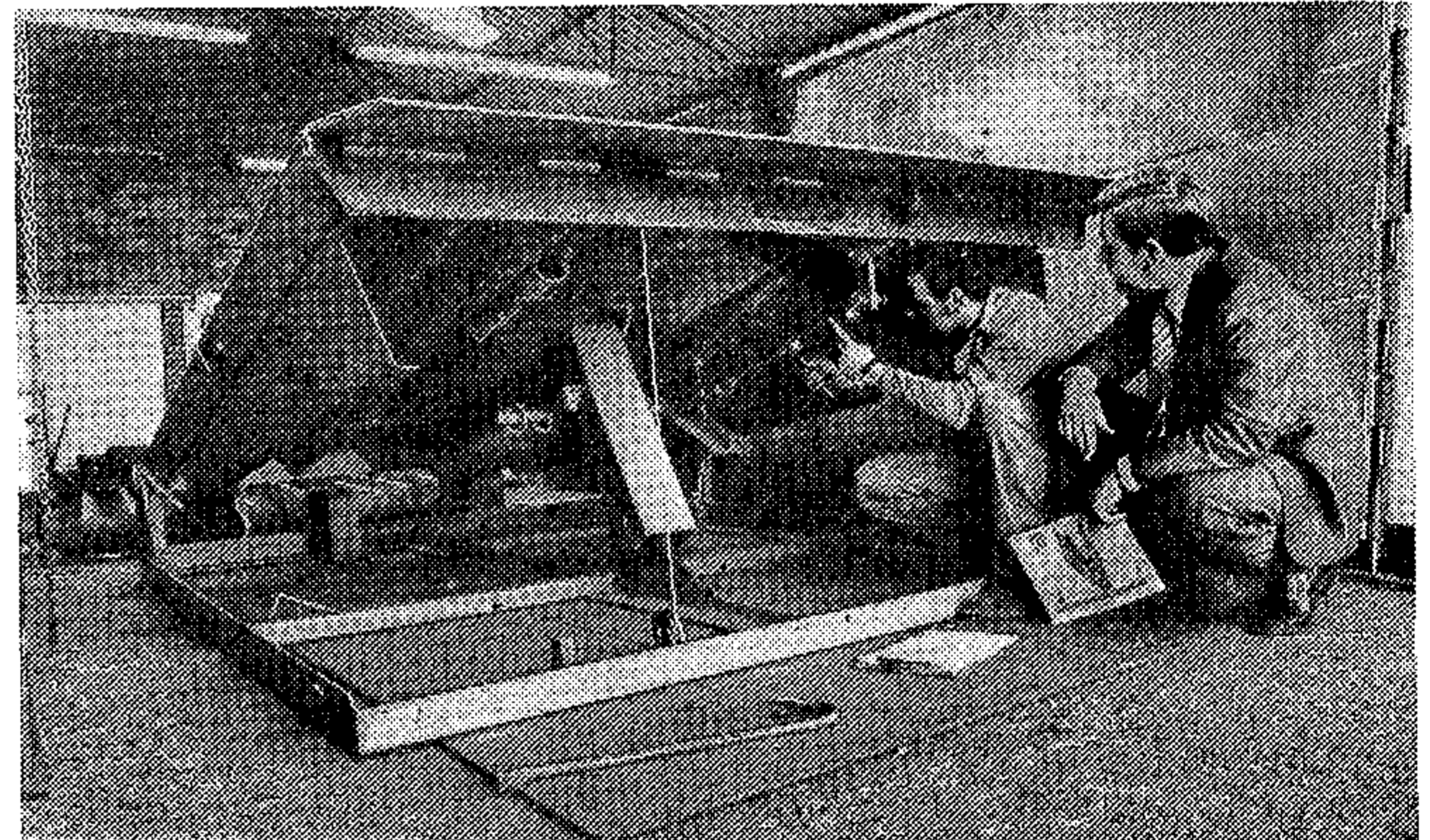
Trysquad, for example, which has the licence to make Blue Giant mechanical handling equipment in this country, has already started the ball roll-

ing by exporting a number of pallet trucks to Maputo.

For some time now, the company has been making Blue Giant dock levellers locally. The first 10 had a local content of 78%; the figure is now more than 90%.

It has already made 10 and 15-ton levellers and has the capacity to make 20-ton dock levellers. The effect of this is to reduce lead time of imported levellers, to four to six weeks for local levellers, depending on demand.

These levellers have found favour with firms which now have to containerise their imports and exports, as well as with SAR&H, who this month had 10 installed at Cape Town's E Berth, to assist with the loading of



This Blue Giant dock leveller, made under licence in South Africa by Trysquad, is a potential export item.

perishable produce.

This makes for pleasant reading. South African-made goods can compete with imported goods. But how big is the market and what is its potential for growth? Apparently no-one has really sat down and done his homework.

Andrew Stewart, managing director of Trysquad, says he believes the dock-leveller market in this country is worth about R250 000 a year.

That's not a great deal of money and it must tail off. Sooner or later all who need dock levellers will have them and because they are relatively new on the market here, and cannot be described as consumables, they will last a long time. So

it will take many years before a replacement market is built up.

This will leave only new warehouses to be catered for — and they are not exactly popping up like mushrooms all over the country.

So what will Trysquad do with its investment and the expertise it has built up? It will, as will others in the field, have to explore the export market if it is to keep its investment and expertise intact.

Another branch of the mechanical handling industry that would certainly benefit by exporting appears to be the conveyor manufacturing section.

Mike Chilton, marketing manager of Ermalin, one of the bigger conveyor manufacturers in this country, says: "Local conveyor manufacturers have long been forced to play second fiddle to overseas suppliers who, because of their longer production runs, can supply conveyors at lower prices than local manufacturers."

He feels that the local industry lacks little in terms of technology and what it does lack it can get from overseas principals.

Mr Chilton says that the fault lies with local buyers.

"For buyers to purchase overseas when similar equipment is available locally is a disgrace.

"How can a potentially large foreign exchange earner ever hope to become really sophisticated and more competitive if it cannot rely on its own domestic market?"

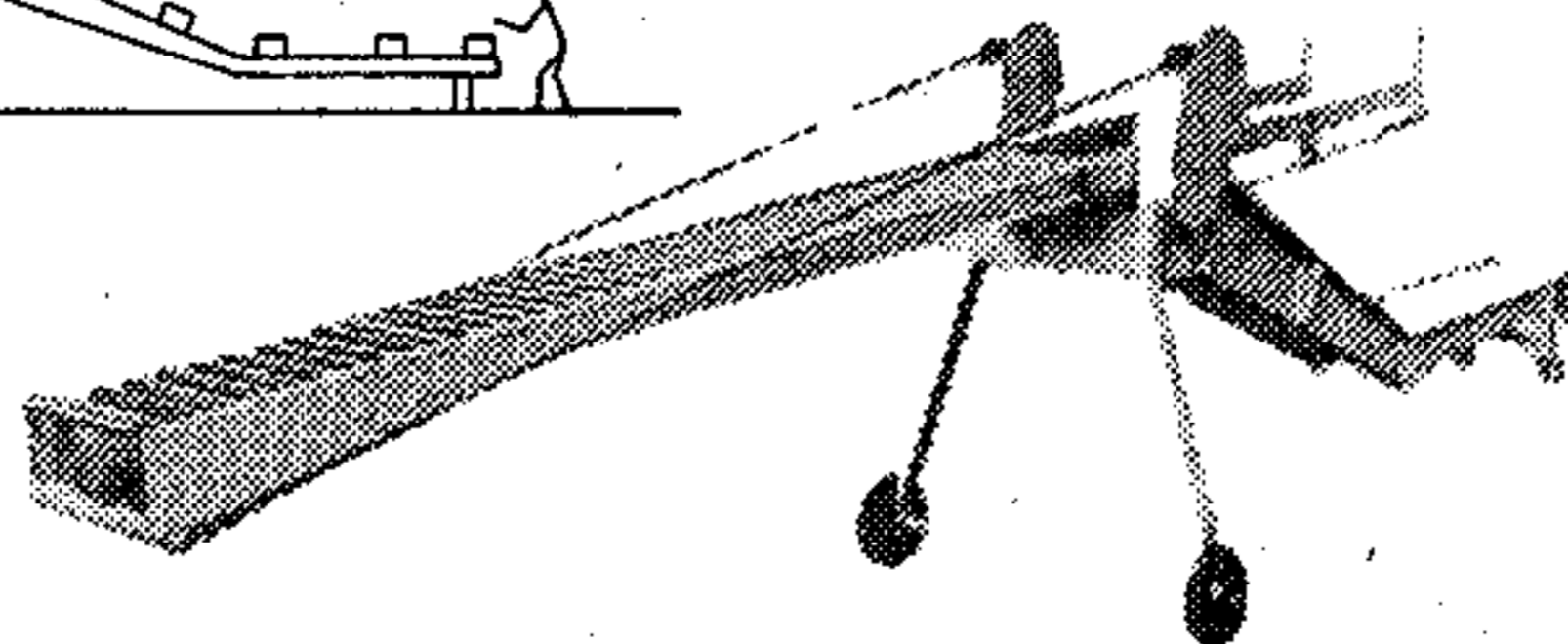
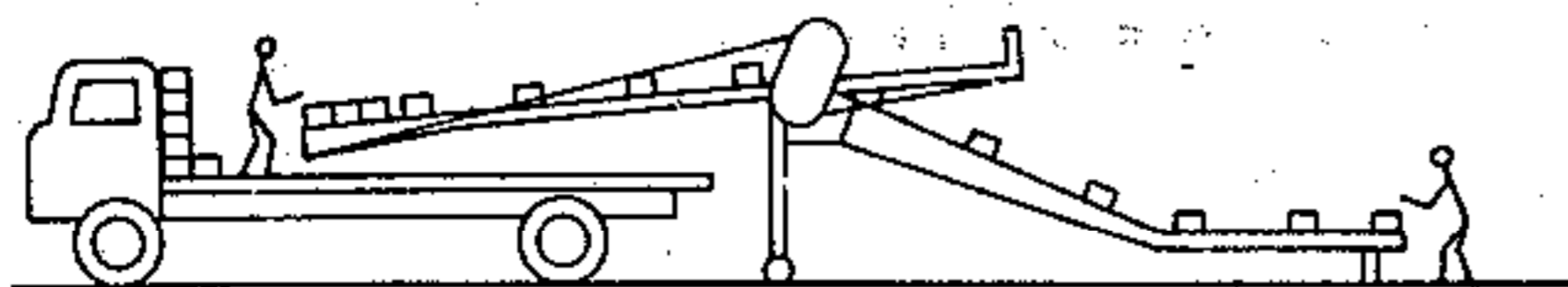
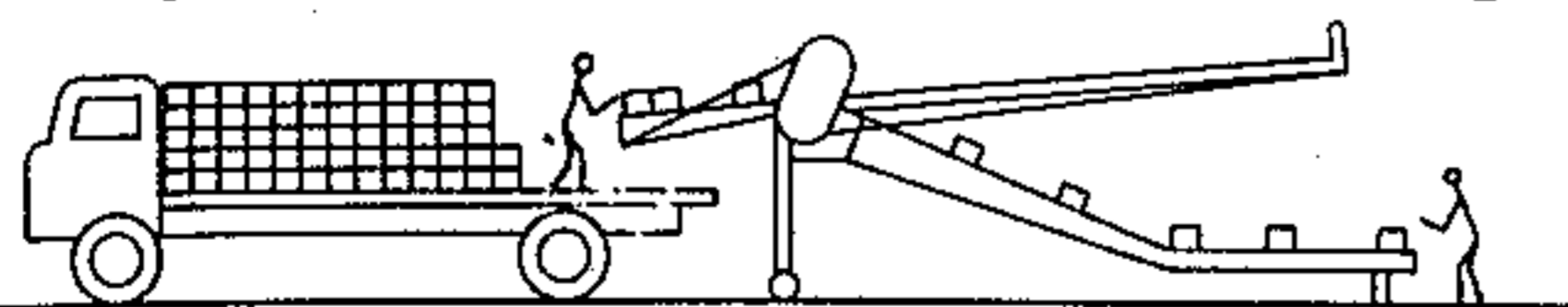
"From a recent market survey of South American countries, it was proved that we can export equipment to them cheaper than they are buying it from the US. But why should one have to rely on exports, instead of a booming local market with export as the cherry on the top?"

The answer is that by exporting, our factories could get the production runs needed to make them more competitive and in that way freeze out imports.

EET (SA) appears to be doing just that with its round electro magnets they make for the steel and scrap metal industries in this country.

Fritz van Straaten, managing director, says the magnets are made under licence from a French firm and that EET is now exporting them to Europe.

"We have just exported two large units, valued at R10 000 each to Europe."



The Sapco retractable boom — as used in truck loading.

Loaders

'slash

labour

costs'

SAPCO, formerly SA Power Tool and Equipment, has introduced boom loaders which have achieved some interesting results.

SA Warehousing, distributor for the Unilever group, installed five boom loaders in its Cape Town warehouse. Fully extended, each boom measures 7,5 m and fully retracted, 1,5 m. Each can accommodate loads with widths of up to 600 mm and masses of up to 700 kg. Belt speed is 20 m a minute.

Ken Goodacre, manager of the warehouse, claims that in one test, 18 tons of soap packed in cartons was loaded into a container in less than 12 minutes and that the number of man hours required to handle a ton has been halved, from 3,8 to 1,9.

This, he said, has made it possible to also halve the labour force from 38 to 19, and put the company in a position where it can amortise the equipment in a year.

Reid franchise

GREENHAM Plant Sales of Isando, Transvaal, has entered the electric forklift truck market with the addition of the Montgomerie Reid franchise to its range.

Montgomerie products include battery-operated, counter-balanced forklift trucks, battery-operated, counter-balanced reach trucks; battery-operated, counter-balanced pedestrian forklift trucks and diesel, LP gas, petrol and electric-driven towing trucks.

UK grasses not greener for local executives

Sun. Express 24/7/77

(60)

THINKING of migrating, Mr Executive? Well, before you take a look at the table at the foot of this article, and maybe you'll think again.

For while the gross pay of an SA executive is below average by world standards, the cost of living here is the lowest in any of a selection of nine leading industrial nations. Moreover, if you're thinking of that favourite haven, the United Kingdom, maybe you should think again a second time.

Executives in that country have the lowest purchasing power of any of the nine, save only Sweden. And even here, the gap may be mainly the result of differences in the way tax is calculated. This is the conclusion of a survey by Employment Conditions Abroad (ECA), a British group which at-

tempts to compare international pay statistics.

Although ECA is mainly concerned with relating salaries in Britain to those in other countries, as SA is one of the areas its survey includes the figures are just as useful to SA executives trying to gauge relative living standards abroad.

Each vertical column of the table, which I have converted into rand, attempts to show the gross pay of executives of a comparable level of seniority and position in the nine countries; what is left after tax; and what this income will buy in real terms in each country, using Britain as a yardstick.

While the UK has the lowest cost of living outside SA, this is more than offset by lower salary levels. ECA says that overdrifts are tax allowable in Sweden, which reduces the tax take, while tax also includes local

By MICHAEL COULSON

taxes, which are excluded in the UK.

ECA thinks that in practice Swedes—inhabitants of Europe's other socialist paradise—are probably on a par with Britons.

Apart from the adverse positions of Sweden and the UK, most other countries do not diverge radically from the norm at most income levels. SA comes fifth out of nine in terms of purchasing power at all seniority levels.

The one exception is France, where, because of the relatively low rate of direct taxes, the rewards of success escalate progressively.

A French manager with a gross income of R59 400 retains 76% of this, or R45 200, which gives him a real purchasing power more than double that of his comparable British colleague, or more than three times his Swedish equivalent.

Of course, these figures must be treated with reservations. The distribution of the overall tax burden between direct (income tax) and indirect (sales tax or VAT) is just one complicating factor, even assuming that it is possible to make realistic comparisons of salary levels or life styles in different countries.

Conversely, the British and Swedish welfare states offer potential benefits that cannot be quantified in income terms. On balance these factors

will probably tend to level out the differences in real income.

But they will not eliminate these differences entirely, and the basic point remains valid: the grass may look greener on the other side, but to maintain your living standards at SA levels you'll need a substantially higher gross income in money terms.

And the number of people who're able to achieve that, cold, on arrival in a strange country, is distinctly limited.

	Gross	Taxed	Buys	Gross	Taxed	Buys	Gross	Taxed	Buys
SA	17 800	13 300	13 600	25 600	18 700	17 000	34 300	19 200	19 600
UK	12 300	9 100	9 100	16 400	11 200	11 200	21 800	13 400	13 400
Australia	22 400	14 700	12 800	30 800	17 900	15 500	43 200	22 400	19 400
France	27 800	23 400	15 000	40 500	32 600	20 900	59 400	45 200	29 000
Netherlands	32 000	19 500	12 000	45 300	23 800	14 700	64 100	29 400	18 100
Sweden	28 500	12 700	7 200	38 600	14 400	8 200	52 000	16 600	9 400
Switzerland	36 100	26 600	14 200	50 500	34 600	18 500	73 000	46 100	24 700
US	32 300	22 000	17 300	42 700	26 300	20 700	53 200	29 900	23 600
W Germany	35 600	24 300	14 200	51 600	32 300	18 900	67 500	39 900	23 300
Average	26 100	18 400	12 800	38 000	23 300	16 250	52 100	29 100	20 100

Europe plans war on apartheid

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SUN TRIB
(FIN) 24/7/77

ANDRE MEYEROWITZ in BRUSSELS

THE NEW few days may show how much of its vast economic muscle the European Common Market will use in trying to smash apartheid.

A working group of experts has been looking closely at ways of eroding the colour bar through European firms operating in South Africa.

The experts are preparing a draft code of conduct for the many hundreds of EEC firms and subsidiaries in the Republic.

Common Market foreign ministers who meet here tomorrow and Tuesday are expected to weigh up the working group's efforts.

The ministers may announce more details of the planned code's application to wage levels, working conditions, discriminatory practises and trade union recognition.

They have already made it clear that they want an effective and enforceable scheme.

The trickiest question facing them is how to back up their firm political resolve; how to bring pressure on the firms to implement the code.

The ministers want to avoid being fobbed off by local managers who say: "We can't change things because we are bound by South African law."

West Germany's Foreign Minister, Hans Dietrich Genscher, has suggested withdrawing export credit guarantees and refusing official blessing for new private investment.

Holland's Max van der Stoep points out that the Dutch have already curtailed such transactions.

The Dutch Government

announced last September that increasing political tension in South Africa had made long-term credits too great a risk for the state to carry.

Belgium's Henri Simonet says trade sanctions are not excluded in enforcing the code.

The ministers are wondering if they can realistically tell a European firm in South Africa: "We won't send you the spare parts you want until you have mixed race canteens."

Can they say: "We won't let you land your goods in Europe until you have the same pension scheme for all races?"

It is possible that tax penalties will be imposed on parent companies which cannot persuade their subsidiaries to toe the new anti-apartheid line.

Officials here are well aware that the plan could cost a lot of money — not only in terms of higher wage bills and lower profits.

The foreign ministers' meeting in the coming week may tell the working group to do further study on the legal implications.

What is certain is that the Common Market has promised to have something concrete ready for the UN-sponsored meeting on apartheid in Lagos next month.

It is determined to show that Europe has gone beyond the stage of lip-service to UN resolutions and is prepared to put its money where its mouth is.

At the same time, it wants to ward off drastic all-out moves — such as total sanctions — because the economic damage to both South Africa and Europe would be horrific.

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TRADE TRIP IS OFF

Mercury Reporter

PIETERMARITZBURG
FEAR of world attention being focused on South Africa's growing trade with Iran has resulted in the cancellation of a visit to that country by a trade mission organised by the local chamber of industry.

Mr. W. A. Fuller, director of the chamber, said yesterday: "It became apparent that the consulate in Teheran was not sufficiently staffed to serve a large number of visiting businessmen at the same time.

"Also for political reasons it is not the policy of the Iranian authorities to focus attention on their growing trade relations with South Africa."

The mission had also intended to visit Israel.

Mr. Fuller said the chamber had now decided that individual travel would be better.

SACC draws up code for foreign investors

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ROM
29/7/77

By LYNN STEVENSON

HAMMANSKRAAL. — A code of ethics for foreign investors in South Africa — outlawing the manufacture of arms and recognising trade unions for blacks — has been drawn up by the South African Council of Churches (SACC).

Long challenged by overseas churches to take a stand on foreign investment, the SACC may recommend that all future loans to South Africa be stopped unless investors commit themselves to the code.

The SACC will take a decision on the recommendation after local and overseas churches have commented on the investment blueprint.

The 17-point code includes:

- Refusal to invest in or help projects which involve

the manufacture of arms.

- Immediate recognition of trade unions as a basis for labour negotiation and active encouragement of unions where they do not exist.

- A project to introduce labour intensive manufacture as opposed to increasing mechanisation.

- Refusal to use migrant labour unless married accommodation is provided.

- Equal pay, facilities and employment practices for all employees.

- Investment of a certain proportion of investment portfolios in banking institutions which will use funds solely for the benefit of blacks.

- The introduction of a voluntary 2% self-tax on gross profit for contribution to black education.

● See Page 4

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Miseratio dicitur] Intemptiva misericordia, damno est. Similiter actio in factum tenetur, qui famo facto spes fugaverit. l. 49. hoc tit.

TITULUS IV.

De Injuriis.

Continuatio. & argumentum tituli.



Quarta species delicti, unde obligatio & actio inter privatos nascitur, est injuria seu contumelia. Quae quid sit, quomodo & quibus fiat, tum quae poena vindicetur, quae circumstantiae eam arguant aut mitigent, & denique quomodo aboleatur, hic docebitur.

TEXTUS.

Generaliter injuria dicitur omne, quod non jure fit: specialiter, alias contumelia, quae a contumando dicitur, quam Graeci ἔβλα καὶ appellant:

alias culpa, quam Graeci ἀδίκημα dicunt, sicut in lege Aquilia damnum iniuria datum accipiuntur: aliter iniquitas & injustitia, quam Graeci ἀδικία καὶ ἀδίκημα vocant: cum enim praetor, vel iudex, non jure contra quem pronuntiat, injuriam accepisse dicitur.

COMMENTARIUS.

Omne, quod non jure fit] Quicquid non jure fit, generali verbo injuria licetur. l. 1. hoc tit. ubi Cyprianus ait, injuriam ex eo dicitur, quod non jure fiat: itaque omne factum, quo nocetur detrahiturque

The silent shop-floor revolution

FOR THE hundreds of foreign companies operating in South Africa the pressures for change are building up inexorably.

In 1973, both the British and the US Governments issued codes of practice for companies operating here. Earlier this year American companies began signing the "Sullivan Manifesto" — a private initiative laying down guidelines for their labour relations here.

Now the nine European Economic Community countries are working on a code of practice which they will attempt, by one means or another, to persuade South African subsidiaries of their parent companies to adhere to.

The guidelines have not been detailed yet, but many company executives here expect them to follow roughly the same pattern as the recent American manifesto with one sensitive point added — that companies nurture the growth of black trade unions.

For many companies, even those operating the most advanced industrial relations techniques, this is an extremely sensitive spot.

Management generally has an inbuilt adverse reaction to the mention of trade unions — especially for Africans. Here they are painfully conscious of both the possible political implications and Government resistance to black trade unions.

Pragmatic

But, as the personnel manager of one large company said this week: "When the question arises we will deal with it."

It is a pragmatic approach, based on a growing realisation of the needs of the black community and enlightened industrial relations practices, that has brought significant advances in many areas for employees in recent years.

"We were bringing about improvements in conditions of work, ad-

vancement opportunities and wages years before anyone brought out any manifesto," said one managing director.

The whole question, however, remains a sensitive one. Companies have to cope with the complexities of Government policy, both as it is publicly stated and as it is applied in practice, with employees who can be either progressive and in favour of change or conservative and resistant to it — and with pressures from other companies if they try to go too fast in one direction.

Complaints

Given these difficulties, many company executives and diplomats feel that many have done more than any code of practice has demanded of them while there are others who have allowed themselves to be fettered by fear.

Even among the progressive companies there is a fear that public exposure of what they are attempting in some areas will provoke official action against some step that has been informally permitted.

By DICK USHER

"You sometimes get the impression that apartheid is all about toilets," said a company executive giving me "off the record" background about his company's progress.

"According to the Factories Act we are supposed to provide separate facilities. We have no segregation signs on our toilets and the divisional inspector of labour has agreed to turn a blind eye to this.

Complaints

"That means he must have had the word from on high to look the other way. But one complaint and he has to act."

For many companies the question of equal pay for equal work poses no problems. They have seen its basic morality and have gone ahead and introduced it.

visory positions over whites.

But at least one company has tried it out without any problems.

"We've found it's a question of making sure that the first time it happens the man is totally competent at his job. After that there's no problem," said one managing director.

"With all these problem areas we've found that it is a matter of testing attitudes, and quite often you find that people are willing to accept progress provided you consult them on the problems and what you want to do about them.

"We've had great success with this approach and things have gone ahead without any problems."

This includes integration in the workplace, both on shopfloor and management offices. Blacks and whites go through the same

training procedures in integrated classes and receive the same rates of pay for doing the same jobs.

"There is no discrimination," he stated unequivocally.

For companies which apply this policy there is a problem — one of not discriminating in reverse.

Problems

It could cause problems if, for example, a company paid rate for the job and then provided transport for black employees and not white. Executives explain that in paying equal salaries they feel that blacks are equally able to provide their own transport, and should do so.

Companies have also realised that fringe benefits — leave, sick leave, medical benefits — need not be discriminatory and have moved, or started to move, away from formerly discriminatory practices.

Their problem areas lie with factors that are integral parts of the apartheid picture. One business which, being a highly technical operation, employs a large proportion of skilled and semi-skilled workers, finds that its efforts towards integration are hampered by the deficiencies of the Bantu Education system.

"We advertised for a certain grade of operator, but out of 400 black applicants only 16 passed our aptitude test," said their personnel manager.

"The rest simply didn't have the educational background — especially in science and maths — to be of any use to us. And this is purely the fault of the educational system they have to go through.

"Once we have found suitable candidates there are only normal differences in their performance on the job. Some are as good as some whites, some are better and others are worse."

Black apprenticeships are also a problem. The Department of Labour will not allow black

minors to be apprenticed in white areas, but employers find they can get round this indenturing adults.

Housing

They also face systemic problems in assisting black employees with housing. Because the Government will not permit — at this time — freehold tenure of land for blacks there is a real problem getting building society backing for loans.

Basically, no one is going to make an unsecured loan which is what a housing loan on any system other than freehold is all about.

Even so, management in many cases realises the urgent need to improve the quality of the environment their employees live in, and several have schemes in planning to do this.

"If there is a problem, and this country has many problems, we can find a way round it," seemed to be the attitude of the most enlightened.

EEC code of conduct could hit SA's trade

Sun. Times Bus. 7/8/77

60

THE EEC code of conduct for companies operating in South Africa and discussions on investment in the area, certainly cannot be written off at this stage.

Summing up the political co-operation meeting between the nine member nations in Brussels, president of the EEC Council, Henri Simonet, said that the working party will only be able to complete the code by the end of September. The code would cover black wages, job discrimination and opportunities, for European Economic Community companies operating in South Africa.

Some people believe that in practice the code will be merely a pious resolution.

**By Neil Behrmann:
London**

This could be true, but it would be foolhardy to be sceptical.

To quote president of the SA Foundation, Basil Hersov, in a recent issue of the Financial Mail: "Pressure on overseas companies and individuals sympathetic to SA is intense.

"In the absence of unequivocal and substantial indicators of change, it is extremely difficult for them to make any sort of case for increasing investment in SA, or even preventing progressive disinvestment."

The June quarterly bulletin of the South African Reserve Bank shows that at the end of 1975 the EEC direct investment in SA

amounted to R4 780-million, or 64 per cent of the total foreign investment. EEC indirect investment in South Africa amounted R57 071-million, or 56 per cent of total foreign indirect investment.

Putting it another way, total direct and indirect investment of the EEC in South Africa accounted for 60 per cent of foreign investment in the country.

According to the latest available SAFTO annual report, South Africa sold 45,3 per cent of its total exports to EEC countries. But imports from EEC countries also accounted for a huge 51,4 per cent of total South African imports.

No doubt South Africa is a very important source of EEC raw materials but an important factor is the growing market potential of African and other Third World countries.

Earlier this year Mr Claude Cheysson, EEC commissioner in charge of aid and development, said that it paid the EEC to invest and give aid to Third World countries. Such investment, he said, would enable third world countries to buy EEC goods worth more than the original aid.

According to recent statistics Nigeria, with its oil has superseded South Africa as Britain's largest African export market, while France has a huge trade surplus with Algeria and Morocco and good markets in Nigeria, Ivory Coast and Senegal.

South Africa is still Germany's largest market in Africa, but represents less than 30 per cent of the total.

Mr Cheysson also made the point that the Arab world has replaced the United States as the European Economic Community's major trading partner. Arab nations represent 13 per cent of EEC exports against 11 per cent to the United States.

In essence, South African trade is still significant and important to Europe and other Western countries. But economic events since the oil crisis are adding to the political pressures on these nations.

And while Minister of Finance Owen Horwood is doing his utmost to sell South Africa's investment possibilities abroad, statements of fellow Cabinet Ministers, such as M. C. Botha, make his task all the more difficult.

Gold mines' life assessed at 10 yrs

By NEIL BEHRMANN

LONDON. — On the New York share market South African long-life gold mines are assessed on a life of only 10 years. According to the Mining Journal quarterly review of South African gold shares, this reflects the international view of the political situation in southern Africa.

The headline of the mining journal's leader is "political issues dominate".

Prices in New York are about 35 percent lower than South Africa — i.e. the securities and discount and exchange control makes the Johannesburg market differ from international markets.

The Mining Journal says that today no investment decision can be made by non-South Africans without a serious examination of the middle-term political position. It notes, however, that one of the churches sold its gold share interests. But says "in practice, however, to withdraw investment brings hardship on all members of the community . . . a stable and expanding economic base is fundamental to peaceful long-term development for all races in South Africa."

Racial position

The journal says the racial situation has concerned Western "liberal" opinion for many years. But the significant development recently is that South Africa has become an important part of the East-West dialogue and might

soon become important in the North-South dialogue.

The possible threat of disturbance in South Africa has also highlighted the country's strategic importance, not only as a guardian of the Cape, but as the West's supplier of vital strategic materials such as chromium, manganese, vanadium, platinum and gold.

The journal says that Russia is the only alternative source for most of these strategic materials.

The journal maintains that in the Western capitals, the security of mineral supplies from South Africa is an important factor today in foreign policy considerations. There will be increasing pressure for change and this could create tension if hopes of overseas leaders and South Africa's blacks run ahead of Pretoria's intentions.

Yet South Africa's defence forces are the most powerful in Africa and have an effective communications system to back them up.

Considerations

From an investor's standpoint, perhaps the two prime considerations are the problems of disruption to mining production due to general disturbances (breakdowns in power supplies, communications, etc) and the cost of maintaining security forces.

"Already, there has been the five percent increase in tax

surchage and a 10 percent increase in the loan levy, and with the recent extension of the conscription period, the cost of defence must increase further."

But the journal believes that the impact of defence costs have already been assessed in the share market and present prices reflect this position.

Similarly, the securities and discount offsets for non-South African investors the inevitable uncertainties. "Indeed it is arguable," says the journal, "that so long as gold remains broadly in the \$140-\$150 range, the uncertainties are too heavily discounted."

incendiis vel partibus, pro ex incensio vel partibus
Alienum hominem alienum quadrupedem, que
pecudum numero] Primum legis caput animalia pre-
tionora, hoc est, ad rationem vel familiaris magis
utilia ac fructuosa, complectitur, servit ex aquas qua-
drupedes, que pecudum numero sunt; & tantum ad

ur, eo pertinet, ut neque de feris bestis, neque
de canibus canum esse intelligimus; sed de istum-
tum, que gregatim proprie pasce dicuntur, qua-
les sunt, equi, muli, asini, oves, bovis, caprae. De
subus quoque dicitur placuit. Nam & fides quoque
pecudum

In Insti

pecudum appellatione continentur quia &
genua pecudum. Si dicitur & fides
diffinitio (Item Julius Marcianus in
manibus fuit),

Adversus quosdam dicitur, quod si dicitur
Item & fides & fides, sed non est
hoc est.

Adversus & fides, quoniam fides magis in
fides, ad Ceterum fides, quoniam

COMMENTARIUS.

1. Cur dicitur de fides, an pecudum

Pecudum numero est animalia pro-
guntur, que gregatim dicuntur, id est
pastoris in gregibus, ut equi, asini, m-
oves, caprae. Item capere in pecudum an-
sit, unde non dicitur fides, sed in
pastoris. Item dicitur de fides, quod
natura est, ad primam rationem capere partem
partem quod in pecudum operam partem.

2. De fides in Insti] An fides pecudum
tione continentur, dicitur in Insti. Dicitur
contineat. haec facile dicitur. Item
aliter, quod fides non, ut dicitur in Insti, greg-
ribus pastore commode dicitur, sed in
Ceterum illa traduntur in maxime fides, bovis, &
cetero fumento indigent; & fides dicitur
dicitur arborem baccis, & effolis fuis baccis.
In pastus, quam gramine, videtur. Alia
fides videtur, ideo de fides dicitur in Insti, quod
neque operam hominibus partem partem
rando, ut equi, muli, asini, boves; neque
prodit, ut vacca, oves, caprae. Ut dicitur
tiam fides pecudum numero haberi, qui & g-
tim fides in parte pastore dicitur. d. l. 2. §.
legat. l. 6. §. fides dicitur de leg. 2. Ubi Marc-
ris dicitur ad dicitur in Insti, haec dicitur
fides. Item dicitur apud Poetam dicitur in
va Ulysses in partem ex longo errore dicitur
net, ut non recte dicitur ad dicitur in Insti
eat; sed partem ad dicitur in Insti, haec dicitur
rebat omnibus interea edocetur, dicitur in
chum fides dicitur. Quo dicitur in Insti
sus, quos post Marcianum hic dicitur fides.

TEXTUS.

2. In Insti autem occidere intelligit
nullo iure occidit. Itaque qui lacronem
rem occidit, non tenetur; aliter, si aliter
effugere non potest.

WATCH OUT FOR 60 THE SNOOPERS

Sub. Trib. Finance Reporter 14/8/77

INDUSTRY'S equivalent experts supply this information of the M15 agents are stalking the South African business scene giving foreign, locally-based companies the edge over local manufacturers, according to a leading intelligence agent. The problems seems to be an over-emphasis of scruples on the part of South African executives which prevents them from benefiting from the same sources.

Strangely enough the intelligence agents don't snoop around with dark glasses, cloaks and daggers. They go into the field armed with degrees in economics, cost accounting, market research and add to this very pleasant, unassuming personalities.

Foreign companies nearly always employ an expert in "business intelligence" to pave the way into any new market. They want to know their competitors' weaknesses and strengths, the market share of rivals in the industry and the growth potential of the market, and business intelligence

Says one intelligence agent: "There's a great deal of information to be obtained from rival company's suppliers and customers. But however good you may be at eliciting information, generally companies here do not know much about their market share, the size of their industry or their competitors advantages — so a great deal of research is required."

of Arts
PAAP

5 August 1977

A full minute of the proceedings will be circulated to all members in due course.

PRESENT	ABSENT	OPTIONAL	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60					
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TOTAL	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
POINTS	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60

For the information of members the following table has been prepared by the Faculty Officer:

EEC code on SA will be answer to UN appeals for economic sanctions

Own Correspondent

LONDON. — Indications from Brussels are that the EEC code of conduct for European companies operating in South Africa will be similar to the British code which is currently in force.

Senior officials of the EEC foreign ministries hoped that the code would provide guidelines for employers to improve the wages and working conditions of their black staff members. It will have no statutory force because the companies are subject to South African law.

The draft code of conduct is similar to the one introduced in Britain some years back and it was significant to note that no decisions were taken to apply direct economic pressure on

South Africa. The draft code will be submitted to EEC foreign ministers on September 18 and 19 and is expected to be approved.

European companies operating in South Africa will then receive copies of the code. According to sources the code will cover minimum wages, fringe benefits and job opportunities with especial reference to the promotion of black staff.

Employers are expected to avoid segregation and discrimination and black employees should be allowed to join unions. The EEC is also expected to ask companies to send progress reports on their observance of the code.

Impractical

Working groups discussed possibilities of reducing export credits to South Africa, limiting investment in the area and raising EEC tariffs, but they found that at this stage such steps would be impractical and there was little scope to place further economic pressures on South Africa to change apartheid. The nine member nations of the EEC want the code to be ready for the coming United Nations session. It would then help them counteract appeals for economic sanctions against South Africa.

The importance of the code is

that it will back business efforts which are already taking place to improve the lot of black workers in South Africa.

The British Foreign Secretary, Dr David Owen, originally introduced the plan in July. Common Market governments have stated that the code would prove that they are committed to end apartheid.

Stability

The EEC accounted for 47,6 percent of total South African exports last year, compared with 45,8 percent in 1975. The United Kingdom bought 22,2 percent, West Germany 10,5, France 3,3 and other EEC countries 11,6 percent. Europe as a whole bought 55,4 percent of South African products.

While trade is important, investment is even more significant. According to the June quarterly bulletin of the South African Reserve Bank, the EEC accounted for 60 percent of South Africa's foreign liabilities (direct and indirect investment) in 1975.

It is difficult for the EEC to apply direct pressure on South Africa because of the important trading links. But over the past year, the European industrialist and banker has felt strongly that to ensure stability in South Africa and hence their investments,

apartheid must be dismantled.

Also, black Africa and other Third World countries are important markets and sources of raw materials for Europe. Nigeria, with its oil, superseded South Africa as Britain's largest African export market. France has good markets in Nigeria, Ivory Coast and Senegal and a big trade surplus with Algeria and Morocco.

South Africa is still Germany's biggest market in Africa, but the combined buying power of the rest of Africa accounts for more than 70 percent of German exports to the continent.

Mr Claude Cheysson, EEC commissioner in charge of aid and development, said that it was important also to give aid to and invest in Third World countries. This would enable the Third World to buy EEC goods which would more than pay for the original aid.

Warnings from Europe

If further evidence is needed that the West is toughening up its attitude to foreign companies operating in SA, this week's meeting in Pretoria between UK Foreign Secretary David Owen and SA trade union and management men provides it.

Much of the meeting was taken up with discussing the effectiveness of the UK's 1974 "code of practice" for British firms in SA. Owen's impressions will certainly be taken back to the EEC when it draws up its own code.

Present at the meeting were six trade unionists — three from registered and three from unregistered unions. Non-union participants were representatives of Leyland (SA), Barclays, General Electric, AEI, the SA-British Trade Association and the Institute for Industrial Relations, a joint management-labour group.

Owen apparently told the meeting that the UK was under considerable pressure from some of its trading partners (including African states) to impose sanctions against SA, but was loth to do so.

Neither Britain nor other Western powers could resist these pressures, however, unless codes of conduct for foreign companies operating in SA could be made to work, he said. He was therefore canvassing views on the British code's effectiveness.

Toothlessness

The FM understands that some of the African unionists at the meeting were critical of the code, arguing that it was "toothless" and that it had not helped African unions in their attempts to gain recognition from employers.

The FM understands that Owen replied that the UK and other Western nations were aware of the problem and that Britain was considering trying to enforce the code more effectively, perhaps by sending government and trade union men to SA to monitor it. If that was unsuccessful, other methods would have to be tried.

How accurately the meeting reflected black shop-floor sentiment is uncertain. African unions present apparently said little. Some observers believe this was because they feared repercussions.

Some of the African unionists are angry about attempts since the meeting to identify them and their unions with what the registered unions told Owen: "We weren't there to identify ourselves with other unions," says one.

Owen, did, however, run into flak from white unionists and management men, most of whom argued that the Wiehahn

Commission would recommend a "new deal" for labour relations and that the West would be best advised to wait for the commission's report and to encourage foreign subsidiaries in SA to submit evidence to it.

They added, however, that the commission wouldn't report for some time. According to a member of the commission at the meeting, legislation flowing out of its final report would only be tabled in 1979, although there would also be interim reports next year.

• African unions, it seems, have every reason to fear repercussions from the authorities. This week members of two such unions — the Commercial, Catering and Allied Workers' Union (CCAWUSA) and the Sweet, Food and Allied Workers' Union — were questioned by police on their union activities. "Our activities are perfectly legal and this sort of thing is just an attempt to stop us growing," CCAWUSA general-secretary Emma Mashinini tells the FM.

FOREIGN FIRMS

Bucking the "code"?

Foreign-owned firms operating in SA are not taking international pressures lightly.

In recent weeks, the SA Foundation — at the initiative of its French committee — has convened meetings of several of its international committees to discuss the code of conduct for foreign subsidiaries in SA currently being mooted by the EEC, and the threat of international

sanctions against apartheid.

"We've tried to get the heads of firms together so that we are more or less at one on our attitude to any guidelines or code of conduct which materialises," says the chairman of one of the committees involved.

Especially worrying to these firms seems to be the possibility that the EEC's code (unlike Rev Leon Sullivan's six-point programme for US companies in SA) may urge the recognition of black trade unions.

Says the Foundation's director, Peter Sorour: "They will try to indicate to their parent companies and governments that the US manifesto was reasonable and quite welcome in SA. But if anything unreasonable emanates from the EEC, it would be quite unwelcome."

Sorour adds that any "unreasonable" proposals which conflict with the laws of the country — or even "excessive" demands about recognition of black unions — could run into opposition from local companies, no matter what their parents' attitudes are.

The committees also discussed the possibility of sanctions against SA. "Being ordinary businessmen," Sorour tells the FM, "they just said that if sanctions come they'll have to learn to live with them."

(Alfred Marshall) or an entire sector. But really! There is no need to about a simple problem of co-ordination. The advantage of X and Y of initial protection against foreign competition is the ball rolling on but what a clumsy and inefficient start! Surely by promoting communication of the facts to them with adequate information they will be able to operate complementarity of the operations and be able to do so naturally.

Mr Protectionist: Co-ordinating the activities of only X and Y is easy enough. When reciprocal externalities are the operation of thousands of infant firms all but to it is highly unlikely that the market, however well able to tackle the task of co-ordination suffers from protection against foreign competition is still a very practical way to get things started. Protectionist tariffs would be one possibility; alternatively, initially subsidize the infants.

Mr Free Trader: You have still not convinced a number of serious market imperfections and externalities that protection would unquestionably fall flat. It provides the first-best solution. It may make a second-best solution.

For example, with regard to your first point, the question of infant it would profit society more if the state rather than private protectionist measures were to undertake a charge in the and development (in the absence of the private sector's inability to do and make the information acquired thereby readily available to those

...../4

in the form of a debate between
MR PROTECTIONIST AND MR FREE TRADER

4

Mr Free Trader... theory of Comparative Advantage... increase its gross productivity... will find in the general improvement...

EEC code aiming to put pressure on South Africa

ADM 20/9/77

Own Correspondent
BRUSSELS. — Common Market foreign ministers are hoping to agree on their much-publicised "code of conduct" for European firms operating or controlling subsidiaries in South Africa.

Whether the code will actually be enforceable is highly doubtful, but the main aim of the Nine is to be seen by black Africa to be doing something concrete about breaking down the apartheid policy.

A document distributed after talks by government experts for each of the nine EEC states says:
● Although South Africa has developed a degree of self-sufficiency in a number of areas, it is still heavily dependent on the Western countries for its economic survival.

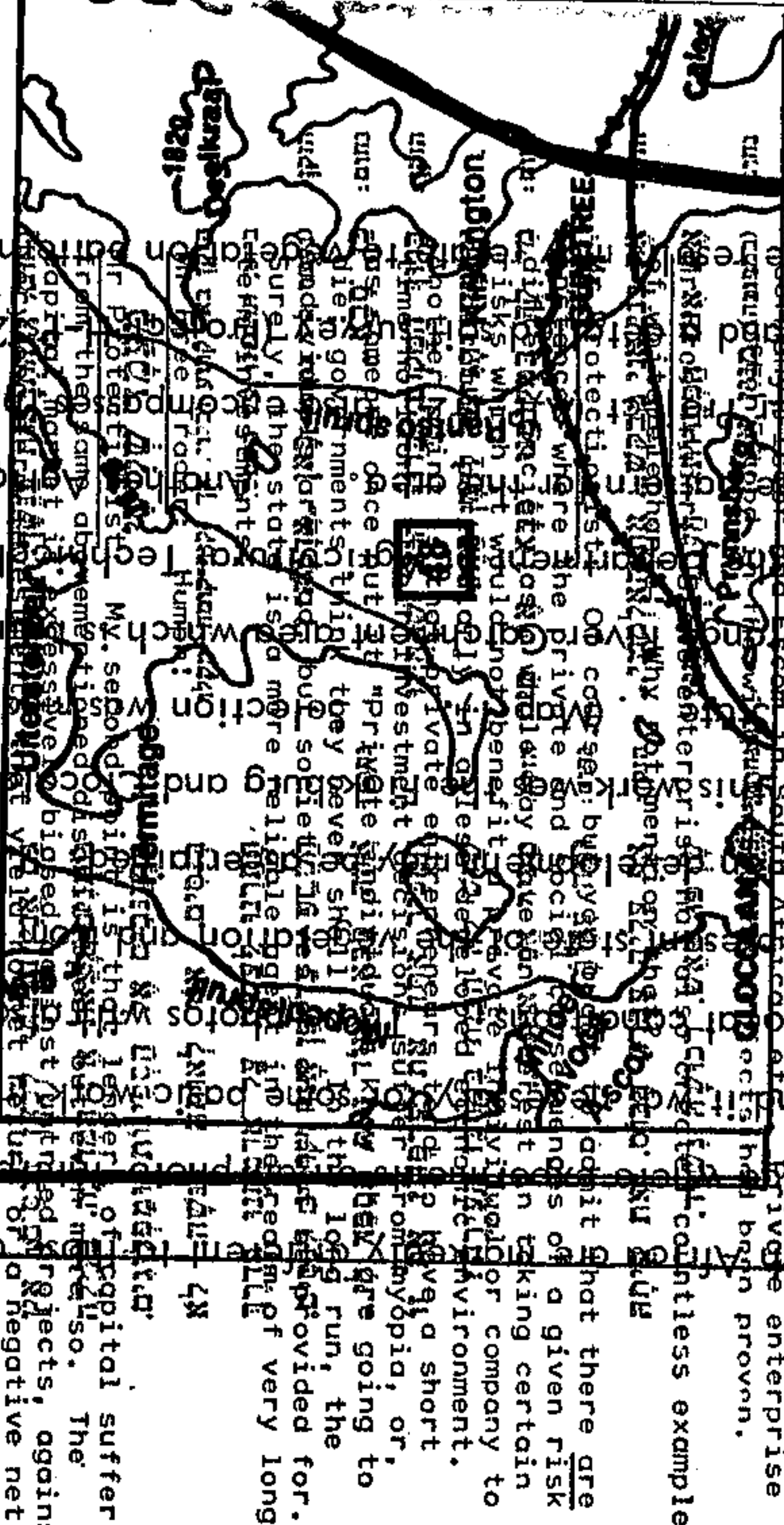
● South Africa needs to trade and so is vulnerable to pressure from its major trading partners.

What that pressure may be has not yet been revealed. But any thoughts of a trade embargo have, I understand, been firmly ruled out after the humiliation of the United Nations trade embargo against Rhodesia.

What is more likely is a commitment by the Nine not to award major government contracts to firms seen to be cashing in on the apartheid system.

Any major European firm with operations in South Africa — or even substantial shareholdings in another firm operating there — will be expected to follow a totally non-discriminatory employment policy.

If black or coloured workers are paid less or not given equal employment and promotion prospects, the European head offices could be threatened with a loss of government work back home.



study area

Mr Protectionist: That's easier said than done! If we possessed perfect knowledge and information, if all the capital markets were perfect and if there were no such thing as externalities, your objection would be fully justified. However, as you know this is not the case!

particular for those in... industries and in... often... to recognise the full potentialities... of their sphere of activity. For this reason, they restrain from... that ought to be pursued.

Mr Free Trader: Who is to say that... servants and... to risk the taxpayer's money... private... stand by... money on... call for...?

Mr Protectionist: It is not better... Of course, there are other... and not only it is not their... successful... Imperial... enterprise... proven.

Mr Free Trader: It is not better... Of course, there are other... and not only it is not their... successful... Imperial... enterprise... proven.

Mr Protectionist: It is not better... Of course, there are other... and not only it is not their... successful... Imperial... enterprise... proven.

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Mr Protectionist: It is not better... Of course, there are other... and not only it is not their... successful... Imperial... enterprise... proven.

Mr Free Trader: It is not better... Of course, there are other... and not only it is not their... successful... Imperial... enterprise... proven.

EEC CODE OF ETHICS

Barking or biting? (60)

The code of ethics for European companies in SA which was adopted by the EEC's council of ministers in Brussels this week goes a great deal further — on paper at any rate — than either Leon Sullivan's American code or the earlier British code of practice.

It contains seven principles affecting black workers:

• Companies must recognise the rights of these workers to be represented by

trade unions;

• Employers must help to ensure freedom of choice of place of work and abode and alleviate the destructive effects of the migrant labour system;

• Specific policies should be adopted to increase pay to the Effective Minimum Level (50% above the Poverty Datum Line);

• Implementation of equal pay for equal work and the development of training programmes for blacks;

• Improvement of fringe benefits and of employees' living conditions at home;

• Everything possible should be done to desegregate within the factory;

• Parent companies should each year publish detailed and fully-documented reports on implementation of the code.

The last of these is by far the most important point, since it provides a mechanism whereby the governments of the Nine can monitor the extent to which companies operating in SA give effect to the principles.

In this context, however, some local subsidiaries are likely to try to plead — rightly or wrongly — that the General Law Amendment Act of 1974 inhibits the disclosure of their employment policies to foreigners.

Following the adoption by the British government of its code of practice in 1974, the SA government interpreted Section Two of the Act in such a way as to require British subsidiaries in SA to clear information on labour matters with the SA Department of Commerce before transmitting it to their parent companies. Commerce Secretary Joep Steyn told the *FM* that permission was only granted if the British shareholding in the SA firm exceeded 50%.

In the UK, initial reaction to the code (of which Foreign Secretary David Owen is a prime mover) suggests that there will be a period of watching and waiting to see who takes the first steps towards implementation.

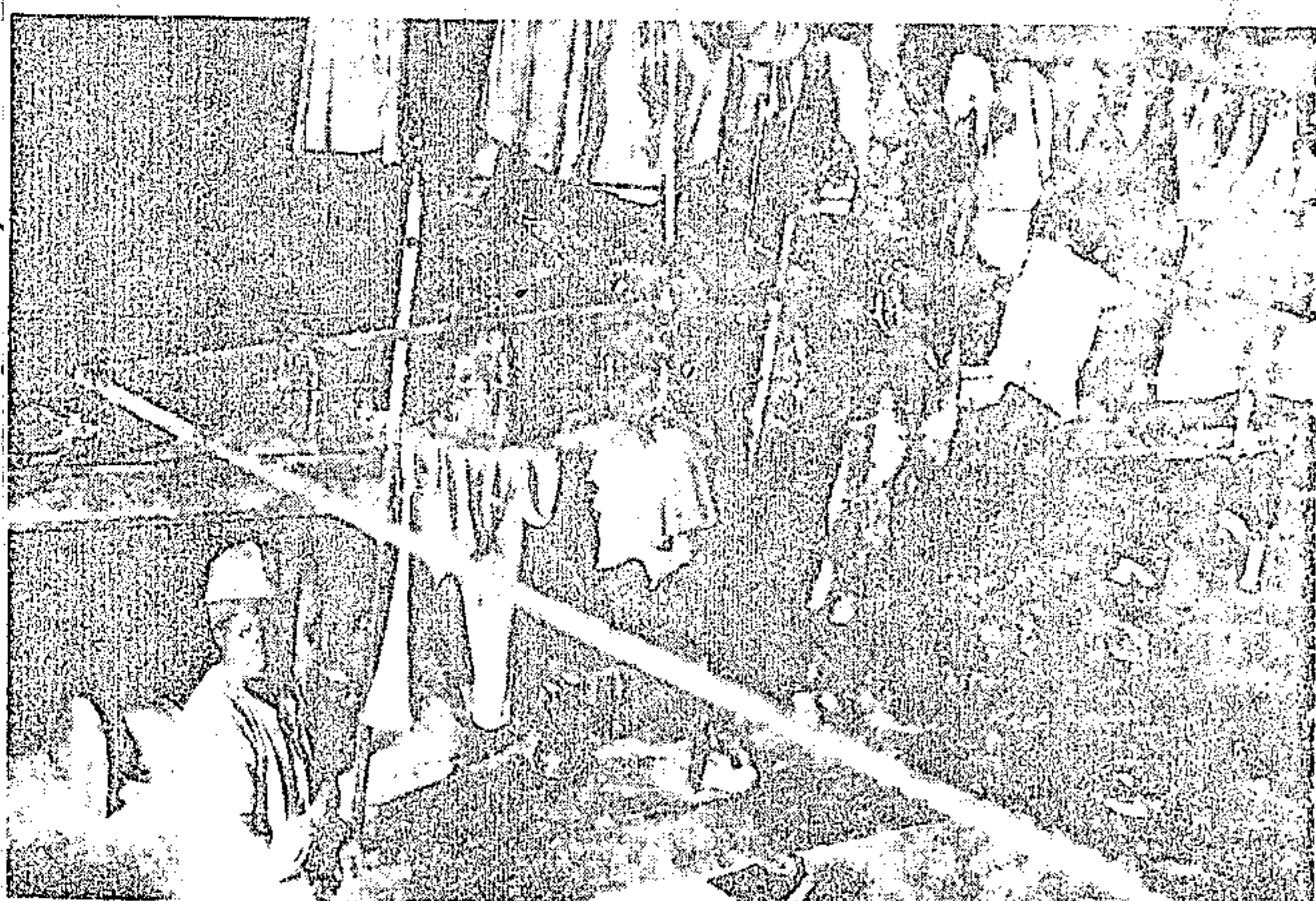
Some manufacturers claimed that they might be disadvantaged commercially if SA or Japanese companies, for example, were to ignore the requirements of the code in areas such as pay and the encouragement of black trade unions.

One senior company executive said that it would probably require joint agreement by UK subsidiaries before there was any widespread move on implementation: "We not only have to consider the competition, but also the opinions of the SA public — not to say government — before we do anything. But provided there is agreement among most of the companies concerned, there should not be too many problems of implementation."

In Paris, a member of the directorate of the Patronat, the major employer association, evinced a certain complacency: "As far as the code is concerned,

TRAILS
ADS,
1893

TRAILS:
light-
Trail



Mining compound . . . moves to improve the quality of life?

French firms have been trying for some time to apply these rules, which are not a novelty but represent what I would call industrial common sense."

The West German Foreign Minister, Hans-Dietrich Genscher, described the new code as "an unusually important step" in the foreign campaign against racial discrimination in SA. But the opinion widely held in Bonn and within German business is that it will not of itself make much practical difference.

Representatives of German firms with subsidiaries in SA seem as complacent as the French. They claim either that they are already applying as far as possible the principles which the code lays down or planning to do so as soon as possible.

The Bonn government hopes that the adoption of the code will be seen by the SA government as a warning that EEC states, because of both internal and external pressures, are having to take at least public action against apartheid. Much tougher measures, including a trade embargo and the removal of export guarantees, have long been under discussion.

No common line has been found between those who firmly support such action — for example, the Dutch — and those strongly against it — notably the French. But in Bonn it is felt that this situation could change if the South African government itself fails to act on apartheid. In this context the death of Steve Biko is seen as doubly regrettable.

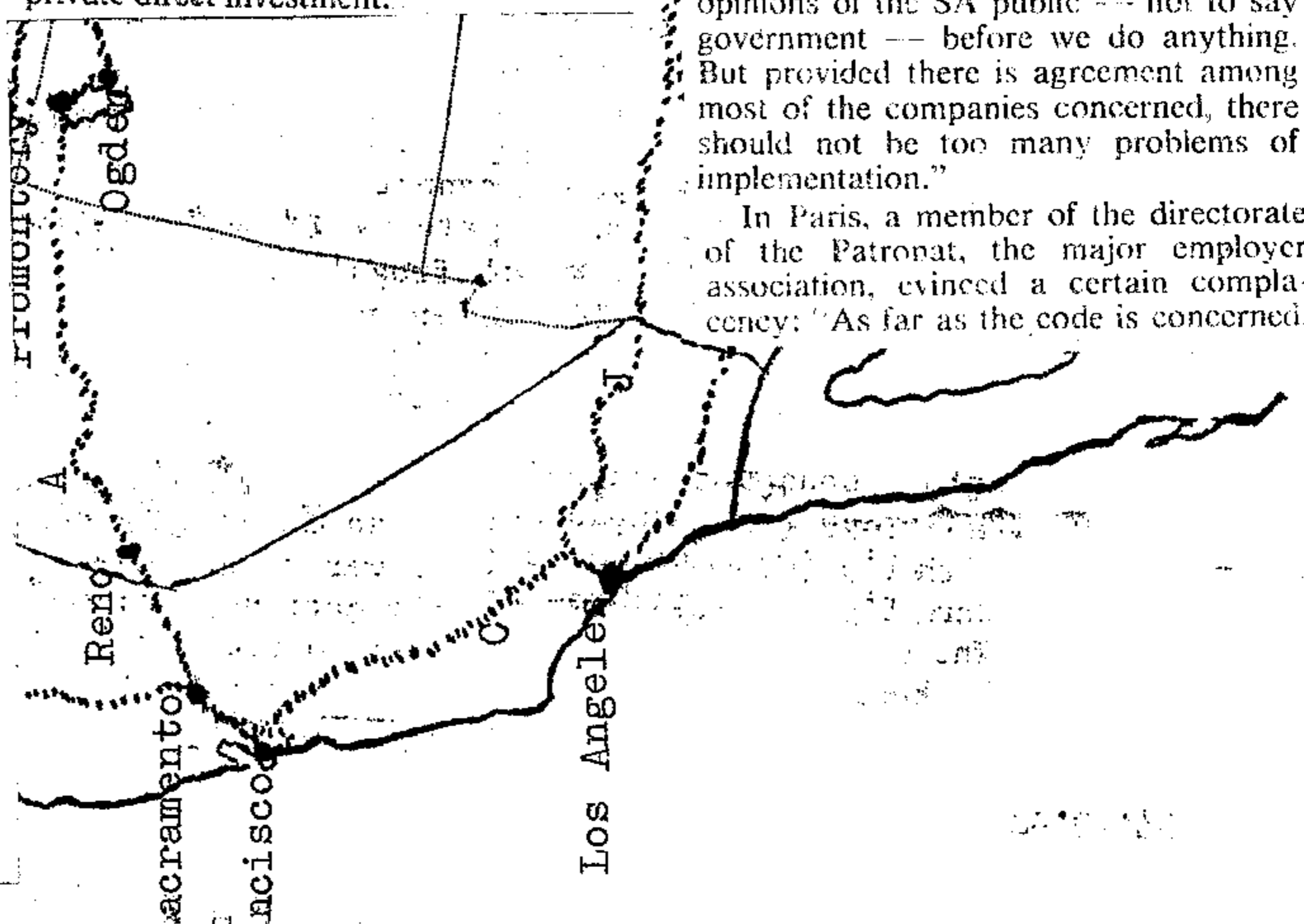
The EEC code of conduct contains nothing new for the Netherlands. The Dutch government has made similar appeals in the past to firms with subsidiaries in SA. The Dutch mission to the EEC admits that the lack of enforceability of the code is a major drawback.

A spokesman for the main Dutch employer organisation, the Verbond van Nederlandse Ondernemers (VNO), said

that the government had been in touch with businessmen about the application of the code. The VNO foresaw some problems, particularly over the publication of reports from South African subsidiaries, but further discussions would take place between the VNO and the government and between the VNO and the firms involved.

Aware of the flaws on the code, the Dutch are going further. The draft programme for the new Labour/Christian Democrat coalition cabinet states that no credit guarantees will be issued by the government for exports to SA. In addition the Dutch plan to lobby at the United Nations for a Security Council decision on compulsory economic sanctions.

• Total EEC investment in SA in 1975 was R9 850m, of which R4 620m was private direct investment.



SA code not yet endorsed

ARGUS 28/9/77

60

The Argus Bureau

LONDON. — The Confederation of British Industry here has joined colleagues on the Continent in making it plain they are some way from agreement on a code of conduct for companies with subsidiaries in South Africa.

The CBI's reaction follows publication by the Department of Trade of text of the Code of Conduct agreed by the European Economic Community foreign ministers last week. The CBI has been involved in its own study in South Africa.

Mr John Whitehorn, deputy director general of the CBI, said that reference in the department's statement to proposed guidance notes, to be issued in consultation with the confederation and the Trade Union Council, should not be taken to imply endorsement of the EEC code.

RESERVATIONS

The confederation still had significant reservations about the document.

He added that officials of the CBI were examining the bearing of South African law on the issues involved and how far British companies could or should interfere with South African subsidiaries.

Further impetus is likely to be given to the debate later this year when Christian Concern for Southern Africa, the inter-denominational church group which has been prominent in the British campaign for black rights in South Africa, publishes a report on black trade unions in the Republic.

EEC ban on new investment in SA looming

ARGUS 29/9/77

60

The Argus Bureau

NEW YORK. — The European Economic Community is actively considering the curtailment of new investments in South Africa, a speech at the United Nations by the Dutch Foreign Minister, Mr. Max van der Stoel, made clear yesterday.

Although Mr. van der Stoel referred only to the Netherlands in his speech, three other EEC foreign ministers have stated during the current UN General Assembly debate that the nine EEC countries were acting in concert in examining possible

action against South Africa.

European diplomats hinted that the United States and other major sources of South Africa's foreign capital were being consulted on possible action and that the EEC would not act alone if steps other than the already announced code of conduct for EEC businesses in South Africa were decided on.

Mr. van der Stoel's speech contained the first public confirmation that there was a solid foundation to speculation of a curtailment on foreign investments by the EEC.

IDEA OF BAN

The idea of a ban on new investments in South Africa came from the former Swedish Government and has been pursued with even greater vigour by the new Swedish administration, supported by all four other nordic countries.

It is considered by the Scandinavians to be the best available form of pressure on the South African government to abandon its race policy since it does not directly threaten existing trade or existing foreign investments in South Africa.

60

Foreign firms dig in

The hostile response of some British, German, and Dutch business organisations to the EEC's code of conduct for foreign firms in SA (*FM* last week) is being echoed by some of these firms.

Comments range from the complacent and sceptical to the downright antagonistic and defiant. Says Philips SA MD Jan Timmer: "Multinationals can't afford to interfere in the political structure of the countries they invest in."

He adds that the code is a "paper tiger" and will have little effect on the way Philips operates in SA. "Like other businesses, our labour policies are dictated by what we think suits our needs — not by some outside charter. We believe our labour policies are enlightened, but that's because it's in our interests to be enlightened," claims Timmer.

Siemens chief executive Wilfried Wentges adds: "Guidelines like these could restrict firms and affect their competitiveness. And if you start laying down guidelines for one country, where does it end? This sort of thing could be used against EEC countries one day."

He adds that "the code seems to imply that our houses need putting in order — which we resent".

Others, though also unhappy, are more muted in their criticism. "We've got no objection to the spirit of the code, but its drafters seem to forget that we've got to give priority to SA's laws and customs", says Daniel Banmeyer, chairman of Total SA and a leader in the French business community in SA.

Adds Peugeot SA MD George Ward: "We've got no objection to improving our workers' quality of life. But we can only do that if we have the profits to do it. We'll only have that if Europe steps up its trade with us. You can't distribute wealth if you don't create it and the biggest contribution they could make is to encourage SA, not restrict it."

Most firms canvassed by the *FM* claim that they measure up to most of the standards set by the code: "We're satisfied we comply with the majority of the recommendations," says a Leyland SA man, for example.

As the *FM* pointed out last week, the EEC code goes a good deal further than earlier such charters, such as the American Sullivan code. Unlike Sullivan — who blithely ignored the question of African trade union recognition — the EEC code advocates recognition. It also recommends wages 50% above the PDL and provides for monitoring by the governments of the Nine.

Some local subsidiaries of European firms are evasive on the question of union recognition. While they claim they do not themselves object to union recognition, they seem unwilling to act positively on the issue until and unless government gives the go-ahead.

Wentges says that he would be unhappy about recognising an unregistered union unless other employers did likewise: "We would be concerned about the need to regulate wages on an industry-wide basis to prevent 'leapfrogging'," he avers.

Others, like Banmeyer, say they would "have to study the union issue further".

Most are unhappy about tying wages to the Effective Minimum Level. "Wages are set by economic laws, not by codes of conduct," says Timmer. "If we were to raise wage levels unrealistically, we'd put most of our men out of work — and that wouldn't help anyone," agrees Ward.

Will the companies report back? Some give a qualified yes, others are not so sure: "We don't like being dictated to and this clause irks us more than any of the others," says Banmeyer.

Timmer adds that Philips SA definitely won't: "We report to our parent company only — and at any rate it's fairly hypocritical to send back a regular report

saying what marvellous things we're doing."

Others say there is no onus on them to report: they send back information to their parent companies and it's up to these to decide whether they will pass on the information to their respective governments, they say.

On the other hand, the code has evoked a cautious welcome from African unions: "We're not going to rely on the code. After all, it's not compulsory and it won't necessarily change management's approach. But we do hope it will open up avenues for us which haven't existed up to now," says Sweet, Food and Allied Workers' Union secretary Skakes Sikhakhane.

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escaliers	7
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est districts	25
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est districts	52,53
est districts	some

On these Roman hills, things have reached a pretty pass. What's more, their talent for flattery is unmatched. They praise the conversation

Style roman — that your scrag-necked...
 une voûte en ogive
 poussées localisées (par des nervures)
 murs soutenus par des arcs-boutants
 contreforts verticaux
 contreforts inclinés
 voûte par panneaux indépendants
 arcs en ogive
 chapiteaux simples
 sculpture appropriée aux besoins architecturaux
 une rosace
 à la légèreté

EMBARGO : 3RD OCTOBER, 1977 AT 16h00

ADDRESS DELIVERED BY THE HONOURABLE J.C. HEUNIS, MINISTER OF ECONOMIC AFFAIRS, AT THE GOLDEN JUBILEE CELEBRATIONS OF MESSRS. BARLOW RAND LIMITED, JOHANNESBURG, 3 OCTOBER 1977

Mr. Barlow, His Majesty King Goodwill of Zululand, Distinguished Ministers of the Government of Transkei, Distinguished Leaders of Homeland Governments, Distinguished visitors from abroad, Ladies and Gentlemen:

It is a source of great personal pleasure to me to address you today on the occasion of this Golden Jubilee celebration of Barlow Rand Limited.

The attainment by our host company of its fiftieth anniversary represents an important milestone in its history. With the passage of time Barlow Rand has developed a number of close and mutually rewarding business relationships with leading South African and overseas companies. One such a company is the Caterpillar Tractor Company/...

Company of the United States of America. The story of its association with this particular company dates back to 18 August 1927 when Caterpillar offered the then Thos. Barlow and Sons the sales and service dealership for its equipment in respect of the greater part of South Africa.

From these modest beginnings our host company has expanded its operations progressively to cover a wide range of equipment, so much so that its name has today become commonly known throughout South Africa and even beyond our borders. In fact, its well known "yellow giant" machinery has played a major role in helping to shape and develop the infrastructure of Southern Africa, while in the fields of mining, agriculture and civil engineering, Caterpillar equipment has pioneered the way for economic growth.

Today/...

Today the company's Tractor Division alone has 33 outlets in Southern Africa and employs about 2 700 people, while its parts stock is valued at more than R35 million.

There are certain distinct lessons to be learned from our host company's remarkable success story in South Africa.

Firstly, the outstanding feature of its achievements has been the immense contributions which both its management and workers at all levels have made to the progressive expansion of its operations in South Africa. This impressive form of constructive partnership which has so materially influenced the expansion and diversification of the company's activities, is one which I would commend to all companies operating in South Africa. I understand that our host company is, amongst others, also applying a farsighted and progressive labour policy which, inter alia, includes the further extension of job opportunities for its Black employees, the upgrading of Black workers into/...

into higher levels of responsibilities; and the encouragement of self-development of its workers through company-sponsored training schemes. These are objectives which have the support of the Government.

But a second, and perhaps even more important, lesson which the company's achievements in South Africa have once again prominently brought to the notice of entrepreneurs, both inside and outside our country, is one on which I would like to place particular emphasis at the present stage of South Africa's economic development. And that is the immense material benefits that can be derived from the establishment of constructive partnerships between foreign capital and know-how and South African enterprise in the further exploitation of South Africa's vast raw material resources.

During/...

During the post-war period capital investment in South Africa has been financed from foreign sources to the extent of some 8 to 10 per cent. In more recent times this percentage has tended to increase to some 12 per cent or more. This figure fluctuates considerably from year to year, but it nevertheless serves to illustrate the relative importance to South Africa of foreign capital as a source of finance for its economic development. Although the role played by foreign capital in this process of development is not a dominant one, it is, nonetheless, quite important especially since it is frequently accompanied by the provision of technical expertise in the fields of production and marketing.

I wish to emphasise that, as a matter of policy, the South African Government sets great store by, and strongly welcomes the continuation and expansion of joint undertakings of this nature.

I should/...

I should also point out that, with one rare exception, namely the restriction which is being imposed by our monetary authorities on the ability of foreign companies operating in South Africa to finance expansions of their activities by means of capital borrowed in the local market, there are no official policies in operation in South Africa which discriminate against overseas companies established in this country. There are also no restrictions whatsoever on the transfer by foreign companies domiciled in South Africa of the current proceeds of their investments in this country. In fact, we have a proud record of having always fully honoured our obligations in this respect.

The operations of Barlow Rand in South Africa also represent a significant example of the process of transformation of the domestic economy from the stages of essentially primary production to more

diversified/...

diversified forms of economic activity in which manufacturing industry has now emerged as a senior partner and as one of the main contributors to the gross domestic product. Since the earlier stages of its operations in South Africa, when the company's activities were exclusively confined to the distribution of the specific types of equipment manufactured by its overseas principals, Barlow Rand has progressively developed the local assembly of these various types of equipment until it has now reached the stage where a significant percentage of the materials embodied in this equipment is being manufactured either by itself or by other suppliers in South Africa.

Thus, for example, Messrs. Wrightech (Pty) Limited, a member of the Barlow Rand Group, who started manufacturing Caterpillar products in South Africa under licence to Caterpillar of the U.S.A. in 1951, have increased the local content of the equipment manufactured by them
from/...

from 57 per cent in 1970 to 71 per cent in 1976. During this period the company has brought about a saving in foreign exchange on imports to the value /of some R49 million, while it has earned foreign exchange in excess of R6 million in the form of exports. In addition to manufacturing the Caterpillar machines, Wrightech has also assumed responsibility for the manufacturing of replacement parts for this equipment.

As far as our country's export objectives in particular are concerned, I would like to refer briefly to the almost universal tendency of overseas companies with branches or associates in South Africa to impose restrictions on the ability of the latter to export to other countries any of the goods which the relevant South African undertakings manufacture in this country in terms of licencing arrangements with
their/...

their overseas principals. This kind of practice places a totally unjustifiable limitation on the freedom of the South African companies in question to increase their output levels as a means of reducing their unit costs of production, to provide more employment opportunities for our rapidly expanding population, and to increase South Africa's export earnings not only to the benefit of its own balance of payments but also to that of the export trade of those countries which are suppliers of its essential imports. I submit that this practice on the part of international companies is in no way conducive to the growth of manufacturing industry in South Africa and to the expansion of our export trade. Indeed, I would suggest that, instead of indulging in negative practices of this kind, overseas companies should rather put their particular skills, expertise and contacts with world markets at the disposal of their associates in South Africa and leave the
latter/...

latter a reasonable measure of freedom to decide for themselves whether they can compete successfully in other countries. By doing so they would not only assist their South African associates with the expansion of the latter's activities, but they would also in this manner reap considerable material benefits for themselves.

I have already referred to South Africa's progress through the various stages of economic development from the original stages of predominantly primary production to the point where we can now pride ourselves on the possession of a well-diversified economic structure in which the agricultural, mining, industrial and service sectors each makes significant contributions to our gross domestic production. But despite our phenomenal achievements in the industrial field in a relatively short period of some three decades, South Africa still has a vast potential for further progress in this particular field. It

is common knowledge that we have at our disposal the necessary material and human resources to sustain a relatively high rate of economic growth in the long term, but especially in so far as the further expansion and diversification of the manufacturing sector are concerned.

We have admittedly made a considerable measure of progress with the manufacture in this country of all the types of consumer goods normally required by the local population, and our manufacturing activities have also already been substantially expanded into the more specialised fields of capital goods, equipment, intermediate materials and components. However, the further expansion of the latter branches of our country's manufacturing activities has now become a matter of national importance, and this objective can be achieved only /...

only if all local users of the goods in question are prepared henceforth to purchase a maximum proportion of their requirements from our own manufacturers.

In this connection I should add that our total foreign expenditure during 1976 on the importation of goods of this kind at a time when the country was experiencing an exceptionally low rate of economic growth still reached the disturbingly high figure of almost R4 200 million. All the evidence at my disposal indicates, however, that a significant proportion of these imported supplies could equally well have been purchased from domestic sources. And, much to my regret, I must admit that many of our manufacturers themselves could have saved the country a considerable amount of foreign exchange if only they had fully investigated the degree of availability of these particular types of goods from local sources before purchasing their requirements from suppliers in other countries.

I cannot/...

I cannot emphasise too strongly the urgent necessity for the display of an increased measure of economic patriotism by all South African buyers of the various kinds of essential requirements to which I have just referred. By diverting to local manufacturers the maximum possible portion of their purchases they would be making a significant contribution to the solution of the country's balance of payments and unemployment problems and would, at the same time, also enable our manufacturers to make better use of their available plant capacity of which a significant percentage is not being utilised at present. And, what is more, the increased diversion to local manufacturers of their purchases of the goods in question would enable the latter to reduce their unit costs and, in this manner, to make a positive contribution to our battle against inflation.

Foreign/...

Foreign capital and technical skills have, as I have already stated, made a substantial contribution to our country's economic progress. But I firmly believe that these foreign productive resources could participate to a much greater extent than hitherto in the further development of our country's production and service sectors. Foreign investors have traditionally earned a good return on their investments in South Africa. I readily concede that this return has been adversely effected by the recessionary conditions which South Africa, like many other Western countries, has experienced in recent times. However, the South African Government, like the Governments of various other countries, has been applying a variety of corrective policy measures during the past three years in an attempt to eliminate these recessionary conditions and to lay sound foundations for a new phase of economic growth in the country. And there is at present

convincing/...

convincing evidence that the application of these measures has been having the desired effect, and that a revival in economic growth could be expected in the foreseeable future.

The current account of our balance of payments has improved substantially during the past year or more. But our immediate problem still lies with the capital account of the balance of payments, mainly as a result of the substantially reduced inflow of foreign capital which, in turn, can be ascribed partly to the pressures which are being exerted on foreign investors in order to persuade them not to make further investments in South Africa. These pressures are being inspired purely by selfish and politically orientated motives on the part of those participating in this form of blackmail against South Africa. Although we in South Africa fully recognise that there will always be political differences between the Governments of
different/...

different countries, we do believe that no Government should, for purely political reasons, interfere with the foreign investment decisions of its citizens which are mostly based on sound economic considerations. It is my firm conviction that if a businessman sees fit to embark on an investment project in another country, which could also yield substantial financial benefits to his own country, no unreasonable impediments should be placed in his way to do so. Indeed, this approach is also in line with the overall international objective of liberating the world economic system from undue restraints.

I would now like to conclude by extending my heartiest congratulations to the directors, the shareholders, the management and the staff of the Barlow Rand Group on the attainment of this very
important/...

important milestone in the history of the company. I trust that the company's achievements of the past, to which they have so magnificently contributed each in his own particular way, will serve as an inspiration to them to make even greater efforts which will carry the company towards new heights of successful operation in the future.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE
MINISTRY OF ECONOMIC AFFAIRS

PRETORIA

The multinational view

60 FM 7/19/77

Foreign-based firms generally are not taking their money and running from SA. But that doesn't mean they are not nervous

Are foreign-controlled firms in SA getting cold feet?

"There is the feeling that some multinationals are a little jittery about their shareholdings here, and that they are amenable to approaches from local companies," observes Peter Grobbelaar, chairman of Calan, which in recent years has bought two electrical wholesalers from ITT and the local operation of Encyclopaedia Britannica from the US parent.

Adds Standard Merchant Bank MD Eddie Theron: "During the past six-nine months, we've seen far more enquiries from multinationals wanting to find local partners." And the investment manager of a major institution confirms that "foreign companies seem to be looking for SA partners". Most observers stress, however, that there is no sign of disinvestment from SA on any significant scale.

Taking in a local partner is nothing new. Sanlam for instance, has long had a big stake in SA Philips. Old Mutual owns a slice of Siemens' local operation. And Avis is 75%-owned by Federale Volksbeleggings. There are countless other exam-

ples.

However, the pace appears to have quickened in the past year. Phelps Dodge and Newmont Mining have been joined in their NW Cape ventures by GFSA and Anglo American respectively. Price Forbes has sold a third of its SA insurance brokerage business to FVB. Altech has taken over STC. Old Mutual has bought about a fifth of Turner & Newall SA, a subsidiary of the British asbestos giant.

On the beach

Southern Life has taken a 7,5% stake in Quebec Iron & Titanium's beach sands operation at Richards Bay.

Two UK-based heavy industrial firms are known to be on the lookout for local partners. Talk is that Skjelbreds, the Norwegian shipowner, will soon close its SA operation. And so on.

Of course, there are also plenty of companies with no intention of reducing their exposure in SA. "We don't take in local partners anywhere," insists a spokesman for IBM. "Any equity distribution outside our own company would seriously impair our ability to manage an

international company, particularly in a high-technology industry."

Ford director John Roberts notes his company also has no intention of selling out: "The benefits to all concerned, including consumers, favour the continuation of this basic policy."

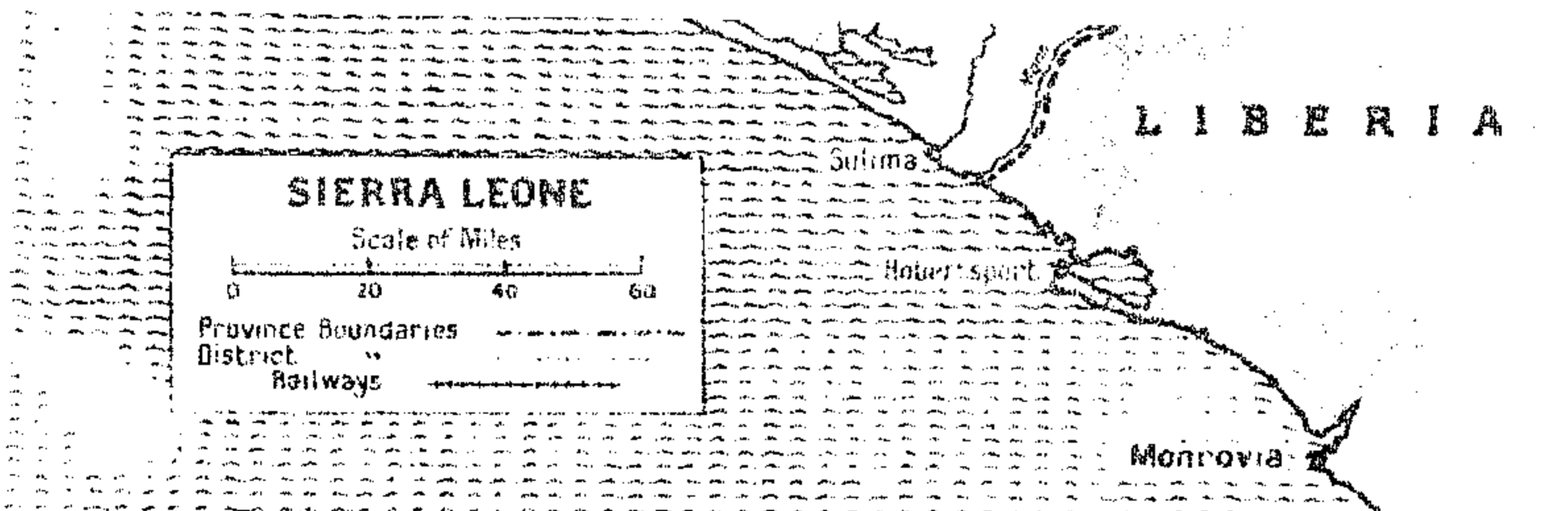
And Jim Gilbertson, chairman of Metal Box Overseas, asserted recently: "The political position in SA and the possibility of devaluation later this year have done nothing to make us revise our investment policy."

Some multinationals are even increasing their stakes in SA. In the wake of a rearrangement of its worldwide operations, Océ of Britain will be increasing its shareholding in Helios, the printing and dyeing firm.

There are basically three reasons for the unwillingness of most multinationals to increase their exposure in SA:

● **Politics.** "This is the main motivating force", a merchant banker tells the *FM*. A consultant to several US-based firms puts it slightly differently: "One shouldn't see it as a political move, but as a rational business decision based on increasing risks".

Financial Mail October 7 1977



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WHAT HEUNIS THINKS

The FM asked Economic Affairs Minister Chris Heunis to spell out Pretoria's attitude to investment by multinational corporations.

"The government has consistently stated that it welcomes foreign capital investments in SA, particularly if such investments are accompanied by the supply of technical know-how and expertise to our country.

"While there are no official restrictions on foreign companies which wish to enter any sectors of the domestic economy purely for their own account, the government would normally prefer

them to do so by means of the establishment of joint ventures with SA enterprises.

"Naturally, the government would frown upon the sale of shareholdings by foreign companies in locally-based ventures because of political or other pressures. The ideal situation would be for new or increased SA participation in locally-based ventures of foreign companies to be achieved by the latter increasing the share capital of their locally-based ventures or disposing of their authorised but unissued shares to SA interests".



Chris Heunis . . . my government welcomes foreign investment

Several observers point out that American companies in particular have been hard hit by events in Vietnam and Angola. They are thus wary of over-committing themselves to SA.

Adds a foreign banker: "An increasing number of firms are asking themselves which market has more potential — SA or black Africa. Prospects of rising tension here, and heavier pressures from abroad, are making the latter a more attractive alternative." It's no secret, for instance, that top executives of foreign firms in SA are having to spend a disproportionate amount of time answering queries on labour practices and wage rates.

Companies' political jitters are illustrated by Senator Horwood's quick climbdown on the restriction on dividend remittances announced in last March's budget, after it became clear that the measure had prompted a massive outflow of funds. Yet even the slight easing in the restriction will not altogether staunch the dividends drain. It is widely-thought, for instance, that the fourfold jump in Otis Elevators' dividends in the past two years is largely fuelled by political fears, though the company stoutly maintains that it is, in fact, a result of excess liquidity.

• The need for a more South African

image. "Our parent felt it wanted the SA company to be more part of the local scene," says the chief executive of a British firm which recently took in a local partner. He adds: "We think we've got a better chance of expanding operations here if we have local participation."

Likewise, Price Forbes' link-up with FVB will doubtless bring it some valuable Afrikaans business.

There are cases, however, where even wholly South African firms are at a disadvantage to the multinationals. Take the motor exhaust business, where a local company — Brests Exhaust Systems — is losing out heavily to its Belgian and British competitors, Bosal and Quinton Hazell-Superite. Backed by the resources of their parents, the two foreign-owned firms are able to undercut Brests.

• Local borrowing ability. Foreign based firms' local borrowing is restricted to 25% of their capital, but this percentage is increased according to a formula based on the level of SA participation. Old Mutual's investment manager, Frans Davin, reckons this is the major reason that multinationals seek local partners.

The need to expand local borrowing has increased with the drying-up of foreign funds. And firms wishing to sell their fixed assets and replace them by

leasebacks are hampered by the Reserve Bank regulation which includes such leasebacks in local borrowing.

Taking in a local partner is in many ways a more attractive proposition than pulling out altogether. For one thing, disinvestment is expensive, since capital can legally only be transferred abroad through the securities rand market.

Equally important is that a large number of the 1 000-plus foreign firms in SA have substantial capital investments here. Direct foreign investment at the end of 1975 totalled R6 000m.

Finally, a local partner provides expertise and finance to take advantage of any improvement in the economic and political climate. But if things turn really sour it's easier, as one consultant points out, "for a multinational to get its partner to take over then to start shopping around for a complete outsider."

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October 7 1977

A question of guts

The EEC's code of conduct — even though many may regard it as unwarranted interference in our affairs — is a thoughtful and constructive attempt to improve the state of SA's tense labour relations.

Contrary to opinions expressed in local and overseas business circles, it does not demand that anyone ignore SA law. But it does provide a set of guidelines which, if followed, would result in a dramatic improvement in the situation of black workers and in so doing contribute towards making our mines and factories — and townships — happier places.

Although there has been some improvement in black wages and working conditions in the four and a half years since the Durban strikes, there is no room at all for the complacency which business organisations in the UK, France, Germany and the Netherlands, and foreign subsidiaries here in SA, have revealed in their comments on the code (*FM* September 23 and 30).

Urban Foundation

If the state of industrial relations in SA were really as marvellous as some would have us think, the Urban Foundation would not be busy trying to draw up its own code of conduct; nor would so many businessmen be worried that blacks are beginning to reject the capitalist system.

Employers can't have it both ways. They can't complain in one breath that the code effectively demands that they ignore the law and in the next claim that they are in any case implementing most aspects of it.

Despite some relaxation, the job colour bar still operates in one form or another on practically every shop-floor in the country. Wages in many sectors are still painfully low. There is still widespread neglect by employers of their responsibilities under the Unemployment Insurance Act.

Men, and women, are still crowded together in bleak compounds all over the country. There is also a great deal of inertia on the part of managements in making use of available training facilities for Africans.

And hardly a week goes past without allegations of victimisation not only of African workers who join trade unions but even of members of officially-sponsored works and liaison committees who

dare to question the behaviour or policies of managements.

These criticisms apply to foreign firms just as much as they do to local companies. So they have no justification for complacency. Nor do the registered trade unions, which still bar blacks from skilled jobs and refuse to indenture them as apprentices.

And government is certainly not entitled to be smug either — not when it imposes Environment Planning Act restrictions, orders segregation in factories, refuses to recognise African unions, and relentlessly enforces the migrant labour system — which the code correctly describes as an "instrument of the policy of apartheid which has the effect of preventing the individual from seeking and obtaining a job of his choice (and which) causes grave social and family problems".

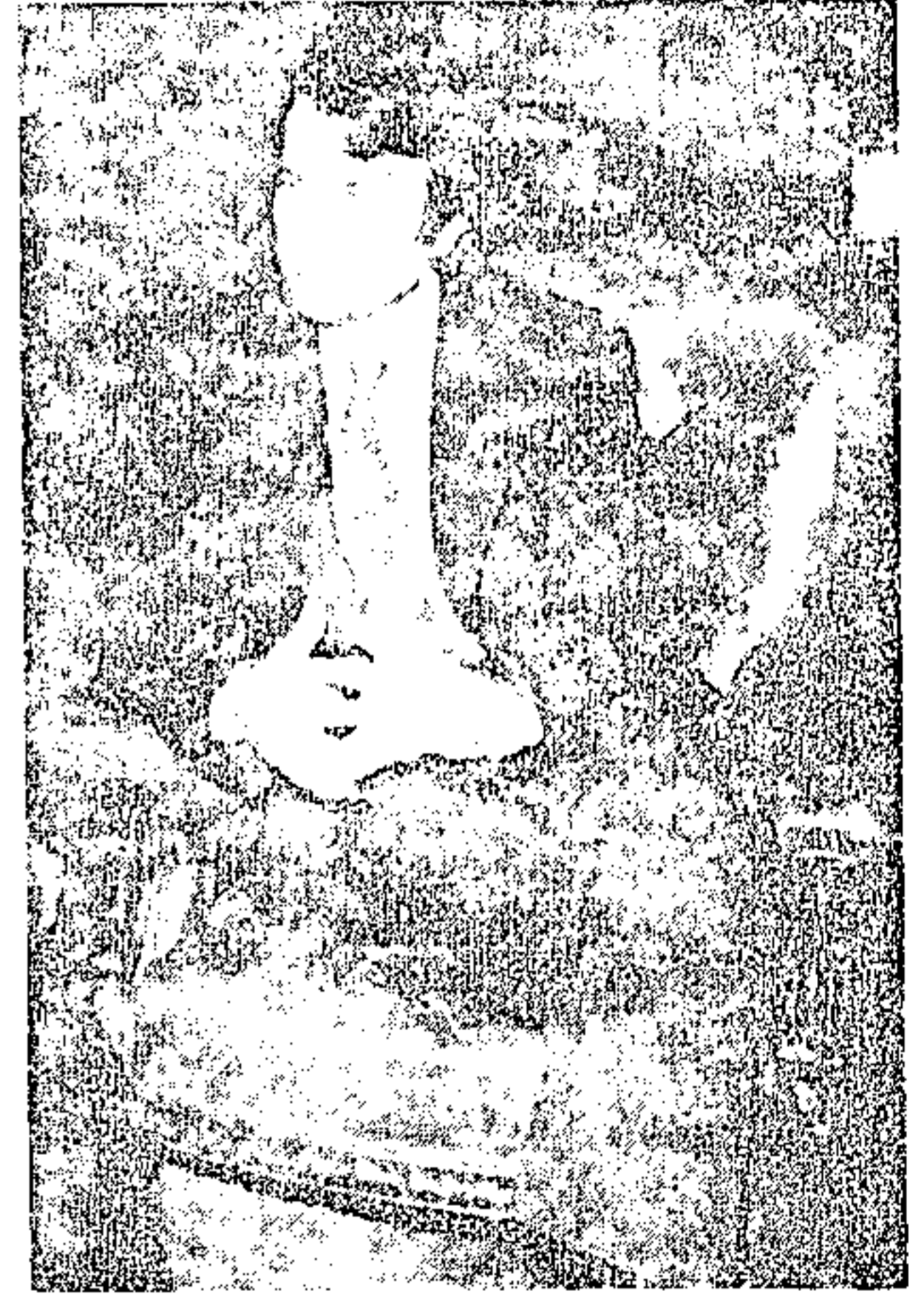
Official restrictions like these notwithstanding, the code — of which British Foreign Secretary David Owen was a prime mover — offers a great deal of scope for action by the private sector. It is obvious that those who drew it up did so only after making a careful study of the labour situation in SA.

The demands which the Nine are making of European companies in SA are not exorbitant or unrealistic, but reasonable. With the exception of one rather more tricky issue — African unions — they are well within the powers of companies to accomplish. And, with a bit of guts, the union issue can be successfully tackled as well.

Desegregation

In the section where it urges firms to "abolish any practice of segregation" at the work place and in other facilities, the code is careful to stress that firms should do this "in so far as they are free to" — a clear acknowledgement of the fact that such segregation is often imposed by law or by labour inspectors. *But not always.* At least one big foreign company says it has already removed all those offensive apartheid signs at its head office. But how many others can claim to have done likewise?

The code also urges firms to take action on fringe benefits for their African workers. There is no law against putting these on the same basis as for whites. But a recent *FM* investigation (September 9)



UK's David Owen . . . key man behind the code

found that pension schemes for blacks, for example, were the exception rather than the rule. A pensions adviser at Old Mutual says that many managers are making "excuses" to avoid starting pension schemes for their African workers.

On pay, the code says that "the minimum wage should initially exceed by at least 50% the minimum theoretical level required to satisfy the needs of an employee and his family. The 50% is not an arbitrary figure, but based on research which shows that it is only when income exceeds the Poverty Datum Line by this amount that the typical black family has enough to feed itself properly.

At the same time, the code advocates the drawing up of "an appropriate range of training schemes" for blacks and the basing of wages on a "qualitative job evaluation". It also urges the application of "the same pay scale for the same work".

The code says too that "all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction". Here again, companies have it within their power to do much more than they are at present.

Not all aspects of the jobs colour bar are the result of statutory job reservation.

closed-shop industrial agreements, or other legally-binding instruments. Blacks are barred from a great many jobs by nothing more than racially discriminatory policies and practices voluntarily adopted by company managements. To cite but one example: a five-star foreign-run hotel in Johannesburg does not allow its African waiters to take food orders from customers in its restaurants. There is no legal reason whatsoever why it should not. And to add insult to injury, this same hotel employs a great many foreign waiters and waitresses.

White immigrants

On this last point, the code says foreign firms in SA "should reduce their dependence on immigrant white labour".

Dealing with migrant labour, the EEC governments are urging that "employers make it their concern to alleviate as much as possible the effects of the existing system". Here too, the scope for action — even within the migrant labour system — is large. Even the newest compounds which some companies are building house eight or more men to a single room. They wouldn't dream of expecting white workers to live like this. Why should Africans be expected to tolerate it?

The most detailed part of the code is the section on worker representation. Significantly, this issue is dealt with first, indicating that the Nine regard it as of paramount importance. The crucial underlying principle is that *all* employees should be able to choose *freely* the *type* of representation they want.

If they choose a trade union, this decision should not only be accepted by management but steps taken "to permit trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute union documentation and display trade union notices on the company's premises," etc.

Moreover, the FM understands that this section of the code is designed to ensure that parent companies in effect instruct their SA subsidiaries (and their subsidiaries' employees) that bargaining with freely-elected worker representatives is "part of company policy".

Works and liaison committees are seen not as substitutes for trade unions, but as complementing them.

African unions, as the code points out, are of course, not illegal. Indeed the SA Department of Information has even boasted about them in the 1975 *Official Yearbook of the Republic of South*

Africa: The fact that "Bantu trade unions" are not "officially recognised" does not mean that they are "prohibited. In fact, there are quite a number of Bantu trade unions".

Until various pressures were exerted — allegedly by government — the Natal firm Smith & Nephew had a very satisfactory relationship with an African union with which it signed a wage agreement (*FM* July 22 and 29). The point about the S&N case, however, is that this company was much more vulnerable to such pressures precisely because it was left in the lurch by other firms, local and foreign.

Had other companies — backed by their governments — had the guts to follow S&N's earlier admirable lead, it would have been in a much stronger position to resist the pressures on it to drop its association with the union.

And that is surely the essence of the matter — guts. Companies can sit back complacently and raise nitpicking objections to the code. Or they can accept it in both letter and spirit, and show some of the imagination and boldness which, after all, are supposed to be the hallmarks of true entrepreneurship.

There is no doubt which course will benefit them more in the long run.

The multinational view

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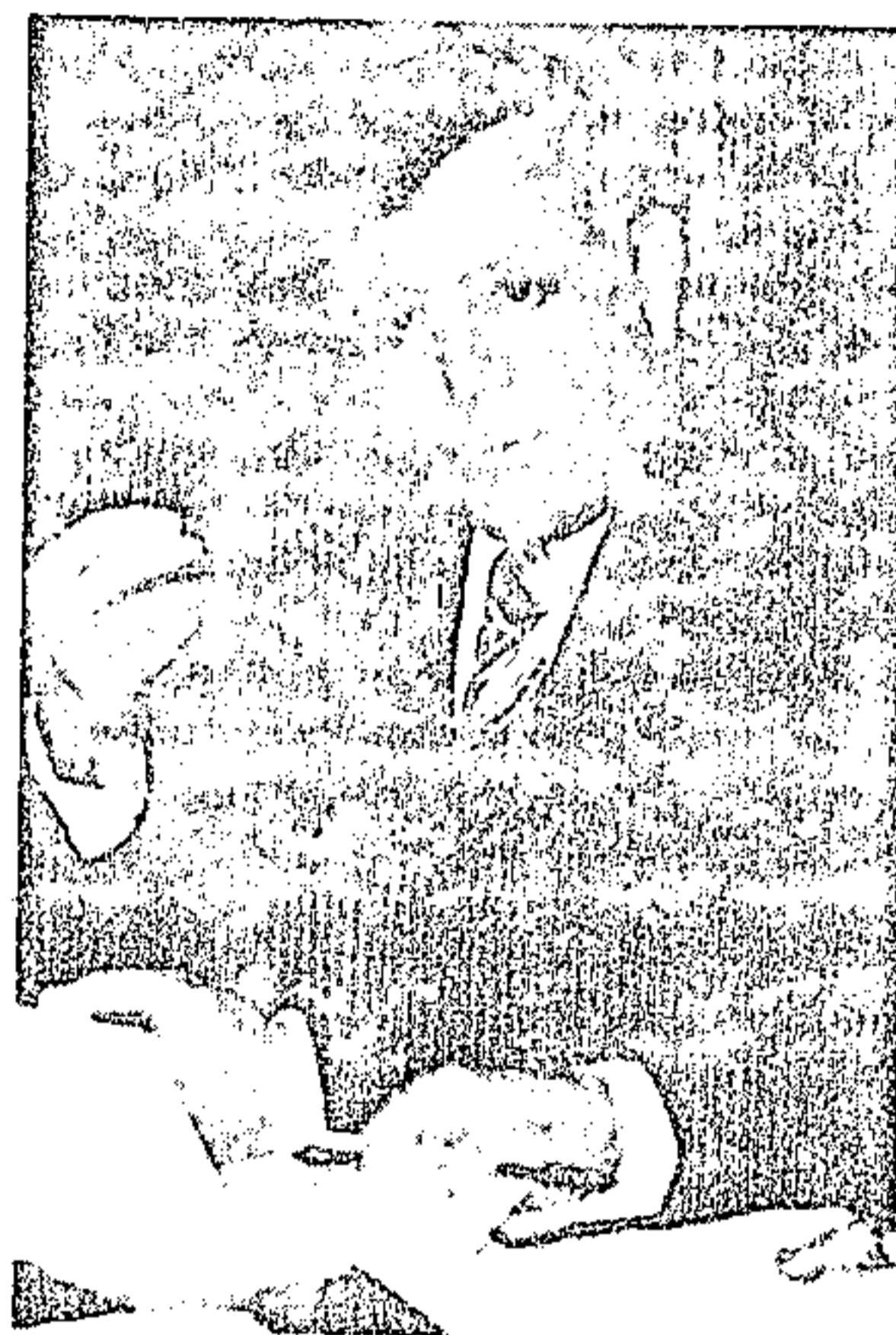
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27/10/77

Warning on trade ties cut with SA

60

PRETORIA — The Western countries which hold the veto threat over South Africa's head had a combined favourable trade balance with this country of nearly R1 000 million last year.

Figures provided yesterday by the Department of Customs and Excise show that the United States had a massive surplus in its trade with South Africa of more than R800 million in 1976.

South Africa imported from the United States goods valued at R1 266 573 805 and exported to the United States goods worth R459 660 478.

With the United Kingdom the favourable United Kingdom trade balance was only R29 million — R1 030 million worth of British imports, compared with South African exports to the United Kingdom of R1 001 million.

France sold to South Africa during 1976 exports valued at R255 377 370, and South Africa exported to France goods valued at R158 576 380 — a balance in favour of France amounting to R96 800 990.

Economists said it's against this background that the threat of sanctions should be measures.

All three countries, particularly Britain and the United States, would suffer substantial losses if efforts were made to sever all trade ties with South Africa. — DDC.

Sanctions— Buthelezi's views under fire

60 X

The Argus Correspondent 4/11/77

DURBAN. — The support by Chief Gatsha Buthelezi for international sanctions against South Africa has met with 'profound disagreement' from Mr Radclyffe Cadman, leader of the New Republic Party.

'Sanctions can benefit no one in South Africa, black, brown or white in the long or short term,' he said.

'Nothing is more likely to drive the whites more firmly into the laager and thus bring about a polarisation between black and white.

'This is to be avoided at all costs.

'I am convinced that goodwill and common sense will prevail in South Africa and that a sharing of power and responsibility will emerge eventually between all races in a free society.'

FRUSTRATION

Mr Ray Swart, national chairman of the PFP, said in an interview that the statement made by Chief Buthelezi indicated 'the measure of frustration which he and other black leaders must feel at the present time.

'He has consistently pleaded for reasonable and peaceful change and has acknowledged that sanctions would harm his own people more than the whites.'

BANNINGS

The shift in emphasis could be seen as the desperation Chief Buthelezi felt as a result of the recent spate of bannings and the restrictions placed on blacks who opposed the Government.

'While the chief's attitude is a grim warning to South Africa, it is significant that he is intent on avoiding possible bloodshed and sees sanctions as a last possible method of bringing about change without bloodshed.

In Cape Town the Minister of Economic Affairs, Mr J. C. Heunis, today accused Chief Buthelezi of trying to influence white politics.

He said Chief Buthelezi was talking nonsense by making a choice between sanctions and bloodshed for South Africa.

Mr Heunis was reacting to a report of an interview with Chief Buthelezi yesterday in which he came out in support of sanctions against South Africa and withdrew his previous support for foreign investment in South Africa.

NO BENEFITS

The Minister said sanctions would benefit no population group in the short or the long term.

(News by B. Cameron, 85 Field Street, Durban and T. Wentzel, 122 St George's Street, Cape Town).

Cape Times
**Govt could force
key production**

By GORDON KLING

60
8/11/77

THE HEADS of foreign-controlled companies in South Africa believe developments emanating from the recent United Nations arms embargo on the Republic could lead to nationalization by the government.

The Minister of Economic Affairs, Mr Chris Heunis, pointed out at the weekend that the authorities had the power in terms of the National Supplies Procurement Act to force foreign companies to manufacture equipment affected by the UN sanctions.

"If forced to do so," he would apply the act.

Concerned business chiefs yesterday were pondering ramifications of the statement, but declined quotable comment until Mr Heunis elaborates — something he is expected to do soon. But the prevailing opinion was that the move could be tantamount to nationalization because parent companies could not permit their local subsidiaries to defy the UN arms boycott. This, however, was considered as an extreme development.

In terms of the act, Mr Heunis has the power when necessary for the security of the country to order relevant manufacturers and suppliers to deliver goods and services to a specified person at a specified time and place.

The government has made it clear that subsidiaries of foreign firm operating here are South African companies and are accordingly subject to local regulations. And companies failing to comply with the regulations of the act would be liable to their goods being seized or their facilities being used to produce them. Directors would be liable to fines and imprisonment.

Certain sections of the act have not been promulgated, but this would only require a notice in the Government Gazette.

High profits must go

STAR 17/11/60

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Religion Reporter

Employers in South Africa must sacrifice high living standards and excessive profits and encourage the growth of black political and economic power, says an Anglican Church commission.

The commission, set up last year to determine the church's attitude to foreign investments, also says the church's own investments should be linked to criteria including the recognition of unregistered trade unions and equal employment practices for all workers.

The commission's report will be presented for decision to the annual meeting of the church's Provincial Standing Committee, which begins in Natal tonight. The PSC is the executive body of the Church of the Province of South Africa.

A minority of the multi-racial investment commission felt new investments would help entrench the status quo and make non-violent change more difficult.

But the commission as a whole said that in broad terms, "disinvestment" would be unrealistic and it would be better for the church to bring pressure on overseas parent companies to improve matters such as employment practices.

"In Christian terms there is an obligation on employers to seek to encourage the growth of political and economic power in the black community which will enable a proper and peaceful negotiation of a political system which will allow for political, economic and social justice for all South Africans."

This obligation, said the commission, "demands a sacrifice of high living standards and excessive profits."

If investors wanted to continue to reap benefits they had to recognise that in the past the benefits had been at the expense of cheap black labour and were "a product of a 'stability' achieved by oppressive laws."

Investment confidence in SA on the wane

Sunday Times
Business Times
27/11/77

(2) 60

LONDON. — Foreign investment confidence in South Africa is taking a severe beating.

Only a few months back business men were hopeful. They believed there was a chance that there would be orderly change towards power sharing between black and white on a political and economic front.

They honestly believed that this would ensure long-term stability in the country and excellent economic growth. But the bannings, the lurid details of the Steve Biko affair, the hard line attitude of the Government

By NEIL BEHRMANN

and the wave of jingoism have led foreign business men and government sources to doubt that there will be significant change in South Africa.

Since the bannings European and American governments have seriously considered further economic pressures on South Africa to persuade the Government to change. These moves regarded as "outside interference" on South African political platforms are really the culmination of years of internal interference on the part of the South African Government in social, economic and business affairs.

This week Whitehall confirmed that Britain was reviewing its economic relations with South Africa. But further sanctions would only occur if there was international action.

• Common Market Ministers decided this week to take no further action against South Africa until the election results of the Republic are known. The view of the EEC governments is that the SA Government must be again given a chance to change its race policies.

Next month EEC Minis-

ters will also discuss possible ways of extending the code of conduct for European firms operating in South Africa. Business men and bankers point to the difficulties of further economic pressures on South Africa.

British investment in South Africa, for instance, is estimated at about £3-billion. In the first 10 months of this year, British exports to South Africa were £484-million compared with £645-million in 1976.

The declining trend has been brought about by the recession and South Africa's import restrictions. Imports from South Africa in the first 10 months of the year were £718-million (higher than £613-million in 1976).

But in effect Britain is in surplus with South Africa because a large proportion of the imports are diamonds, platinum, gold and other commodities which are rerouted elsewhere. Thus South Africa is an important trading partner of Britain.

But by the same token black Africa is becoming more important too. In the 10 months ending October this year, British exports to Nigeria amounted to £889-million. Total exports to Nigeria were £617-million in 1976. Imports from Nigeria were £184-million in the first 10 months of this year compared with £271-million for the entire 1976 period.

British industrialists intend resisting pressures. But they concede that political events in South Africa and the change in Western attitudes are hardly making life easier, nor are they improving confidence.

FIN. MAIL 16/12/77

60

INVESTMENT

Foreigners restricted?

Relax controls on foreign-owned companies' local borrowings to boost investment. That is Hill Samuel's call in its latest *Quarterly Appraisal*.

According to exchange control regulation 3(1)(f), a wholly owned subsidiary of a foreign parent may not borrow in SA an amount equivalent to more than 25% of total shareholders' investment. A foreign company in SA may only go above this ceiling if it has SA shareholders. The greater the share of SA interests in the investment, the more a company can make use of local funding.

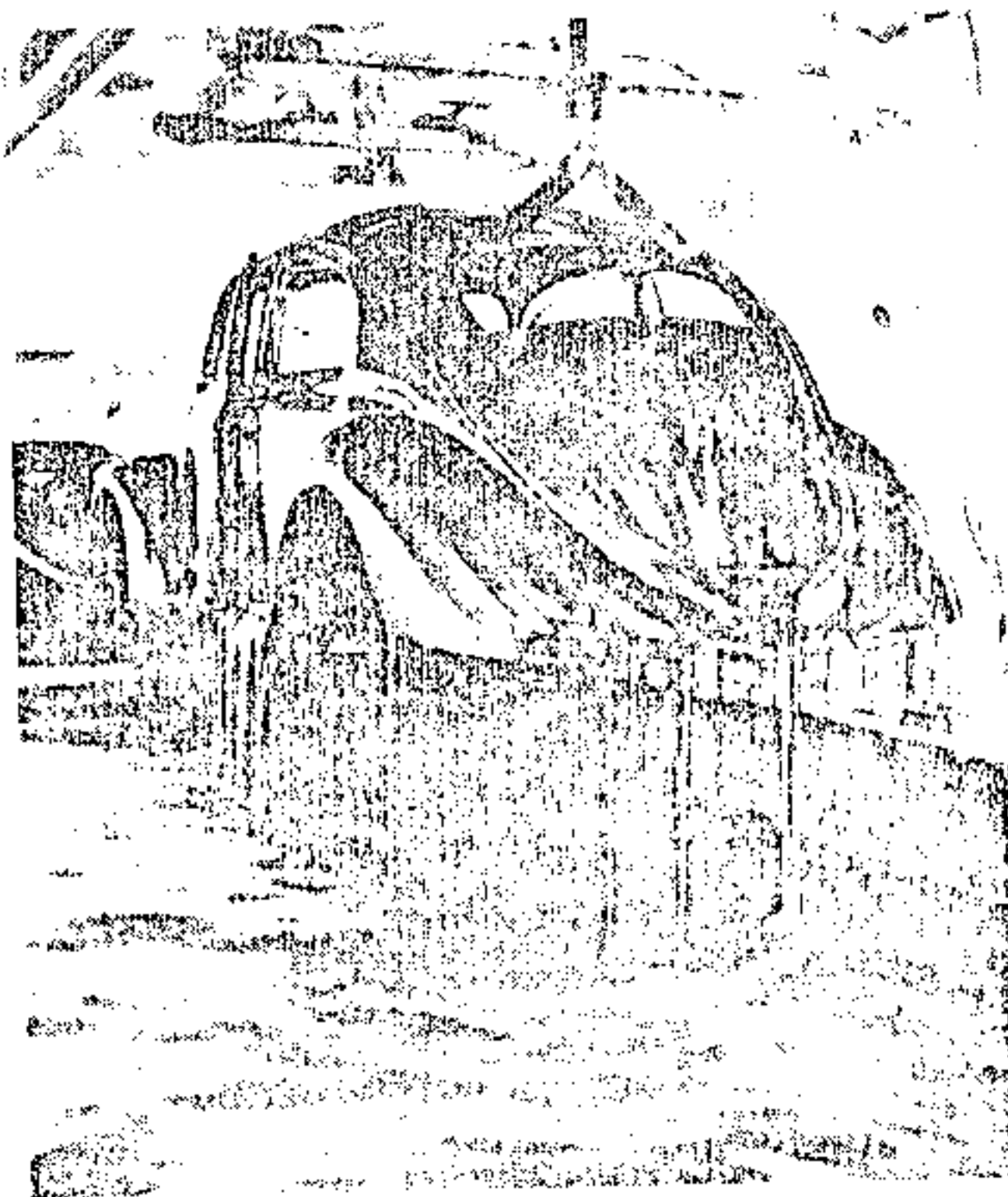
Hill Samuel argues that the lifting of this control would result in the expansion of investment in plant and equipment, and thereby in the creation of jobs.

"As there would be no point in expanding in areas where there is already insufficient demand, it would appear to be logical that there would be an introduction of new products and that some of these would be import substitutes."

But it is not necessarily true that more local finance would result in more investment. Most of the research done by economists in this field has indicated that investment is determined more by anticipated levels of consumer demand than simply by the availability of finance.

The *FM* asked some of the larger foreign-owned firms in SA how a relaxa-

tion of local borrowing controls would affect them. Volkswagen's financial director, Adam Bage, does not think it would boost VW's expansion. "It hasn't been a factor in our investment decisions



VW . . . dripping with funds

in the past. Nor would it make a difference in the immediate future."

This view is shared by Dunlop's financial director, Frank Harris. "It wouldn't make the slightest difference to us," he says. In his opinion the vast majority of

foreign firms are well below their local borrowing ceilings.

Similar views were expressed by John Stoddard, finance director of GEC SA, and Joe Bloom, chairman of Premier Milling. Said Bloom: "I don't think that the local borrowing regulations have restrained any large foreign company in SA."

The regulations may very well not have a restrictive effect on big foreign companies. But smaller foreign subsidiaries might be glad of a kinder local borrowing climate. An accountant commented that the present restriction on local borrowing "definitely is a restraint." He believes that there is a need among his medium-sized clients for an easing of local borrowing restrictions.

Jack Clarke, MD of IBM SA, tells the *FM*: "While IBM SA does utilise local borrowing facilities, we have not yet found this to be a restricting factor in our growth. However, we would welcome a lifting of the ceiling, because of the undoubted general stimulus that it would give to the market place."

The real problem, recognised by Hill Samuel, is that foreign firms might simply attempt to replace foreign with local funds. The net result would be negative rather than positive, with the balance of payments suffering the consequences. The Reserve Bank, however, apparently still considers regulation 3(1)(f) to be serving a useful purpose and is not considering its abolition.

skop vas

Sake - RAPPORT, 12 Februarie 1978

Buitelanders

Ons sê...

Knoll van MF

sê sy sê

60

ONDANKS die druk in die buiteland op internasionale maatskappye om hul bedrywighede in Suid-Afrika te beëindig of te verminder, word die lys maatskappye wat opnuut hul vertroue in die land uitspreek en so ook hul voorneme om hier te bly, al hoe langer.

Die jongste toevoeging is Massey-Ferguson, een van die land se groot vervaardigers en verspreiders van plaaswerktuie en konstruksiemasjinerie.

Hierdie filiaal van die Kanadese Massey-Ferguson se adjunkvoorsitter en besturende direkteur, dr. Leon Knoll, het aan Sake-RAPPORT gesê dat Massey se wortels diep in Suid-Afrika gevestig is en dat hy sal voortgaan om sy rol in die Suid-Afrikaanse ekonomie te vergroot.

Dit volg op 'n hele paar verklarings deur oorsese maatskappye die laaste tyd dat hulle hier is om te bly — tesame met ander oorsese maatskappye wat sonder om dit aan die groot klok te

hang, dieselfde te kenne gee met groot uitbreidingsplanne.

Nashua en NCR is twee Amerikaanse maatskappye wat onlangs dit duidelik gestel het dat hulle in Suid-Afrika bly. Ná sy besoek aan die land het mnr. Henry Ford, grootbaas van Ford, te kenne gegee dat sy maatskappy sal voortgaan om sy rol hier te speel en verder uit te brei.

General Motors, die wêreld se grootste maatskappy, het niks amptelik bekend gemaak nie. Hy is egter besig om verskeie nuwe modelle vanjaar op die mark te bring, wat volgens gerugte 'n uitbreidingsprogram van byna R40 miljoen behels.

Dieselfde kan ook van die ander filiale van oorsese motormaatskappye gesê word. Leyland is met 'n program van byna R20 miljoen besig, terwyl Volkswagen pas 'n multimiljoen-uitbreidingsplan voltooi het. Fiat is besig om meer as R10 miljoen in die land te belê en BMW het pas 'n program voltooi wat R50 miljoen sedert 1974 geveer het.

In amptelike en nie-amptelike gesprekke is die standpunt van al hierdie maatskappye basies dieselfde as die van iemand soos dr. Knoll. Hy sê dit is die beleid van Massey dat hy 'n verantwoordelikheid het teenoor die omgewing waarin hy optree en waar hy sy wins maak.

VIR die buitelandse mense en instansies wat vroeg en laat ekonomiese sanksies teen Suid-Afrika predik, was daar in die laaste paar weke 'n paar verklarings oor buitelandse betrokkenheid in Suid-Afrika en die voortsetting daarvan, wat sterk twak op die tong moet wees.

Henry Ford self en BMW se grootbaas uit Duitsland, om maar twee van die onlangses te noem, het dit op besoeke in Suid-Afrika onomwonde gestel dat hul maatskappye permanent in Suid-Afrika is.

En dis nie net praatjies nie. Uitbreidings of verdere investering van miljoene is aangekondig.

Die jongste tot die lys van buitelandse beheerde maatskappye wat in hierdie sterk trant praat, is die Kanadese Massey-Ferguson, by monde van sy Suid-Afrikaanse adjunkvoorsitter en besturende direkteur, dr. Leon Knoll.

Dr. Knoll maak dit hier langsaan duidelik waar sy maatskappy met 49 persent SA aandeelhouding in hierdie dae staan.

Dit sal goeie nuus wees nie net vir die duisende boere wat al donkiesjare met MF-implimente werk nie, maar vir almal in die land.

En laat die sanksie-profete maar gerus kennis neem van wat die Fords, Knolls en hul maats te sê het. Dit kan net help om hul toekomstige uitsprake minder verspot te maak.

vervaardiging oor te skake waar dit ekonomies is.

„Ons sal ook aanhou om die plaaslike inhoud van ons trekkers te verhoog in ooreenstemming met ekonomiese en strategiese faktore en nasionale beleid-simplikasies,” het dr. Knoll gesê.

Dit bewys die groep se totale verbondheid in die ekonomiese welsyn van die land en verbetering van die lewenspeil en geleenthede van al die inwoners, sê hy.

Werk vir baie

Massey-Ferguson is aan die ander kant ookeen van daardie groot oorsese maatskappye waarin Suid-Afrikaners groot regstreekse belang in die Suid-Afrikaanse bedrywighede het.

Sy Suid-Afrikaanse aandelehouding beloop nou 49 persent, waarvan 30 persent deur Federale Volksbeleggings besit word. Massey het in Suid-Afrika sowat 2 000 mense in diens, terwyl sy 130 agentskaps-handelaars oor die hele land, insluitende ons buurstate, omtrent aan net soveel mense werk verskaf.

Massey het sedert 1972 meer as R8 miljoen in die land belê en raak ook nou 'n stewige uitvoerder. Hierdie prestasie het verlede jaar meer as R2 miljoen beloop.

Plaaslike inhoud

Hy is ook besig om die plaaslike inhoud van sy trekkers tot die peil te verhoog waar plaaslike pryse so laag as moontlik gehou kan word. Met waarde as grondslag het sy trekkers reeds 'n plaaslike inhoud van 21 persent.

„Ons sal ons ingenieurs- en ontwikkelingsbedrywighede handhaaf en uitbrei met die doel om die plaaslike inhoud van ingevoerde masjiene te verhoog en om tot die algehele plaaslike

65 FM 17/3/78

HARDLY A STAMPEDE, BUT . . .

Some foreign firms are pulling out of SA and some are speeding up remittances abroad. But many are pushing up their stake here.

The *FM* has drawn up a (probably very incomplete) list of overseas-based companies which are undertaking sizeable new capital investment in SA. In some cases the cash involved has been generated locally but several executives point out that this is much the same as an inflow of capital in the sense that a greater portion of profits might otherwise have been sent abroad.

Motor manufacturers have probably pumped in more than any other sector. **Leyland** for instance, has spent about R15m in tooling and working capital for its new Rover, while **BMW's** 7-series has cost another R15m. **Ford** is to spend R7m this year on production and containerisation facilities, and **Mercedes-Benz's** capital outlays will total several million rand.

In related fields, the Spanish commercial vehicle manufacturer **Trabosa** has put up nearly R100 000 and plenty of know-how for a joint venture with **Premier Metal**. The local subsidiary of **John Deere**, the US farm machinery giant, has announced it is expanding production and warehousing facilities. Details will only be finalised in May. **Lucas Industries** is busy with a "substantial" new investment at its battery manufacturing plant at Roodepoort.

Several mining-orientated companies are expanding. **Davy International** (part of the British Davy-Ashmore group) has acquired **Nortons-Tividale SA**, a leader in coal washing and ore preparation technology. Purchase price was around R1.5m. And

the US tool group, **Baker International**, has in the past year pumped R2m into a factory complex for its Jo'burg subsidiary **Reed Tool Co**, which supplies mainly to the mines.

Mather & Platt will be spending R0.1-R0.2m on new machinery to produce mining pumps. It is also one of several overseas firms which is spreading its wings in the wake of the import replacement campaign — in M&P's case the first locally made automatic sprinkler heads are currently being tested. Hospital equipment is another area where a foreign firm has invested money in new production lines.

The **Bantu Mining Corp** reports it is negotiating with US and German companies to exploit platinum and chrome deposits north of Steelpoort in Lebowa. But no firm deals have yet been clinched. There are also rumours that **Union Carbide** is considering sizeable new investments.

FAME (France-Africa Mining Engineering Co) has set up in SA to promote French coal mining technology here.

Engineering is another popular growth area. **Fulmen Africa**, the local offshoot of the French giant **Compagnie Générale d'Electricité**, is building a new factory. **GEC** tells the *FM* it has "a couple" of projects each costing around R0.5m on the drawing boards, including the replacement of a considerable quantity of machinery. It has just completed a R0.8m foundry expansion.

Steinmuller, the German-controlled manufacturer of steam generators, is thinking of new investments here, while **Brandt Engineering**, a family air pollution control business with a 27% German interest, is looking for a local

partner for planned materials handling and systems engineering diversification.

Durban-based **British Industrial Plastics**, part of the British **Turner & Newall** group, is building an R8m plant for manufacturing thermoset moulding materials.

Production Equipment (Prok), the Melbourne-based manufacturer of bulk materials handling equipment last year bought a controlling interest in a Springs firm, **Fretton Engineering**. Price paid was around R0.5m. It has also taken over **WSJ**, a small Bedfordview outfit which designs and supplies materials handling machinery.

In the past year **Siemens** has upped its share capital by R5m, about half of which came from the German parent. And talking of big names, **Rank Xerox** — which invested R3.2m here in 1977 — plans further hefty outlays this year.

Despite Jimmy Carter, several US firms have indicated heavier commitments to SA.

For instance, **Addressograph Multigraph** may spend up to R4m setting up an electronics arm. And Senator **Dick Clark's** questionnaire to US firms operating in SA brought to light three which plan substantial new investments: **SA Cyanamid**, **Esso Mineral Africa** (a subsidiary of **Exxon**) and **Performed Line Products**.

Besides these (and other) substantial capital commitments, several international trading houses have broadened their SA operations. For instance, **Continental Grain** — one of the world's trading giants — last year set up a metals desk in Johannesburg.

Perhaps the foreign investment scene isn't so bad after all.

All-out effort to lure foreign cash

SUN TIMES (BUS TIMES) 19/3/78

W. de Kock
(3) 60

THE monetary and fiscal authorities will do all they can this year to lure back foreign investors.

These are the indications from interviews with the Secretary for Finance, Dr Joep de Loor, and Dr Gerhard de Kock, the special economic adviser to the Minister of Finance and chairman of the commission of inquiry into the monetary system and policy in South Africa.

Political events in Southern Africa are beyond the control of Senator Horwood's competent advisers. But they intend to keep the economy healthy and remove disincentives to foreign investments as soon as possible.

From restrictive economic policies, the authorities will go for more growth to bring down unemployment. And once the commission's findings are known, exchange controls on foreign investors could well be relaxed.

Dr De Loor was forthright on the importance of foreign capital for South Africa. He said that over the



Joep de Loor ... "capital inflow need."

past two to three decades average capital inflows from abroad represented 3 per cent of the gross domestic product. In good years the proportion was 6 to 7 per cent. The percentages seem small.

But if this capital dries up, the price to South Africa is a 2 to 3 per cent lower growth rate. With a fast-growing population, this can be translated into higher unemployment.

The withdrawal of the Portuguese from the buffer states of Angola and Mozambique, and the increasing uncertainty over Southern Africa has hampered the country's ability to raise capital on foreign markets.

Biko

The Angola war, Soweto riots, and Biko affair make it all the more difficult. Had these events not occurred, South Africa might even have attracted surplus funds from oil producing nations.

As it happened, foreign capital inflow was a mere trickle last year. Dr De Loor says growth would have been zero last year without it. Instead, South Africa grew by a mere half per cent.

This is much lower than her major trading partners and puts her among the laggards in the world's growth table.

Dr De Loor notes that besides the foreigners' money, South Africa needs their technical know-how, managerial skills, ideas for new markets, and products.

In essence, the quality of foreign investment is essential to finance a higher growth rate without inflation.

BY NEIL BEHRMANN

To improve the country's balance of payments, the authorities pursued a tight money policy last year. Public authority spending was pruned, too. Helped by a higher gold price and a precious metals and diamonds boom, the balance of payments deficit turned into a comfortable surplus of about R800-million in 1977.

With this turnaround, the authorities had some room to stimulate the economy. But for a scheme to spend R250-million to improve housing in black townships, the authorities decided to play it cool.

They used the inflow of cash from gold, diamonds, coal and other products to redeem short-term foreign loans and repay trade credits. Noting that South Africa's financial position has improved, and aware that the country has the ability to repay its debts, foreign bankers have softened their stance.

Dr De Loor says that public sector borrowers are receiving offers for longer term finance now. Only a little while back the Government, Escom, Iscor and others were struggling for one-year funds.

Crucial

Now South African borrowers are receiving offers for three to five-year money, and in some instances even seven years. It is evident that the commission of inquiry into monetary policy will have a crucial effect on future economic moves by the authorities. With the

foreign exchange markets in turmoil, the commission has been instructed to produce an interim report within the next three to five months.

Dr De Kock emphasises that the exchange rate, monetary policy, domestic interest rates and fiscal policy are all interrelated. Tied to the thinking about the future of the exchange rate is the question of exchange control.

Pegged

Dr De Kock said there is no reason to devalue or revalue the rand under present circumstances. Since last September the weighted average depreciation of the rand has been only 5.3 per cent, and the rand is roughly at the same level as it was immediately after the huge 17.9 per cent devaluation in September 1975.

The rand is pegged or linked to the dollar, but it is a "variable" peg. It can be revalued or devalued at any time.

But the authorities intend keeping it at the same level against the dollar. Who knows, in the next few months the dollar could appreciate, and then there would be speculation on a possible rand devaluation, in contrast to today's talk of revaluation?

This would lead to an outflow of funds at a time when South Africa needs an inflow of funds.

Again the commission's findings will be crucial. Especially since the authorities have held discussions

with the Israeli Finance Ministry, and have noted the Israeli experience in allowing their pound to float. After this decision last year, capital flowed back into Israel.

South Africa already has a sophisticated money and capital market. The commission will be looking into the possibility of a foreign exchange market. A floating rate will "depoliticise" the rand, as it will float to the level determined by market forces.

To solve the problem of exchange control at a time when the country needs to attract foreign investment capital, the commission will study the possibility of a "financial" rand, or the possibility of a investment rand market.

Franc

This would be similar to the "financial" French franc and Britain's investment dollar premium market.

In other words, the securities rand market could be developed into a broader area. Again, these are ques-



Gerhard de Kock ... "no reason to devalue."

tions for the commission, and there will be indications on the future possibilities in the interim report.

For the moment, Dr De Kock emphasises that there is no question of controls on any current foreign payments, which includes dividends and interest payments.

In any case, he says, this is forbidden under IMF and GATT regulations. In fact, the commission intends looking into ways and means to relax exchange control on foreign investor's capital in South Africa.

In your living conditions? (housing, ... cilities)

All-out effort to lure foreign cash

SUN TIMES (BUS TIMES) 19/3/78

360

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with the Israeli Finance Ministry and have noted the Israeli experience in allowing their pound to float. After this decision last year, capital flowed back into Israel.

South Africa already has a sophisticated money and capital market. The commission will be looking into the possibility of a foreign exchange market. A floating rate will "depoliticise" the rand, as it will float to the level determined by market forces.

To solve the problem of exchange control at a time when the country needs to attract foreign investment capital, the commission will study the possibility of a "financial" rand, or the possibility of a investment rand market.

Franc

This would be similar to the "financial" French franc and Britain's investment dollar premium market.

In other words, the securities rand market could be developed into a broader area. Again, these are ques-



Gerhard de Kock... "no reason to devalue."

tions for the commission, and there will be indications on the future possibilities in the interim report.

For the moment, Dr De Kock emphasises that there is no question of controls on any current foreign payments, which includes dividends and interest payments.

In any case, he says, this is forbidden under IMF and GATT regulations. In fact, the commission intends looking into ways and means to relax exchange control on foreign investor's capital in South Africa.

HOW to beat a computer siege

THESE ARE three necessary prerequisites for building up a local computer industry, thus minimising the danger of technological blackmail of South Africa, says Morris Cowley, head of Anglo American Corporation's computer operations.

They are:

● Creation of a domesticated computer leasing company which will remove the rental burden from the shoulders of local computer companies. "Computers are commonly traded in short-term rentals," says Mr Cowley. A cash-poor company is at a considerable disadvantage in such an environment.

● Funding, possibly through the Industrial Development Corporation of a local "mid" computer industry — akin to that of Israel — which would reduce the dependence on the multi-national companies which supply the large mainframe computers. No other sector of the economy is as utterly de-

pendent as the computer industry is on the multi-nationals, and it is a sector through which a stranglehold can be applied on the whole economy.

But the total cost of getting into domestic manufacture of ultra-large systems plus architecture, hardware and software developments would undoubtedly exceed R1 000-million.

Both Japan and Israel broke into computer manufacture via the course suggested by Mr Cowley. It makes further sense because the future of computers appears to lie in smaller systems. A cluster of small computers could be a substitute for a large mainframe.

● The setting up of a "third party" maintenance company which could handle the maintenance of large mainframes if the multi-nationals were restricted from maintaining them in the future.

Such arrangements are not uncommon in Britain and Australia.

Under the February 16 American regulations, a ban is placed on the export or re-export of equipment

BY TONY KOENIGERMAN

or technological data to the SA Police and Defence Department. This includes computers.

However, it has been established that US companies are allowed to continue servicing existing computer installations on a "restricted basis", including the supply of parts of non-US origin.

And customers other than the military and the police are not affected as long as the supplier can certify that the equipment or data is not intended for the ultimate use of the military or police.

Clearly, the army and police will not get upgrades, additional equipment or enhancements to systems software from the US.

Mr Cowley, who is executive chairman of Computer Sciences, Anglo's commercial computer company, and chairman of Ammerosa Computer Services, the Anglo in-house computer operation, does not believe a general boycott of US computer sales to South Af-

rica will follow this move.

"I doubt that President Carter's purpose is more than that of harassment and acceleration of change," he says. "I seriously question whether he believes that he has the strength in his technological arm to bring down the South African Government. For this reason, I do not believe that this is an indicator or precursor of general computer or other sanctions."

Although other countries, such as Britain and West Germany, seem willing to continue supplying us with computers, the US does have considerable muscle in this field as the bulk of computer patents in the world are still held in the United States. British and German companies are dependent on US patents to some degree.

Perhaps only Japan is becoming significantly independent of US technology, but it would be unwise to assume they would automatically take advantage of the situation to step in and fill the gap left by the United States.

For one thing, they have

entered the Australian market on a fairly large scale, and have gone into Brazil and Spain, and are probably fully extended. The impact of the ban is not likely to be immediately crippling. There is a lot of under-utilised capacity in government computer installations, and there is no way the US authorities will be able to prevent this capacity being shared by the defence and police departments.

Meanwhile, computers can still be obtained from Britain and West Germany. The capacity of existing large systems can also be enhanced by greater use of smaller systems.

But the importance of reducing dependence on overseas computer companies is undeniable. Computerisation has been responsible for an estimated 15 per cent of productivity gains in the United States in recent years.

"Nations depend too heavily on computers to have their futures crippled by the whims of foreign governments," says Mr Cowley.

Werkerbosonderhede (2)

Fight against apartheid slow in the factories

IN SPITE of the relentless growth of world economic pressure on South Africa, thousands of foreign-owned firms continue to operate here on the premise that they can do more to bring about change by staying.

The Cape Times's industrial reporter, Gordon Kling, visited a typical undertaking — Ford's Port Elizabeth plants — and found a microcosm of the South African economic dilemma; the company is making slow progress in its policy to abandon racial discrimination because of long-entrenched attitudes, mistrust of management objectives, and apartheid.

Mr Vuyani Mduma, 28 and black, has worked at the Ford Cortina plant as a storeman since 1973 when he abandoned his Bachelor of Arts degree in sociology and psychology at Fort Hare University after student unrest developed into a boycott of lectures.

At Ford he began studies for a diploma in industrial administration and delved into his books after work for three years. In terms of a Ford scheme he would get a refund on the cost of the course if he passed. Most do. But then came the 1976 riots.

"We knew our homes would be burnt if we wrote the exams," he said. He now hopes to write the exams in June, but a new worry looms. It is that there will be no vacancies when he is qualified to be promoted from the ranks of the hourly paid workers to salaried staff. The motor industry has been hard hit by the long recession. Ford labour relations manager, Mr Fred Ferreira, conceded: "We have a number of qualified people ready for promotion, but there aren't vacancies."

He maintains, however, that the company has made great strides on the labour front and says the majority of supervisors at the plant will be black in times to come.

Company pay scales

Backing this up is the intake for the new two-year foreman training programme comprising 17 coloured men, 12 blacks and only 3 whites. He also points to a 90 percent improvement in black salaries at Ford since 1972, compared with a 70 percent rise in white workers' pay. Company pay scales are non racial, he says.

But Mr Mduma gives figures which show his pay has gone up by 25.6 percent since 1973 and a workmate, Mr Mayford Jindela, claims a 50 percent increase over the same period.

Both men say they have never been offered a company training programme, although Mr Ferreira says the company suffers a shortage of trained personnel.

The biggest obstacle, says Mr Mduma, is education for Africans. "It's meant to put you down. The subjects are obsolete. We just need to be able to communicate at school level with the whites to have a chance."

His workmate, Mr Jindela, concurs: "I wouldn't say I'm satisfied. The whites have all the best positions. I'm here because I need a job."

A crowd of 140 men sweltering patiently outside the factory gates attested to the need. One of them, Mr Ludman Grootboom, says he has been waiting there for three days.

Aged 35 and with education up to Junior Certificate, he is aware of international and local efforts to abolish racial discrimination in the Republic's factories. He disabused them: "I just want work."

But in another Ford plant a few kilometres away, Mr Johnnie Mke, president of the United Auto Workers Union, which is black and therefore unrecognized under the Industrial Conciliation Act, was very concerned. He blamed the Frisco committee system (formulated by the government as a substitute for unions) for a lack of black advancement. "It works for the company and against the workers," he added. "Generally, companies are not doing what they say they are, although a few are doing their best."

Ford is finding tradition dies hard. White and black hourly paid workers determinedly make for their own kitchenly furnished partitioned areas in the canteen. No sign of the separation which black kitchen hand Mr Samuel Jochana says he has never seen challenged in the five years he has worked in the canteen.

But the walls of apartheid are, literally, slowly coming down at Ford.

A white fitter, Mr Daniel Erasmus, nodded at the height panel board partition: "It used to reach right to the ceiling, but they lowered it last September for union reasons. Now management says they're going to take the whole thing down next year. We don't oppose, but they do it anyway."

Ford personnel services manager Mr "Doc" Seiler explained: "The company doesn't practice apartheid — the workers do. We can't change what's over their heads. Letting the hourly paid workers be paid the same as salaried staff in this country at that level."

But in the salaried staff canteen there is another partition this time made of hardwood and stained glass. It too is being lowered. Mr Michael Volkwyn, a coloured man who recently graduated in mechanical engineering at the University of Cape Town, said the wall had been slightly shortened soon after Henry Ford's visit to the plant in January.

Mr Seiler explained again: "If you check to Victorian facilities the government will do nothing unless you complain. Then they enforce the law. That's why we're doing things gradually — we don't want it to be a matter of experience for anyone. Otherwise there would be chaos. We're saying 'don't rush, just let it happen gradually.' The writing is on the wall. We have to move away from discrimination to remain a viable proposition."

EMBARGO: 12H00

MONDAY 10 APRIL 1978

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ADDRESS BY MR C.F. SCHEEPERS, CHIEF: INDUSTRIAL ADVISORY SERVICES, DEPARTMENT OF INDUSTRIES, AT THE OPENING OF THE LRC INDUSTRIES' NEW PLANT AT CHAMDOR, KRUGERSDORP ON APRIL 10, 1978

Mr Dean, Mr Gnodde, Mr Green, Mr Sellers, Mr Mayor, distinguished guests

It is indeed an honour for me to have been invited to address you here today.

The profile of BTR in South Africa is an impressive one and its decision to participate with LRC Industries (South Africa) (Pty) Limited, in establishing this plant for the manufacture /

- 2 -

manufacture of latex products in South Africa is commendable. It is a laudable decision because it was taken at a time when serious world-wide economic recessionary conditions prevailed and secondly while certain politically orientated persons, organisations and Government's actively participated in a campaign against foreign investment in the Republic. The directors and management of LRC and BTR have nevertheless decided to invest R1,2 million in this plant, a decision which, I believe, was preceded by a thorough survey of the local market and it's potential. On account thereof the directors must have assured themselves of the economic viability of this establishment with a view to safeguarding LRC's obligations towards its shareholders in the form of a reasonable return on their investment.

While /

While on this subject I must point out that we can price ourselves in that, unlike many other countries, South Africa can offer the following attractions to foreign investors:

- Private ownership of property and free enterprise
- A free market system, where the profit motive is the main driving force behind all forms of economic activity
- A policy of non-discrimination in the treatment of local and foreign investors
- An identical company taxation policy for local and foreign investors
- Enjoyment of the benefits of his enterprise, with no threats or possibilities of nationalisation
- A reputation of no-default in respect of our international financial or other obligations
- No impediment on the transfer of the current proceeds on foreign investments
- High returns on capital investment

By /

By way of comparison I may mention that returns on direct capital investment in the undermentioned countries during 1974 were as follows -

Canada	12,6%
Australia	15,0%
New Zealand	11,8%
Norway	7,7%
Spain	16,8%
South Africa	19,3%

However this does not imply that the return on direct capital

investment /

investment in South Africa was the highest in the world (the average for all countries was 22,7%) but the individual countries I have mentioned are those which are comparatively speaking, considered to have a low risk factor. That was the position in 1974, but what was the situation three years later? It is often said these days that foreign capital is no longer available for South Africa. Such statements should be adjudicated against the background of past experience in South Africa particularly during the last three decades. It should also be borne in mind that the movement of capital internationally depends on a wide variety of circumstances, the most important single factor being the cyclical nature of international economic conditions which prevail from time to time in the capital exporting countries. The flow of capital to and from South Africa fluctuated from a low level of minus R180 million in 1960 to a peak of plus R885 million in 1974 and even as high as R1 887 million in 1975. Among the reasons for the fluctuations in the flow of foreign /

foreign capital into South Africa, is the fact that the financing of capital projects in the Republic is to a large extent facilitated by the export credit facilities offered to the exporter of capital goods and equipment in the supplying countries abroad.

In any analysis of the capital account of the South African balance of payments the foregoing factors should be borne in mind as well as the fact that an amount of almost R1 billion in short-term foreign loans has been repaid since the beginning of 1977. The hostile financial forces against the Republic thought that the low economic growth rate which we have experienced over the past few years would force the Government to borrow money at exorbitant interest rates, but they are now surprised to note that the net foreign /

foreign reserve position is improving and concurrently the country's creditworthiness. The main reasons therefor are firstly, the country's excellent export performance and secondly, the ability of South Africa to generate domestic savings to the extent where we can with certain adaptations in our economic system sustain an economic growth rate of between 4 and 5 per cent in the gross domestic product. The importance of becoming even less dependent on foreign capital, has been expressed in the further concessions which the Honourable the Minister of Finance has announced in respect of the granting of income tax relief for individuals and companies. We have already developed certain skills and technical know-how to employ the funds which are generated from domestic resources in a productive manner.

Secondary /

Secondary industry is beyond doubt the sector in the economy which offers the largest potential for development in order to provide employment opportunities for the country's growing population and to ensure the further improvement of the living standards of all its people. It is for this reason that the authorities in South Africa have since the early twenties embarked on a policy of encouraging the establishment of secondary industries in the country. The initial instrument used to give effect to this policy was by way of the granting of moderate tariff protection on a selective basis to new industries. During the post-war period it has become necessary to accelerate the process of industrial development and various additional incentives have been introduced to achieve this objective. However, the pace of industrial development will to a large extent depend on the amount of capital that becomes available for investment because

South /

South Africa will for some time to come continue to require consistently high levels of new capital investment. Under the conditions of relatively high economic growth experienced by South Africa during the post-war period, large amounts of foreign capital were attracted to and invested in the country. Although this capital inflow has temporarily declined due to various reasons, I believe that knowledgeable foreign investors will again resume their investments in South Africa on account of the fact that, by and large, it still constitutes one of the most lucrative investment areas in the world today. If a simile is drawn with condition which prevailed in the early sixties when there also was a substantial drop in the inflow of capital from abroad, it is important to note that it was followed by a period of consolidation and renewed expansion of our domestic economy to
the /

the extent that we achieved a rate of development which is commonly referred to as the golden sixties. The fact that important international bankers and financiers are visiting this country in even increasing numbers, bears testimony to the restoration of confidence in the future of this country.

But apart from confidence, there is another, ^{equally important} factor which influences the decision of an entrepreneur to establish a manufacturing concern in a particular country, namely, the scope and potential of such a country's domestic market.

There can be no doubt that South Africa provides a very substantial and rapidly expanding market for a wide variety of imported goods, which mainly constitute the more sophisticated types of capital

goods, equipment and materials. We are technically quite capable of supplying a large part of these import requirements from our own resources, but because of our strong belief in the comparative advantages to be derived from mutually beneficial trading ties between nations, we always preferred to buy these essential requirements from our other trading partners in the belief that they, in turn, will continue to import more goods from us particularly in view of the fact that South Africa has a proud record as a reliable source of supply on a competitive basis. But in order to do so, we must at all times be assured that our trading partners will scrupulously honour their obligations towards us and will be prepared to supply our normal requirements on a continuous basis.

A /

A decision as to whether or not a manufacturing facility should be established in South Africa to replace imports had always been dictated by the free play of the market forces. However, recent events with which we are all familiar have cast doubts in the minds of our importers and the authorities as to the wisdom to continue with this policy in view of the fact that there is some doubt as to whether we can still rely on the ability of foreign suppliers to honour their commitments towards South African importers. This concern is strengthened by a new and disturbing philosophy which is now manifesting itself in the international trade in that the decision-taking by citizens of a particular country in conducting their external trade transactions are increasingly being influenced by intervention on the part of their Governments as well as the political whims of other

countries. /

countries. For this reason the South African authorities have been forced to embark on a deliberate policy of encouraging import substitution.

This policy is, however, not being pursued at all costs, but on a selective basis as it is not considered to be in the national interest to encourage the establishment of totally uneconomic industries in the country. However, the implementation of a judicious policy of import substitution has the twofold advantage of firstly accelerating our rate of industrial growth and secondly of making the country economically less dependent on foreign sources of supply. History has taught that whenever we have been thrown back on our own resources, we have been able to meet the challenge successfully and to achieve a remarkable rate of growth, albeit with certain adaptations to our national economy.

Except /

Except for goods of a strategic nature where other considerations are also taken into account, any decisions as to the local manufacture or not, of products falling outside this category, is normally based on commercial and market considerations. In such circumstances, the Government is prepared to grant tariff protection to viable industries particularly during the infant stages of their operations and consequently to extend sympathetic consideration to applications from such industries to protect them against disruptive competition by imports from abroad.

In conclusion, I wish to point out that the South African authorities have had the courage of their convictions to take a range of corrective measures which, although extremely unpopular at times, have ensured economic stability and the restoration of confidence

In South Africa as a stable and attractive field for investment. Very few Governments today dare to take such steps in the face of militant trade unions and possible reaction from the general public which may endanger their position at the polls. The discipline displayed by commerce and industry and the general public in South Africa to accept the measures to which I have just referred and what is more to co-operate in such commendable manner is indeed praiseworthy. We can now pride ourselves in the fact that, although the inflation problem has not been solved altogether, it is at least well under control; the country's traditional adverse balance of trade has recently been transformed into a favourable one; and after a period of economic recession and consolidation the South African authorities could afford to introduce measures for the selective and moderate stimulation of the economy. This is indeed the envy of many other countries.

Mr Dean /

Mr Dean, gentlemen, I would like to extend to you my personal congratulations on your decision to invest money in the construction of this modern plant and I trust that it will become a very rewarding proposition to the company.

18/5/78 (60)

Merit society planned — Horwood

Argus
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The Argus Political Staff

BRUSSELS. — Foreign investors were assured today by the Minister of Finance, Senator O P F Horwood, that changes in South Africa were aimed at evolutionary transformation 'to a society where merit alone will determine worth.'

He said so in an address to the American Club in which he dealt with foreign investment prospects in South Africa.

Senator Horwood said: 'It has always been our policy to welcome foreign capital investment, especially when accompanied by technical expertise and know-how.'

From an economic point of view, he said, there appeared to be general agreement that the requirements for a period of solid economic growth in South Africa were complied with and that the country should be regarded as 'an excellent investment risk.'

ASSURANCE

He repeated the Government's assurance that it was the declared aim to eliminate discrimination based on colour.

'Such differentiation is a historical fact, but sustained efforts are being made to move away from this situation.'

'Contrary to popular notions, luxury hotels, public parks, restaurants, entertainment centres, sport and various other activities have been opened up to all races, irrespective of colour,' he said.

He said South Africa's labour legislation, 'though far less restrictive than commonly supposed outside the Republic, calls for review and is currently being studied by two high-level commissions of inquiry.'

'I have no doubt that the result of these studies will be further enlargement of the employment opportunities open to black and brown workers, and still further improvements in their working conditions.'

PROPERTY RIGHT

Other changes he listed were the granting of 'property rights' to blacks in urban townships, the progress towards arranging for 'fully autonomous and fully elected local authorities' to run the

(Continued on Page 3, col 4)

Horwood

(Continued from Page 1)

black townships, increased Government spending on black, coloured and Indian housing and education, social and health services and the Government's constitutional proposals to the coloured and Indian people.

These steps were to effect an evolutionary rather than a revolutionary transformation to a society where merit alone would determine worth.

'If we move too fast in a much shorter time span, the internal stresses and strains will become counterproductive,' said Senator Horwood.

Foreign investors should feel assured that the Government intended maintaining law and order in this process and intended continuing in an evolutionary manner irrespective of foreign pressures.

He said South Africa today generated the overwhelming proportion of its capital requirements internally and could, if necessary, maintain a reasonable rate of economic growth without any

net inflow of foreign capital.

But it had always been economic policy to welcome foreign capital. 'Unlike some other countries, we have never had any political problems or hang-ups about the role played by foreign capital in our economy.'

Immediate political reaction has been sparked by Senator Horwood's statement.

The official Opposition spokesman on finance, Mr Harry Schwarz, said the statement appeared to be one of the most significant by a Cabinet Minister on the political future of the country this year.

'If this is Government policy and if merit alone will determine worth in South Africa with safeguards against discrimination and safeguards against domination, the political debate in South Africa can assume a new dimension.'

'A debate can then take place in terms of which we can seek to arrive at a mechanism to achieve this — all having the same objective.'

Six states oppose move on SA business

The Argus Correspondent
VIENNA. — In a surprise move, Canada and Switzerland have joined Britain, the United States, France and West Germany in voting against a hard-line resolution calling for international business interests to cease their activities in Southern Africa.

The resolution, drafted by the so-called Group of 77 developing countries at the UN Commission for Transnational Corporations at their annual conference in Vienna, was carried by a vote of 25 to six with five abstentions.

Canada's decision to vote against the resolution, after abstaining in a similar resolution last year, is seen here as a gesture of support for the joint Anglo-American strategy for change in Southern Africa.

The Canadian delegate said that the resolution was a matter for the UN Security Council and was not within the transnational commissioner's scope.

The other interesting aspect of the voting pattern was that Switzerland, normally a neutral, also decided to vote against the resolution.

Although not a member of the UN, Switzerland is a member of the commission for transnationals. Switzerland did not vote last year because it was not yet then a member.

The five countries that abstained in this year's vote were Japan, Holland, Spain, Sweden and Italy.

The resolution was considered by the Western industrialised nations to be particularly uncompromising.

The US delegate described it as outrageous and tantamount to breaking off diplomatic relations.

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② 329

WEEKEND ARGUS, MAY 27 1978

STRAATEGIC BUSINESSES

Bill stops information leaks

Political Staff

THE Minister of Economic Affairs, Mr J C Heunis, said this week he expected a report before the end of the year from the working group appointed to co-ordinate policy for industrial strategy.

Speaking at the Cape Town Chamber of Commerce international consumer goods fair, he said the public and the private sector were represented on the working group.

Today a Bill was published which closes another loophole leaking information about business operations in South Africa to people in other countries.

The Protection of Businesses Bill follows recent amendments to the Companies Act restricting free access to information about company operations — measures which were introduced to keep company operations with a bearing on

strategic matters secret and also to avoid embarrassment of overseas firms which operate in South Africa.

Today's Bill lays down that no official order or judgment overseas will be enforceable in South Africa without the permission of the Minister of Economic Affairs and makes it illegal for any person to furnish information about a business in South Africa in compliance with such an order. The penalty for a contravention will be a fine of up to R2 000 or two years, jail or both.

The Bill appears to provide for the case of an overseas court or administrative regulation requiring a company with operations in South Africa to furnish details of those operations. The South African branch or subsidiary could then refuse to supply the information on the grounds that it would be breaking the law here by doing so.

MULTINATIONALS
Viennese waltz

FJM 2/6/78

(60)

Foreign business involvement in SA came under further pressure last week in Vienna at the annual conference of the UN Commission for Transnational Corporations. A tough Third World resolution calling for international business interests to cease their activities in SA was carried by 25 votes to six, with five abstentions.

Voting against were Britain, the US,

705

France, West Germany, Canada and Switzerland. The Canadians had abstained at a similar vote last year. This year they joined the other Western powers because of their co-operation with Britain, the US, France and West Germany in the initiative on South West Africa.

The heated debate which preceded the vote was based on the detailed report prepared by the UN Centre on Transnational Corporations. It dealt with the activities of transnationals in the banking and financial sectors, their social and cultural impact, and their employment practices in southern Africa. In its conclusions the report found no indication that the presence of transnationals has helped erode apartheid.

Few firms were entirely withdrawing, the report found, though many appeared to be limiting their future expansion to the rate supportable by local earnings. Within the banking sector "the sense of business as usual seems pronounced." On the whole, foreign investment was "more likely than not to reinforce the existing goals and resources of the state (in SA, SWA and Rhodesia) regardless of the employment practices of individual firms."

The conventional argument that the transnationals' continued presence is necessary to maintain the employment of black workers and provide pressure for improving existing employment conditions in their sectors is not convincing."

But Gerhard Tacke, a former chairman of Siemens, who is a special advisor to the UN Commission on Transnational Corporations, said in a press interview that the Third World resolution was "impractical." He doubted if its implementation would weaken apartheid. "In any event, we as multinationals don't want to be used as tools — why should we be used to implement political ideas?"

Last week's resolution cannot be implemented without Security Council approval but the report is regarded as providing the economic data on the basis of which future demands for economic sanctions against SA will be framed.

REPORT ON STATISTICAL DATA

It is difficult to gauge the number of unoccupied dormitories are closed off to make separate rooms in Section 3 is facilitated by the presence of a 6' dividing wall between each set of two buildings then divide the rooms off from the central area to give their rooms.

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FOREIGN COMPANIES Heunis complains

What was Economic Affairs Minister Chris Heunis getting at when he accused some multinationals this week of inhibiting the import replacement drive?

"We all know," Heunis told the Cape Town Chamber of Commerce, "that certain of the mammoth international companies have entrenched themselves in the local market by undertaking their own distribution and only so much local processing as is convenient to them... The result is that many products, even some of great strategic importance, are unlikely to be manufactured in SA even though there is every prospect that they could be manufactured economically."

The Minister has some supporters. "I agree with him," asserts AHI director Fritz Stockenström. "The practice of these companies often militates against the import replacement campaign."

Secretary for Industries Philip Theron denies his boss was gunning for any particular firm. And he concedes no formal complaints have been lodged by local industry — "No one complains because it doesn't help," he argues, somewhat weakly. Heunis singled out the pharmaceutical, farm chemicals and lubricant additive sectors for producing more varieties than the country needs, and Theron tells the FM these industries are the ones which should jack up their import substitution efforts.

A snap FM survey reveals, however, that businessmen in these sectors feel the Minister is off target. "Our ingredients are not obtainable here," says a spokesman for SA Cyanamid. Adds another leading manufacturer: "I share Mr Heunis's concern, but we can never become totally independent. I'm worried that, in the interests of self-sufficiency, the government is beginning to create mono-

poly situations where only one or two products are available. Speculation is that Heunis was also tilting at the motor industry. Several local component makers are unhappy with the way some car manufacturers boost local content by buying original parts locally, yet turn to foreign suppliers for replacement parts. Ford apparently has a particularly bad name.

"This has been a point of contention among us for many years," says a leading component manufacturer. Adds a motor industry observer: "The component people tool up for particular models, only to have their market taken away later." And he points out that, through their dealer network, the motor companies are able to force foreign parts onto the market.

The FM learns there are moves afoot to include the replacement market in the local content programme.

In his speech Heunis also cryptically referred to some multinationals which are able to overcome measures designed to protect local industry. Explaining this, Theron tells the FM he has discovered cases where a subsidiary of a foreign firm has declared artificially high prices on goods in order to take advantage of the lower duties on higher-priced goods. "We are looking at ways to prevent this," he says.

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Cape Times
24/6/78

Own Correspondent

LONDON. — The South African Government — through the Department of Information — controlled and financed an international covert

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Own Correspondent

LONDON. — The South African Government — through the Department of Information — controlled and financed an international covert propaganda campaign to sell apartheid to Western nations through the world's most respected newspapers.

Denials were consistent

Own Correspondent
LONDON. — Former Judge Gerald Sparrow and the South African Government have over the years consistently denied the government ran or financed the mystery Club of Ten and its vast advertising campaign.

Ever since the launching of the club after a visit to South Africa by Mr Sparrow in 1972, controversy has raged over the identities of the people behind it.

It led to speculation and heated debates in Europe, the United States and Britain and

even led to a debate in the House of Commons.

As recently as three weeks ago the Minister of Information, Dr Connie Mulder, denied to a visiting American journalist that the South African Government was behind the club.

And this week, Mr Carl Noffke, South Africa's Department of Information chief in Washington, rejected Mr Sparrow's claims

Continued on page 2



Judge Sparrow and his Thai-born wife

More next week

DON'T MISS the Cape Times next week for Judge Sparrow's full story . . . How the money was spent . . . Why Eschel Rhoodie admired the Godfather . . . How the government used the Club of Ten as a front — and denied it . . . and lots more.

This was disclosed in Brighton, England, yesterday, by a man who launched the campaign, Judge Gerald Sparrow, 76, a right wing British barrister and former East End judge.

In an exclusive interview at his Brighton home this week, Judge Sparrow said that the Prime Minister, Mr Vorster, was involved.

"All lines led ultimately to the Prime Minister's office and he was completely informed of all activities at home and abroad," Judge Sparrow said.

He added that "every penny" he spent on the conspiracy reached him through the Department of Information.

The false front used was the Club of Ten which was reported to be financed by wealthy South African businessmen.

The only one ever to identify himself as a member was the millionaire Transvaal farmer, Mr Lampas Nichas, a South African of Greek descent. Others named by the British press last December were Mr Louis Luyt, Mr Werner Ackermann and Mr Jan Pickard.

But Judge Sparrow said he had only met Mr Nichas, whom he described as a member of the "inner circle" of power in South Africa.

Judge Sparrow said he doubted whether the club existed in any form other than by name.

Close friend

"Mr Nichas was a close friend of the authorities and he was what might be called a founder-member of the Club of Ten, if by this we mean that he was a supporter and would help if asked."

He said the other alleged members also were merely names that could be used by the Department of Information.

One of the men named by the Observer of London was in no way involved, Judge Sparrow said.

Judge Sparrow's full account of his three-year involvement as the club's front-man from 1973 to 1975 will be published in the Cape Times next week.

He said yesterday that his go-between in London was the former Director of Information at South Africa House, Mr Vlok Delpert, who also arranged for the money which paid for the advertisements. It was deposited in an account in Judge Sparrow's name and later changed, at his insistence, to the club's name, at Coutt's Bank, central London branch.

"Mr Delpert would ring me asking whether I needed more money. If so, he would top up the account at Coutt's.

"Because of the strange position I was in — and the secrecy — I had a completely free hand to do as I liked. I was accountable to no one for how the money was spent.

"Even the ambassador was kept in the dark," Judge Sparrow said.

Now a committed opponent of apartheid, although still in love with the country, Judge Sparrow said he was drawn into the plan to deceive the Western press while on a visit to South Africa in 1972. He was there to gather material for a tourist book sponsored by South African Airways and the Department of Information.

He said the sponsorship was worth more than R5 000 and this was a vital factor in his eventual recruitment to front for the Club of Ten because, "I was indebted to them."

Continued on page 2

CAPE TIMES
24/6/78
① 60
② 257
③ 327

I founded club, says millionaire

Staff Reporter
MR LAMPAS NICHAS, the Eastern Transvaal farmer millionaire, described by Judge Sparrow as a "member of the inner circle" last night insisted that he personally founded the Club of Ten and at no stage had any contact with Dr Eschel Rhoodie or the Department of Information.

"I've never met Dr Rhoodie, I don't even know what he looks like," Mr. Nichas said during a telephone interview from his farm near Kinross.

Mr Nichas said he had decided to form the Club of Ten along with other businessmen "whose names I cannot disclose to you".

He himself approached Judge Sparrow to organize the placing of advertisements in foreign newspapers.

"I don't know if Judge Sparrow has said what you claim he's said, but if he did, then he's definitely lying. His allegations are absolute nonsense," Mr Nichas said.

Mr Nichas refused to name the other members of the club nor would he divulge their topics of discussion at meetings which he said the club had held.

"The money spent on the Club of Ten belonged to the members only, it was all our own money," Mr. Nichas concluded.

No link with club

— information man

Staff Reporter

MR VLOK DELPORT, the former Director of Information at South Africa House in London, last night denied that there was any connection between the Department of Information and the Club of Ten or that he had ever given "a cent" to Judge Gerald Sparrow.

"The position in a nutshell is this. Judge Sparrow approached me after his visit to South Africa in 1972. He asked whether I was interested in a book on his experiences called 'Not What I Expected'. I replied that, once it was published, my department would consider buying 750 copies at £2 each.

"It was at about that time that the Club of Ten was formed and a South African businessman — I think his name was Nichas — publicly gave Judge Sparrow some several thousands of pounds. There were also, I believe, other contributions made to the judge by various well-wishers.

"The judge has confused this money and the Club of Ten with the Department of Information.

"At no time did I hand Judge Sparrow a cent, and I deny that there was or is any connection whatsoever between the department and the Club of Ten. I don't even know where this Coutts's Bank is in London."

Mr Delpont, who is at present head of press liaison for the department, said Judge Sparrow made similar allegations some months ago. After the British Foreign Office had conducted an inquiry into the allegations, Mr Delpont was completely vindicated and Judge Sparrow apologized to Dr Mulder in writing.

"I can't understand why the judge is still trying to ride that horse," Mr Delpont said.

Club of Ten 'Govt front'

Continued from page 1

The title, Club of Ten, was conceived by Dr Eschel Rhoodie, Judge Sparrow said.

Dr Rhoodie spelled out the plan to him with a "consuming passion". Then it came to the question of choosing a title for their international operation.

"I suggested Friends of South Africa", Judge Sparrow said. "But Dr Rhoodie came up with the Club of Ten. He said this would create intense speculation in the world's press, which he was almost paranoid about, and they would worry until they found out who was behind the operation. It would provide interest and publicity."

He said that one of the reasons for Dr Rhoodie's campaign was the Department of Information's contempt for the English press in South Africa.

The government felt that at a time when South Africa was under attack, the English press was playing into the hands of its enemies, Judge Sparrow said.

To Judge Sparrow, Dr Rhoodie came across as a "bizarre and fascinating" character.

"I came to the conclusion that this was a man who lived in his own world of fantasy. He fancied himself as the great spider who spun the snares that would trap the enemies of his country. Secrecy was second nature to him and he was his own mysterious hero."

In the months to follow, Judge Sparrow said he reached the conclusion that Dr Rhoodie was a "power-happy person" and he was not

surprised at the eventual collapse of the Department of Information.

In 1974 Sparrow said he was called to a meeting with Dr Rhoodie and Mr Les de Villiers, a former Department of Information official, who now works for the American public relations organization of Sydney Baron.

During this Paris meeting Dr Rhoodie said that he admired the film character "the Godfather".

Judge Sparrow asked him why and Dr Rhoodie replied: "He (the Godfather) got what he wanted, and he had a wonderful rule that if his opponents could not be removed, he made them an offer which they could not refuse."

He said the Paris meeting was an example of how Dr Rhoodie spent the "people's money" unstintingly. "No expense was spared on this trip of mine, paid for out of the Club of Ten funds. The meeting was unimportant. Dr Rhoodie just had a whim that he wanted to see me and money was no object."

Tolerant of apartheid

He said that during his association with the Department of Information he personally spent about R260 000 and additional personal costs elsewhere, mostly in South Africa, came to about R50 000.

Judge Sparrow said that by mid-1975 he had become disenchanted with the campaign and apartheid.

Through his Thai wife he began to experience the inequalities of apartheid.

Dr Connie Mulder personally sanctioned it for his wife, Chauley, to visit South Africa as an honorary white.

"I was far more tolerant of apartheid than my wife was, but the use of the term courtesy (honorary) white became a caustic family joke. My wife resented it bitterly and told me that she did not want to be a 'bloody courtesy white'.

"If it were not for my wife's experiences as a courtesy white I think I might still have been handling the Club of Ten account today," he said.

After confrontations with the Department of Information over official South African Government policy, Judge Sparrow was sacked.

Rhodie had one question

Own Correspondent
JOHANNESBURG. — Judge Sparrow's allegations were read to Dr Eschel Rhoodie last night.

Three-quarters of the way through the story Dr Rhoodie interjected with: "How much more are you reading? At this stage there is only one question I

would like to ask the Rand Daily Mail, and that is: "How much did you pay Judge Sparrow to say all this? Otherwise, I have no comment."

Dr Rhodie would not listen to the rest of the story, also refused to comment further on any of the other facets of the story.

Ackermann 'no comment'

THE PROMINENT Pretoria businessman, Mr Werner Ackermann, husband of Mimi Coetzer, last night confirmed that he was a member of the Club of

Ten but declined to comment on the membership or formation of the club.

Mr Ackermann was named by the British press last December as one of the members.

Denials

Continued from page 1

Dr Eschel Rhodie, the Secretary for Information, is also on record as saying that it was totally incorrect that he or Dr Mulder had formed the Club of Ten or had asked anybody to form it.

he was the organizer of the club by claiming that four prominent South Africans were among the backers. They were said to be Mr Werner Ackermann, a Pretoria property owner, Mr Jan

Denials

Continued from page 1

Dr Eschel Rhoodie, the Secretary for Information, is also on record as saying that it was totally incorrect that he or Dr Mulder had formed the Club of Ten or had asked anybody to form it.

He said it was formed by the former judge himself and that after it had been formed "we encouraged him to go ahead". He said no South African Government funds were involved and all the financial arrangements were made by Mr Sparrow.

Mr Sparrow, 100, perpetuated the mystery while "discreet" rather than secret operations.

he was the organizer of the club by claiming that four prominent South Africans were among the backers. They were said to be Mr Werner Ackermann, a Pretoria property owner, Mr Jan Pickard, a Cape Town financier, Mr Lampis Nicholas, a millionaire Transvaal potato farmer, and Mr Louis Luyt, the fertiliser magnate who launched the Citizen.

Dr Connie Mulder personally sanctioned it for his wife, Chauley, to visit South Africa as an honorary white.

"I was far more tolerant of apartheid than my wife was, but the use of the term courtesy (honorary) white became a caustic family joke. My wife resented it bitterly and told me that she did not want to be a bloody courtesy white."

"If it were not for my wife's experiences as a courtesy white I think I might still have been handling the Club of Ten account today," he said.

After confrontations with the Department of Information over official South African Government policy, Judge Sparrow was sacked.

In early 1975 he was called to a meeting in a luxurious London hotel attended by Mr Les de Villiers and Mr Vlok Delpoort where they read him the "riot act".

"Mr De Villiers told me that difficulties had arisen, as I well knew, and they wanted our relationship to be terminated. It was more a relief than a disappointment to me," he said.

Ackermann 'no comment'

THE PROMINENT Pretoria businessman, Mr Werner Ackermann, husband of Mimi Coetzer, last night confirmed that he was a member of the Club of Ten but declined to comment on the membership or formation of the club.

Mr Ackermann was named by the British press last December as one of the members.

Oppenheimer warns on SA capital needs

The Argus Bureau

LONDON. — If South Africa is starved of overseas capital the risk of violent revolution could be heightened, Mr Harry Oppenheimer, chairman of the Anglo American Corporation, suggested to John Ellison, Foreign Editor of the Daily Express.

"The only way to bring about peaceful change is to allow a modern economy to build up which cannot exist without the participation of vast numbers of black people holding down skilled and highly paid jobs," Mr Oppenheimer said in an interview published today.

"Foreign companies should press, as a condition of their investment, for proper integrated working conditions and a colour-blind wage scale.

A CHARGE

"But if you (overseas countries) do the opposite you will lay yourselves open to the charge that you are seeking change by violence.

"To accept that as a policy — to say that by making them (blacks) so miserable that they are forced to run the risk of armed insurrection — well, my goodness, I think

you have to be pretty brave morally to accept a policy like that."

On the subject of changes in apartheid Mr Oppenheimer said: "In industry today people have higher wages and are getting better jobs than ever before.

"The black in Soweto today is a good deal better off than he is in Luanda, Maputo, Dar es Salaam or Lusaka, and I think he realises it.

"There is a better relationship than ever before. It is only very recently that black and white here have been using the same canteen" — Mr Oppenheimer was speaking in his Anglo American office in Johannesburg — "and we have now reached that dramatic state at which you decide whether or not they can use the same lav.

"We have passed that stage here quite success-

fully. I am not sure if we are within the law, but a case against us would be very silly.

"The Government prefers that this sort of thing is achieved without their having to take any part in it.

"But both inside and outside the National Government there is open opposition today to all those absurd and offensive laws which a short while ago was unthinkable. And if they can be removed by practice they are nearer to being removed by law as well."

ONE INGREDIENT

"This inevitable process needed one ingredient, foreign capital, if it was to succeed, Mr Oppenheimer told Ellison.

"If that is not forthcoming industry will shrink and become the preserve again of whites. Unemployment will increase among blacks, who will revert to the rural areas.

"That would lead to an increasing separation of the black people from the white — which is exactly what Verwoerd had in mind when he first formulated apartheid.

"And it is precisely under these circumstances that the Government's policy of separate development could become a reality," Mr Oppenheimer added, going on to raise the possibility of violent change if South Africa were starved of overseas investment.

Investment boycotts won't help — SA black

The Argus Correspondent

HOUSTON. — Boycotts of South Africa have 'frightening implications' for the country's blacks, Mrs Lucy Mvubelo told a seminar on investment in South Africa here yesterday.

The general secretary of

the National Union of Clothing Workers said actions like the withdrawal of foreign investment would help only to entrench further the 'remaining concepts of apartheid.'

'It will result in the re-introduction of privi-

leges for all whites to ensure full employment for them whilst the burden of unemployment will be carried by the blacks,' she said.

'It will give the South African Government the opportunity of removing the unemployed urbanised blacks back to the home-

land areas, no fear of objection from the business community, who have no need for their labour.'

Removing the whites' fear of unemployment through replacement by blacks would allow rapid black advancement, she maintained.

Most people in South Africa, including many highly-influential whites, opposed apartheid. But it was in a climate of economic growth that the will still existing could be developed, she said.

ACT

To restrict the enforcement in the Republic of certain foreign judgments, orders, directions, arbitration awards and letters of request; to prohibit the furnishing of information relating to businesses in compliance with foreign orders, directions or letters of request; and to provide for matters connected therewith.

*(English text signed by the State President.)
(Assented to 20 June 1978.)*

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

1. (1) Notwithstanding anything to the contrary contained in any law or other legal rule, and except with the permission of the Minister of Economic Affairs—
- (a) no judgment, order, direction, arbitration award or letters of request delivered, given or issued or emanating from outside the Republic and arising from any act or transaction contemplated in subsection (3), shall be enforced in the Republic,
- (b) no person shall in compliance with any order, direction or letters of request issued or emanating from outside the Republic, furnish any information as to any business whether carried on in or outside the Republic.
- (2) The permission contemplated in subsection (1) (b) may—
- (a) be granted either by notice in the *Gazette* or by written authority addressed to a particular person;
- (b) be granted subject to such conditions as the said Minister may deem fit;
- (c) relate only to specified goods or businesses or classes of goods or businesses, or to orders, directions or letters of request issued in or emanating from a specified country;
- (d) if it is granted by notice in the *Gazette*, relate only to specified persons or classes of persons.
- (3) In the application of subsection (1) (a) an act or transaction shall be any act or transaction which took place at any time, whether before or after the commencement of this Act, and is connected with the production, importation, exportation, refinement, possession, use or sale of or ownership to any matter or material, of whatever nature, whether within, outside, into or from the Republic, by, on behalf of or of producers of such matter or material.
2. Any person who contravenes the provisions of section 1 (1) (b) shall be guilty of an offence and on conviction liable to a fine

Prohibition of enforcement of certain foreign judgments, orders, directions, arbitration awards and letters of request and furnishing of information relating to businesses in compliance with foreign orders, directions or letters of request.

Offences and penalties.

PROTECTION OF BUSINESSES ACT, 1978.

Act No. 99, 1978

not exceeding two thousand rand or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

3. Section 2 of the Second General Law Amendment Act, 1974, is hereby repealed.

Repeal of section 2 of Act 94 of 1974.

4. This Act shall be called the Protection of Businesses Act, 1978, and shall come into operation on a date fixed by the State President by proclamation in the *Gazette*.

Short title and commencement.

No. 207, 1978

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INWERKINGTREDING VAN DIE WET OP DIE
BESKERMING VAN ONDERNEMINGS, 1978 (WET
99 VAN 1978)

Kragtens artikel 4 van die Wet op die Beskerming van Ondernemings, 1978 (Wet 99 van 1978) verklaar ek hierby dat genoemde Wet in werking tree op datum van publikasie van hierdie Proklamasie in die *Staatskoerant*.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Pretoria, op hede die Twintigste dag van Julie Eenduisend Negehonderd Agt-en-sewentig.

N. DIEDERICHS, Staatspresident.

Op las van die Staatspresident-in-rade:

J. C. HEUNIS.

No. 207, 1978

COMMENCEMENT OF THE PROTECTION OF
BUSINESSES ACT, 1978 (ACT 99 OF 1978)

In terms of section 4 of the Protection of Businesses Act, 1978 (Act 99 of 1978), I hereby declare that the said Act shall come into operation on the date of publication of this Proclamation in the *Government Gazette*.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Twentieth day of July, One thousand Nine hundred and Seventy-eight.

N. DIEDERICHS, State President.

By Order of the State President-in-Council:

J. C. HEUNIS.

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New Survey reveals sweeping labour reforms in SA

By Sieg Hammig, Labour Reporter

tion workers.

Eight out of 10 leading employers have racially mixed offices in their establishments, and four out of 10 have mixed toilets.

This revelation of employment reforms in South Africa — where mixed office and toilets were considered illegal a few years ago — comes in a survey of 167 companies employing almost a million workers.

“This does not mean that every office or toilet in the companies concerned is shared by all races,” says the conductor of the survey, Mr Bernard Chalmer of the Fine Spamer Associates human resources consultancy.

“But it indicates that at least some of these facilities are shared in the establishments in particular.”

The survey confirms that almost every sphere of employment practice is affected by the labour reforms sweeping South Africa. And it is expected to provide fresh impetus to black advancement and the removal of employment discrimination.

“It is clear that virtually all of the participants of the survey are anxious to eliminate employment discrimination,” Mr Chalmer said.

“Having a yardstick of what is being achieved will enable them to make further progress.”

An important finding was that the objectives expected from whites to mixing or dealing with workers of other races do not occur when this actually happens.

It also became clear that many firms saw legal restrictions as more limiting than they really were. Nevertheless, nearly two thirds of the 167 firms believed that discrimination could be removed within the next five years.

Companies with American ties were ahead of others in removing discrimination, and South African companies tended to lag behind both the American and British firms.

“But the gap among American, British and South African companies is sufficiently closed to do so,” Mr Chalmer said.

Some of the most revealing findings of the survey are that: ● Almost seven out of 10 companies consider all existing staff for promotion, regardless of race. ● More than half the 167 companies reported they had whites and workers of other races working at the same level. ● Relatively few whites being supervised by members of other race groups but where this occurred there was little negative reaction from the whites. ● About two-thirds reported an integrated pay structure for all races and said they paid equal pay for equal work, mainly on a system of job evaluation.

More than half the firms were South African owned, 28 percent had strong links with Britain and 15 percent with the United States.

Dink goed, sê Ford

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RAPPORT
2/7/78

LOOP lig vir oorhaastige rasionalisasie in die trekkerbedryf en vir oorhaastige plaaslike vervaardiging, waarsku mnr. Wally Rautenbach vandeeweek. Hy is die direkteur van Ford SA wat belas is met die trekker-afdeling.

Hy het uit die staanspoor gesê dat hy in beginsel hoegenaamd nie teen rasionalisasie en plaaslike vervaardiging is as dit om strategiese redes gaan nie. Maar dan moet 'n man onthou dat ekonomiese oorgewings in so 'n geval sekondêr is.

Om te sê dat daar te veel trekkermaatskappye is en dat die kleineres moet verdwyn, maak nie altyd goeie sin uit nie.

Vier vervaardigers, van wie Ford een is, besit 80 persent van die SA trekkermark. As iemand dan moet verdwyn om 'n groter kap van die mark vir die oorblywendes te verseker, spreek dit vanself dat dit weinig sal help as van die kleintjies verdwyn. Die mense wat sal moet plek maak, sal van die grotes moet wees.

Want selfs al sou die vier grotes, Massey Ferguson, Ford, Fiat en John Deere, alleen oorbly, sal dit maar net beteken (as elkeen 'n gelyke aandeel van die mark het) dat elkeen sowat 3 500 trekkers per jaar verkoop. En dit los nog weinig van die argumente teen fragmentasie van die mark op.

As 'n trekker in Suid-Afrika gebou moet word (alles word tot nog toe ingevoer), sal ons moet sorg dat ons honderd persent onafhanklik van die buiteland is. Maar daar is 'n paar kwesbare dinge, dinge wat mnr. Rautenbach kritieke items in 'n trekker noem.

Persentasiegewys van die trekker as geheel, is dit onbenullig. Maar sonder daardie onderdeeltjies kry jy geen trekker gebou nie.

Dus, daardie gaatjies sal eers toegestop moet word. Daar sal derhalwe voordat 'n mens ligweg praat van SA trekkers bou, sorgvuldig 'n lys opgestel moet word van alle onderdele wat benodig word vir die bou van 'n eie trekker. En dan sal na die beskikbaarheid van elkeen gekyk moet word.

Oppotting van kritieke

onderdele is 'n alternatief as die bronne dalk om politieke redes opdroog. En dis 'n saak vir gekoördineerde oorleg.

As plaaslike vervaardiging om ekonomiese redes gaan, kyk 'n mens vir eers na die opbrengs op jou belegging. En die normale, aanvaarde opbrengs op so 'n belegging is 15 persent. Maar dan moet 'n man onthou dat Suid-Afrika se markpotensiaal vir die voorsienbare toekoms nie meer as maar 15 000 trekkers per jaar is nie.

Kyk 'n mens na wêreldstudies, toon dit dat 'n dieselenjin, die hart van 'n trekker, vervaardigingsregverdiging bied op 'n konserwatiewe 25 000 per jaar. Dit spreek dus vanself dat 'n mens in Suid-Afrika by die vervaardiging van dieselenjins verder as die trekkermark sal moet kyk — soos daar ook nou in studies van die NOK gedoen word.

Dan het 'n mens nog nie eens by die ratkas en agteras gekom nie. Voorts is bv. die hidrouliese stelsel ook van die kritieke punte by trekkers wat hy reeds genoem het.

'n Mens moet ook onthou dat as jy plaaslik trekkers bou, jy tred sal moet hou met die tegnologiese ontwikkeling elders in die wêreld. Dit sal ook geld verg.

Jy praat derhalwe hier van baie miljoene, baie meer as die R50 miljoen wat reeds in gesprekke oor hierdie saak genoem is.

Mnr. Rautenbach meen SA vervaardiging van trekkers is in hierdie stadium beslis nie ekonomies vatbaar nie. En al sou jy die dieselenjins uitbrei na vragmotors en stilstaande enjins, sal die koste nog steeds 'n premie op die verbruiker plaas.

Daarom sê hy: die idee is goed as dit moet. Maar laat ons asseblief baie deeglik besin en nie oorhaastig optree nie. Anders kan dit ons suur bekom.

Inkatha bid to enforce work codes

Argus
12/7/78
① 5
② 60

The Argus Correspondent

JOHANNESBURG. — Leaders of the 150 000-member Inkatha movement have disclosed details of a campaign to force hundreds of foreign companies to adhere to employment codes of conduct and to recognise black trade unions.

South African companies will not be immune from a campaign calculated to give an unprecedented boost to black trade unionism and efforts to gain better employment conditions for blacks.

The campaign is being launched after behind-the-scenes discussions held overseas recently between Inkatha leaders and foreign governments, trade union movements, employer organisations and pressure groups. Local black trade union leaders have also been consulted.

4 CODES

Inkatha plans to make companies in South Africa adhere to four different codes of employment — The European Economic Community code, which applies to EEC-based companies, the Sullivan code for American companies, a code drawn up for Canadian companies and the Urban Foundation code for South African concerns.

British and European companies are expected to be the first in the firing line. Inkatha leaders have already earmarked several prominent concerns as prime targets.

This week, at the Inkatha annual congress in Natal all delegates are being issued with pamphlets bearing clauses from the EEC code and the names of nearly 200 companies to which the code applies. The code states that the companies should allow their black employees to have unions.

STRATEGIES

Inkatha members employed in these companies are going to approach their employers to ask them to adhere to the code, should it apply to them. Should an employer

refuse, a variety of strategies are envisaged:

- Pressure on management in South Africa by Inkatha leaders.
- Pressure on the parent company abroad.
- Protests by Inkatha to the Government in whose country the company is based.
- Calls by Inkatha on trade union movements and pressure groups in these countries to exert influence.

Should these measures prove unsuccessful, Inkatha president, Chief Gatsha Buthelezi, is expected to attack such a company from the many platforms he is granted in South Africa and abroad.

Blueprint for blacks a must — Qoboza

CAPE TIMES

12/7/78

(1) 1

(2) 60

Chief Reporter

MR PERCY QOBOZA, editor of the Post, in Johannesburg, said in Cape Town yesterday there was an urgent need for the drafting of a blueprint for black participation in the economic life of South Africa.

Blacks would be primarily responsible for efforts that must be made to restore confidence and credibility in the Republic's free-enterprise system, he said.

"For this reason I would call upon them, as a matter of urgency, to establish a black economic commission under the auspices of the National African Chamber of Commerce. Such a commission would call in black experts in our community to draw up a blueprint for black participation in the economic life of our country."

Mr Qoboza — whose former newspaper, the World, was banned last October and who was kept in detention for five months — was speaking at a lunch given by the University of Cape Town Graduate School of Business Association.

He said the main task of the commission he proposed must be to examine the various codes of conduct and draw up its own code for industry and commerce.

"I am getting a bit weary of all the people who draw up codes of conduct in terms of what they consider to be fair and just for us. Maybe the time has now come when we ought to be telling people loud and clear what we consider to be fair and just for us in terms of our aspirations."



Mr Qoboza — yesterday's picture

Mr Qoboza said he visualized a five-year plan in which all business concerns would undertake to ensure that within this period:

- 24 percent of their middle management was black;
- 20 percent of top management in the same period would be black; and
- At least 20 percent of the companies' boards of directors were also black.

"I am aware this proposal will evoke the usual hue and cry and people will label it radical and that it does not take account of the realities of our situation.

"These arguments bore me to tears. We have five years to see the deal through and so instead of sitting down and shedding crocodile tears let's get on with the job."

LABOUR FM 21/7/78

Muscle for the unions

Labour relations may never be the same again. Employers who refuse to recognise African trade unions could find themselves with a massive consumer boycott of their products on their hands.

This is one implication of Chief Gatsha Buthelezi's Inkatha movement's decision — described by Inkatha publicity secretary Gibson Thula as “one of our last options against disinvestment” — to attempt to monitor and enforce the various codes of employment practice which have been issued of late.

Says Thula: “We have powerful consumer leverage. If our plans are accepted by the other members of the SA Black Alliance next week, we will have even greater leverage.”

There's also little doubt that the main thrust of the Inkatha campaign will be the union recognition issue. Says Thula: “Our main purpose is to strengthen the existing trade union movement.” And he adds that, while Inkatha is using the codes as its base, it is not using those codes which ignore, or are ambiguous about, the trade union issue.

“We regard the EEC code as the most effective of all and our congress passed a resolution urging the framers of all the codes to improve them,” says Thula.

For their part, the unregistered African unions seem prepared to co-operate with the project. Black unionists canvassed by the *FM* this week took a cautious view but generally welcomed the move. Said one: “We are prepared to accept the support of anyone genuinely interested in unionism. After all the false promises of help from registered trade unions, we're pleased somebody else is coming to our aid.”

But there are reservations. Such as the feeling that Inkatha should not attempt to supplant the unions' own role, and a doubt on the part of some that Inkatha has sufficient labour expertise to handle the issue.

Union meeting

On the first point, Thula replies that Inkatha's aim is to work with the unions and accept their guidance. “We don't necessarily want them to join us. They must keep their hands clean politically. We're offering this as a service to all SA workers, regardless of colour.” Indeed, Thula is due to meet Reef trade unionists on August 1 to put Inkatha's plans to them.

On the second point, Thula acknowledges Inkatha's lack of expertise but adds: “That's precisely why we're look-

ing for the co-operation of other groups, not only unions, but churches and anyone else who has an interest in worker rights.”

If it discovers breaches of fair employment practices, Inkatha, will, he says, rely on the initiative of workers and their representatives in the factory to take up the matter rather than simply sending Inkatha officials in.

Chief among Inkatha's aims, he says, is to stimulate a shop floor awareness of what the codes say and what the company is doing to comply with them. For a start it has a list of foreign firms and hopes to tackle them during the next few months.

How effective will Inkatha be? Buthelezi has promised some results within a year, and observers point out that he rarely makes a promise he doesn't feel he can deliver. Certainly a consumer boycott could be a powerful weapon, but what of firms whose products are not dependant on the black market?

Overseas contracts

Says Thula: “We have made contact with overseas employer organisations, trade unions and governments. Every case of non-compliance by a foreign firm or victimisation of workers who complain will be reported to them.” And he warns: “Every firm has some vulnerable spot.”

So Inkatha means business. If so, relations between employers and their African workers will take on a new dimension, with employers for the first time under sustained local pressure to introduce changes.

All this is a significant change of direction for Inkatha. Like many black political organisations it has not hitherto concerned itself directly with the problems of the working man. By doing so now, it has not only altered the SA labour scene, but may well have opened up new avenues for support.

Two points will affect the initiative's credibility among black workers. The first is the expertise of the Inkatha men who run the project. Chief Buthelezi's KwaZulu doesn't even have a labour minister at present and there are no labour specialists in Inkatha's ranks. Much may depend on whether the movement finds one.

The second is the issue of wages and working conditions in bantustan and border areas, including Buthelezi's own bailiwick. These are widely regarded as well below standard and some critics are

already citing them as a question mark against Inkatha's sincerity. The extent to which they are tackled will be vital to the credibility of Inkatha's new direction.

waivis.

FM 28/7/78

(132)

Inkatha endorsed

(60)

The SA Black Alliance endorsed Chief Gatsha Buthelezi's Inkatha movement's decision to attempt to monitor and enforce the various codes of employment practice. The decision adds the weight of coloured and Indian groups to the move which could have a significant effect on labour relations.

Urgent 1 2 3 4 5 Not Urgent

communication to its students?

5. Should an African Technical College offer courses in language and

- m) Other (please specify).
- l) Africans not regarded as capable/correctly orientated.
- k) Africans unqualified/inexperienced.
- j) Reactions of customers or public.
- i) Fear of friction and hostility among different African groups.
- h) Assumed legal restrictions.
- g) Job reservation.
- f) Assumed illegality of placing Whites under Africans.
- e) Red tape associated with employment of Africans.
- d) Trade Union/Industrial Council restrictions.
- c) Separate offices/toilets/canteens required by law.
- b) Apprenticeship Board restrictions.
- a) Fear of reactions of white employees.

Is it because of any of the following? Indicate the 3 factors

4. What factors prevent you from employing more Africans as technicians than you indicated in the previous question?

60
—
THE US

Inkatha sells itself

FM 11/8/78

Inkatha's latest drive to harness consumer and worker power assumed a new dimension this week. Speaking in Los Angeles, Inkatha president Gatsha Buthelezi laid down the guidelines — and the limitations — of the US's role in the Inkatha scheme.

Always a staunch opponent of disinvestment, Buthelezi stressed that economic pressure for change in SA must not come from abroad.

In fact, he argued, no attempt to liberate SA could succeed if local black leaders were not consulted: "We remain suspicious of shuttle diplomacy between apartheid bosses and front line presidents without consulting us."

Americans, blacks in particular, had a responsibility to facilitate peaceful change in SA. This is where Inkatha's latest tactic comes in. One of the few remaining non-violent tactics is to strike at the "Achilles' heel" of white society — its economic dependence on blacks.

Inkatha's first step is to monitor the implementation of employment codes. At least 104 US owned firms in SA have signed the Sullivan code (which has only recently been amended to take account of trade unions).

What US citizens can do is urge US businessmen with SA interests to meet Inkatha and the trade unions and talk. "This is your responsibility; they are your investors and they represent your society."

Inkatha, claimed its president, with its 150 000 paid-up members and wide support, was the first body sufficiently organised to sustain such a drive.

Buthelezi realistically conceded that he could not expect Americans to fly in the face of their own economic interests. But, he continued, "the vested interests of the US would be served better if there were a real participation by you in the struggle for liberation in SA."

The cry is on

FM 15/9/78
 He A study just published in London points
 rec out that in the past few years the impor-
 exp tance to SA of direct investment has been
 stu overshadowed by SA's need to raise
 ve funds by bond issues and direct borrow-
 res ing abroad.

Between 1972 and 1976 the share of
 direct investments in total foreign invest-
 ment fell from 64% to 41%, and non-
 direct investment quadrupled from
 R2 891m to R11 786m. Direct invest-
 ment rose by only 66% (from R4 895m
 of to R8 143m). These borrowings, concen-
 rec trated in the hands of a relatively few
 nic large international banks are "a form of
 investment that is practically easy to con-
 trol."

The study *Changing Patterns of Inter-
 national Investment and the Disinvest-
 ment Campaign*, by Simon Clarke, a UK
 economist, is a mish-mash of politicised
 ina economics (eg "to deal with the 1976
 tha crisis SA took measures which drove the
 abi economy into deep recession"). But
 be Clarke's conclusion should not be taken
 an lightly: "The task of the disinvestment
 campaign is to make foreign lending to
 SA a *political* issue ... to impose poli-
 tical terms on the bankers that will make
 the issue of disinvestment one that
 strengthens the hand of resistance."

It is opportune here to mention the absolute necessity for the
 College to employ teachers who can really teach. This is another
 point that cannot be overemphasised.

ologists in the industry also
 management abilities, we are also
 ter development for the Indian
 Dale Carnegie Personality De-

erness Leadership School. The
 encouragement and development
 s already apparent that inculcation
 only is not sufficient for the
 y'. This holds for the tech-
 Furthermore, the African technicians,
 oned, are particularly likely to
 kills which a White learns, albeit
 se. It was often mentioned to us
 gh they be, lack general management
 This tendency is quite likely to
 chnicians vis-a-vis Whites, and
 me it.

5. RECOMMENDATIONS

We recommend that the higher the ranking of a course in Table 40 in
 section 4.A., the higher the priority it receives as one of the courses
 offered at the proposed Technical College. However, many of the lower
 ranked courses are very similar to some of those ranked higher and could
 be offered at very little extra cost of any kind, i.e. once a decision
 has been taken to offer any particular course, the marginal cost of offer-
 ing a closely-allied course is low. Also, a lower ranked course may
 have more prospective technicians interested in doing it, or sent by
 their employers to do it, than a higher ranked course.

We recommend that a course in language and communication, and more
 broadly a course along the lines of the 'General Studies' course com-
 pulsory for White trainee technicians at Colleges for Advanced Technical
 Education, be offered as a matter of urgency.

Tip-toeing back

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FJM 22/9/78

Despite Rhodesia's slide into anarchy, uncertainty over Namibia, doubts about SA's own future stability and the prospect of the business recovery fizzling out, despite all these things, foreign investment in SA has been picking up again.

The upturn, in both bank loans and, to a lesser extent, direct investment, is confirmed by figures and a wide range of market impressions.

According to the latest World Bank annual report, published last week, SA borrowers raised \$206m on international bond markets in the first half of 1978. The 1977 total was only \$23,9m, while \$84,5m was brought in during 1976, the year when Angola, Soweto and the business slump began to sour SA's name among bankers in Europe and America.

This year's public sector borrowers include Escom, Iscor, Railways, SABC, Johannesburg, Cape Town, Sasol, the Strategic Oil Fund and the Corporation for Economic Development. Escom, which appears to have been the busiest in the international markets, is estimated to have scooped in more than R75m (excluding renewals) so far this year.

Maturities

Private sector borrowers have included Barlow Rand, the Urban Foundation and Standard Bank Import and Export Co (acting, some reckon, on behalf of a public corporation).

Maturities have lengthened. While the few loans floated last year carried an average life of three years or less, most of 1978's issues are for four or five years. The *FM* learns that even a seven-year credit was negotiated earlier this year.

Before he left for Europe and the US last week, Finance Minister Owen Horwood asserted that "the climate for SA in the international capital market has improved still further" since his last visit overseas in July. And Lawfin's Lawrence Miller, who claims to have raised over R60m abroad so far this year, reckons "the situation is no doubt improving. The market is a little broader than one tends to think." Adds one big borrower: "Some of the banks who are lending to us have insisted that their names be kept secret."

Most active lenders seem to have been the German and Swiss banks, with Bayerische Vereinsbank, BHF Bank, Bayerische Hypotheken und Wechselbank and Commerzbank apparently to the fore. Though most leading US banks have announced they are not prepared to lend to the SA government or its agencies, the *FM* learns that several are keen

to do business with public sector borrowers. Black housing is an obvious area of interest, though there is a problem with government guarantees.

The notion that direct investors have pulled out of SA in droves since Soweto is clearly wrong. If anything, there are more foreign-controlled and affiliated firms in SA now than there were two years ago. Our table shows that at least 2 000 foreign companies are now operating in SA.

According to a US Department of Commerce publication released just two months ago, "a few US firms have reduced their investments in SA, largely

UK	1 200
West Germany	350
US	335
France	50
Australia	35
Belgium	20
Netherlands	20
Italy	21
Switzerland	12
Sweden	11
Spain	6
Canada	5

in response to the recessionary situation. However, no significant move toward disinvestment has been noticed, despite growing pressures from private American groups concerned over US business involvement and labour practices in SA." Indeed, a recent count shows that in the past year or so, about 10 more US firms have moved into SA than have left.

One recent newcomer for instance, is Minnesota-based L&M Radiators, which will shortly be opening a R0,6m plant near Rustenburg (see *Business Brief*).

More European companies also seem to be testing the water. Gert Fischer, manager of the SA-German Chamber of Trade and Industry, notes that while some smaller firms have pulled out for economic reasons, the bigger ones "are coming in more and more." Several, reckons Fischer, are funding their investments from abroad.

What of British companies, which not so long ago were warned by Foreign Secretary David Owen of the dangers of relying on SA? Certainly, there have been some spectacular disengagements this year — General Electric, Leyland,

Reed International and Royal Exchange Assurance, for instance. Nonetheless, says one trade and investment watcher, "this is not a trend. There is some evidence of new investment in the past two to three months."

There has been little change in the number of companies in the Republic from SA's lesser trading partners. A few Australian firms have packed up, but again mostly for commercial reasons. On the other hand, increasing trade with Spain could, according to Spanish commercial counsellor Luis Valero, lead to greater investment interest.

What explains the apparent upturn in foreign investment? With the economy slowly recovering, perhaps it is the old argument that politics is further on most businessmen's horizons than profits. Wednesday's events however, may change those priorities.

Table 31. Urgency of language and communication

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Table 32. Numbe

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Table 33. Facto

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Table 34. Urgen

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Table 37. Urgenc

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Table 38. Total

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Table 39. Total

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Table 40. Demand

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FOREIGN INVESTMENT

Pulling 'em in

(66) FM 17/11/78

Gordon Waddell told last week's *FM* Investment Conference that SA needs R2 000m a year in foreign investment to finance a 5% real growth rate. Is there any way that we are going to get it?

Finance Minister Owen Horwood made it clear, in his address to the conference, that Pretoria is giving top priority to ways of attracting overseas investors. The De Kock commission (whose report

November 3) is proof that there is still money to be made here. Likewise, many direct investors are in the wings, waiting for some assurance from Pretoria on the status of their proposed commitments.

Over 200 German businessmen attended two recent seminars in Dusseldorf and Frankfurt organised by the SA-German Chamber of Trade and Industry on investment opportunities in SA.

What most worries prospective investors is that, under present rules, once they have put money into SA, they cannot get it out again without suffering a considerable capital loss.

With few exceptions (a foreign exchange expert at a leading bank says he has come across only one in the past five months), foreign companies are obliged to take capital out of SA through the securities rand market, having invested it at the free market exchange rate. At the present securities rand discount, this means taking a knock of around 40%.

"Businessmen like to have mobility of their funds," says Peter Sorour, director general of the SA Foundation, who had lengthy discussions recently with European and American businessmen.

Florian Schuffner, director of the SA-German Chamber of Trade and Industry, adds that most questions at the Dusseldorf and Frankfurt seminars concerned not SA's political future, but the problems of capital repatriation. A freer regime, says Schuffner, "will encourage foreign investment to a tremendous degree. It could make the difference for medium and small German companies choosing between SA and other countries."

The *FM* has in the past mooted a two-tier exchange rate for the rand — a pegged rate for current transactions and for residents' (controlled) capital outflows such as travel allowances, and a freely floating rate for all capital transactions by non-residents.

The appeal of this is that the greater the weight of investment capital wanting

should be ready in about three weeks) and the Department of Finance are putting together a package of goodies which hopefully will whet foreign businessmen's appetites.

An easing of southern Africa's political tensions would, of course, be the best possible way to reverse the present flight of capital from SA. The chances of that happening in the near future are

to leave the country, the more expensive it would be to take out; at the same time, however, it would become cheaper for foreigners to build new plants in SA or expand existing ones.

The disadvantage is a heavy burden on the exchange control authorities, who would have to decide what are current and what are capital transactions. A



Sorour . . . businessmen like mobile funds

great deal of policing would be necessary.

It is no secret that government would like to cut bureaucratic interference in investment decisions to a minimum. But fears of a wave of withdrawals in the event of political shocks are likely to mean the retention of some controls.

A growing number of bankers and economists are now calling for an expansion of the existing system. This would mean assuring a greater number of investors in advance that, should they wish to withdraw, they will be allowed to transfer capital abroad at the free market

none too good. For the time being, therefore, government must do its utmost to smooth the way for those investors who, despite the political risks, are thinking of doing business south of the Limpopo.

Some bold initiatives from De Kock and Horwood could in themselves prove a very strong magnet to foreign money. SA borrowers' growing activity in international capital markets this year (*FM*

exchange rate.

Such assurances could apply to all investments which, for example, create a large number of jobs, replace a substantial volume of imports, or generate sizeable export revenues. One banker suggests that to counter fears of huge capital outflows prompted by political scares, disinvestment of large amounts could be phased over time.

The crucial point is that Pretoria must be prepared to guarantee in writing at the time an investment is made that the funds will be allowed out at the free market rate of exchange, should the company concerned wish to disinvest. This is similar to the rules applied in Brazil, where funds from abroad are invested for specific purposes and periods, with the assurance that they can be repatriated at the exchange rate ruling at the end of the agreed period.

Horwood could also make friends by promising foreign investors that he will not move forward the cut-off date for earnings from which dividends may be paid and repatriated. In last year's budget, he set this date at 1975 and decreed that it would be moved forward every 12 months by one year.

Pressure from multinationals forced him to rescind the crawling cut-off point last August, but he has not said he won't change his mind. "The cloud still hangs," says one banker.

Many multinationals would also like to see an easing of the restriction on their local borrowings. This, however, is unlikely, for such a step would almost certainly lead to large-scale switching of trade finance from foreign to local sources, and of equity capital from abroad to local borrowings.

Any easing in the present rules obviously increases the danger of capital outflows, perhaps at inconvenient times for the balance of payments. But so strong is the feeling in business circles that relaxations would also encourage new investment that the risk could be well worth while.

60

FOREIGN FIRMS IN

S.A. - General

1-1-79 - 31-12-80

For full text see GS

ACT

To restrict the enforcement in the Republic of certain foreign judgments, orders, directions, arbitration awards and letters of request; to prohibit the furnishing of information relating to businesses in compliance with foreign orders, directions or letters of request; and to provide for matters connected therewith.

(English text signed by the State President.)
(Assented to 20 June 1978.)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

1. (1) Notwithstanding anything to the contrary contained in any law or other legal rule, and except with the permission of the Minister of Economic Affairs—
- (a) no judgment, order, direction, arbitration award or letters of request delivered, given or issued or emanating from outside the Republic and arising from any act or transaction contemplated in subsection (3), shall be enforced in the Republic;
- (b) no person shall in compliance with any order, direction or letters of request issued or emanating from outside the Republic, furnish any information as to any business whether carried on in or outside the Republic.
- (2) The permission contemplated in subsection (1) (b) may—
- (a) be granted either by notice in the *Gazette* or by written authority addressed to a particular person;
- (b) be granted subject to such conditions as the said Minister may deem fit;
- (c) relate only to specified goods or businesses or classes of goods or businesses, or to orders, directions or letters of request issued in or emanating from a specified country;
- (d) if it is granted by notice in the *Gazette*, relate only to specified persons or classes of persons.
- (3) In the application of subsection (1) (a) an act or transaction shall be any act or transaction which took place at any time, whether before or after the commencement of this Act, and is connected with the production, importation, exportation, refinement, possession, use or sale of or ownership to any matter or material, of whatever nature, whether within, outside, into or from the Republic, by, on behalf of or of producers of such matter or material.
2. Any person who contravenes the provisions of section 1 (1) (b) shall be guilty of an offence and on conviction liable to a fine

Prohibition of enforcement of certain foreign judgments, orders, directions, arbitration awards and letters of request and furnishing of information relating to businesses in compliance with foreign orders, directions or letters of request.

Offences and penalties.

TABLE 43: EMPLOYMENT

Copper

foreign controlled companies be relaxed. De Kock proposes that these limits (basically 25% of total capital for a company more than 25% overseas-owned, but rising according to the level of local participation) "should be applied more flexibly in cases where expanded business activity and employment are ... best financed by local borrowing." But the commission urges that implementation of this proposal should not "add to the uncertainty that must attach to a sudden withdrawal of the restriction on local borrowing by foreign-controlled companies."

That is the crux of the matter. As long as the threat of large-scale disinvestment looms, there is little chance that Pretoria will either relax or abolish the prescribed formula. Multinationals freely admit that

TAX

In our Tax and Taxpayers survey last week, the minimum investment in National Savings Certificates was given as R1. This should have read R50.

any increase in their local borrowing capacities would greatly increase the temptation to remit higher dividends and pay off inter-company accounts. In any case flexibility in applying the formula is nothing new. The representative of one large foreign bank notes that a number of multinationals are already over their local borrowing limits with the approval of the authorities. It is no secret, for instance, that Phelps Dodge was allowed to exceed its formula limit to help fund the Black Mountain minerals project. And it is known that some banks have actually helped clients circumvent local borrowing restrictions.

The restrictions are in any case not the main barrier to new investment, argues a US banker. There is simply too much spare capacity to warrant big outlays on capital equipment. Many multinationals in SA are operating in industries suffering from low capacity utilisation: motors, tyres and chemicals for instance;

Bankers also point out that, since publication of the De Kock report, foreign borrowing has become more attractive, with all companies now eligible for forward cover on foreign loans for renewable periods of one year. Thanks to the 2% forward dollar discount, foreign financing of trade deals has also become more attractive.

Concludes one banker: "SA is far more lenient with multinationals than virtually any other country in Africa today."

MULTINATIONAL LOANS

So, what's new?

Nothing to get excited about. That is the general reaction of multinationals to the De Kock Commission's recommendation that domestic borrowing restrictions on

did you hear

Gold	100 000	100
Diamonds	31 000	31
Platinum	264 000	264
TOTAL	863 900	999

These two projections are in fact very similar. Projections of coal employment (of the 135 900 them coal is responsible for 115 500). The divergent coal employment projections is the allowed for about the rate of growth of domestic - either 5 per cent or 8 per cent. The slight

projected rates of productivity growth is not relevant - since it actually offsets to some extent the employment effects of the alternative growth rates of demand and output. We have suggested earlier that it is relatively easy to make out a case for the lower end of Plewman's coal output projection range - but we have not made out a case against the upper end of the range. We shall retain it as a possibility therefore.

We shall concentrate on Projection 1 (for the reason just given). In terms of Plewman's statistics it represents an increase of around 220 000 jobs on 640 000 in 30 years (since 1970) - or employment growth at about 1 per cent per annum for the 30 years. From 1977 it represents the creation of approximately 193 000 jobs. (I am assuming that 1977 will see an average 700 000 workers in service, which converts to something like 671 200 at work - and the Plewman projections are of people at work).

SAA Beheersingse Doener

Deur DAVID MEADES

SUID-AFRIKAANSE belange beheer nou die eerste keer sedert die vestiging van die motorvervaardigingsbedryf in hierdie land hierdie strategiese sektor van die ekonomie.

Leyland en Peugeot/Citroen het in Januarie amptelik deel van Anglo American se Sigma geword en van die totale 23 773 voertuie wat in hierdie maand verkoop is, is 12 455 of 52,4 persent deur Suid-Afrikaansbeheerde groepe vervaardig.

Sigma was met altesame 4 948 eenhede die grootste in Januarie en hierdie syfer het hom 'n belang van 20,8 persent van die mark gegee. Daarna het Volkswagen gevolg met 'n belang van 14,9 persent, Datsun met een van 14,5 persent, Ford met 'n belang van 13,1 persent en Toyota ook 13,1 persent.

Aan die Passasiersvoertuigkant alleen vervaardig die oorsese groepe steeds meer as 50 persent. In Januarie was hierdie syfer 53,6 persent.

Behalwe Sigma, is die ander groepe Suid-Afrikaans-beheerde groepe Datsun (n Volkswagen Messina), Toyota (n Hiaal van dr. Albert Wessels se Wesco) en UCDD (vervaardiger van Mercedes-Benz-voertuie waarin die Volkskas-groep die grootste enkele belang het).

In die vervaardiging van passasiersvoertuie was Sigma, soos verwag, in Januarie die grootste.

	Jan. '79	%-Mark-aandeel	Jan. '78	%-Mark-aandeel	%-Styging daling
Sigma	3 831	23,3	3 773	25,8	+1,5
Volkswagen	3 212	19,6	2 433	16,6	+32,0
Ford	2 332	14,2	2 647	18,1	-11,9
Datsun	1 806	11,0	1 280	8,8	+41,1
GM	1 625	9,9	1 031	7,1	+57,6
Toyota	1 325	8,1	1 190	8,1	+11,3
Fiat	693	4,2	616	4,2	+12,5
BMW	651	4,0	520	3,6	+25,2
UCDD	648	4,0	782	5,3	-17,1
Alfa-Romeo	283	1,7	346	2,4	-18,2
Ander	6				12
Totaal	16 412		14 630		+12,2

jaar was en sy marktaandeel het van 18,1 tot 14,2 persent gedaal.

Datsun se nuwe model-reeks het hom in Januarie baie gehelp en hy kon sy aaset met 41,1 persent verhoog en sy marktaandeel van 8,8 tot 11 persent opstoot.

Gekrimp

General Motors kon eweneens in Januarie die voordeel van sy nuwe modelle die eerste keer werklik benut. Sy aaset het met byna 58 persent teenoor Januarie verlede jaar gestyg en sy marktaandeel het van 7,1 tot 9,9 persent toegegaan.

Toyota het sy aaset met 11,3 persent verhoog, wat hom in staat gestel het om ten minste sy marktaandeel op 8,1 persent te hou. Fiat kon ook sy marktaandeel op 4,2 persent hou nadat sy aaset met 12,5 persent toegeneem het. BMW het sy marktaandeel van 3,6 tot 4 persent verhoog nadat sy aaset met 25,2 persent gestyg het. UCDD se marktaandeel het aan die ander kant van 5,3 tot 4 persent gedaal ná 'n daling van 17,1 persent in sy aaset. Alfa-Romeo se marktaandeel het van 2,4 persent tot 1,7 persent gekrimp ná 'n daling van 18,2 persent in

Op die mark vir handelsvoertuie het Toyota met 'n marktaandeel van 24,3 persent sy voorste posisie behou, maar moes die warm asem van Datsun (22,2 persent) in sy nek gevoel het. Daarna was Sigma met 15,2 persent, GM met 14,5 persent en Ford met 10,5 persent.

Altesame 7 361 handelsvoertuie is in Januarie verkoop, wat 8,9 persent meer as Januarie verlede jaar was. Die Passasiersvoertuigafset het met 12,2 persent tot 16 412 gestyg en die totale afset met 11,1 persent tot 23 773.

nuarie die grootste met 3 831 motors, wat gelyk was aan 23,3 persent van die 16 412 voertuie wat in die maand verkoop is.

Dit was egter net 1,5 persent meer as die ooreenkomstige syfer vir die drie motorgroepe in Januarie verlede jaar en verteenwoordig in werklikheid 'n verswakking vir Sigma.

Volkswagen

Januarie verlede jaar se 3 773 motors het aan die gesamentlike Sigma, Leyland en Pasca 'n marktaandeel van 25,8 persent gegee. Maar die produksiegeriewe van die "nuwe" Sigma was in Januarie onder groot druk met die verskuiving en die rasionalisasie van die vervaardigingsgeriewe en vorentoe kan 'n heel ander storie verwag word.

Volkswagen het aan die ander kant sy sterk groei van verlede jaar voortgesit en sy syfer in Januarie met 32 persent teenoor die eerste maand van verlede jaar verhoog. Terselfdertyd het hy sy marktaandeel van 16,6 persent tot 19,6 persent verhoog en was net meer as 600 eenhede agter Sigma.

Die Britse stakings het Ford in Januarie baie kwaal geknou en hy kon net 2 332 eenhede verkoop, wat byna 12 persent minder as sy syfer in Januarie verlede

mal take-off can reach efficient levels.

least fifty are desirable. Following on from this premise

rable discussion in the Report on the need to develop co-

nt stock company forms through which small holders of

in together to run efficient herds. The optimum size herd

Human rights group airs

GENEVA — Khalifa's list — the black list of those who contribute "political, military, economic and other forms of assistance" to South Africa — appears to be turning into a major weapon against South Africa.

Criticism of Western countries' continued trade and other relations with South Africa has proved to be a focal point of this year's southern Africa debate in Geneva by the United Nations' Human Rights Commission.

The continuation and extension of the black list of South African "supporters" is the basis of one of three draft resolutions which will be put forward for a decision later this week.

The black list, drawn up by UN special rapporteur Ahmed Khalifa, so far names nearly 1500 banks,

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0280
blacklist

on SA ^{STAR} 28/2/79

From London Staff Reporter
Chris Waddington

airlines, shipping lines, commercial firms and sporting bodies which still have links with South Africa or Rhodesia.

Following continued criticism of Western countries for providing the means for the South African Government's continued existence, Burundi, Egypt, India, Morocco and Nigeria have proposed instructing Mr Khalifa to

continue enlarging the list and to report back to next year's session in Namibia, Zimbabwe and South Africa." This is sure to be agreed.

A second major debating point to emerge from this year's session is the question of the South African Government's legitimacy in view of its apartheid policies and its refusal to adopt the

United Nations charter.

The draft resolution calls for:

⊙ A study of the legitimacy of the South African Government;

⊙ A special meeting at each and every meeting of United Nations' bodies to be devoted to "the struggle against apartheid";

⊙ The immediate release of all political prisoners in South Africa, Rhodesia and SWA/Namibia;

⊙ Condemnation of countries which either directly or through their nationals are helping to "perpetuate the present situation in Namibia, Zimbabwe and South Africa."

The third resolution calls for an appeal for all countries to join the "convention on the suppression and punishment of the crime of apartheid" without delay.

De Kock behind foreign exchange rise

RDM. 8/3/79
60

By HOWARD PREECE
Financial Editor

SOUTH AFRICA'S official foreign exchange assets rose by over R206-million last month. This takes the Reserve Bank's holding to nearly R616-million, the highest since the first half of 1978.

The new forward cover policy accepted by the Government after the De Kock Commission is believed to be the main reason for the big foreign exchange inflow.

There was a rise of over R51-million in the gold holding to R1842-million.

This arose simply from the higher gold price and the increase in the Reserve Bank's market-related value for its gold from R183,28 at the end of January to R190,13 on February 28.

This took the total value of official reserves to R2.457-million.

The bank's foreign exchange holding, which includes special drawing rights, rose by R206-

million.

This follows an increase of R45-million in January which was apparently mainly due to the receipts of some of the \$250-million overseas loan that the Government arranged in 1978.

There was a fall of R210-million in the foreign exchange assets of the Reserve Bank in December.

This was partly because of seasonal factors, and also because of continuing repayment of official overseas debts. But it also reflected a large amount of switching by traders from overseas to South African financing as interest rates abroad, particularly in the United States, continued to rise while domestic rates fell.

The De Kock report recommended a new forward cover system that effectively provided a 3% inducement to traders to borrow overseas.

It seems clear from the foreign exchange movements last month that switching must not only have stopped but have

been reversed, with money from overseas financing flowing back into the reserves.

Although the gold price was booming last month, the trade figures from Customs and Excise, admittedly provisional and unreliable, do not suggest that there was a large surplus on the current account of the balance of payments — certainly nowhere near large enough to account for the reserves boost.

There was an aggregate rise of R205-million during September to November last year in the official foreign exchange holding, but switching was not as high as in December.

The Reserve Bank says foreign bills rose last month by R35-million to R69-million, investments by R200 000 to R29-million and other foreign assets by R171-million to R518-million.

The gold content of reserves was 74,95% (81,39%), and the ratio of gold reserves to liabilities was 71,3% (63,7%).

~~27~~
Disinvest call (6)

SPAS 201 31 79
The Star Bureau

LONDON — Students at Hull University are to ask the university to end its investments in South African interests. The call will be supported by Labour MPs Mr John Prescott for Hull East and Mr Kevin McNamara for Hull Central.

Anti-SA groups in bid to halt loans

RDM 3/4/79

① 60

~~② 80~~

Own Correspondent

LONDON. — An international campaign to discourage bank loans to South Africa was launched yesterday at the United Nations, in Britain and in a number of European countries including West Germany, Switzerland, France and Holland.

Organisations behind the campaign are the UN Centre Against Apartheid, the British pressure group End Loans to Southern Africa (ELTSA) and the Anti-Apartheid Movement.

To coincide with the launching of the campaign, the UN Centre Against Apartheid published a re-

port on international bank loans to South Africa by financial institutions.

This report, of previously unpublished material, shows that from 1972 to 1978 West Germany was the chief source of loans to South Africa. The UK, the US, France and Switzerland followed.

The report also shows that figures of loans from the UK dropped sharply after the 1976 unrest, but have recovered to a large extent and are fast attaining their previous level.

The campaigners plan to exert pressure on British banks and also on the British Government to apply a ban on further bank lending.

The UN General Assembly, in a resolution adopted in January 1979, called for an end to all new investment in South Africa and to all financial loans to South Africa.

The campaigning organisations said they had already made banks 'extremely uncomfortable' about lending to South Africa.

An international day of action is planned for tomorrow against bank loans to South Africa, particularly directed against Swiss and German banks. Protests will take place in Britain, Switzerland, Belgium, Germany, Canada and the US.

Foreign loans to SA pick up after Soweto

RDM 6/4/79
① 58
② 60

LONDON. — Between 1972 and 1978 financial institutions in South Africa received international loans totalling \$5 500-million, according to a report by the UN centre against apartheid.

This figure covers only credits or bonds raised on the international capital market, involving banks of different nationalities. It does not include loans made by banks in individual countries, trade financing and interbank lending.

The value of loans each year rose steadily until the Soweto riots in the summer of 1976, then fell and are now recovering. The main British banks involved in syndicated international loans are Barclays International, Barings, Hambros, Hill Samuel, Kleinwort Benson, Samuel Montagu, N M Rothschild's, and Schroder Wagg.

The study comes two months after the UN General Assembly called for an end to all new investment in, and all financial loans to South Africa.

Most of the loans came from West Germany, Britain, the US and France. UK investment in South Africa totals around \$5 000-million, according to Dr

David Owen, the Foreign Secretary. He said recently that Britons had "a heavy political and moral responsibility to use our economic influence to apply political pressure for peaceful change". The Government, he said, had shown determination to start reducing Britain's economic commitment to South Africa.

Ambassador Leslie Harriman, chairman of the UN Special Committee Against Apartheid, has stressed that foreign loans and credits have allowed the South African Government to increase its military budget from \$40-million in 1960 to nearly \$2 000-million this year.

Recently the US Eximbank made its financing to companies conditional on their agreeing to the so-called Sullivan principles — a code of anti-apartheid conduct described as marginally tougher in general than the EEC code.

Critics of apartheid also say that they have received assurances from some major US banks that they will not lend to the South African Government, or, in a few cases, to the Government's agencies. — Financial Times.

RC Church accused of supporting SA Govt

By DEREK TAYLOR

INTERNATIONAL fund-raising letters for Roman Catholic missionary work in Southern Africa have aroused accusations abroad that the Church has intervened politically against the campaign for economic boycotts.

The controversial sentences in the letters, mailed to potential donors in America and Europe in the name of Archbishop Denis Hurley, read:

"Well-meaning people in many

the apparent Church decision to support the South African Government against boycotts.

"Fund-raising for missionary work is one thing, but why mix pro-government politics with it?" asked Miss Stephanie Griffin, a London Roman Catholic lay-worker and anti-apartheid campaigner.

Other recipients of the letter say they plan written protests to Archbishop Hurley and their local missionary organisations.

A spokesman for the South African diocese told the Sunday Ex-

press this week that the sentences had "probably gone through in some secretarial process".

"Archbishop Hurley has an immense amount of work in leading our activities and many hands help him," said the spokesman.

Later, Archbishop Hurley said the question of economic sanctions was discussed in most church circles and no conclusive agreement had been found possible on the subject.

"I would certainly say that this portion of the letter does not re-

present a policy decision of the Church," he told the Sunday Express.

The Archbishop has led his South African diocese in energetic campaigns against racism — including the desegregation of white church schools.

He prophesied, in 1975, that Rhodesia and South Africa/Namibia would be governed by Blacks in 1980 and that they would achieve significant independence this year.

~~2128~~
260

27/4/79 DD

10

EEC calls for tight control on SA firms

STRASBOURG — European parliamentarians have called for tighter enforcement of the nine-state EEC's code of conduct for companies operating in South Africa.

The code is designed to ensure improved, minimum working conditions for black employees of European companies in South Africa.

There was opposition among parliamentarians to a general economic boycott on South Africa, which speakers said would only worsen the conditions of the black population.

The parliament was debating a revised version of the controversial report by its committee on co-operation and development on the code of conduct.

The first draft was withdrawn from the parliament last month after allegations that it was pro-apartheid in tone. The new report omits the controversial passages which rejected the one-man-one-vote system for South Africa and implied support for a federal-style solution to the country's problems.

It calls for improvement in the provisions of the code for the fixing of minimum wages. The report also recommends that surveillance of the code should be placed in the hands of the EEC com-

mission and not left to individual governments.

Observance of the embargo on arms supplies, control of the use of nuclear energy for peaceful purposes, an end to the financing of South African industry by European banks and refusal to grant credit guarantees and export licences are also demanded.

Socialist spokesman Schalto Patijn demanded that observance of the code be made compulsory, rather than voluntary as at present. He said it was a "futile" code unless companies were forced to obey its terms.

British Conservative Lord Reay said the weakness of the code was that it was left to individual national governments of the nine to monitor. A full account of the code's application to date should be furnished.

"Now that we have the code, we should see that it is obeyed," Lord Reay said. There was no point in empty gestures.

Presenting the new report, French socialist Pierre Lagorce said it was not the EEC's intention to drive the white population out of South Africa. Rather, the EEC wanted to preserve South Africa's multi-ethnic community while ensuring one ethnic group did not exploit another. — DDC.

rum 2/14/77

EEC call to enforce SA business code

60
133

Own Correspondent

STRASBOURG. — European parliamentarians have called for tighter enforcement of the EEC's code of conduct for companies operating in South Africa, while opposing a general economic boycott.

The code aims to ensure improved, minimum working conditions for black employees of European companies in South Africa.

Speakers in the parliament on Wednesday night said an economic boycott would only worsen the plight of blacks in South Africa.

The parliament was debating a revised version of the controversial report on the code by its committee on cooperation and development.

The first draft was hastily withdrawn from the parliament last month after allegations that it was pro-apartheid in tone. The new report omits the controversial passages, which rejected the one man, one vote system for South Africa and implied support for a federal-style solution to the country's problems.

It calls for improvement in the provisions of the code for the fixing of minimum wages.

The report also recommends that monitoring of the code should be placed in the hands of the EEC commission and not left to individual governments.

It calls for observance of the arms embargo, control of the use of nuclear energy for peaceful purposes, an end to the financing of South African industry by European banks and the denial of credit guarantees and export licences.

Socialist spokesman Mr Schalto Patijn demanded that observance of the code — at present voluntary — be made compulsory. He said the code

was "futile" unless companies were forced to comply.

British Conservative Lord Reay said the weakness of the code was that monitoring was left to individual governments of the Nine, and called for a full report of the code's application to date.

Presenting the revised report, French Socialist Mr Pierre Lagorce said it was not the EEC's intention to drive the white population out of South Africa. Rather, the EEC wanted to preserve South Africa's multi-ethnic community, while ensuring that one ethnic group did not exploit another.

Wiehahn news drew R600-m to SA in ~~SA~~ just one week

60 22/9/79

By Sieg Hannig,
Labour Reporter

About R600-million in capital investment flowed into South Africa within a week of the publication of the Wiehahn Report and the Government's acceptance of some of its proposals.

This was revealed in Johannesburg last night by Dr Errol Drummond, director of the Steel and Engineering Industries Federation and member of the Wiehahn Commission on labour reform.

But he warned against attempts to bring about change merely to accommodate vociferous critics.

South Africa was moving into a "new dawn" but until full-scale change could be implemented, employers needed to ensure a high level of communication with workers and consultation in the workplace.

Referring to the skilled labour shortage, Dr Drummond said it would take three to four years before people could acquire skills. "Our planning and our efforts should start immediately."

Foreign firms urged to assist SA's coloureds

RDM, 9/10/79. 60

Political Reporter

IT IS in the economic sphere that coloured people will find the solution to their problems, says Professor Richard van der Ross, vice-chancellor of the University of the Western Cape.

And he appealed yesterday to American and other foreign businessmen in South Africa to assist coloureds in the economic and education fields, which, he believed, were inter-linked.

Prof Van der Ross, who recently also became a director of the Rembrandt group, told the American Chamber of Commerce and the American Businessmen's Luncheon Club in Johannesburg that basically, coloured people did not want them to disinvest or withdraw their money from South Africa.

"We want investment — we want work, we want develop-

ment and we want opportunities for everyone in South Africa," he said.

He said that when coloureds were freed from slavery they were kept in economic bondage. They were given political and civil rights, but could not put these into practice because they lacked economic and educational means.

Today, at the highest point of their educational, cultural and economic development, they had no political rights. Coloured people, particularly in the big cities, held "superior positions" in many trades. There was also a large force of semi-skilled workers and a small and growing professional class.

"It is my belief it is in the economic sphere that coloured people will find the solution to their problems," he added.

But he said the income of 75% of coloured households was below R300 a month. The high degree of poverty prevented them from achieving what they desired in terms of schooling, housing and consumer buying.

Compulsory education for coloureds was not yet effective because of accommodation shortages and distances from schools.

He called on foreign firms to assist his university and other black institutions financially.

Some 1 200 American companies in South Africa had between them given only about R15 000 to his university and about half the amount came from three major companies. Prof Van der Ross appealed to them to revise this policy and pointed out that the Anglo-American Corporation recently gave the university R300 000.

Processes is essential; and the division will have to be more fine the more discriminating public decisions can be.

The results of programme budgeting may be valuable in themselves, although the mere procedure does not necessarily ensure that better decisions will be made. Their potential is realised only if there follows an assessment of the value of expenditure in each programme.

2.2 Programme Evaluation

Methods of evaluation range from simple procedures for looking at costs, where the conclusions are left largely to intuition, to highly complicated processes which present more or less clear-cut solutions. For these more precise methods, most of the value judgements have to be made explicitly in advance. Some points on the spectrum between these two extremes are analysed below.

2.3 Looking at Expenditure

Basically, one is looking for inconsistencies. It was noted that a logical axiom, basic to economics, is that a rand should yield approximately the same value in whichever programme it is spent. If the net social benefit from the marginal expenditure on one programme much exceeds that on another, one can do better by withdrawing from the first.

Mvubelo tells of her critics in exile

By DIAGO SEGOLA

DURING her recent visit to the United States, black trade unionist Mrs Lucy Mvubelo encountered strong opposition to her stand against disinvestment from South African exiles.

Mrs Mvubelo, general secretary of the National Union of Clothing Workers, said yesterday the most vocal of her critics was Mr Dennis Brutus, former president of the South African Non-racial Olympic Committee (Sanroc) and noted for his long campaign to force South Africa to change its policies through isolation in sport. She said her confrontation with Mr Brutus occurred during an address to students and staff at North-Western University, Chicago, where Mr Brutus lectures.

Mrs Mvubelo said her other strong critic was Dr Theo Kotze, former director of the banned Christian Institute, who fled last July.

Both Mr Brutus and Dr Kotze cannot be quoted in South Africa.

Mrs Mvubelo returned to South Africa at the weekend. Her visit to the US was sponsored by the South Africa Foundation.

She said during her many talks throughout the US, one fact that was hammered home to her was that the death in detention of black consciousness leader Steve Biko had given South Africa a bad name.

During her talk at Notre Dame University, Indiana, a professor asked her what black South Africans had done to avenge Mr Biko's death.

"He said the present generation of black South Africans should make sacrifices so future generations could have freedom. He was clearly talking about revolution.

"I told him it was very easy for people outside South Africa to prescribe solutions. I said I was against revolution, because it was our children's blood that would flow."

Many criticised her for advocating the continuation of US investment in South Africa. They told her the only way to break apartheid was to disinvest.

Mrs Mvubelo said she told her critics South Africa had entered a new phase, with rights and privileges being extended - although slowly - to black people. This positive process would continue, provided South Africa remained economically sound. "I also suggested to some of

such intuitive processes can pick out only the grossest incongruities which are recognised by all, whatever criteria of 'value' are used. The optimum level of expenditure on a particular objective is, from the point of view of intuitive judgement, highly uncertain, because of the wide variation in benefits attributable to a particular type of spend-

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be differences of judgement which cannot be resolved without prior agreement on the relative valuation of different benefits which have to be fed into the analysis; and in the intuitive process, these two factors may not be differentiated.

A very large proportion of decisions are now taken with no further analysis than this. Any further steps involve a way of systematically valuing the benefits of different programmes to render them comparable to one another.

2.4 An Informal Method for Setting Objectives

The following method for guiding the choice of priorities has been described by John Bryant. It has been used by medical and nursing students in Thailand, and one of its advantages is that it can be used where no numerical data is available. It, therefore, lends itself to discussion, to draw on the experience of a group of people.

Potential health problems are first listed, and then given a score (from one to four pluses) under each of four headings:

Diagram 1: A method of ranking health problems

Specific diseases:	Care	Cost	Prevention	Research	Total
V.D.	++	++	+++	++	36
Dental problems	+++	+	++	++	16
TB	+++	+	+++	++	16
Common cold *	+++	+	+	+	54
Yaws *	-	++	+++	+++	0
					0

* Added to test scoring method

Die volle implikasies van die verskeie van die Riekert-Kommissie word nog nie ten volle benut nie. Maar die verklaarings van die Eerste Minister, mnr. P. W. Botha, het die sakegemeenskap aangemoedig om hul eie arbeidsbeelde so vinnig as moontlik te hersien. "n Hele klomp ou idees greerde indiensneming in die proses van verandering heeltemal verpletter. Die nuwe neiging is besig om 'n positiewe en optimistiese klimaat te skep en dit kan net tot voordeel van die land as geheel wees," sê mnr. Westcott.

SA maatskappye haal ander in

Deur ALPHONS DU TOIT

SUID-AFRIKAANSE maatskappye is vinnig besig om die multi-nasionale korporasies in te haal in die oopstelling van nuwe werkegebiede vir hul swart- en Indier-werknemers.

Só sê mnr. Martin Westcott, 'n direkteur van die PE-Konsultant-groep. "Die nuwe ondernemingsgeestes van die Regering met die oogmerk om die lewenswyse en werkeleenthede van die swartes te verbeter, is hiervoor verantwoordelik. Sommige maatskappye het reeds geweldig vooruit

Plaslike maatskappye het die situasie meer realisties benader en het daar in geslaag om loonverhogings en verbeterde werkeleenthede aan produktiwiteit te koppel. Die afgelepe jaar het die hele situasie dramaties verander. Die groter maatskappye bestee nou meer

M	19,69	19,83
F	2,58	2,48
M	0,21	0,23
F	0,72	0,78
M	3,80	3,64
F	14,69	14,84
M	1,80	1,96
F	3765	3145

NO.	19600	15374	2828	1 ^c	16632	12847	18348	13062
45-64	17,46	9,49	26,27	11,72	24,27	17,87	18,06	15,57
65+	73,62	54,55	92,20	82,93	96,90	71,79	53,38	45,89
ATL	9,44	7,40	8,03	5,5	14,62	11,00	8,77	8,13

XVII ACCIDENTS, POISONINGS AND VIOLENCE (EXTERNAL CAUSE)

NO.	W			A			C			B	
	M	F	M	M	F	M	M	F	M	F	
0-1	0,85	0,69	0,70	0,31	1,18	1,24	0,32	0,19			
1-4	0,49	0,21	0,31	0,27	0,63	0,61	0,21	0,20			
5-24	0,71	0,22	0,68	0,20	1,40	0,38	0,68	0,12			
25-44	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26			
45-64	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31			
65+	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53			
ATL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20			
NO.	1973	677	333	104	2175	652	1868	324			

Tutu fails to win Anglican support

The Star Bureau

LONDON — Bishop Desmond Tutu's stand against foreign investment in South Africa has failed to win the immediate support of the general synod of the Church of England.

The furtherest the synod was prepared to go at a meeting in London yesterday was to urge "widespread consideration of proposals for economic disengagement."

Informed sources said this was a slight shift to the left because the church had in the past favoured "positive economic engagement." But they added that recent changes in South Africa had taken the wind out of the sails of the militants.

Introducing the debate on South Africa, the Bishop of Truro, the Right Rev Graham Leonard, said that although there had been changes of "a surprising nature" in South Africa, "grand apartheid" remained intact and had to be eradicated.

He suggested the church should consider the option of supporting disengagement.

But other members of

the synod spoke out against this line of action at a time when the South African Government seemed to be making changes.

One member said it was inconsistent to call for disengagement and for an improvement in the working conditions and wages of blacks at the same time.

The Holy Spirit was as likely to inhabit Afrikaners as Britons, the synod heard, and Afrikaner firms often paid higher wages than British ones.

Dr Piet Koornhof, another member said, was a sincere Christian who did not believe in the inferiority of other races. He was prepared to eat meals with and entertain people of other race groups in his home.

SKW 15/11/71

'Investment will end apartheid'

The Star Bureau

LONDON — Western companies who invest in South Africa are fuelling a violent revolution which will destroy apartheid according to Dr Ali Mazrui, Kenyan-born Professor of Political Science at America's Michigan University.

Speaking in the second of his Reith Lectures in the BBC's annual six-part series, Dr Mazrui said western investment encouraged the growth of a black proletariat with increasingly high political and material expectations.

Since the white "regime" in South Africa could not fulfil these expectations, he said, it would be removed by violent revolution.

Historically, industrialisation had brought with it democracy and the growth of an urban proletariat capable of fighting for its rights.

Surge in SA investment says De Jongh

Pretoria Bureau

There was a welcome increase in fixed private investment in South Africa in the third quarter of this year.

This was said by Dr T W de Jongh, Governor of the Reserve Bank, when he addressed the annual dinner of the Association of General Banks and Finance Houses.

The investment perk-up had taken place after excess capacity in industry became more fully utilised.

Dr De Jongh said the strength and particularly the duration of the current economic upswing in South Africa would depend greatly on applying a policy of financial discipline.

This did not mean current growth policies would have to change, but it did mean the high

inflation rate and the widening gap between internal and foreign interest rates would have to be taken into account.

This discipline should not only be applied by the authorities, said Dr de Jongh.

Private enterprise would have to see to it that productivity kept pace with higher wages, that price increases were indeed justified and that available funds were wisely used.

And banks had a great responsibility to ensure that discipline was applied to the granting of credit and investment of funds.

Dr De Jongh said South Africa was still dealing with an inflation rate which was unacceptably high. It was a problem shared with all the major western countries and which could only be over-

come through financial discipline he said.

Referring to gold, he said its diminished role in the international monetary system was at least partly to blame for the lack of discipline in the system.

The substitution account proposal within the International Monetary Fund had met with a cool reception. It was symptomatic of the escapist policies pursued by many western countries in recent years.

Dr De Jongh said that possibly the only encouraging impression gained at the World Bank and IMF annual meetings recently was that most finance ministers present, grasped the seriousness of the situation in which the world economy found itself and accepted the need to do something about it.

280. Resignation of auditor.—(1) The auditor of a company may at any time during the period of his office resign as such provided the requirements of this section are complied

that he is not a party to the application.

(d) The Court may on an application under paragraph (c) order the company's or the said person's costs to be paid in whole or in part by the auditor, notwithstanding

this section are being abused to secure needless publicity for defamatory matter.

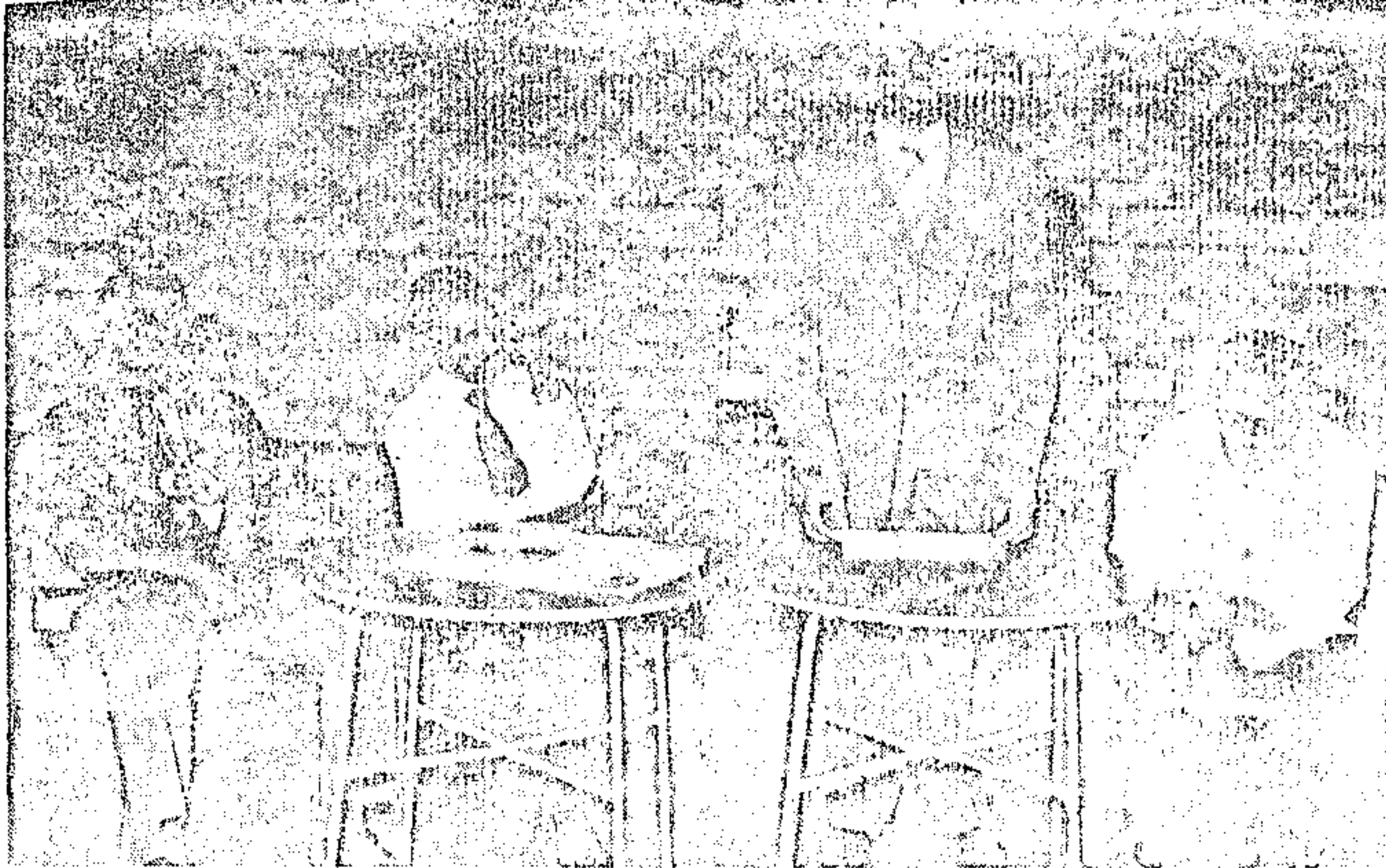
any person who claims to be aggrieved, the Court is satisfied that the rights conferred by need not be read out at the meeting if, on the application either of the company or of

(c) No copy of such representations shall be sent out and the representations at the meeting.

being received too late or because of the company's default, the auditor may (without prejudice to his right to be heard orally) require that the representations shall be read out

(b) If a copy of such representations is not sent as aforesaid because of their receipt of the representations by the company).

(ii) send a copy of the representations to every member of the company to whom notice of the meeting is sent (whether such notice is sent before or after



(From left) Mr Curtis Nkondo, Dr Nthato Motlana, Mr Thozamile Botha, and Bishop Desmond Tutu at this week's conference.

CODES OF CONDUCT

A 'DAMP SQUIB'

ARE the codes of conduct for foreign companies operating in South Africa a damp squib or a downright failure?

Both the European Economic Community code of conduct and the Sullivan Principles have been in operation for more than a year, but their effects are still to be felt.

The codes were introduced in response to mounting pressure on foreign governments not to invest in the country.

The thinking was that disinvestment would be detrimental to black workers' interests — and that foreign companies could play a role by improving the quality of life of the black worker.

The ripple effects of the improvements, it was envisaged, would transcend the work situation and would flow over to the socio-economic sphere.

However, flaws in the implementation of the codes have rendered them bereft of any effectiveness.

This lack of effectiveness can be summed up under the following:

● Lack of legislation or penalties in Europe and the United States to make the codes enforceable.

● The difficulty in creating an effective monitoring machinery that would be independent of company managements.

Because of this, the implementations have had to rely solely on the goodwill of individual companies.

A contributing factor to the lack of application of the codes is a fear by British and American companies that they have to compete with other foreign companies, particularly Japanese ones, whose countries do not insist on a code of conduct.

This is the same inhibition which has driven the two governments to resist disinvestment for fear that if they did so,

By

ZWELAKHE
SISULU

other countries would move in and consolidate their position.

The codes came in for heavy criticism during a Press conference this week which highlighted the labour situation in Port Elizabeth.

The conference was held by Mr Thozamile Botha, Mr Curtis Nkondo, Dr Nthato Motlana and Bishop Desmond Tutu.

Trade unions are particularly sensitive on the issue of the codes.

"The codes are very good on paper but they don't have teeth because there is no sanction — they are just empty," said Mr Leonard Sikhakhane, chairman of the Black Consultative Committee of Trade Unions.

"For the codes to be effective, the unions must be allowed to grow within the company and the codes must be monitored by the workers themselves," he said.

Workers were not even aware of the existence of the codes and any changes which may result from the implementation of the codes are perceived as a change of heart by the company.

Although the codes emphasise the need for trade union recognition, companies often ignore this.

Company managements have also developed a selective application of the code requirements.

SUNDAY POST's sister newspaper Post's Job Watch Team, who monitored the implementation of the codes, visited 40 multi-national companies this year.

In one company, which represented the selective approach, they found there was "lots of training, but mostly in areas that do not prepare workers for senior positions. Invariably the excuse would be that there are

no suitable people to train for the senior jobs. Black education was blamed."

Job Watch also found that "upward movement" that does take place does not stem from the "ending of apartheid" but because of a shortage of white skills.

Trade unions charge that since the responsibility of implementing the codes are left to companies, their existence as unions is being made obsolete.

"The codes can't be particularly effective because they don't lead to union recognition. In any event, they cannot replace organising by trade unions," Fosatu's general secretary, Alec Irwin said.

According to unions, far from generating union interest, the application of the codes in fact militated against unions to such an extent that they are sometimes seen as a direct threat to the efficacy of trade union activity.

Trade unions suggest that even if applied, the codes must not be seen as an end in itself — but as the beginning.

In addition to the two codes of conduct, yet another two exist. These are the South African ones, formulated by the Urban Foundation and the South African Employers Consultative Committee on Labour Affairs (Saccola).

The South African code of employment practice has reportedly been adopted by between 15 000 and 20 000 companies but there has been no feedback on their progress.

While the three codes have existed side by side, they do not seem to have had a liberalising effect in business practices.

Mr Thozamile Botha maintains that: "The problem is political and you cannot separate the interest of the worker in his work situation from his out of work situation."

What is clear is that as long as the codes cannot be enforced — they are doomed to fail.

SIONS OF THE ICD (8th REVISION)
visions V, XI, XII, XIII
each of these categories).

IC DISEASES

	C		B	
	M	F	M	F
	55,55	51,04	29,36	27,05
	8,27	7,48	3,56	3,42
	0,21	0,21	0,20	0,22
	1,14	0,78	0,36	0,45
	3,30	1,37	2,15	1,27
	5,48	2,78	5,45	2,93
	3,33	2,69	1,66	1,61
	3792	3146	3472	2593

Meer SA geld vir buiteland

RAPPORT 16/12/79

DIE Reserwebank het vandeeweek die jag oopgestel vir buitelandse beheerde maatskappye. Dit het 'n redelike skerp styging in kort sowel as langtermyn-rentekoerse tot gevolg gehad. Hulle mag nou hier by ons soveel soos hulle wil vir die finansiering van in- en uitvoer leen.

Hierdie is 'n aansienlike afwyking van die regulasie 3(1)F wat die binnelandse leenvermoë van buitelandse beheerde maatskappye beperk tot 'n verhouding van die hoeveelheid geld wat hulle in Suid-Afrika belê het.

Dit beteken ook dat die Reserwebank nou in werklikheid die omskakeling van handelsfinansiering van die buiteland na Suid-Afrikaanse kredietbronne aanmoedig. Baie jare was hierdie sogenaamde vervroeging van die betaling van buitelandse verpligting en die vertraging van buitelandse ontvangstes vir Suid-Afrika 'n groot bron van kommer.

Gedurende die kwartaal tot einde September vanjaar het Suid-Afrika 'n uitvloeï van R827 miljoen se korttermyn-private kapi-

taal gehad. Daar word algemeen aanvaar dat die hoofrede hiervoor die goedkoop binnelandse krediet is wat dit vir invoerders lonender maak om dadelik vir hul invoer te betaal pleks daarvan om van die gebruikelike buitelandse leweraansierskrediet gebruik te maak.

Die totale hoeveelheid geld wat reeds op hierdie manier vanjaar die land uitgevloei het, oorskry reeds R2 000 miljoen.

Bankiers met wie Sake-Rapport vandeeweek gesels het, is nie baie gelukkig met die jongste toegewing nie. Hulle wys op die volgende gevare:

- Rentekoerse het vandeeweek reeds skerp gestyg. Die bankaksepkoers is op van 4,1 tot 4,4 persent, terwyl die koers op lang termyn-staatseffekte op die kapitaalmarkt die afgelope paar weke van 9,97 tot 9,35 persent gestyg het.

Hoër rentekoerse is 'n nuwe bron van koste-druk-inflasie en dit is steeds die

hooforsaak van inflasie in ons land.

- Ons is nou besig om die buiteland te finansier vir die voorreg om goedere aan ons te verkoop. Dit klink darem nie heeltemal reg nie.

- Suid-Afrika is ook tans net besig om buitelandse laste of lenings af te los, pleks van om buitelandse bates op te bou. In die ou dae was dit in die sake-wêreld byna tradisie om groot deposito's by dieselfde bank te hê waar jy 'n oortrokke rekening het. Dit was egter nie goeie sakepraktyk om jou oortrokke rekening met die surplusfondse af te los nie, al was dit heelwat goedkoper.

Een bankier wys dan ook daarop dat dit vir Suid-Afrika die afgelope jaar baie voordeliger sou gewees het om van sy goud terug te hou pleks daarvan om alles te verkoop en met die opbrengs buitelandse lenings af te los.

- „As dit met jou goed gaan, moet jy nie lenings van die hand wys nie,” is 'n ander mening. Jy kan nie 'n

buitelandse geldskietter of bankier se vertroue wen deur net geld te leen wanneer jy in die moeilikheid is nie.

Intussen sê die bankiers was daar die afgelope paar dae sedert hierdie toegewing reeds 'n grootskaalse omskakeling van buitelandse na binnelandse finansiering. Suid-Afrika moes terselfdertyd die afgelope twee weke baie groot betalings vir olie-invoere maak. Dit kan geldmarktoestande nog verder knou.

Maar die volgende uitspraak dien dalk as die beste opsomming. „Ons laat nou buitelanders toe via die finansiële rand in die land te belê teen 'n diskonto van ongeveer 30 persent. Daarna kan hulle vir die invoer van goedere onbeperkte goedkoop binnelandse krediet kry. Dié krediet kan hulle weer op ons vinnig stygende binnelandse mark verkoop en die winste kan teen die hoë vrye rand-koers in die vorm van dividende uitgeneem word.

Dit is darem regtig lekker. En dit nadat Suid-Afrikaners die afgelope jaar groot opofferinge gemaak het nadat die buiteland ons hier in die middel jare sewentig so skielik in die steek gelaat het.

II

A	W		M
	M	F	
0-1	0,17	0,13	0,00
1-4	0,03	0,07	0,07
5-24	0,09	0,05	0,07
25-44	0,26	0,33	0,21
45-64	3,01	2,58	1,47
65+	12,24	7,26	4,70
ALL	1,41	1,21	0,36
NO.	2920	2522	126

III

ENDOCRINE, NUTRITI

W	M		F
	M	F	
0-1	0,09	0,05	0,06
1-4	0,03	0,01	0,00
5-24	0,01	0,01	0,01
25-44	0,02	0,02	0,08
45-64	0,09	0,12	0,39
65+	0,39	0,59	1,61
ALL	0,05	0,08	0,12
No.	114	173	43

August 22/12/79
FOREIGN

INTEREST

IN SA (60)

PROPERTY

MOUNTS

OVERSEAS interest in South African property as investment is becoming considerable says Mr. Geoff Chait, head of a property consultant firm.

'We have had firm inquiries from investors in the United States, Britain and Europe for investment possibilities in South Africa. They feel that the untapped wealth of this country offers opportunity for capital growth particularly in property. Our interest rates are low compared with those overseas.

'Unlike the attitude of several years ago we have found that overseas investors are now taking a positive attitude towards investment in this country. There is no longer concern about South Africa's political situation,' he added.

A bitter struggle ahead

for the workers

BLACK WORKERS employed by various multinational companies operating in South Africa are getting a raw deal, and very little is being done towards implementing the Sullivan code and other codes of employment practice.

This is the view of Mr Zakhele George Manase, national organiser of the United Automobile, Rubber and Allied Workers of South Africa.

He is also the national secretary of the Codes of Conduct Monitoring Committee.

Mr Manase, whose union is currently involved in the negotiations between the Ford management and the more than 500 strikers in Port Elizabeth, received training in trade union work in the United Kingdom and from the headquarters of the powerful International Metal Workers Federation and International Labour Organisation in Geneva.



George Manase . . . the strikes are bound to happen again.

Zakhele Manase, national organiser of the United Automobile, Rubber and Allied Workers Union and chairman of the Codes of Conduct monitoring committee talks to SUNDAY POST's man in Port Elizabeth, MONO BADELA.

MULTINATIONALS GIVE A

RAW DEAL, SAYS UNIONIST

code of employment practices, strikes like those that took place in Port Elizabeth last month were bound to happen again.

Mr Manase, himself a former employee at the Fort Cortina plant, which was forced to close down following a mass walkout by more than 700 workers, said his union had a membership of well over 10 000 members spread all over South Africa.

Most of them were in Uitenhage, Port Elizabeth, Johannesburg, Pretoria, East London and Durban. He said if black

workers all became members of trade unions and if the trade unions were fairly strong and powerful, the maximum could be achieved from the Sullivan code and the EEC.

It therefore vital that every black worker employed at these plants registered as a member of the UAW,

he said. Mr Manase said there was no such thing as equal pay for equal work in all these companies — Ford Motor Company included.

He said even though the workers were undergoing the same training, the black worker always started at a lower rate com-

pared to his white counterpart. Blacks were getting a raw deal in so far as promotion was concerned. Although the companies stated that they were doing away with discrimination, this was not seen to be happening by black workers. This applied to all American companies in the Port Elizabeth and Uitenhage area.

- To fight for increased pay and benefits and safeguard the living standards of the workers.
- To see that the working conditions are at least reasonably healthy and safe.
- To protect the human dignity and rights of the workers.
- To fight against unjust discrimination and firing of workers.
- To assist members in obtaining employment.
- To promote, support or oppose legislative or other measures affecting the interest of the members.
- To educate the members in the history or function of the union movement and to develop and maintain an intelligent and reasonable membership.

Mr Manase said the fault at Ford Cortina plant was that the executive committee was too weak while on the other hand the workers themselves were very politicised. He hoped the union would work hand in glove with organisations like the Port Elizabeth Black Civic Organisation.

SUNDAY POST

Sunday, January 20, 1980

60

Giving disinvestment a helping hand

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The South African Government must now be the most influential factor in bringing disinvestment to this country. It is making far more spectacular strides in this direction than anything ever achieved by all South Africa's disinvestment advocates put together.

The "sensitivity" and "tactfulness" with which it responded to the handling by Port Elizabeth civic leaders of the Ford labour dispute there has attracted international attention, so much so that countries normally friendly to the Republic, most notably the United States, are seriously reconsidering investing their money here.

What an ironic twist of fate, considering how heavily the Government has censured those who have worked to achieve disinvestment up to now!

A week has passed and the Government has still made no move on the arrests last week of Pebco's Mr Thozamile Botha and Mr Phalo Tshume, and SUNDAY POST journalist Mr Mono Babela.

It did not remain entirely inactive, however. It displayed characteristic contempt for public opinion by arresting, right in the face of growing concern over the political situation in Port Elizabeth, prominent rugby administrator, Mr Dan Qeqe. He is also an executive member of Pebco.

It has been said before and we say it again: this is a very dangerous attitude, made more so by the fact that three of these men represent an organisation that is perceived to have already demonstrated its willingness to operate within the law and to ensure that its followers do likewise.

Admittedly, there was unrest in Walmer last weekend when buses were stoned and a hall set alight. Our view is that this was the result of residual public anger both at the arrests and at the uncertainty of Walmer's future.

We do not believe it was part of a Pebco inspired conspiracy.

We are also of the opinion that the attempt this week to bomb the shop of prominent Kwazakhele businessman, Mr A T Yeko, who recently resigned from Pebco to form a rival civic body was not the work of Pebco.

Pebco itself denounced the

strongest possible terms, once again underlining its non-violent stand.

What we find most significant, however, is how quickly Port Elizabeth returned to normal after last weekend's unrest.

Buses were running as usual, Walmer was calm, and Ford workers, responding to the agreement reached with Ford's management on their behalf by Mr Botha, began returning to work.

All this has been widely attributed to a mass endorsement of Pebco's recommendations not to hold any demonstrations, stay-aways or boycotts of shops.

What more is required to make it clear that Pebco is no loose alliance of social malcontents but a disciplined association of concerned people who have voluntarily placed themselves under the authority of a strong leadership respected both by themselves and those outside Pebco?

It is painfully obvious that the longer the Government persists in harassing the members of such an organisation the more foolish it makes itself appear.

Its illogical attitude is causing real concern in the United States.

Up to now, Americans have been greatly encouraged by recent labour reforms here. This is epitomised in the work by men such as Leon Sullivan, architect of the so-called "Sullivan principles" for fair employment practices, men who believe that this is the real route towards change in South Africa.

But the Port Elizabeth debacle leaves men like Sullivan shaken and angry, and stretches to breaking point the credibility of the argument in favour of peaceful change.

Americans are believing more and more that the arrest of the four men in Port Elizabeth was primarily because of the role they played in the labour dispute there.

We share that view and believe that if South Africa is to make any favourable impression at all with the numerous commissions presently visiting here, the first thing to be done is to release these men.

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SA now a better risk

By David Pincus
OVERSEAS investors and businessmen's confidence in South Africa has improved dramatically. According to the Business Environment Risk Index (BERI) published quarterly in the US and monitored here by the SA-German Chamber of Trade and Industry, South Africa moved from 19th position at the end of the third quarter of 1978 to 12th position at the end of the third quarter of 1979. This confidence is also reflected in direct German investment in South Africa which climbed by 5% in the second quarter of last year to reach a figure

of R303,3 million invested here since 1952.

Mr Herbert Weicke, a senior official of the SAGC, described this figure as "probably only the tip of the iceberg. I would say that the true figure of direct German investment and portfolio investment is now about R2 000 million."

He expects that direct investment for the third quarter will be substantially higher.

His chamber has had to deal with a substantial increase in inquiries from German businessmen wanting to invest in South Africa.

Germany and Switzerland headed the BERI list with 82,6 points, then came the USA 80,1, Japan 77,5, Singapore 74,9, Canada 72,3, Netherlands 70,9, Belgium 70,2, Saudi Arabia 68,2, Norway 67,2, Australia 66, South Africa 64,4, Sweden 64,3, Ireland 63,5, Taiwan 63,1, Denmark 62,5, shaded out the UK 62,1, South Korea 61,3 and France 60,8.

The other African countries mentioned were oil-rich Nigeria in 32nd position with 49,6 points, Ivory Coast 34th with 47,2 and Kenya 38th with 44,9. Last was Iran with 20,8 points.

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the rural districts are not registered for

standard populations were used:

elooped population and Mexico 1960

Calculated mainly in five year age
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1970, the last census year.

the mortality experience of a
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edge of the base population age
tes of this are available for
and 'coloureds', the 1970 population
p specific survival rates from
irths and deaths in the 0-4 age

lopted as a population figure for
the 1970 age distribution¹⁰ by
being adjusted by the 1974
ion.¹¹

DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population. While this figure is independent of the age structure of the observed population, the choice of the standard population will affect the weighting given to the deaths in the various age groups. The choice of an underdeveloped population as a standard will give great weight to infant deaths and little weight to deaths among the elderly, while a developed standard population will reverse the position. The choice of standard population affects the ranking of the mortality between the observed groups. There is no 'true' answer. As the Duke of Wellington said: 'There are lies, damned lies, and statistics'!

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health⁹ have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref.15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.¹² An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

Call for District 6 withdrawal

81
23/11/80
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THE 2 000-strong Western Cape Traders' Association is to call upon white supermarkets to support their stand to bring pressure on the international electronics company, Anker Data Systems, to withdraw from District Six.

At the same time the District Six Rents Residents and Ratepayers' Association is to ask its several thousand members to boycott supermarkets and stores where ADS or TFC cash registers are used.

Anker Data Systems paid R50 000 for a site in District Six to build a factory. It is the only commercial firm known to own land in District Six.

WITHDREW

Last year Shell South Africa withdrew from a transaction to build a service station following urgent representations from people and organisations opposed to the development of District Six as a white area.

'We would like ADS to follow the example of Shell,' the general secretary of WCTA Mr K Allie, said yesterday.

'The cry of the coloured

people is to give District Six back to them,' he said.

The WCTA is affiliated to the National Chamber of Commerce (Nafcoc) which has a membership of about 35 000 halek business people throughout South Africa.

NOT POLITICAL

Mr Allie emphasised that the moves against ADS were not political.

'We are not trying to oppose the Government in any way. Coloured people at this juncture want to co-operate with the Government to bring about better race relations,' he said.

Speaking from Johannesburg yesterday the managing director of ADS, Mr Louis van der Merwe, said the chairman of the company, Mr G Kopatz, who was overseas at the moment, must have bought the site as a busi-

(Continued on Page 3, col 9)

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(Continued from Page 1)

ness proposition and possibly did not know about the political connotations.

He said ADS was a small company in South Africa employing about 220 people. The employment of about 50 coloured people in the proposed factory in District Six would represent a big increase in coloured job opportunities in the company.

He said ADS was legally committed to the land.

'Whether we can rescind or not, I don't know,' he said.

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EEC EMPLOYMENT CODE

Fosatu charges

LLDA

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A number of foreign companies has come under attack from the Federation of South African Trade Unions (Fosatu) for allegedly contravening the EEC employment code. Fosatu also claims the companies have painted a distorted picture of what they have done for African labour.

Some still refuse to recognise unregistered black trade unions, says Fosatu; others, it is alleged, try to block them by setting up alternative bodies. In addition, reports to the British Department of Trade by a number of British companies on their SA subsidiaries are riddled with "misleading and untrue statements."

Union recognition features prominently in Fosatu criticism: "All codes must be measured against the yardstick of whether they have promoted union recognition."

The EEC code clearly states companies should recognise African trade unions. But, asserts Fosatu, it has failed to help "in the achievement of union recognition."

Unions affiliated to Fosatu asked workers to comment on the reports on Cadbury Schweppes (SA), Crabtree (Berec Group is the holding company), Revertex and Raleigh Cycles (Tube Investments UK).

Education bursaries and scholarships are singled out: Cadbury claims to offer scholarships, but the Sweet, Food and Allied Workers Union says "members are not aware of any scholarships." Retorts Cadbury MD, Neville Bain: "The official union (Cadbury's in-company union) is aware of it."

In the case of Revertex, the Chemical Workers' Industrial Union (CWIU) says "the education bursary mentioned is only for university studies. Workers have asked for it to cover school education. The

company has refused the request." Claims of no discrimination, or equal facilities despite segregation, are also disputed. Raleigh Cycles states that, within the legal constraints, there is no segregation of facilities. But the Engineering and Allied Workers' Union disputes this without the company denying some allegations.

A report, made by Eveready to the UK Department of Trade on black worker benefits, omits to say that these do not all exist at its small subsidiary Crabtree.

Evidence on wages below those claimed in the companies' reports, criticisms of training claims and intimidation also feature prominently in Fosatu's report.

Documentation on Eveready, Henkel (German), Forbo-Kronmenie (Swiss), Glacier Bearings (Britain), South African Fabrics (Britain), and Sarmcol (Britain) is devoted mainly to unions not being recognised.

SOME FOREIGN companies operating in South Africa are giving out misleading reports of what they are doing for their black workers, according to the Federation of South African Trade Unions (Fosatu).

In a lengthy report Fosatu claims that the companies, which have their headquarters in Britain, Germany and Switzerland, are contravening the European Economic Community's employment code.

Fosatu has accused four of the British companies of issuing misleading and untrue information in reports to the British Department of Trade on their implementation of the EEC code in their South African operations.

Fosatu's chief complaint is based on a clause in the code stating that companies should recognise African trade unions if workers want to be represented by them.

"This has failed to help in the achievement of union recognition," says Fosatu. "The general story is one of evasion and delay."

Fosatu says some of the companies — Krommenie Forbo (Swiss) and Glacier Bearings, Reverex, Sarmcol and Raleigh Cycles (all British) — have refused to deal with unregistered trade unions.

Cadbury and Eveready (British) have refused even to recognise coloured unions, and Cadbury's management has set up its own union.

Fosatu says these firms are going against the spirit of the EEC code, which stresses that the firms are free to recognise unregistered unions since they are not illegal.

"Employment codes are pointless unless there are sanctions against those companies that do not abide by the code," says Fosatu.

Unions affiliated to Fosatu asked workers to comment on the reports submitted by British companies to the Department of Trade.

Prominent among workers' criticism were claims that companies paid wages be-

S. Post 24/2/80 (60)

Foreign firms lying about blacks' working conditions — Fosatu

SUNDAY POST Special Labour Correspondent

low those mentioned in the reports, that training programmes weren't what they were said to be, and that workers pushing for the establishment of a union were intimidated.

The companies' claims about education bursaries and scholarships were misleading, the workers said.

Cadbury's claimed to offer scholarships, but the Sweet, Food and Allied Workers Union said that members were not aware of any scholarships for employees' children.

The firms' Managing Director, Neville Bain, said in reply to this that the "official union" — Cadbury's own union — was aware of the scholarships.

The Chemical Workers' Industrial Union said of Reverex: "The education bursary mentioned is only for university studies and to the best of our knowledge, only one worker has benefited from it. Workers have asked for the bursary to cover school education because this is where it is most needed. The company has refused the request."

Companies' claims of no discrimination, or at least equal facilities, have also come under fire. Raleigh Cycles stat-

ed that as far as the law permits there is no segregation of facilities.

But the Engineering and Allied Workers' Union claims that there are segregated toilet facilities, separate factory gates for blacks and whites

(where only blacks are searched on leaving the premises) and segregated clocking stations and pay booths.

Stan Jenkins, personnel director of Raleigh's parent company was reported this week as having said

that he could not deny this, but that "we were reporting on the group as a whole. Although something in the report may not apply to Raleigh, it the group."

In Springs Mr M J Pinker, general man-

ager of Crabtree, admitted that some of Fosatu's claims against his company were correct.

The factory had no canteen, nor were there equal toilet facilities for black and white workers as the report submitted to

the British Government had claimed.

Fosatu said that some of the Crabtree workers had been shocked by the report, which also claimed falsely that workers and their dependants were given free medical aid.



Cadbury's MD, Neville Bain . . . keeping it in the family.

Concern over 'intimidation' (60)

Staff Reporter

THE Department of Community Development was "very concerned" at what it considered "economic intimidation" of companies considering land purchases in District Six, a former city councillor, Mr Dawood Khan, said last night.

He was interviewed after a meeting with the secretary of the department, Mr J Fouche, on aspects of the District Six controversy.

Mr Khan, an executive member of the Western Cape Traders Association (WCTA), said Mr Fouche had reminded him of the speech given in Parliament by Mr Marais Steyn, the Minister of Community Development, warning against economic intimidation in District Six.

Mention was also made by Mr Fouche of threats received by businessmen. Total SA (the latest large company to decide against development in District Six) and Anker Data Systems had been threatened and pressurized into their decisions to withdraw, Mr Fouche had said.

The secretary had not issued any warnings or ultimatums, "but his message was clear", Mr Khan said.

He discounted the allegations of intimidation. He said Total had decided to withdraw "after the situation had been made clear to them".

He had come away from the meeting "with no optimism", Mr Khan said.

He renewed a call on Indian traders to boycott the Oriental Plaza.

"If they want to live amicably with the black community, they must not open shops in the plaza while coloured traders are not allowed there", he said.

● Mr Fouche, last night confirmed that he had received complaints about threats made to businessmen in connection with District Six.

He said he was not prepared to comment on or react to information given by Mr Khan about a meeting, which he had regarded as a discussion between gentlemen.

"We had no arrangement that any statements would be made to the press, but if he wants to do that, that's no business of mine. But I don't think it would be fitting to comment", Mr Fouche said.

CT 27/2/80

Secret

plan on District Six

By LEON BEKKER

A NEW SOLUTION to District Six's problems is in the pipeline — a private undertaking, modelled on the Urban Foundation, which hopes to buy the controversial area from the State and develop it as a residential area.

The scheme has been kept under wraps for about three months, but last night the Cape Times was given details of the proposal.

One of the originators of the project, Dr Norman Reynolds, said the plan was initiated under the auspices of the District Six Ministers Fraternal. A separate discussion group had now taken over the planning of the project.

The idea was to give private enterprise and individuals the opportunity to put money into the area and to start a positive move to restore District Six.

The rector of the University of the Western Cape, Professor R. E. van der Ross, the University of Cape Town's Dr Francis Wilson, and a city attorney, Mr Mike Richman, were among those who had been involved with the planning of the project to date, Dr Reynolds said.

Once the necessary funds had been raised, an offer would be made to the Cabinet. A figure of R33-million for the 96 ha area had been mooted.

Condition of sale

"The one problem we face is that we don't want to inherit the government's problems. So we would want to make it a condition of the sale that the Group Areas Act classification of the area would be changed, preferably to make it an open area," Dr Reynolds said.

The coloured community was tired of boycotts and this was a positive way of taking action, he said.

● A city councillor, Mr Tom Walters, said the scheme was an "excellent idea".

146 (60) 14000
 29/2/80

EMPLOYMENT CODES Monitoring problems

In the past two weeks the credibility of employment codes has taken a knock. Two reports — one by the Federation of South African Trade Unions (Fosatu), the other by the SA Institute of Race Relations (SAIRR) on Ford — highlight the need for proper code monitoring and the gap between stated policy and its implementation.

Ford commissioned the SAIRR to conduct an independent study of the company's operations in terms of the Sullivan Principles. Three academics from Rhodes University undertook the probe. They were: Prof M G Whisson, head of the anthropology department; Dr M Roux, senior lecturer in sociology; and C W Manona, of the Institute of Social and Economic Research. Fosatu, the largest unregistered union umbrella body, gathered evidence from workers to assess the accuracy of British firms' reports to the British Department of Trade on their implementation of the EEC code. It also reported extensively on firms' alleged attempts at evading and delaying union recognition.

The SAIRR report is all the more significant because of Ford's high rating by Sullivan. Ford is regarded as one of the leaders in industrial relations. It recognises the unregistered United Auto Workers' Union; it has integrated facilities; has implemented training programmes to advance blacks; and claims equal pay for equal work.

Nonetheless, states the academics' report: "The company has a very long way still to go before it can be said that it is implementing the principles in the manner and spirit intended by Sullivan."

The Fosatu document alleges companies are both going against the spirit of the EEC code and misreporting to the British Department of Trade.

It looked at parent companies' reports on Crabtree (an Eveready subsidiary, both of the British Berc Group), Cadbury Schweppes (SA), Revertex, and Raleigh Cycles (the British Tube Investment Group). In each case, Fosatu found "untrue and misleading statements." And Fosatu accuses the majority of firms investigated of contravening the EEC code by



**Multi-nationals . . . poor record
 on employment codes**

refusing or delaying union recognition.

What is wrong with the codes? Fosatu reckons they will do little to improve the lot of Africans, unless action is taken against firms not implementing them. And, as a forerunner to that, it advocates a proper check on companies.

The SAIRR report also illustrates the need for effective monitoring. Outstanding in this report is the discrepancy between company policy and its implementation. The report, quoting shop stewards, says: "The top labour representatives are cooperative, but production managers, general foreman down to foremen, are opposed and are not implementing anything. They are only after production and do not care about us."

Practice is what is most important. But it is policy that gets the publicity and is recorded in reports.

An example is Ford's policy of equal and fair employment practices for all employees. Says the SAIRR report: "Our conversations with staff in managerial positions outside the directorate of industrial relations would tend to confirm that the policy is being implemented with notable lack of enthusiasm."

Fosatu makes numerous allegations of misreporting. Employers do not always refute them. For instance, the Eveready report on facilities and benefits at its

subsidiary, Crabtree, "shocked" Crabtree workers, according to Fosatu. Eveready claimed Crabtree had a subsidised canteen; segregated toilet facilities, but all of identical standard and construction; all workers and immediate dependents were covered by hospitalisation and free medical supplies; and had life insurance and disability cover. Workers say the firm provides none of these.

Crabtree says the industrial council pension fund includes life cover, and adds that Africans are not part of the medical aid scheme because it is cheaper to use the local hospital. Apart from this, Crabtree does not dispute Fosatu's claims.

Ron Allin, Eveready and Crabtree chairman, says all these facilities are provided at Eveready. And his report merely spoke of "similar" but not exact facilities at Crabtree. When quizzed on why he did not briefly mention which are not available at Crabtree, he replied: "These unions are grasping at straws. They are picking out silly items such as toilet facilities. Crabtree employs around 120 people. You can't expect a small company like that to provide the same conditions as a big company."

Both the EEC codes and the Sullivan Principles recommend wages considerably above subsistence levels. Many firms fail here, although, asserts Fosatu, they state otherwise.

At Ford, because of short-time, the majority of African and Coloured workers are earning less than the Household Subsistence Level calculated by Professor J Potgieter at the University of Port Elizabeth, says the SAIRR report.

On union recognition, Ford scores well. It was among the first multi-nationals to recognise an African union.

But most of the multi-nationals referred to in the Fosatu report have an extremely poor record on this score. Although there is nothing stopping firms from recognising unregistered unions — and the EEC code points this out — Revertex, Raleigh, Glacier Bearings and Sarmcol (parent is British Tyre and Rubber) refuse to do so. And they are not in the minority.

The open question is will anything be done to jack up employment codes? Lack of action will give substance to the criticism that codes exist to take the political pressure off multi-nationals in SA, rather than to help break down apartheid.

ALL CAUSES

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Renewed overseas investment in SA

STAR 5/3/80

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By Tom Duff

South Africa could attain a 5 percent growth in its real gross domestic product this year, the Minister of Industrial Affairs, Trade and Consumer Affairs, Dr Schalk van der Merwe, said today.

He said renewed interest in foreign investment could be expected and revealed that a survey by an American university had classified South Africa as a safer field of investment than countries such as the United Kingdom, France, Sweden and Denmark.

Addressing the "Buy South African" conference in Johannesburg, he said according to the survey conducted by the University of Delaware, South Africa had moved up from 19th to 12th position out of more than 100 countries.

"The largest American brokerage house, Merrill, Pierce, Fenner and Smith, which for many years regarded South African shares as highly speculative, has for the past six months been recommending them strongly for medium and long term investment.

"The economy should, therefore, perform well during 1980 and had it not been for the danger of rising inflation, it would have been possible to stimulate demand still further."

Call for world body to monitor change in SA

STAR 20/3/80

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133
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UJCT

By Elizabeth Wilson
Labour Reporter

An internationally recognised committee of experts to monitor labour change in South Africa has been proposed at a top-level labour seminar in Frankfurt, Germany.

Mr L C G Douwes Dekker, of the School of Business Administration at the University of the Witwatersrand, told the seminar that such a committee could be assembled with the assistance of interna-

tional bodies such as the International Trade Secretariats, the International Confederation of Free Trade Unions, the International Organisation of Employers, and their counterparts in South Africa.

Mr Dekker also suggested that "solidarity contracts" should be entered into.

Such contracts, he said, implied two parties with different interests, each with bargaining power, who agreed to terms regu-

lating the relationship between them. There should be terms which the parties would not infringe because of risk of sanction or retaliation.

Mr Dekker proposed that such contracts be considered between:

- Registered trade unions and black trade unions.

- Employers, registered trade unions and black trade unions.

- Black trade unions and black political movements, such as Azapo — to agree on the boundaries of their respective operations.

- The South African Government and the independent states — regarding the terms and conditions by which migrant workers could be offered jobs in South Africa.

- Multinational companies and international trade secretariats — on employment practices and principles of subsidiaries operating in South Africa.

Mr Dekker said the impartiality of the committee of experts was essential.

The considerable experience gained by international agencies could be helpful in drawing up a proposal document.

He suggested the committee of experts should be asked to prepare a report, each year, evaluating progress.

EXAMINATION RESULTS IN FACULTY ARTS

YEAR 1

LIBRARIANSHIP

STUD NO	SURNAME	FIRST NAMES	COURSE	DE
140980R	BUHRING-UHLE	URSEL	118101	CUL
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* TOTAL NUMBER OF STUDENTS 2

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South Africa 'most exciting' for investors

SOUTH Africa is currently one of the most exciting investment areas in the world.

This is the conclusion drawn by Grieveson, Grant & Co, one of London's leading stock broking firms, which believes that the SA economy is poised for a period of above average GDP growth of 6% — a rate which could be sustained "even if the gold price were to fall back, as non-gold exports rise in importance and energy self sufficiency is close to attainment".

The firm adds that there may be a downturn in activity in early 1981 but it expects the current account to remain in a healthy surplus for a much longer period.

Among the cornerstones of SA's development, according to Grieveson Grant's report, are:

- The country's coal wealth which is now being turned to account by way of exports (30-million tons next year).

- Power generation (two new power stations are being constructed).

- Conversion to chemical feedstocks (at Coalplex, a joint venture between AE & CI and Sentrachem).

- The Sasol oil-from-coal plant which will meet 65% of the

country's liquid fuels needs by 1985.

- SA already exports some 9 500 tons of uranium, making it an overall net exporter of energy.

Of particular interest is the comment: "While most investors have gained some exposure to South Africa through the acquisition of gold or other mining shares, we feel that South African industrial shares should provide a logical extension of this process and offer attractive risk/reward ratios."

The firm stresses that SA industrials will be major beneficiaries from higher growth rates, increased mining expenditure and improved consumer spending.

It points out that earnings growth on the JSE has been 33% over the past six months "and we are expecting 40%-50% over the next six months. Average dividend growth is forecast at 22,5% for 1980".

Grieveson Grant pinpoints three shares — Nedbank, Barlows and SA Breweries — as being its "three most favoured top quality shares".

Nedbank is favoured for the following reasons:

By JOHN SPIRA

- It has the greatest exposure to merchant banking in the banking sector.

- It has a smaller branch network than other banks and thus does not have to bear the cost of extensive low-turnover rural branches.

- It has recorded excellent profit growth in the last two years.

- It has established itself as the most profitable banking group in SA.

- It will be a major beneficiary from increased trade activity, new project developments and more corporate investments.

- The prospective dividend yield is higher than that offered by other banks.

Barlows is favoured because:

- Major long-term growth can be expected from the group's coal, chrome, gas and ferroalloys divisions.

- The upturn in the SA economy will help the group's extensive industrial interests.

- Barlows is now reaping the full benefit of capital expenditures made in the Seventies.

- Its financial strength, its excellent historical record and diversified interests make the

shares a particularly sound long-term investment.

- The quality of earnings is well above other SA investments and is favourable in comparison with similar companies elsewhere.

The firm recommends SA Breweries for the following reasons:

- It has enjoyed two years of unprecedented growth — a performance which can be maintained over the next two years, especially as the beer war is over.

- It now has an effective monopoly of the wholesale beer market.

- Potential earnings growth is "enormous" depending on the approach developed by the Government on black township drinking.

- With Southern Sun and OK Bazaars doing well, earnings growth could be up by as much as 45% and dividend growth of 25% seems easily obtainable.

- Prospects for expanding beer sales to an ever increasingly well-off black beer consumer is a reason sufficiently significant for the shares to rate a strong buy.

- The group has the highest exposure to rising black incomes of any share in the industrial sector of the SA stock market.

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S. Times 23/3/80

Black labour new target

By ANDREW McNULTY

THE EEC and Sullivan codes of conduct should be seen as a precursor for mounting Western pressure towards enhancing advancement of South Africa's black employees through training, trade unionism and worker mobility.

This is the view of Peter Vale, lecturer in International relations at the University of the Witwatersrand.

Mr Vale, a former assistant to the Director of the South African Institute of International Affairs and Research Associate at the International Institute of Strategic Studies in London, has just completed research for a doctoral thesis on the economic ties between the Atlantic community and South Africa.

In it he devotes considerable attention to the sanctions issue. He believes the threat of economic sanctions against South Africa has receded and now

looks far more remote than it did two years ago.

A much more likely development in coming months is greater concentration of pressure in the field of labour relations as already foreshadowed by the EEC and Sullivan codes of conduct.

He believes a marked change has taken place in the thinking of Western governments since late-1977 and 1978, when the prospect of sanctions looked extremely serious.

Surprised

"I did not take seriously the latest UN debate on sanctions a fortnight ago and was surprised it even reached the resolution stage," he says.

This view — which carries the caveat that an incident such as violence between police and coloured students could change the whole picture — is based on these events:

- The West's difficulty in reaching consensus on embargo or boycott action against Iran or the Soviet Union in reaction to the Iranian hostage deadlock or the Soviet invasion of Afghanistan.

• The present economic climate, in which Western industrial countries are drifting into a recession, making any form of sanctions potentially more painful for their own economies.

• The resolution of the Zimbabwean issue. This formally was seen as a possible pretext for sanctions against South Africa because of her role in supporting the UDI Government.

But it now appears to militate against sanctions with South Africa being recognised as a key force for economic stability and advancement in the region.

"Latent splits in the West have been exposed by Iran and Afghanistan. I believe there would be an extreme reluctance at the present time for these countries to test their unity over South Africa," he says.

However, the fact that EEC members reached agreement in principle on Tuesday to support President Carter's sanctions programme against Iran suggests that these countries will have a major test case, as well as accumulating experience in implementing sanctions, should this programme be successful.

World turns the pressure on jobs

Unity could be severely tested on the South African issue by the divergence of interests between South Africa's major Western trading partners, with Britain in particular over a barrel.

Estimates of British unemployment that could result from the loss of South African market range between 25 000 and 300 000.

Studies

Recent studies by the United Kingdom-South Africa Trade Association (TUKSA) find that the loss of South African markets would eliminate some 70 000 jobs in Britain.

Arndt Spandau, former Professor of Business Economics at the University of the Witwatersrand and author of a book

published last year entitled "Economic Boycott of South Africa", notes that for Germany a boycott of South Africa would cost 80 000 jobs with some 250 000 at stake for the EEC as a whole.

Direct French involvement, on the other hand, is relatively small and difficult to assess. The United States would clearly be unaffected by sanctions — except that all these countries would probably suffer in the short to medium term from a possible loss of South Africa's minerals.

Unity and consensus would be a pre-requisite to sanctions, as has been shown by Dr Deon Geldenhuys, assistant director (research) at the South African Institute of International Affairs, who was secretary of a recent study group on the subject.

He notes that while pretexts such as the maintenance of apartheid, the South African presence in South West Africa, or its military incursions into neighbouring states could all legally be used for sanctions by the United Nations, four stages of agreement would be required.

First, a situation requiring collective action has to be reached; second, goals have to be determined; third, measures have to be selected; fourth, the measures have to be implemented.

Consensus

Like Mr Vale, Dr Geldenhuys believes that prospects for the necessary consensus on these factors are slight, although an extended range of limited selective measures are probable. The great variety of forms which "creeping" sanctions could assume include:

- Official and unofficial restrictions on loans.
- Withdrawal of commercial attaches, restrictions on export guarantees and tax credits and other official actions designed to discourage trade.
- Withdrawal of investment.

- Termination of preferential trade agreements.
- Embargoes on the sale of high-technology items such as heavy machinery and computers.
- Scrupulous official monitoring of companies' adherence to codes of employment conduct, specifically the EEC and Sullivan codes.

Mr Vale considers the last course the most likely.

"Most Western countries are adopting the 'reform-by-growth' thesis, which assumes that apartheid will be dismantled if economic growth is successfully encouraged," he says.

"The codes were based partly on this principle and it is important to realise that they are only the start.

"There will be much greater pressure in this direction. Future areas of attack could include moves towards worker participation, in which EEC countries have considerable experience."

He believes also that the theory of the "hassle factor" — that large corporations could decide to withdraw from South

Africa because their flourishing but globally-insignificant South African operations are not worth the trouble — has gone out of the window.

"It may be true that IBM, for example, has only one per cent of its interests in South Africa," he adds.

Prospects

"But people forget that for them this is one of the most important areas outside Europe and is a market with good prospects."

"The profitability of investment in South Africa is well proven, earnings by US companies in the 1960s having averaged 22% compared with 9% in the rest of the world. The West has, and will continue, to let the market be the main arbiter of its interests here.

"Finally, it seems naive to assume they will have to take an either/or choice between black Africa or us.

"Surely the whole ethos of political and business efficacy is to take advantage of all the permutations between the two extremes, as has been shown by Britain's relationship with Nigeria and South Africa."

Royal D Shell is bigger than SA

By JIM SRODES
New York

WHICH has the larger economy, South Africa or Royal Dutch Shell Ltd?

Believe it or not, the answer is Royal Dutch Shell, with total gross sales of \$44-billion in 1978 that topped SA's gross national product of \$37.7-billion.

That was enough to win the multinational oil giant the number 30 spot in the list of the "top 100 economic units in the world".

South Africa was placed 36th, ahead of South Korea, Hungary, Greece, Finland, Mobil Oil and Caltex's parents Texaco and Standard Oil of California.

The ratings were published this week by the Conference Board's prestigious business data centre which used 1978 as the most recent complete data year to determine which companies and countries produce the greatest economic value in a year.

The survey revealed that the world's 100 largest economic units include 61 countries and

39 industrial corporations with 18 of them in the United States and 21 others in other countries.

The United States, not surprisingly, is number one on the list with a 1978 GNP of \$2,106-billion while General Motors with its \$63.2-billion sales heads the corporate list in overall 23rd place.

The full list appears on the left.

John Hein, the Conference Board's international economist and the study's author points out: "When final results for 1979 arrive, the rankings are, of course, bound to change, especially for the international oil companies."

"With 1979 sales of \$84.4-billion, Exxon already has emerged as the world's largest corporation and would move into 16th overall place, surpassing East Germany and Iran."

Rank	Country or Company	1978 GNP or Sales (\$-billion)	Rank	Country or Company	1978 GNP or Sales (\$-billion)
1.	US	2 106.9	53.	Thailand	20.6
2.	Soviet Union	1 040.0	54.	General Electric	19.8
3.	Japan	727.9	55.	Algeria	19.6
4.	Germany (Fed Rep)	513.1	56.	Unilever	18.9
5.	France	411.3	57.	Libya	18.0
6.	China	324.0	58.	Colombia	18.4
7.	UK	254.2	59.	Gulf Oil	18.1
8.	Italy	210.7	60.	Chile	16.8
9.	Canada	196.6	61.	Pakistan	16.5
10.	Brazil	148.9	62.	Perru	16.4
11.	Poland	108.3	63.	Chrysler	16.3
12.	India	105.1	64.	Egypt	16.1
13.	Australia	93.7	65.	New Zealand	16.0
14.	Spain	95.0	66.	Portugal	15.4
15.	Netherlands	89.1	67.	IVT	15.3
16.	Germany (Dem Rep)	81.0	68.	Kuwait	15.2
17.	Iran	79.1	69.	Phillips (MNV)	15.1
18.	Mexico	76.2	70.	Standard Oil (Ind)	14.9
19.	Sweden	73.7	71.	Israel	14.8
20.	Czechoslovakia	70.7	72.	Malaysia	13.9
21.	Belgium	69.7	73.	Siemens	13.9
22.	Romania	67.4	74.	Hong Kong	13.6
23.	General Motors	63.2	75.	Volkswagen	13.3
24.	Exxon	60.3	76.	Toyota	12.8
25.	Yugoslavia	55.6	77.	Renault	12.7
26.	Switzerland	54.6	78.	Eni (Italy)	12.6
27.	Saudi Arabia	54.5	79.	Cia. Francaisa Das B. E T Petroles	12.6
28.	Argentina	49.7	80.	Korea (Dem People's Rep)	12.4
29.	Indonesia	48.2	81.	Atlantic Richfield	12.3
30.	Royal Dutch/Shell	44.0	82.	Daimler-Benz	12.1
31.	Ford	42.8	83.	Hochtat	12.1
32.	Austria	41.3	84.	Cuba	11.4
33.	Venezuela	41.2	85.	Bayer	11.4
34.	Nigeria	40.1	86.	Shell Oil	11.1
35.	Denmark	38.9	87.	US Steel	11.0
36.	South Africa	37.7	88.	Nestle	11.0
37.	Korea (Rep of)	35.4	89.	Puerto Rico	10.8
38.	Mobil	34.7	90.	BASF (Germany)	10.7
39.	Turkey	33.4	91.	Pugeot-Citroen	10.6
40.	Hungary	32.1	92.	Dupont	10.6
41.	Norway	31.9	93.	Morocco	10.4
42.	Texaco	28.6	94.	Ireland	10.3
43.	British Petroleum	27.4	95.	Matsushita Electric	10.0
44.	Bulgaria	24.8	96.	Nissan Motor	9.8
45.	Greece	24.2	97.	Nippon Steel	9.5
46.	Finland	23.8	98.	Western Electric	9.5
47.	Standard Oil (Calif)	23.2	99.	Continental Oil	9.5
48.	Taiwan	22.8	100.	Mitsubishi Heavy Industries	9.2
49.	National Iranian Oil	22.8			
50.	Philippines	21.9			
51.	Iraq	21.4			
52.	IBM	21.1			

'SA can fill in labour market'

THE ASSEMBLY — The Government had to create the right climate to encourage multinational corporations to invest in South Africa and generate labour intensive industries, Mr John Malcomess (PFP East London North) said yesterday.

Speaking during the Industries, Commerce and Consumer Affairs Vote, he said the companies could use local and imported materials to manufacture goods for worldwide export.

Many Western countries had sufficient infrastructure but lacked the final element, labour. South Africa had a large and almost untapped pool of unskilled labour.

South Africa could not exist in isolation and had to use its resources to the advantage of itself and the Western world.

South Africa needed job opportunities while the Western world needed unskilled labour. But the cost of providing jobs was escalating sharply.

An estimate had shown that R35 714 was necessary per job opportunity created. At this figure it would cost R35 714 000 000 to provide another 1 000 000 jobs in South Africa.

For that reason it was obvious that outside investment had to be a major part of South Africa's strategy.

South Africa's best investment could be made by capitalising on the labour pool the Western world needed so badly.

Regarding the activities of State corporations such as Iscor, Escom and Sasol, he said they were drawing huge sums of money from the South African capital market.

Better control was needed and the Board of Trade had to recommend stricter discipline of their methods of financing.

He urged the Minister, Dr Schalk van der Merwe, to accept the recommendation made in the report of the Board of Trade and Industries that a capital projects evaluation group be established for the public sector.

Mr George Bartlett (NRP Amanzimtoti) said the Council for Scientific and Industrial Research should launch a national production system research programme to set guidelines for optimum production effort. — Sapa

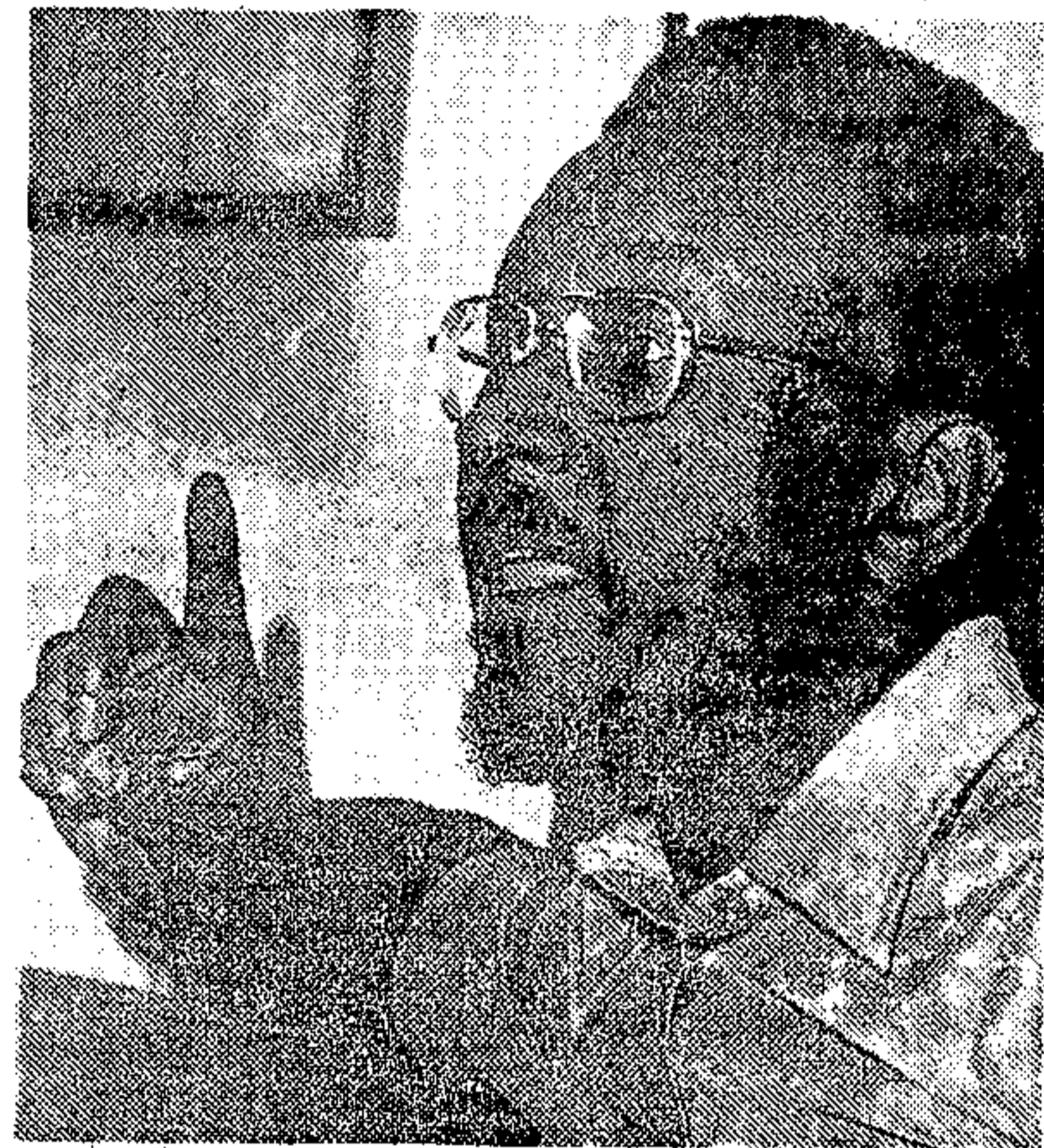
American advocate of free enterprise says:

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Scrap fixed wages in SA

Minimum wages should be scrapped — but the Government should take steps to prevent starvation, says a leading American advocate of free enterprise. SIEGFRIED HANNIG interviews Professor Walter Williams, right, on the implications of free enterprise and revolution in South Africa.



Preaching free enterprise to South Africans comes naturally to a black American who was an "angry young revolutionary" 20 years ago.

Professor Walter Williams, 45, of Temple University, Philadelphia in the United States, deplores job reservation and influx control.

The former black radical, here as guest of the Rand Afrikaanse University and sponsored by the Free Market Foundation, speaks up not only against violent revolution in South Africa but even against economic pressure for reform.

Equally surprising is that he should call for the scrapping of minimum wages.

Does he not realise that many households in Soweto have to make do with incomes below the Household Subsistence Level?

Would it not be more difficult to remove job reservation without the protection of minimum wages?

"I don't have easy solutions," Professor Williams admitted. "Also I am not

willing to see people starve because they can't produce enough to support a family."

The Government should provide for payments which would raise the incomes of families to an acceptable level where wage earnings fall short of such a level, he felt.

Similarly the Government might find it necessary to compensate privileged workers for income losses arising from competition with cheap labour after the removal of job reservation, he suggested.

"Maybe moving completely and immediately to a free enterprise system with no adjustment period is too much for the system in South Africa," the professor said.

Since 1972 he has seen the beginnings of change in South Africa, he says.

"But I personally just don't believe that there's sufficient time; that is, South Africa should have started on the changes that it's only starting now back in 1950."

South Africa had the potential to be the richest country in Africa and have a multiracial society living in peace.

"It appears though that the circumstances will not allow that dream to be realised," Professor Williams said.

Even if political and economic equality were to be introduced today, real racial equality would be impossible for another 50 or 100 years because of the long gestation period of "human capital."

"You start on a doctor when a child is three years old," the professor explained.

For the first time now a South African prime minister seemed to be recognising the problem. But every time he made even a minor concession to blacks he was shortening his political life.

Efforts to overthrow the Government were no solution, the professor said with reference to white military strength and to economic problems and tribal conflict elsewhere in Africa.

"Political power tends to fall into place after you have economic power," he said.

And he saw this as coming about through rapid economic growth, which would increase the economic "pie" that

whites should share with blacks.

"The civil rights movement in the United States could not have been successful in the 1930s because we were in a depression," Professor Williams said.

"It could only be successful during the rapid growth period of the 1960s."

He suggested that South Africa should attract foreign companies with the lure of cheap labour, unfettered by minimum wages, and with tax concessions.

Homelands could grow rich by virtue of their cheap labour — just as Hong Kong and Taiwan which had become the second and third richest political units in Asia by attracting investors with cheap labour.

But this advice comes very late in the day. Few foreign investors are attracted to the homelands where no minimum wages are laid down.

And those multinational companies already here are paying higher wages than most South African firms.

The reason lies in political pressure to which

even some of the world's most powerful companies have bowed.

Professor Williams has no answer to this problem. But to those who would intensify political pressure via South African trade and investment, he says: "White South Africa could survive very well if foreign industries took their investment out. The people who would bear the burden would be mainly black South Africans."

Black South Africans also would have to bear the costs of a violent revolution, if they did not exercise patience.

It would take a long time for blacks to achieve political power by way of winning economic power — if that could be done at all.

"I was not satisfied as a young American with the existing state of affairs," Professor Williams said. "I would not be talking this way 20 years ago. I would be an angry young revolutionary as I was then. But age has a way of teaching you things."

"You have to ask yourself what are the realistic alternatives," Professor Williams said.

FH 6/6/80 (60) EEC WAGE CODE

UK Trade Secretary John Nott refused this week to name the British companies paying their workers in SA below the poverty line on the grounds that this would constitute a blacklist. Although the last Labour government had published this information, disclosure of the identity of companies is not compulsory under the EEC code.

Nott emphasised that the code was voluntary, and that identification of firms which had failed to meet the code's standards might discourage them from providing information in the future. The government said it was concerned about wage levels in SA, but it preferred to bring pressure on UK employers in private.

The row looks like continuing in parliament and outside. Following the *FBI* report (May 23) on the UK assessment, British press investigations revealed that 33 UK companies operating in SA paid below the minimum. Five of these have been named: International Distillers and Vintners, Lindustries, Tarmac, Thomas French and Sons, and Thomas Witter.

The information on the wages paid by these companies comes from their own reports under the code. Former Labour ministers are pressing the government to require companies which had refused to supply details about wage levels to do so, but the ministry for trade has ruled out compulsion.

The opposition points out that naming companies is essential if shareholders are to be enabled to make representations to management on South African employment conditions, and that this means of improving the lot of black workers was specifically intended when the code was introduced.

Several other EEC countries have, in fact, assessed the performance of their companies in SA in recent months, but in the case of some the number of firms large enough to fall within the category of employers required to report is so small that little impact was made by these statements. (Italy reported on four companies, Denmark on two). Only Luxembourg and Ireland have failed to provide the required analysis.

Recognise black unions, bishop tells investors

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NEW YORK — Foreign firms investing in South Africa should apply stringent conditions aimed at recognising black trade unions and weakening the migratory labour system, says Bishop Desmond Tutu, head of the South African Council of Churches.

In an interview published in the current issue of Newsweek magazine,

Bishop Tutu said: "If people want to invest in South Africa I would like to see them apply certain very stringent conditions. They should insist that workers are housed in family-type accommodation near their place of work. This would weaken the migratory labour system immediately."

Newsweek interviewed

the bishop in Johannesburg where he is awaiting trial for protesting against the recent police crackdown on political demonstrators.

Black trade unions should be recognised, the bishop said. If there were real trade unionism the worker would be free to sell his labour wherever he wished and influx control would have to go.

He added: "If companies want to invest in South Africa they should also be required to invest massively in black education and training."

Asked if he favoured economic sanctions against South Africa, Bishop Tutu was quoted as saying: "The West should apply diplomatic, political and economic pressure. But you must decide for yourselves whether economic pressure should include sanctions."

The bishop said that American firms had been trying to improve, rather than change, the situation.

Of South Africa's Prime Minister, Mr P W Botha, the bishop said: "I have commended Mr Botha on his courage. He certainly has a better grasp of reality than any of his predecessors."

Bishop Tutu concluded: "On the whole we have had a great deal of rhetoric: important rhetoric because it is not the sort you expect to hear from a National Party Prime Minister. But very little of that has been translated into action." -- Sapa-
Reuter.

Where do we stand?

60 FM 4/9/80

By most standards, SA probably has as good quality company managers as any other country. But when it comes to company reporting, with a few notable exceptions, we rate pretty low. That is the conclusion (though it is one the *FM* does not fully accept) of a worldwide survey on reporting by public corporations produced by *Financial Times* subsidiary *Financial Times Business Information*.

And if that is not bad enough, our auditors come in for some heavy criticism, along with their professional colleagues overseas.

In a unique survey, FTBI selected 200 top companies worldwide and has evaluated their recent annual reports in terms of their quality and usefulness. Clearly many major firms were not examined. But the samples taken appear to be representative of companies in the top echelons of world and national business.

Reports were rated on three basic criteria: financial information (which included

segmental information and inflation accounting); non-financial reporting (including, for example, employment information, value-added, environment, etc); and timeliness. In general they are evaluated on their usefulness as general purpose documents rather than as providers of statutorily required information. Clearly, that is becoming increasingly important for firms which nowadays have responsibilities to more interest groups than just shareholders.

Nitpickers can no doubt dissent with FTBI's grading system. But the basis seems well designed. Of a possible 100 points per report, 65 were allocated to financial statements, 25 to non-financial statement data and a possible 10 for timeliness.

Breaking that down, as far as financial statements were concerned, a possible 15 points each were allocated for consolidation, disclosure of acceptable accounting policies, segmental data and inflation ac-

counting data. Audited statements were accorded a further 5 points. On non-financial disclosure, up to 10 points went to employment data and a possible 5 each for value-added statements, statements on future prospects, and other reporting initiatives deemed useful by the authors.

So much for that. But where does SA rank — 10th in a list of 18 countries. Top individual country overall was the US, with a score of 62.1, which was well below the 77.0 points awarded to two international groups, Royal Dutch/Shell and Unilever. Second, third and fourth countries were the Netherlands with 62.1, Sweden with 59.4 and the UK with 58.8.

SA scored a miserable 43.5, ahead of such luminaries as Brazil, Italy and Spain.

Not that all the SA companies evaluated were uniformly bad. Worldwide, 21 firms (seven from the US, three each from the UK, France and Netherlands, two Canadian, two internationals and one from Sweden) rated "A" in FTBI's list — scoring

FM

Foreign stake in SA R25 000m

STARZ
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There is at present R25 000m of foreign investment in South Africa out of which R600m has been brought in via the financial rand.

The Minister of Finance, Senator Own Horwood, at a Press conference following his return from a two-week overseas trip, described the financial rand as a useful source of income.

If the Government were to need additional foreign loans, these would be easy to come by but at present they were not necessary.

"I do not think that in my time as Minister of Finance I have ever seen our credit rating as good."

The South African Deutschmark loan was

well received overseas and was over subscribed by 25 percent, despite conditions of unrest prevailing at the time.

During his visit to 30 leading overseas banks in four countries, he was well received. He found positive interest in South Africa.

Senator Horwood described the European economic situation as not in the best of shapes and referred to recession in the US.

Even West Germany had gone into a sizeable deficit on its current account, he said.

By comparison, things look good here with a growth rate which could touch 6 percent this year and a healthy surplus on

our current account.

On gold, Senator Horwood expressed the opinion that the metal may be in short supply in the near future. He pointed out that the IMF and US Treasury sales had ceased and Russia was selling very little.

"In the long-term the gold market is strong."

When questioned on withholding gold sales he commented that South Africa had become more flexible on its selling programme.

On income tax, Senator Horwood said: "We have gone a long way already, having brought the marginal rate down from 66 to 50 percent."

the level of integration of facilities."

In addition, Professor Swart noted, Government had strengthened the influence of business by removing constraints on free enterprise and appointing business leaders to bodies designed to formulate the country's economic strategy and labour policies.

Why, then, are critics at home and abroad attacking business with calls for disinvestment and other forms of economic pressure?

"Economic pressure is the only really effective weapon which the outside world can take up on behalf of those whom it believes to be oppressed by the South African Government," Professor Swart says.

"Until there is a movement away from this perceived oppression, economic pressure is likely to increase.

"But the wielders of this weapon should remember that they are harming a major force for change," Professor Swart said.

Economic pressure is likely to increase until South Africa makes a clear move away from perceived oppression. But the advocate of disinvestment are harming a major force for change. SIEGFRIED HANNIG reports.

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STAR
12/7/80

Disinvestment is 'nationalisation'

South Africa will not lose the R25 000-million which foreigners have invested in this country — even if the disinvestment lobby has its way.

In fact, total disinvestment would be tantamount to the nationalisation of all foreign property in South Africa.

This emerges from a paper on multinational corporations written by Mr M C O'Dowd of the Anglo American Corporation and published by the South Africa Foundation.

"Once a company has made an investment in a country, the investment takes the form of fixed assets and cannot be withdrawn," Mr O'Dowd writes.

"All the owner can do is to sell his investment for what it will fetch — or, in the last resort, abandon it.

"The loss falls on the owner, not on the country where the investment was made."

Mr O'Dowd says "disinvestment" in countries other than South Africa is known as nationalisation.

He points out that the advocates of disinvestment in South Africa contradict themselves.

He notes that the people who advocate disinvestment to harm South Africa, recommend nationalisation elsewhere on the grounds that it would benefit the countries concerned.

Their real targets, he suggests, are the multinational companies who suffer the damage in both instances.

Mr O'Dowd also refutes the contention that foreign investment upholds racial discrimination in South Africa.

"Business which follows business principles will practise no arbitrary racial discrimination which it is not positively forced to practise," he says.

It was the Government which resisted the natural tendency under capitalism to iron out the racial differences and to employ blacks in any occupation in order to avoid artificial scarcities and monopoly wages, he argues.

In fact business has been a major force for change in South Africa, says Professor S M Swart, director of the Institute of Labour Relations at the University of South Africa.

He points out that the businessmen and employers of South Africa prompted the Government to appoint the Wiehahn and Riekert Commissions.

"Business leaders are in the forefront of those who are clamouring for the implementation of reforms," Professor Swart said.

"And those who are not shouting openly are using their powers of persuasion behind the scenes.

"Proof of the business world's determination to break down racial barriers can be found in the present audit of the South African code of employment practice.

"If business leaders were not prepared to meet the requirements of the code, they would hardly be prepared to expose their employment practices right down to

the level of integration of facilities."

In addition, Professor Swart noted, Government had strengthened the influence of business by removing constraints on free enterprise and appointing business leaders to bodies designed to formulate the country's economic strategy and labour policies.

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"But the wielders of this weapon should remember that they are harming a major force for change," Professor Swart said.

Truck-makers may pull out of SA

Own Correspondent

DURBAN. — Some foreign truck companies operating in South Africa "are secretly considering withdrawing", says Mr Erno Lehtonen, managing director of Malcomess-Scania.

He said in Pinetown last night at the start of Scania's expansion programme which will result in spending of R250 000 in Natal that the companies were considering this move because of the local content programme.

Mr Lehtonen said that the current sales pattern — an average of 10 vehicles a month — indicated a tremendous growth pattern for Scania in

this country.

Its trucks would have to be redesigned to accommodate the Diesel Atlantic engines and power trains.

"We agree in principle to self-sufficiency for the trucking industry, but we question the economic viability of the project.

"Our plant in Brazil demonstrated that an engine plant only becomes viable at around 10 000 units of each model, which is considerably in excess of the Atlantis target.

"This figure indicates the increase in costs that can be expected with the advent of Atlantis engines."

Help Inkatha or face opposition - Buthelezi

Political Reporter

Unless organisations enforcing codes of conduct for foreign firms in South Africa co-operate with Inkatha in its formulation of an industrial strategy, they may face opposition from the movement.

This warning was given today by the Inkatha president, Chief Gatsha Buthelezi, when he had discussions with the American Civil Rights leader, Dr Leon Sullivan.

Dr Sullivan is the author of the Sullivan code of ethics for American companies operating in South Africa.

Inkatha's views on such codes is contained in an aide memoire used by Chief Buthelezi at today's meeting.

Inkatha is formulating an industrial strategy

which has political objectives and medium-term goals, Chief Buthelezi said.

Inkatha believes that organisations responsible for the monitoring of the Sullivan Code and the EEC Code should very seriously consider helping Inkatha in the development of this strategy both materially and by joint discussions and planning.

"In the light of the limited generalised success hitherto obtained in the monitoring of codes and the exercise of external pressure, without such co-operation from the external agencies concerned, Inkatha will have radically to assess the benefits to black workers which the codes of employment practices can produce," Chief Buthelezi warned.

Inkatha did not share

the simple view that raising standards of employment practice would always produce mechanisation and a relative loss of jobs.

However, it was concerned that the economic progress of blacks should not be measured only by the performance of a few dozen large multinational companies.

The general secretary of the South African Council of Churches, Bishop Desmond Tutu, was "pleased" today at the tough stance adopted by Dr Sullivan last night.

He was commenting on Dr Sullivan's statements on investments, loans and planned "divestment" action against companies which did not comply with the Sullivan Code.

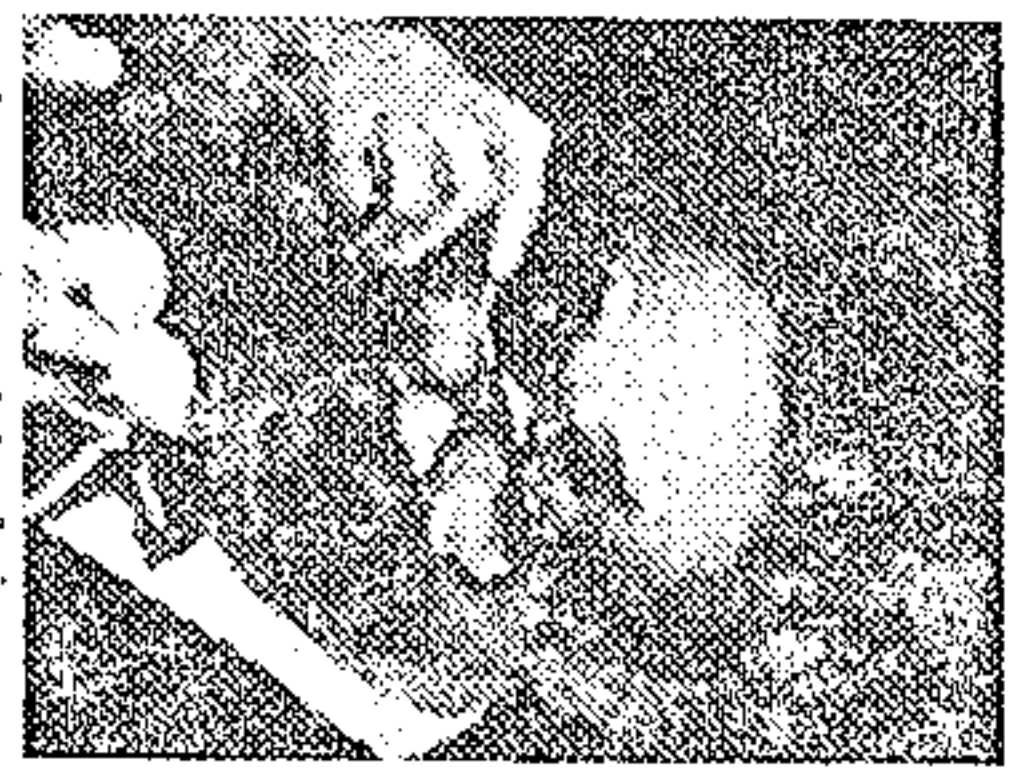
Page 17: Hard line on investments

LEON'S LAW

How the Baptist preacher stunned



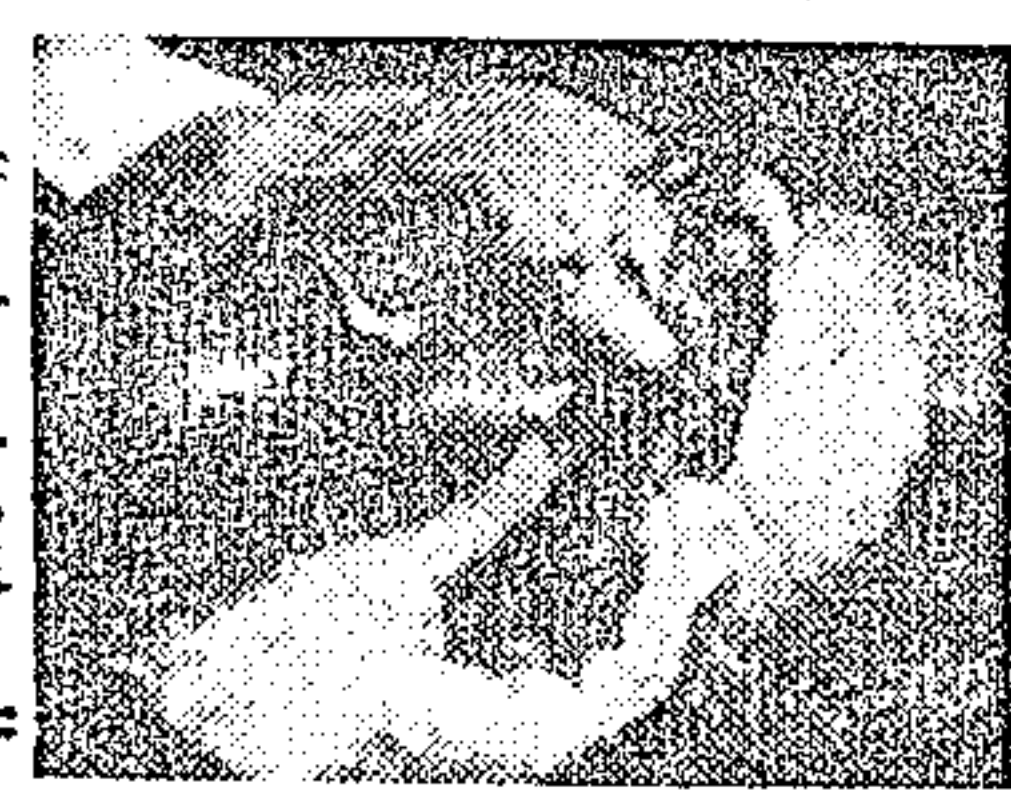
"No justification . . ."



"they should pick up . . ."



"pack up . . ."



"and get out . . ."

South Africa with his principles!

By Howard Barrell

THE Rev Leon Sullivan has thrown down the gauntlet to American companies operating in South Africa and demanded they deal with unregistered black and non-racial trade unions.

His statement strengthens the hand of South Africa's young but burgeoning non-racial trade union movement in its dealings with local subsidiaries of

American multinationals.

Threatening what one veteran American foreign correspondent called "hellfire and damnation", the fiery Baptist preacher and General Motors direc-

tor told American companies during a speech in Johannesburg on Thursday night to "recognise any representative registered or unregistered trade union".

But it was unclear from his speech if the bulky Philadelphian was to in-

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clude this demand in the ambiguous Sullivan Principles he authored.

However, in an exclusive interview with the Sunday Tribune moments before he flew out of Jan Smuts Airport on Friday night, he disclosed that he would regard non-recognition of a representative unregistered union as a breach of his principles governing the employment practices of American companies in South Africa.

Mr Sullivan said he would not be rephrasing the principles to eliminate the ambiguity, but his interpretation on union recognition was "definitive".

His statement thus clears up an important ambiguity in the phraseology of the principles. On the question of trade unions the prin-

His statement, thus clears up an important ambiguity in the phraseology of the principles. On the question of trade unions, the principles state that signatory companies will "support the elimination of discrimination against the rights of blacks to form or belong to government-registered unions, and acknowledge generally the right of black workers to form their own union or to be represented by trade unions where unions already exist."

A number of unregistered unions are locked in disputes with American company managements over recognition.

One such dispute is between the Chemical Workers' Industrial Union (CWIU) and Colgate, a signatory to the principles. Colgate's director of employee and industrial affairs, Mr Chris Dyson, has previously gone on record in the Press as saying that the Sullivan Principles call for recognition of only registered unions.

But Mr Dyson told the **Sunday Tribune** on Friday night: "I have no doubt whatsoever that corporate management will review the situation in the light of statements made by Mr Sullivan."

In his tub-thumping speech on Thursday night, Mr Sullivan said any American company that doesn't do its part to improve conditions for blacks and to help alleviate that oppression "simply has no moral justification for remaining in this country, and, as far as I am concerned (shouting), they should pick up, pack up and get out.

"So — I will be supporting selective divestment (sic) against companies who do not co-operate with the principles and who fail to comply with them and who refuse to be monitored."

Screaming "Hear me," he added: "I will be calling for strong US Government action, calling for tax penalties and sanctions against them if they don't implement the principles.

"And, if change still doesn't come fast enough, I will consider stronger things, including a return to total divestment, and ultimately a total embargo on all US imports and exports to South Africa."

But trade unions have been guarded in welcoming Mr Sullivan's clarification. They have pointed out that his statement poses a challenge for him too: Can he make this principle work?

Since 12/1/80
Michelin may

quit SA  

Michelin, one of the world's largest manufacturers of radial tyres and a sponsor of world champion racing driver Jody Scheckter, may withdraw from the South African market.

It is reported that Leyland, the Michelin distributors in South Africa for the past 22 years, have been told their agreement will be terminated in December.

Companies slammed

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THE Organisation of African Unity claims unnamed multinational corporations are helping oppress the black majority in South Africa.

"The martyrdom of the black South Africans is the results of the sinister strategy of the transnational corporations which co-operate with the racist regime," the OAU in Addis Ababa said in a statement to mark Africa Martyrs Day.

The statement said 18-million blacks were being deprived of their fundamental rights by the minority whites of South Africa.

The OAU said Pretoria's new strategy to create a constellation of Southern African states, dependent on South Africa, represented an attempt to undermine African unity and cause confusion. — AFP

Investment in SA up R700m since early 1979

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LONDON — Direct foreign investment in South Africa through the financial rand has totalled R700-m since early 1979, the Finance Minister, Senator Owen Horwood, has revealed here.

By John Cavill, Financial Correspondent

It had by far outweighed disinvestment by overseas companies — such as Bridon, International Telephone and Telegraph, Asea, GEC and Racal — selling their interests to South African companies.

Senator Horwood, speaking at a Press conference at the end of his three-day visit to London yesterday also said the commercial rand's value against other currencies should continue to rise.

"We must expect a further increase," he said. "It helps with our anti-inflationary efforts and cheapens imports, although it does make difficulties for some exporters."

"We can expect to see the commercial rand appreciating for some time."

Senator Horwood refuted suggestions that the wide fluctuations in the financial rand discount (which has ranged between nine percent and 40 percent this year) indicated heavy disinvestment by overseas interests.

"There has been significant investment through the financial rand — in total so far it has been R700-million, most of it equity investment," he said.

"It (the demand) was bound to ease off. But I don't think there has been any particular wave of disinvestment."

"On the contrary the

tendency has been the other way — apart from these few cases."

Dr Gerhard de Kock, senior Deputy Governor of the Reserve Bank, who takes over as Governor in January, said the new rules on investment through the financial rand had paid off handsomely for firms such as Volkswagen and BMW.

"They were able to invest at a substantial discount, car sales are 50 percent up, and they can now remit their dividends

at the commercial rand rate which has gone up," he said.

Senator Horwood said South Africa was "committed to a reduction of exchange controls" and he hoped for a narrowing of the financial rand discount which could ultimately lead to a unitary foreign exchange policy.

"We would like to go further on exchange controls. We have to do this gradually, but we are reasonably committed," he said.

How the multinationals see South Africa's future . . .

A THEORY OF VIOLENT EQUILIBRIUM

MULTINATIONAL companies doing business in South Africa are likely to face growing pressures from anti-apartheid lobbyists overseas during the 1980s. Black trade unions will present them with testing challenges, including challenges on political issues. And the political climate in which they operate is likely to degenerate into a state of "violent equilibrium" in which black resistance will increase, but not to the extent that the Government is seriously challenged. Nor will the authorities succeed in either meeting black demands for change or suppressing the increasingly militant expression.

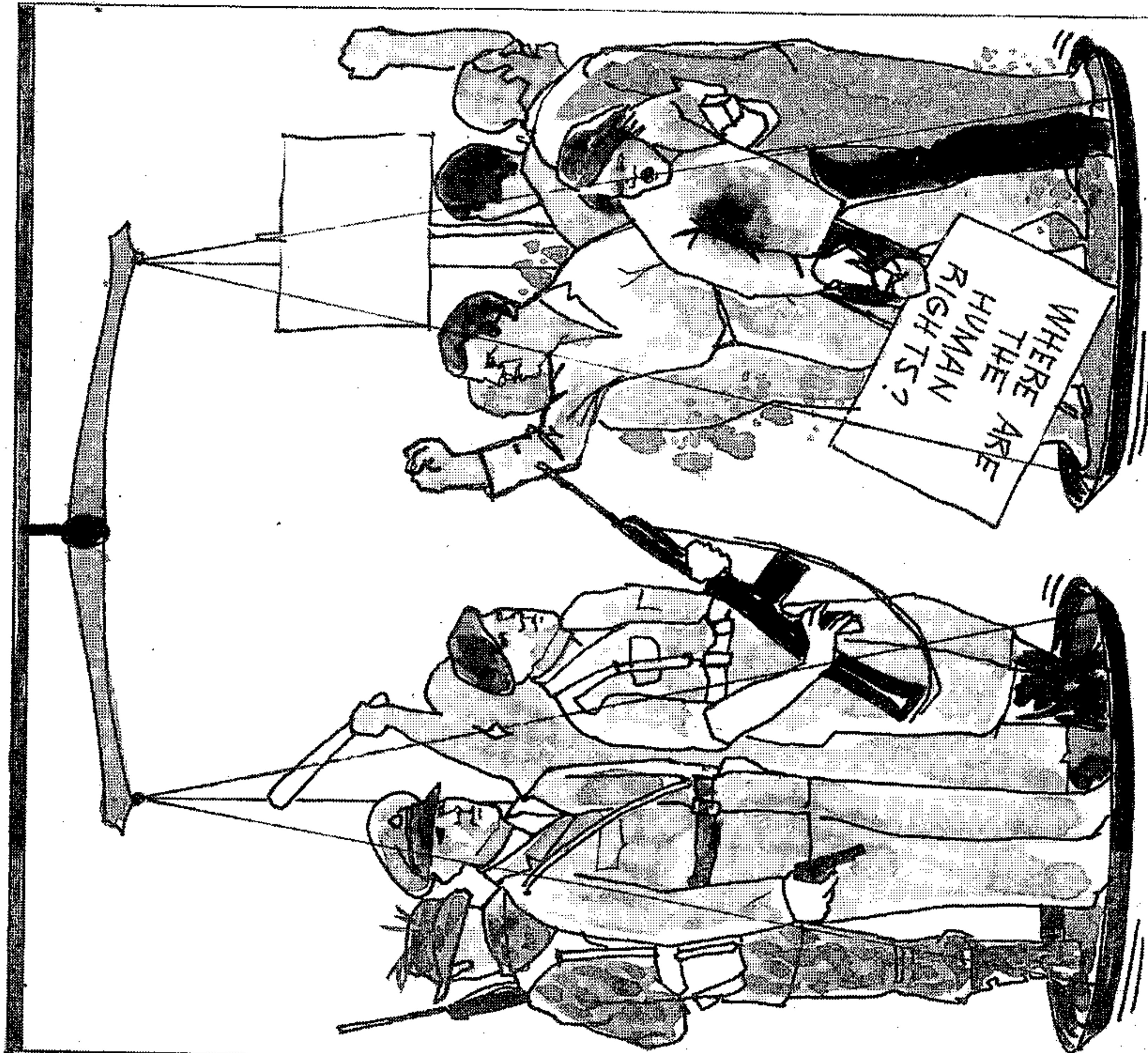
These are among the main conclusions of a study of the challenges facing foreign subsidiaries in South Africa commissioned by Business International Corporation of New York, and due for publication later this month by its Geneva office.

The study, which runs to some 90 000 words, is based on independent research and on interviews with chief executives of 24 foreign companies operating in the Republic. Top executives of two South African mining finance houses were also interviewed.

Although most of the business may still be in the hands of

South Africa will remain in a state of more or less stable violent equilibrium for the next ten years and multinationals operating in the Republic face numerous challenges both externally and internally, according to a report commissioned by the Business International Corporation of New York.

JOHN KANE-BERMAN reports.



the nature of the challenge: one important aspect cited is the fact that the independent black trade union movement is revealing a growing sophistication in exploiting the very fact that a particular company is foreign-owned as a bargaining counter in industrial disputes. It is also pointed out that, whereas low wages were the major issue in the series of strikes by blacks in and around Durban in late 1972 and 1973, demands for democratic trade union rights have been a dominating issue in the more recent strikes. The use of black consumer power to back workers' demands in strikes is also discussed.

The report notes that both the EEC Code and the Sullivan Principles require companies to recognise black trade unions if that is the wish of the majority of their black workers. The Industrial Conciliation Amendment Act, which came into effect as a result of the recommendations of the Wiehahn Commission in 1979, of course makes the position of companies easier in this regard, in that black trade unions now have the right to apply for registration.

The report cautions companies against trying to dictate to their black employees what type of trade union they should have as their representative. It notes that many companies have been attempting to channel their black employees into trade unions which are established and effectively controlled by white trade unions — so-called "parallel unions" — or into unions sponsored by companies themselves — so-called "company unions".

But it points out that black employees are often suspicious of such unions, preferring instead to constitute themselves into what have become known as "independent unions" in the

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Minister PW Botha in many of his speeches, they also took the view that insurgency was likely to be a more or less permanent feature of the South African scene for the foreseeable future. None, however, believed that it was likely to present a challenge that the authorities would be unable to handle.

The report concludes that for the next 10 years, South Africa offers the prospect of neither peaceful nor violent change, but instead will remain in a state of more or less stable violent equilibrium. It argues that the country has indeed already slipped into this state during the second half of the 1970s, beginning with the revolt in Soweto and more than a hundred other black communities in 1976. Although the 1976 revolt sometimes stretched police resources to the extent that reinforcements had to be airlifted from one area to another, it was eventually put down by the police without extensive assistance from the army. The riots in Cape Town in the first half of this year were also put down without too much difficulty.

Violent resistance sponsored by the exiled insurgency movements or arising from school boycotts and aggressive police action is likely to occur with increasing frequency, leading to greater racial polarisation. But the report notes the view of most businessmen that the Government is powerful enough to prevent any kind of revolution taking place.

One of its main conclusions is that they are probably correct in this view, but the report also argues that, however powerful they might be, the forces of law and order will not be able to prevent the slow degeneration of the society into a cold war characterised by more and more frequent racial skirmishes.

While most businessmen interviewed were very enthusiastic about South Africa's economic prospects, they also reflected deep uncertainty as to what the future holds from a political viewpoint. "I wish I

knew what was going to happen," said the chairman of a major British company with interests all over Africa.

The Business International study reports that many businessmen fear that black trade unions may be used more and more as political instruments because blacks have no other meaningful political vehicles. It quotes the chairman of a large British-owned food conglomerate as saying: "I would prefer to see black unions working with worker welfare rather than broader political issues, but there is always a real possibility in South Africa that blacks, frustrated as they are in other spheres, will use unions for political purposes. The Government is very concerned about it and hopes to prevent it by the system of union registration, but whether it will succeed in doing so is another matter."

In similar vein, the chief executive of a Swedish company observes: "We would want (unions) to stick to factory issues, but there is not much that can be done to stop unions becoming political if that is what they want."

The report argues that failure of companies to respond in a constructive manner to the challenges and demands of black trade unions will have an important impact on whether or not foreign pressures for disinvestment will increase. It notes that the American Sullivan Principles and the EEC Code of fair labour practice for European subsidiaries require foreign firms in South Africa to recognise representative black unions, but that there is still a widespread tendency for employers to summon the police the moment a black union makes its presence felt in their factory.

But the report also notes that the international campaign against apartheid has so far been largely one of words rather than action, and that where some sort of economic action has been taken against South Africa, it has been little more than a "slap on the wrist".

Contrary to popular opinion, the study adds, the Carter Administration has fought hard to prevent liberal congressmen and militant Third World countries from imposing various types of sanctions against South Africa. Thus it notes that while the State Department, "with its emphasis on the promotion of human rights as a goal of US policy abroad, has proclaimed its intention of using its influence to persuade South Africa to remove discriminatory laws, a senior US Treasury official has argued against trade policy as an instrument of US political purposes".

The study cites the so-called "Evans Amendment" as an example of administration attempts to avoid tougher pressures against South Africa. Introduced as part of Washington's critical response to the death of Mr Steve Biko in September 1977 and the banning of 18 black organisations a month later, the Evans amendment to the US Export-Import Bank Authorisation Act provided, inter alia, that Eximbank facilities could not be granted in support of any export from the US to South Africa which would contribute to the maintenance of apartheid.

The slight toughening up of the Eximbank Act that this measure represented was in fact a conservative introduction by a conservative congressman in order to stave off proposals for even tougher restrictions, which were also opposed by the commerce and treasury departments in Washington — and by Richard Moose of the State Department, who, contrary to his actual behaviour in official Washington, is seen by some in South Africa as an anti-apartheid "hawk".

The Business International report notes, however, that the US government will not always be able to fight rearguard actions of this nature for South Africa. It points out the growing importance of countries like Nigeria to the US (as an oil supplier, inter alia) and argues that the US's own credibility in

Africa and elsewhere in the Third World could be damaged unless it toughens its stance against the Republic beyond the level of rhetoric. The report also emphasises the very close relationship between the international policies of the South African Government and the buildup of disinvestment or trade embargo pressures in the outside world.

The chief executive of a Dutch subsidiary in South Africa is thus quoted as saying that if sanctions were imposed against South Africa, "it is likely to be as a result of alleged mistreatment of non-whites — such as large-scale bannings or another Biko incident — or restrictions on Press freedom. In other words, sanctions could come as a result of hard suppression of flare-ups."

The study thus notes that the "essentially reactive" nature of American policy towards South Africa creates a climate of greater uncertainty for US firms than would a coherent and predictable policy. Because US policy is confused, contradictory (as between rhetoric and concrete action), and "reactive" in the sense that it is made not in advance but as a series of hasty ad hoc responses to what happens in South Africa, the report contends, there is a comparison with what happened to the US in Iran.

The weakness of a "reactive" policy is that it is "to a large degree subject to the highly uncertain course of events in South Africa itself and the extent to which radical anti-apartheid lobbyists and disinvestment groups in the US are able to exploit them. As with Iran, the danger is that US policy towards South Africa will be overtaken by events, and multinationals will then find themselves subject to a policy which is itself collapsing."

Looking more specifically at US multinationals doing business in South Africa, the study says that they are likely to be used as "tools" by the State Department, for they are

"ready-made surrogates on to which responsibility and costs" in the campaign against apartheid can be shifted. "To the extent that the US government can persuade (US firms) to be 'constructively engaged' in South Africa in advancing the cause of human rights, it will provide itself with an argument against demands that it take action against South Africa itself."

The US authorities have thus given semi-official backing to the "Sullivan Principles" via the Evans Amendment. The report notes that certain recent adjustments in South African policy — such as giving black trade unions the right to seek official registration, moving towards the elimination of statutory and other forms of job reservation, and devoting more public funds to black education — make it easier for US companies in South Africa to comply with the Sullivan Principles. But it also points out that "a serious commitment to implement the (principles) can involve considerable costs" for companies.

The report thus quotes the chief executive of an American motor manufacturer in South Africa as saying: "Anyone planning investment in South Africa must be prepared to put substantial sums into social responsibility programmes. Particularly in education, because the South African system has not done it, you have to spend money to train blacks, especially now that whites are leaving factory jobs. Elsewhere, you would simply telephone a local college to obtain skilled men who, after a little in-company additional training, would be ready for work."

The Business International report also discusses the EEC Code for European subsidiaries organised business in a number of major European countries regarded the code as an unwelcome interference, but adds that the EEC governments went to some pains to convince them that if it was not taken seriously, demands for even black education system make

tougher action against the Republic would increase.

British officials are thus quoted as saying that Britain does not want to damage its trading links with South Africa because of the effect this would have on British jobs and that the EEC Code is an important means of staving off stronger action. The Confederation of British Industry evidently eventually came to accept that the code was in the interests of British companies, for the report quotes it as having said that the code could play an important part in justifying foreign companies' presence in South Africa and so help deflect moves at the United Nations for economic sanctions.

Several major companies are quoted as emphasising that the problem of skills shortages begins in black schools, where the education is of so inferior a quality and so thinly spread that there are far too few blacks coming into industry with sufficient educational background on which technical and industrial training can be grafted.

One British company thus notes that his group has had difficulty finding even small numbers of blacks with the general education necessary before they can be enrolled in an in-company business school. Several chief executives are particularly critical of the inadequacies of maths and science teaching in schools.

The head of an American chemical company bluntly states that black education in South Africa is a "disaster" and that it will take at least a generation to put right. This executive slams the policy of compelling black children to learn three languages even in junior classes.

The report also notes that it is now too late to begin training to meet the skilled manpower needs of the boom that South Africa is currently experiencing. An American chief executive is cited as saying that the inadequacies of the country's black education system make

compliance with the Sullivan Principles very difficult.

This executive also stresses the inflationary implications of the skills shortage: "The wage implications are terrible. What is happening now is that employers are stealing from other companies. One company even gives the wife a company car as well in order to entice her husband to work for them. Also, white supervisory staff are leaving because they can't stand the pressure of running operations without enough people to do the work."

Business International's report states, however, that it is in the area of black trade unionism that multinationals will face their most testing challenges during the 1980s. It argues that the response of foreign companies to black unions will not only have a major impact on whether the various fair labour codes are viewed in the outside world as having benefited black workers in South Africa, but also influence the attitude of blacks in South Africa to the capitalist system.

Though it cites the views of both pro-disinvestment and anti-disinvestment spokesmen in South Africa, the report says it is impossible to determine which school of thought has a greater following among blacks. But it goes on to warn: "It can probably be safely assumed that the disinvestment school will grow in strength unless foreign companies are seen within the next few years to be far more actively engaged in change than the great majority of them yet realise. The point can be made even more specifically whether black hostility to foreign companies increases or decreases will depend on the response of those companies to the growing challenge by black trade unions more than on any other single issue."

An entire chapter of the report is devoted to a detailed examination of this challenge. Several major strikes by black workers in 1979 and 1980 are discussed in order to illustrate

sense that they are set up by blacks themselves and not by management or by the established white (or "coloured") trade union movement.

The report argues that it may be perfectly understandable that managements should wish to see blacks organised into unions controlled by the company itself or by white labour leaders with whom the company has a long-standing relationship. Such unions are likely to be tame rather than militant. But the report contends that tame trade unions are not really in the long-term interest of company managements, since they run the risk of losing touch with sentiment on the factory-floor and thus not accurately reflecting to management the views and demands of its black employees.

Such a situation, says the report, is a sure recipe for wildcat strikes. So, rather than try to channel blacks into tame unions, companies should organise democratic elections in their factories to enable workers to decide for themselves which particular kind of union they want to represent them, or even to reject trade unionism altogether.

The report goes on to argue that black unionisation is likely to take place more rapidly during the 1980s than in the past, and also that the movement of black workers up the jobs ladder will give them greater bargaining strength, in that skilled workers cannot simply be dismissed and replaced by fresh recruits from the rural bantustan "homelands" if they go on strike. It recommends that companies should accept the reality of this new phenomenon and deal with it on a workmanlike and democratic basis, even if this means an end to the virtual monopoly of power that companies have enjoyed in the factories until now.

Failure on the part of multinationals with operations in South Africa to respond constructively to the challenges posed by black industrial bargaining power, says the report, will undermine the position of Western investment in South Africa.

SA pays R100m a year for technology

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By Jean Moen

South Africa is a huge net importer of technology.

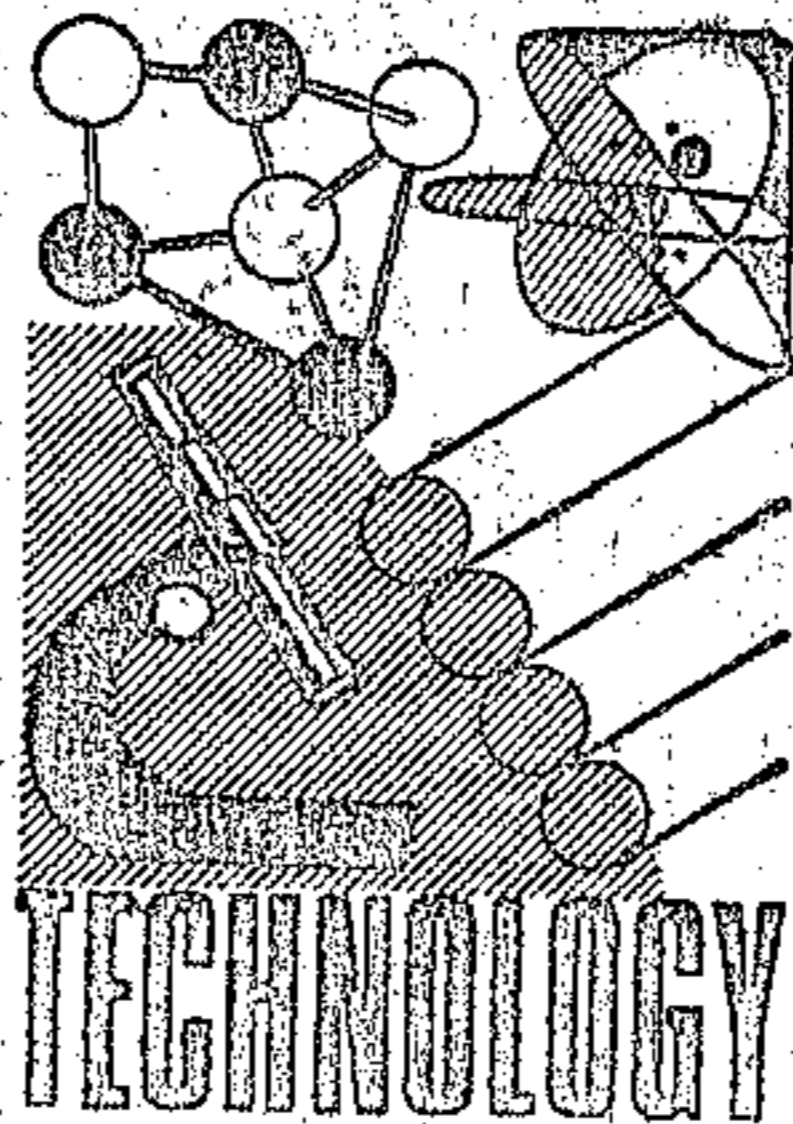
Last year it paid out about R100m for royalties to foreign countries, while the amount it received was probably less than R10m.

John Stonier, president of Licensing Executives' Society, visited South Africa last week and spoke at a symposium in the South African context.

LES chapters can be found in 17 countries around the world and there are nearly 4 000 members in total. The South African chapter was set up last year and so far has 40 members.

Members have been drawn from all types of organisations who are concerned with licensing and other forms of technology transfer.

The organisation has affiliated national bodies



in the major Western countries and also in Australia, Japan, Korea, India, Mexico and Argentina.

It aims to increase the

R2,5m order for ADS

After nine months of thorough investigations into the cash register market, OK Bazaars has decided to place its next two year cash register requirements again with ADS Anker Data System.

knowledge and awareness of the communities in which it functions of the value of technology transfers as a means of promoting industrial development, and to provide a forum for the exchange of views and information about all aspects of technology transfer.

It is an advisor to several international and government bodies and publishes in-depth studies on legal and other topics in its field.

Its international meetings are major attractions to businessmen, lawyers, administrators and teachers with interests in licensing.

The order calls for 3 000 MA 140-4 and MA 140-8 electronic cash registers plus the locally manufactured power packs and is reported to be worth about R2,5m.

Top investment group to visit SA for a look

STAR
4/11/80
60

By John Cavill, Financial Correspondent

LONDON — Eleven top international investment managers, representing funds worth thousands of millions of rand, are to spend 17 days in South Africa investigating the outlook for the country.

Ranging from one of the two biggest private banks in Switzerland, Pictet et Cie of Geneva, to Investment Trust Services part of the giant Robert Fleming banking group of London with investment funds totalling £3 500-million (R6 400-million), the group will arrive in Johannesburg on Wednesday, November 12.

The visit has been organised by London stockbrokers, Grieveson Grant, which is sending three partners.

Mr Ian Norrington, formerly with De Beers and now a partner at Grieveson Grant, said yesterday: "All the institutions are already converted to the idea of gold and gold shares as an investment. We aim to show them the whole of South Africa as an investment — rather than simply being a vehicle for gold."

OFFICIAL TALKS

The international group will have talks with the Minister of Finance, Senator Owen Horwood, the Reserve Bank, and visit mines and industrial companies.

Mr Norrington said: "South Africa has got a Saudi Arabian problem" with gold instead of oil.

"With profits booming, growth and a strong currency we believe the outlook for investment in industrial stock is very good."

He said the South African industrial market was "tremendous" and corporate profits were "dooming."

He told a Press conference that the South African economy had not

heard of the international recession. "The big problem there is an embarrassment of riches — I think it's got a lot going for it."

INTERESTS

The group will represent British, Swiss, French and American investment corporations. Their companies already hold interests in South Africa, and according to Mr Norris they are interested in expanding their holdings.

They will meet the Minister of Finance in Pretoria on November 17.

"This is an indication that the South African government feels this is important to South African trade," said Mr Derek Millard, a partner of Grieveson Grant, who will accompany the representatives on the trip.

He said his company was also interested in seeking international in-

vestment from South African corporations. "With the wealth in South Africa and the money bursting out there is the possibility of increased investment," he told the conference.

Foreign interests condemned

STAR

12/11/80

60

The Star Bureau

NEW YORK — The United Nations General Assembly has condemned all foreign economic interests in South Africa and SWA/Namibia as detrimental to "the oppressed peoples" and as obstacles to full freedom.

By a huge majority the assembly stated that foreign interests were "a major obstacle to political independence and to the enjoyment of the natural resources of the territories by the indigenous inhabitants."

The resolution was opposed by 15 states — mainly Western and European but including Israel and Japan — many of whom have been specifically named as "collaborators" in various fields of contact with the South African Government.

The resolution is a general condemnation of "foreign economic and other interests" but expressly refers to their activities in South Africa and SWA/Namibia.

The 28 abstentions in the recorded vote include several African states be-

lieved to be minor, and unpublicised, trading partners of South Africa.

Botswana and Zimbabwe were among the 103 delegations which voted for the resolution.

The resolution condemns Western investment in South Africa, and Western supplies of armaments, oil and nuclear technology to "the racist South African regime." It also condemns the "collusion" of France, West Germany, Israel and the United States with South Africa in the nuclear field.

Another resolution endorsed overwhelmingly chides specialised agencies for providing assistance to Swapo that is "far from adequate."

It also criticises the World Bank and the International Monetary Fund for maintaining contact with the South African Government.

Mr. Mashahiro Nisibori said his Government vehemently opposed the South African Government's policies of apartheid.

Overseas interest in SA steps up

STAR
12/11/80

60

CAPE TOWN — The attitude of influential people and organisations in various overseas countries towards South Africa had improved considerably and there was increasing interest in the country, the Director General of the SA Foundation, Mr J de L Sorour, said in Cape Town yesterday.

According to Mr Sorour, who has just returned from a visit to Britain, France and West Germany, the sympathetic attitude was because of the Prime Minister, Mr P W Botha's political initiatives.

However, the greater interest arose from a desire to share in South Africa's "considerable economic growth," he said.

"Among those who are responsible for determining their governments' attitude towards South Africa there was less animosity than most South Africans believe.

"However, apartheid is still rejected unconditionally in most of these circles, although miracles are

not expected. They are encouraged by Mr Botha's initiatives, but there is still a great measure of scepticism."

Mr Sorour said the positive inclinations would perhaps not be reflected in the overseas Press, but were based on interviews with influential people in government circles and elsewhere.

Blacks need foreign investment — S P Botha

60 kam
22/1/80

By SIMON WILLSON
Industrial Reporter

CONTINUED foreign investment and contact were probably more important for blacks in South Africa than for whites, said the Minister of Manpower Utilisation, Mr S P Botha, yesterday.

At the annual meeting of the South Africa-Britain Trade Association (Sabrita) in Johannesburg, Mr Botha quoted figures from the Economic Development Programme which estimated that a 3,6% growth rate in 1987 would mean 2 400 000 people out of work (21,9% unemployment), whereas a 5% growth rate would mean 1 300 000 jobless (11,5%).

"Through the investment of foreign capital and know-how in South Africa a higher growth

rate can be achieved than would otherwise have been possible. This means a bigger economic cake that can be shared by all.

"A high growth rate is, therefore, of the utmost importance to help solve our unemployment problem. As most of the unemployed are blacks, continued foreign investment will thus be of primary importance to this population group."

He said a trade embargo would harm the South African economy, although not as much as advocates of sanctions liked to believe.

"Because of the 'openness' of the South African economy and the importance of exports for the country, a trade embargo will result in a lower growth rate and thus lead to higher unemployment, the black man again being affected directly."

"The economic development programme stated that a high growth rate will only be

achieved through the further stimulation of exports."

He restated the Government's support for the principle of equal pay for work of equal value.

"The private sector should now take the initiative and pay equal rates for work of equal value, regardless of colour or group."

"Employers must also ensure that they keep the channels of communication open between themselves and the workers. Black trade unions are allowed to register and thus take part in collective bargaining and the industrial council system."

"To ignore representative unions, particularly registered ones, will only lead to further frustration among the workers and problems will not be brought into the open where they can be solved," Mr Botha said.

Call for foreign aid to train blacks

Own Correspondent

PORT ELIZABETH. — A call for foreign aid to the black, coloured and Asian population of South Africa, instead of sanctions talks, was made in Port Elizabeth yesterday by Mr J N Reddy, executive chairman of the South-African Indian Council.

Addressing the annual meeting of the Midland Chamber of Industry, he also urged the motor industry to consider establishing a multiracial vocational training centre on the lines of the sugar industry's in Natal.

Mr Reddy said that if lobbyists, particularly in the United States, were genuinely concerned about the wellbeing of South African blacks, they should abandon their negative approach by encouraging companies and the US government to promote the progress of blacks, coloureds and Asians.

Many analysts agreed that South Africa could not be brought to its knees by threats of boycotts and sanctions and there was a need to recognise that this strategy had outlived its usefulness. People of colour in South Africa could be categorised as part of the developing or underdeveloped sector.

The three groups should be given the aid accorded other African nations, he said.

Mr Reddy said the launching of the Small Business Development Corporation would also enable the private sector to play an important role in the economic development of the black, coloured and Asian communities.

The predicted shortage of administrative staff and skilled manpower in South Africa clearly showed the need for educating, training and employing an increasing number of black, coloured and Asian workers, he said. The question should be asked if it was not time for vocational and worker training institutes and technikons to become multiracial.

This would ensure that young men and women who would have to work together were not denied the opportunity to study and train together whenever possible. The fellowship, understanding and mutual respect born on the campuses could prevent the likelihood of problems arising when members of different race groups had to do the same work in factories, offices or workshops.

There is no reason why the motor industry in Port Elizabeth and Uitenhage should not explore the possibility of a multiracial vocational training centre."

He said the sugar industry's multiracial training school had made it possible for young Asians, whites, coloureds and blacks to get to know each other, enabling them to work together as qualified tradesmen free from suspicion and fear.

Foreign investment tops R25000-m — Marais

Disinvestment in South Africa has proved to be an exercise in futility with foreign investment now well more than R25 000-million, Dr Jan Marais, former banker and MP for Pinetown, said last night at a seminar on South Africa in Rome.

In the last few months there had been an influx of about R700-million in new foreign capital into South Africa, Dr Marais said.

There were 1 200 United Kingdom, 375 United States and 350 German corporations with considerable stakes in South Africa and their numbers, together with a large number of French,

Italian, Swiss and other foreign corporations, keep increasing.

At present there were 42 foreign corporations exploring for minerals and other raw materials.

Turning to energy, Dr Marais said that as more Sasol plants come on stream, combined with coal and other energy re-

sources, the country should, within the next few years, become the most energy-sufficient nation in the world outside the oil-rich nations.

"Energy self-sufficiency amounts to about 85 percent," Dr Marais said. "Already coal exports have reached the energy equivalent of 300 000 barrels of oil a day. Within five years this equivalent is expected to be in excess of 600 000 barrels of oil a day."

Apartheid is disappearing, but ... says Dawie

Own Correspondent ROME — Apartheid is dying in South Africa. It is being eradicated and discrimination is disappearing, says Dr Dawie de Villiers.

Speaking to the Circolo Italiano per l'Africa Aus-

trale, an organisation promoting relations between Italy and South Africa yesterday, Dr de Villiers, Minister of Commerce, Industry and Tourism, said "apartheid in terms of discrimination on racial or colour lines is being eradicated."

Describing South Africa as a country where dynamic changes were taking place, the Minister said: "Numerous positive steps are being taken to create equal chances for all and to extend full citizenship rights to all."

But this did not mean South Africa had accepted a "one-man-one-vote" system in one unitary state as the ultimate end of the present transition, said Dr de Villiers.

"Any effort to force the diverse peoples of my country together in one political structure will have a detrimental effect on the country and its peoples. "It will unleash a power struggle that will know no limits," he said.

"If South Africa can manage to adapt its internal racial policies rapidly enough, I believe that at long last the tide will begin to turn for us, also in Black Africa," Dr Marais said.



Dr Jan Marais MP optimistic.

TABLE 4 (continued) ANALYSIS OF AFRICAN EMPLOYMENT BY REGION-TYPE AND SEX, 1960 AND 1970
(b) 1970

	1 Agriculture	2 Mining	3 Manufacturing	4 Electricity	5 Construction	6 Commerce	7 Transport etc	8 Finance	9 Services	Total
Male	25 958	265 019	305 360	12 778	105 588	121 688	70 227	25 225	175 307	1 007 136
Female										

NOOSE BITES IN BID FOR LABOUR REFORM

By KEVIN JACOBS
in New York
and CONNAL VICKERS
in Durban

THE noose around multi-national companies in South Africa is tightening as overseas pressure groups step up their campaign for labour reform.

The chief protagonist for change, American civil rights campaigner the Rev Leon Sullivan, met 20 international company representatives in Europe last month to review the implementation of fair labour principles.

Mr Sullivan, architect of the Sullivan principles for fair labour practice that have been signed by 140 American companies with interests in Southern Africa, is pushing for more stringent measures against companies that refuse to sign.

French, British, American and at least one South African company attended the meeting, where Sullivan again called for legislative sanctions such as tax penalties and the withholding of federal contracts from recalcitrants.

He also discussed possible amendments to the principles that could be introduced next year.

The principles call on employers to pay wages "well above the appropriate local minimum economic living level". This provision will probably be extended to specify a stated percentage, "say 30 percent", above the minimum living level.

South African industrial sources spoken to viewed the amendment as reasonable and uneconomic.

"South Africa is moving very well in the upgrading of wages," said Mr Roland Freakes, executive director of the Natal Chamber of Industries. "At the moment we are talking about an average wage of R170 for unskilled black labour. This has increased far more rapidly than the cost of living index and wages will still increase further."

"I don't think that anyone in this country would not like to meet that kind of request but we have to be realistic. These people must be reasonable. We need a little more time as productivity has to increase as wages do."

South Africa has a code of conduct

Homeland	134 949	685	17 622	158	1 510	10 760	389	524	202 930	445 792
TOTAL	378 225	2 115	75 926	285	2 826	46 194	1 581	4 079	647 987	1 359 218
TOTAL: M & F	1 590 670	588 200	567 200	29 913	286 400	281 300	138 800	35 700	1 223 982	4 742 170
% Female	23,8	0,4	13,4	1,0	1,0	16,4	1,1	11,4	69,3	28,7

of request but we have to be realistic. These people must be reasonable. We need a little more time as productivity has to increase as wages do.

"South Africa has a code of conduct for labour, the Saccola code, and this comes fairly close to the provisions laid down in Sullivan's code."

It is thought Mr Sullivan's European conference could lead to a combining of his principles with those laid down by the European Common Market. This code is in theory mandatory but monitoring has been haphazard and company's performances are not publicised.

Mr Sullivan said he hoped that this would be the beginning of a broader and more worldwide effort to work against discrimination in the workplace in South Africa.

Similar meetings could follow.

Neither the EEC nor Sullivan codes are enforceable, although both Mr Sullivan and the EEC countries have spoken of applying all pressure possible on companies not voluntarily embracing the codified principles.

Under the provisions of Mr Sullivan's code, each signatory is committed to:

- Non-segregation in eating, comfort and work facilities.

- Equal and fair employment practices for all.

- Equal pay for all employees doing equal or comparable work for the same period of time.

- Training for blacks and other non-whites in management and supervising.

- Increasing the number of blacks and non-whites in management

- Improving housing, transportation, schooling, recreation and health.

See Tribune Finance

SULLIVAN PUTS ON THE SQUEEZE

THE pressure on foreign-owned companies in South Africa to improve their employment practices is quietly but steadily being stepped up.

One of the main forces behind the new pressures is the Rev Leon Sullivan, the US civil rights campaigner and architect of the so-called Sullivan principles of fair labour practice which have been signed by 140 American companies with interests south of the Limpopo. Sullivan visited South Africa two months ago.

He met twenty multinationals in London last month to review the implementation of the principles and to examine ways of improving them.

Interestingly, not all the companies were

Special Finance Correspondent

American, French and British firms and at least one leading South African group were also represented.

The presence of EEC-based companies at the meeting has prompted speculation that efforts are being made to combine the Sullivan principles and the code of conduct drawn up by EEC countries into one code.

Unlike the Sullivan principles, the EEC code is in theory mandatory, but monitoring has been haphazard and individual companies' performances is generally not publicised.

According to a London-based international newsletter from multinational executives, Sullivan envisages more stringent

measures against American companies which continue to refuse to sign the principles.

Earlier this year he asked Congress to apply legislative sanctions such as tax penalties and the withholding of US federal contracts from the recalcitrants.

In a covering letter with the questionnaire sent to signatories earlier this year, Sullivan warned of steps he intends taking to step up the requirements of the principles.

As formulated at present, these principles call for employers to pay wages "well above the appropriate local minimum economic living level". But from next year, Sullivan expects to amend this provision to specify a stated

percentage, "say 30 per cent" above the minimum living level.

Sullivan also now urges companies to contribute to the National African Federated Chamber of Commerce (Nafcoc) by becoming associate members. In this way, they can assist in the development of black business.

There are approximately 355 companies in South Africa which have a substantial number of American shareholders. The largest in terms of numbers of employees is Fluor, the construction and engineering group, which is the main contractor for Sasol two and three. Fluor employs about 14 000 people in South Africa. It is followed by Tsumeb Corp, a subsidiary of Newmont Mining (5 000) and Ford (4 700).

	1960	1964	1970	
Metropolitan	1 56 589	664 236	90,3	40,6
Urban	529 725	216 337	73,5	56,8
Rural	979 729	857 237	91,7	23,1
Homelands	960 477	1 341 361	85,2	16,8
TOTAL	3 626 520	3 079 171	86,9	26,6
Metropolitan	1 414 076	779 821		
Males	15-64	15-59	% Males employed	% Females employed
Females				

1960 and 1970

(c) Employment as a proportion of men 16-64 and of women 15-59,

TABLE 4: (continued)

FOREIGN FIRMS in S.A. - GENERAL

6 JAN. 1981 — 28 Dec. 1981

SA firms pay less, says survey

Industrial Reporter

AN ANALYSIS of black and coloured employment in the Peninsula indicates that South African companies pay lower wages on average than local subsidiaries of overseas companies.

The study, by Mrs Kim Weichel of the Institute for Social Development at the University of the Western Cape, also found that the foreign-owned businesses offered more fringe benefits, longer annual holidays and higher bonus pay.

Six South African companies and five overseas firms replied to the questionnaire on which the survey is based.

Many of the South African companies still had segregated facilities (primarily canteens), it found, whereas all the overseas companies had integrated facilities.

The South African companies generally had a higher degree of union involvement than the overseas companies. All domestic companies admitted that there were recurring complaints among their workers, while not one overseas firm believed this to be the case.

Areas of similarity between local and foreign companies included induction and on-the-job training, but the researcher believed the standard and extent of the training programmes was generally low.

Most employers felt the liaison committee structure was preferable to unionization of employees and there was a trend towards fairly extensive upward mobility of workers. Although most companies believed they were applying the principles of the employment practices codes, it was found on closer inspection the research said, that many of the companies were in fact not adhering to all the principles.

"The overseas companies on the whole had made many more steps towards change than had the South African firms, in terms of pay scales, benefit coverage, training programmes and general company policies . . ."

Some companies admitted that recent overseas pressure had increased their rate of change, though most felt they had not been affected by this pressure.

Black respondents to the study's employee questionnaire were generally less happy with their pay, working conditions and their employer than were coloured people. Many were bitter that preference was granted to coloured workers in the Cape, something which they interpreted as being the fault of the company.

Coloured workers generally expressed a greater degree of satisfaction in their job, working environment and company than did their African counterparts.

SOUTH AFRICAN COMPANIES

pay less.

study finds

CAPE TOWN — An analysis of black and coloured employment in the Cape Peninsula indicates South African companies pay lower wages on average than local subsidiaries of overseas companies.

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"The overseas companies on the whole had made many more steps towards change than had the South African firms, in pay scales, benefit coverage, training programmes and general company policies," the study said. — Sapa

OVERSEAS FIRMS PAY MORE

STUDY FINDS SOUTH AFRICAN COMPANIES PAY LESS

5102 2/1/81
Company
60
faces rare
charge 1/3
1/4

By Tony Davis
Labour Reporter

The attorney-general's office is to prosecute a multinational firm based in Boksburg for alleged victimisation of one of its shop stewards.

Mr Paul Ntuli, a member of the Food and Beverage Workers' Union, was dismissed by Van den Bergh and Jurgens in Boksburg, part of the Unilever group, in December 1979.

The decision to prosecute the company for alleged victimisation is rare, according to labour lawyers.

Van den Bergh and Jurgens is to be prosecuted under alternate victimisation clauses in the Wage Act and the Industrial Conciliation Act.

A company spokesman said yesterday he knew nothing of moves by the authorities to institute proceedings against Van den Bergh and Jurgens.

HORWOOD EASES CURBS ON BORROWING BY FOREIGN COMPANIES

22/2/81
60

Finance Reporter

A KEY announcement in Finance Minister Owen Horwood's mini-budget on Monday has attracted little attention.

Horwood has eased at long last — but not abolished — the notorious exchange control regulation 31D, the ruling which severely curbs the extent to which foreign companies may borrow in South Africa.

Over 2 000 firms operating here are in this category.

Horwood has given another sign of his willingness to allow interest rates to rise still further by allowing foreign subsidiaries to join the queue for bigger credit facilities.

He said that foreign-owned companies' local borrowing limits would be doubled. At the middle of last week, bankers were still waiting for detailed guidelines from the Reserve Bank.

It appears, though, that the formula used up to now to calculate permissible borrowings will simply be altered to double existing levels.

The formula basically allows companies to borrow in inverse proportion to the stake of foreign shareholders. Thus, a 100 per cent foreign-owned company could up to now borrow 25 per cent of its share capital, undistributed profits and certain parent company loans. This has now been raised to 50 per cent. Companies with a 25 per cent foreign interest can now borrow double their total investment, against an amount equal to the investment previously.

Few companies are likely to take advantage of the relaxation right now. Most are liquid enough not to need extra bank credit.

The relaxation "will be felt in the future, rather than now," said one banker. That future may not be far off, however. Bankers report that corporate demand for bank credit is rising rapidly as liquidity dries up in the face of lower profit growth and high capital spending.

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A delicious prospect for foreign investors

S.A. Indus. Wk (60) 3/3/81

No wonder Finance Minister Owen Horwood was all smiles when he flew into Johannesburg recently to open the new South African headquarters of the vast international Sharp Electronics empire. Here was yet another bricks-and-mortar symbol of the explosion in foreign investment here.

The smiles were returned. Sharp has already bolstered an annual turnover by no less than ten-fold inside seven years to a current R30-million. And, like most other overseas companies with a stake here, is thirsting for more.

Horwood was able to sketch a scenario showing that by the end of 1979 — the 1980 tally has yet to be counted — foreign investors had sunk a phenomenal R25 000-million into the SA economy, more than R15 000-million of it into the private business sector.

And he still wants more.

The domestic coffers at the moment are overflowing with cash generated by the economic boom and the huge windfalls reaped from gold and mineral exports.

Even so, it is impossible for South Africa to generate from domestic sources all the capital required to deal with all of its longer term priorities — especially to finance the amounts needed to be ploughed into research

and development to stay abreast in the technological race.

Long term the task holds few problems. The surge of 8% or more in real economic growth last year and good prospects for targets between 4 and 5% for 1981 must look delicious to overseas investors, more often than not with their own local economies in the doldrums of international virtual stagnation.

They must also find appeal in the growing status of South Africa in world trade stakes. Though still small in comparison with giants such as the United States and Western Europe, we have today a domestic market swollen to over R60 000-million — a full one-third of it going on imports of goods and services.

Another way round, to emphasise the increasing sophistication of the economy, overall foreign trade last year, lumping imports and exports, amounted to more than

R30 000-million.

That, in anybody's language, puts us in the first division.

The next problem for Horwood, as we have discussed before and which the Minister needs no reminding about, is how to drop the two-tier system of separate commercial and financial rands and name a rand a rand.

A fly in the ointment until now has been the inhibition of exchange control regulations which has limited access to domestic borrowing by foreign-controlled companies.

It has been an inhibition disliked by Horwood and also by Dr Gerhard de Kock, Governor of the Reserve Bank, who is a genius on exchange control. And so, for the time being, taking the opportunity to mop up excess liquidity on the local market, Horwood has doubled the limits, so giving overseas companies a better chance to use domestic cash for credit facilities for

their subsidiaries here.

Hopefully, it is only the first move by the Minister to unravel the red tape that sets snags for foreign investors.

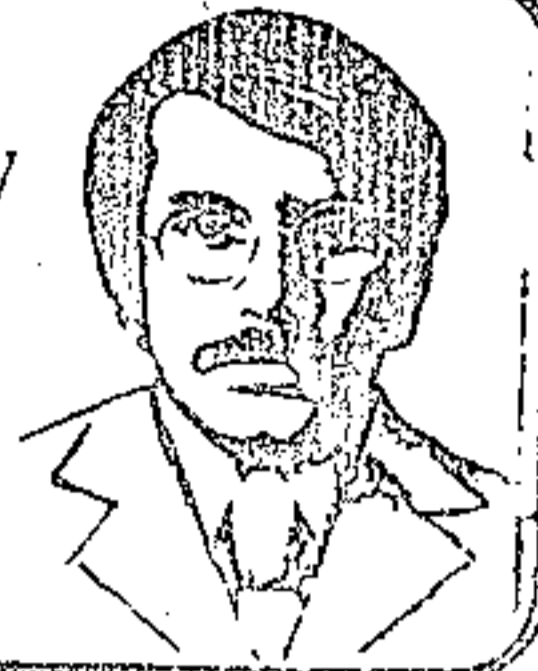
Horwood has hinted in public that there is more to come. Because of the fluctuations on currency markets, which, as far as South Africa is concerned, cannot be divorced from world bullion markets, timing is all important.

I have a feeling that Horwood and De Kock can be relied upon to press the right buttons at the right times.

© See also Page 32.

Economics & Industry

by
Insider



Questioning the codes

(60) FM 13/3/81

Black labour unions play a role in SA far beyond that of negotiation with management.

Their leaders and some of their members see them as a means of political expression and leverage. This makes life difficult for managers trying to meet union demands on a rational basis. Even chairmen of massive companies can't do away with the Group Areas Act.

Sometimes, therefore, management and black unions tend to talk past one another.

However, there is one surprising area of agreement: both sides seem to feel, on balance, that codes — such as those of the EEC and Leon Sullivan are losing relevance in SA.

Fred Sauls, general secretary of the National Motor Assembly Workers Union, puts it crisply: "Workers were not consulted and they do, therefore, not accept that the codes represent their interests. For workers, the only acceptable agree-

ment on employment practices is, one negotiated between them and management."

Another labour observer says that managements have to "work at bringing about change — in their companies and in the broader context. It's not enough that they subscribe to statements of high sounding principles." This, of course, calls for business to enter the political arena — an impractical approach.

The FM also learns that some companies, among them foreign subsidiaries, are questioning the relevance of the foreign codes in the light of recent developments in labour relations in SA — changes in labour legislation, the growing strength of black unions, and guidelines initiated by bodies such as the Federated Chamber of Industries and Barlow Rand.

Indeed, some companies argue that they have "gone beyond" measures proposed by the codes, and that their usefulness on

the factory floor has been spent. "The codes are not much more than just plain and good management, and it is essential in SA at present to move faster," says a spokesman for Chloride.

A spokesman for the FCI says that as far as peaceful labour relations are concerned, "the codes are becoming a non-story. They do not, and cannot, deal with issues in detail. It's becoming more evident that this has to be done locally."

Adds Mike Rosholt, executive chairman of Barlow Rand: "We should be reaching the stage where foreign employment codes are replaced in SA by local codes. Certainly, Barlow Rand has its own which we believe goes further in certain crucial areas than either the Sullivan or EEC codes and which are specially tailored to our own requirement."

Labour observers support this view. "The codes are lame because they do not compel a company to do anything. A



Barlow's Rosholt . . . moving to close the gaps

signatory could live with a set of principles for 10 years and not do anything," says one. Furthermore, he feels companies in many instances have been "hiding behind" the codes in an effort to avoid implementing real changes.

A key issue here, however, is monitoring the codes. Neither the EEC countries nor Reverend Sullivan have successfully found ways of keeping tabs on subsidiaries. Both the EEC and Sullivan monitoring relies on annual company reports. Labour observers argue that this gives a picture that is remote from the shop floor.

After his visit to SA last year, Sullivan warned that he would set up an effective monitoring system, and threaten disinvestment action against companies which do not come up to the mark. In addition to the presumption inherent in this approach,

it is, in any event, not practical.

Predictably, to date nothing has happened.

But black unions, too, need to be circumspect. The codes have been beneficial and could continue to be so, although at a lower key.

After all, certain multinationals in key industries have been labelled "pace-setters" in the development of a "progressive" industrial relations structure in SA — among them Ford, Siemens, 3M and Chloride.

Professor Willie Bendix, industrial relations lecturer at the University of Stellenbosch, says: "The codes do serve a purpose in that they set precedents for companies. In the long term, if subsidiaries are signatories to the codes, they will have to answer for their action, or lack of

action."

In a recent study conducted by the University of the Western Cape's Institute for Social Development it was found that overseas companies in the Cape had made many more steps towards change than the SA firms surveyed, in terms of pay scales, benefit coverage, training programmes and general company policies.

It found that the SA companies paid lower wages than overseas companies, while the latter offered, on average, longer leave and higher bonus pay than their SA counterparts, as well as a greater number of fringe benefits.

The survey did not name the companies and it is open to question whether the findings are applicable to all companies in SA. For example, Barlow Rand has implemented a programme to close wage gaps and radically improve the employment conditions of its 200 000 employees.

Of course, it is not always easy for local companies employing vast and unskilled work forces to move rapidly towards the standards of the codes. To do so would push up unit costs and ultimately could prejudice job opportunities.

It is much easier for foreign companies employing only 5%-6% of the total work force to make these adjustments rapidly. US companies, for instance, employ only between 50 000 and 70 000 blacks.

There is reluctance among some firms to recognise unions, particularly those that have not joined the official bargaining system through registration under the Industrial Conciliation Act. Of course, there are always the intransigent and the restrictions in labour mobility play short-term into their hands.

Regrettably, some companies in areas like the Eastern Cape can obtain very easily large supplies of labour. To them, attempts at creating a settled and happy workforce appear unnecessary. Only time will prove the opposite.

ANNEXURE: TABLE I

YEAR	NUMBER OF PATIENTS IN INSTITUTIONS	ADMISSIONS	OUT-PATIENT ATTENDANCE	POPULATION
1964	23 742	35 965	28 657	19,1 Milj.
1966				20,4
1970	28 124	37 133	55. 047	22,4
1971				23,0
1975	25 957	24 880		25,5
1976	26 139	26 277	267 625	26,1

TABLE III

YEAR	ADMISSION RATE	DISCHARGE RATE	REGULAR ATTENDING OUT PATIENTS
1971	91	61	-
1973	261	421	108
1975	387	375	240
1976	406	523	406

ADMISSIONS, DISCHARGES, AND OUT-PATIENT ATTENDANCE IN THE

Making SA an investor's haven

By Frank Jeans

South Africa will strive for a safe environment for foreign investment and is encouraged by the growing faith in the country's stable and economic future.

This was the message which the Deputy Minister of Finance and Industry, Mr Danie Steyn took to the 10th anniversary dinner of electrical and automation group, Telecamanique SA in Johannesburg last night.

And he emphasised the importance which South Africa placed on maintaining "co-operation and strengthening of ties with France."

Said Mr Steyn: "It would be gratifying to us if the combined capital, skills, resources and enterprise of our two countries could be used in a constructive partnership for the purpose of further developing the resources of South Africa."

Trade between South Africa and France is booming. Six years ago the value of bilateral trading was R340-million, while the figure, from January to November last year soared to R857-million.

Mr Richard Collins, manager of the Design Institute of the South African Bureau of Standards, and chairman of the panel which awarded the 1981 Telecamanique Award to designers V Cohen, S G Slocumbe and W J Oberholzer, hit at the "all too prevalent view that the local product is by definition inferior to the imported one."

Said Mr Collins: "It is becoming increasingly important for South Africans to identify those areas where local original product design and development can take place profitably."

The fallacy of believing that the local design is inferior to that overseas must be dispelled, and the fact that good, local design is a practicable and profitable proposition demonstrated."

FULL-TIME PERSONNEL	PART-TIME PERSONNEL
Psychiatrists	1
Psychologists	2
Psychiatric Nurses	20
Student Nurses	30
Auxiliary Nurses	50
Occupational Therapists	1
	Medical Officers
	Social Workers
	Paramedical Personnel
	Radiographers, Physiotherapists, Medical Technologists etc.
	12
	1
	20

PERSONNEL SITUATION GROOTHOEK AREA: 1976

TABLE II

YEAR	PSYCHIATRIST	CLINICAL PSYCHOLOGISTS	PSYCHIATRIC NURSES	SOCIAL WORKERS IN MENTAL HEALTH FIELD	POPULATION
1964	82	40	674	37	19,1 Milj.
1970	134	92	896	50	22,4 Milj.
1975	164	191	2 079	97	25,5 Milj.
1976	167	238	2 779	99	26,1 Milj.

AVAILABLE MENTAL HEALTH PERSONNEL IN SOUTH AFRICA 1964 - 1976

FINANCE

Foreign stake in SA totals R30-billion

(60) Argus 16/4/81

Argus Correspondent

DURBAN. — In spite of the pressure from world minorities for disinvestment in South Africa, the total foreign stake in this country has now peaked at R30 000-million.

This figure was quoted by Dr Jan S Marais, MP for Pinetown, when he opened the new Pinetown premises of Terraquip, South African distributor of John Deere earthmoving, construction and forestry equipment.

He said this huge reservoir of funds came from companies in the top powers in international business — America, Britain and Germany.

By far the biggest share was from Britain which had about 1 200 companies operating in South Africa.

There were also 375 American and 350 German groups with stakes in this country, and most of them were planning still greater financial expansion in line with the growth of the economy.

South Africa's growth rate of about 8 percent in 1980 was the envy of the world.

Not only had foreign investment boomed, but the Johannesburg Stock Exchange was a star performer among the world's share markets.

Forty-two major corporations were investing 'colossal sums' in mineral exploration.

EDUCATION

Answering critics of the educational system, Dr Marais said: 'In training and education, notwithstanding the inequalities inherited from the past, we have on a comparative basis achieved fascinating results.

Between 1975 and 1980 per capita expenditure on black education increased by 230 percent to reach 172 dollars (R138) compared with a figure in sub-Saharan Africa of 38 dollars (R30).

The total South African population was on average the best educated in Africa, with an 80 percent literacy rate against 10 to 30 percent in the rest of the continent.

Other and Unknown Causes.

KRUGER

RAND

TRADING

CURBED

JOHANNESBURG — The trading hours during which commercial banks will sell Kruger Rands are to be reduced from next Tuesday to three hours each weekday, from 8.30 am to 11.30 am, on Saturdays trading will be between 8.30 am and 11 am.

Intergold says the restricted trading period is to subdue speculative activity which entered the market on April 13, when the allocation of gold coins locally was doubled from 150 000 ounces to 300 000 ounces a year.

All banks dealing in Kruger Rands have been asked to buy back coins from the market only against physical presentation and are obliged to sell recycled coins at prices no higher than those which apply to new coins. — Sapa.

1. Acheson, R.M., Hall, D.J. and Aird, L. eds. (1976) : Seminars in Community Medicine, Volume 2 : Health Information, Planning and Monitoring, Oxford University Press, London.

2. White, K.L. and Henderson, M.M. eds. (1976) : Epidemiology as a Fundamental Science, its Uses in Health Services Planning, Administration,

Table I. Classification of Causes of Death.
1. Respiratory Tuberculosis.
2. Other Infectious and Parasitic Diseases.

20 PC RETURNS FOR FOREIGNERS IN SA

Argus 9/5/81

60

Weekend Argus Bureau

NEW YORK. — Foreigners received an average return of 20 percent on their South African investments last year, Mr Raymond Parsons, executive director of the Associated Chambers of Commerce, told businessmen here this week.

Mr Parsons is on a visit to the United States to tell prospective American investors about South Africa's post-election economic prospects.

During his visit he has spoken to various business groups including bankers, stockbrokers and

officials of multinational corporations.

In an interview Mr Parsons said he had told the Americans South Africa welcomed foreign investors but would not allow them to dictate to it.

In own time

South Africa had major economic and racial challenges to meet in the work place. But it would meet them in its own way and own time.

On sanctions he said South Africa was in a strong position to exact a heavy price from its sanctions-happy neighbours. Sanctions by these countries would be a pinprick for South Africa but a whiplash for them.

Outlining the main economic and business factors he disclosed that:

● Over the three-year period 1980 to 1982 the South African economy was likely to have a growth

— Parsons tells US businessmen

rate average of five percent.

● The yield on foreign investment in the past five years had grown from 10.8 percent in 1975 to an estimated 20 percent last year. With the present 30 percent financial rand discount this became 26 percent.

● More interest was being shown in South Africa by German bankers and they may be joined by less visible American institutions, all of whom would like to exploit South Africa's borrowing potential.

● The country was likely to undergo reform of the monetary system in the next 12 months. The eventual development of a EuroRand was a distinct possibility.

Dealing with the threat of economic sanctions he said economic prosperity was ultimately indivisible both within South Africa

and in the Southern African region.

Change would take place but not for change's sake and there would be a lot of Government policies that would show continuity at all levels.

It was likely that pragmatism and flexibility would continue to be the hallmark of future policies. The timetable and blueprint for change could not be imposed by outsiders.

Pacemaker

However, private enterprise had an essential role to play in the shaping of things to come, including the two vital spheres of training more skilled workers and adapting to the emergence of a black trade union movement.

The Government was hoping to make private enterprise the chief pacemaker in the economy and the Prime Minister would



MR Raymond Parsons, executive director of Assocom.

continue to move away from direct economic controls of a socialist nature such as price and wage controls, import control, exchange control and bank credit ceilings.

The Government was committed to a policy of growth, and he stressed the need to create job opportunities for the rapidly growing black population.

Argus 9/5/81

Seminar on foreign firms operating in SA

EP
26/81

60

Business Editor

THE United Nations is organising an international seminar in Detroit on June 11 and 12 on the role of transnational (multi-national) corporations in South Africa and SWA/Namibia, with special emphasis on the activities of the car industry.

At this stage, however, Ford, General Motors and Volkswagen have not been invited to attend.

The official announcement says the seminar is being organised by the UN and sponsored by the Detroit City Council, Wayne State University, the United Auto Workers trade union and the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO).

Invitations are being sent to representatives of UN bodies, the Organisation of African Unity (OAU), and "liberation movements" recognised by the OAU.

The UN says the seminar is the third it has organised worldwide with a view to educating the public in the home countries of transnational corporations on the activities of those corporations in South Africa and Namibia.

(7) Holidays : Far too few all. Most farms are not org at least a cash payment could Fringe benefits and rations, relationship to cash wages p At present farm labour is tr there are many good and enti development of the individual is not being enhanced. If p out of the socio-economic mo find themselves then it is e developed. Thus, the decisi spent on food, clothing, etc the farm worker should be pc is not a situation that can something which will have to At present, cash earnings in per week, while the average attempted to quantify the va A system that is quickly exp of mutual benefit to both fa is paid on this system and e on this basis.

for this practice was to prevent the worker from blowing his total income on alcohol, and to ensure that his family received sufficient nourishment for sustenance. Many farms have farm shops where their workers can buy food at a subsidised price on tick during the week. Their grocery bill is then subtracted from their cash wage at the end of the week, thus reducing the amount available to be spent on liquor. This practice has been widely criticised because it has been abused in some areas, notably the Swartland. In the Hexriver this does not occur at all, and is of a definite social benefit at present.

More foreign cash for mines

By Andrew McNulty

DESPITE reported nervousness among some multinationals resulting from fears of sanctions against South Africa, foreign involvement in the country's mining industry remains at a high, and growing, level.

This is borne out by a two-page survey of the industry in the Economist, which notes that:

"Foreign mining investors have generally not been deterred by Southern Africa's political problems, reasoning that returns are high and that mineral earnings will be as important to future (black?) governments as they are to the present all-white one."

The survey lists a wide range of overseas-based groups which have retained or are seeking to expand a local stake.

To the great displeasure of some local mining houses, for example, several international oil companies were given coal export allocations in 1978 in return for undertakings to keep crude oil flowing through South African ports.

Shell, BP and Total (the local subsidiary of France's CFP) are allowed to export up to 13.5-million tons of coal a year between them.

All three are partners in recently established mines and continue to prospect, mainly in the Eastern Transvaal and northern Free State.

Other oil companies, notably Esso and Caltex (jointly owned by America's Standard Oil of California and Texaco), are among several companies prospecting for uranium in the Karoo.

A large number of low-grade deposits have been found, but the go-ahead to exploit them awaits an upturn in world prices.

Among other major foreign groups, Britain's Rio Tinto-Zinc owns 39% of Palabora Mining and 74% of the Rossing uranium mine in South West Africa.

America's Phelps Dodge has 49% of the Black Mountain silver, lead and zinc mine in the North-West Cape, and Newmont Mining 43% of the nearby (unmined) Gamsberg zinc and lead deposits.

Sta 17/6/81
SAR order 60

The 50 c/s group, comprising the European companies AEG-Telefunken, Alsthom-Atlantique, ACEC, Brown Boveri & Cie, Societe MTE and Siemens, has been awarded a further order worth R40-million, for 40 class 7E2 locomotives, bringing the total number of class 7E locomotives on order from this consortium by South African Railways and Harbours to 165, with 100 already delivered.

Forecast of new garment ventures

Leading manufacturers in England and France are interested in banding with clothing companies in joint ventures in the new national states of southern Africa, says a leading consultant.

Mr E L Brivik, who was technical and administrative consultant for the Corporation for Economic Development clothing mission overseas, was speaking at a seminar for clothing manufacturers in Johannesburg today.

He said this would result in new markets for the South African partner, lower costs for the overseas partner and profits and growth for all.

"Overseas manufacturers told us that such joint ventures could be used as vehicles to export to third countries not favourably disposed towards South Africa from a trade point of view.

"All the modern and rewarding export incentives will apply to the joint ventures and the profits, mainly of the overseas partner, can be taken overseas if desired.

"A new world awaits one in the immense markets that will now become

available. English and French manufacturers are particularly keen to retain the markets they have so painstakingly developed over many decades.

"These markets are becoming eroded because of the uncontrollable and escalating operating costs they are beset with.

"The great interest displayed by English and French manufacturers in the national states was mainly because we revealed that the cost a machine minute in these states was an unbelievable 3.5c," he said. — Mervyn Harris.

METHODS

The technique used in all the studies was the Shakir Strip as described by Shakir and Morley (1974).⁴

The Shakir Strip is a graduated band which measures the mid-upper arm circumference. This measurement changes very little in healthy children between the age of 1 and 5 years, but is decreased in children who have a low weight for age. Unlike

SUBJECTS AND METHODS

SUBJECTS

CROSSROADS: This is a shanty town on the outskirts of Cape Town with an estimated population of 20 000 people. The first shacks were erected in the area in 1975. Most of the people came to Crossroads from the established townships of Langa, Nyanga and Guguletu since no new houses have been built there since 1966¹.

Most of the adults came originally from the

Foreign money may back drydock for PE

Finance Reporter

PAUL HOOGENDYK, the prominent Johannesburg businessman and industrialist who, for more than a decade has believed in and tried to get a giant ship-repair facility for Saldanha Bay, may throw his full weight and energy as well as the capital he has managed to raise overseas behind efforts to get a drydock facility for Port Elizabeth.

Hoogendyk last month had discussions with Henry Combe, spear-heading the effort to get the facility for Port Elizabeth. He said this week that he promised Combe that he "would not try to shoot down his efforts", but would examine his (Combe's) feasibility studies to see if Port Elizabeth would be a better proposition than Saldanha Bay.

"I have not been able to make up my mind, so will leave soon for overseas to let my people there examine both sets of feasibility studies — for Saldanha Bay and for Port Elizabeth — and let them decide which will be the most viable", he said.

But he added: "I have made definite contacts overseas — contacts with people who are most eager to invest in a ship repair facility in South Africa".

From Port Elizabeth, Henry Combe, managing director of the Algoa Bay Dockyard Development Company, said that bureaucracy is delaying his company starting construction of its drydock facility.

"We have been given the go-ahead by the Minister of Industries, Dr Dawie de Villiers, to start building our dock, but we cannot get the authorities in Pretoria to rubberstamp our application to have 800 ha of agricultural land rezoned as industrial land", Combe said.

"Until we get the land changed we cannot do coring. We have to do 120 coring holes on land and another 60 on the seabed, but we are not allowed to do that on agricultural land.

"Until we establish what is under the surface both on land and at sea we cannot start with final designs."

Combe said it would take at least six to eight months to complete final detailed designs for the harbour

CHILD.

On the basis of their arm circumference the children between the ages of one and five are divided into three nutritional groups:

ARM CIRCUMFERENCE GREATER THAN 13,5 CMS.: These children are considered as being normally nourished.

ARM CIRCUMFERENCE BETWEEN 13,5 and 12,5 CMS.: These children have mild to moderate malnutrition.

ARM CIRCUMFERENCE LESS THAN 12,5 CMS.: These children are considered as being severely malnourished.

NGUTU AND NONDWENT: These two neighbouring townships lie in the Ngutu district of KwaZulu which has an

estimated population of 100 000 (79 690 in 1970 census).

In 1954 the Tomlinson Report estimated that the area could support 13 000 people on a fully developed agricultural programme. The result of this over-population is that 90% of the heads of households seek work as migrant labourers².

The 10 000 people of Nondwenti were originally living around Paulpietersburg but were resettled in

ZF feeding R40-in into motor industry

Sto 30/7/81 (60) 1/12

ZF of South Africa, subsidiary of the biggest European specialists in driveline technology, has committed itself to spending about R40-million on the future of the national motor industry.

Most of the money will go towards involvement in the AS Transmissions and Steering and SA Axles (Astas) local manufacture of gearboxes in which ZF has a 32 percent stake.

Gencor has a 68 percent interest in Astas which is

scheduled to begin production of gearboxes this year.

Investment in Astas will cost an initial R50-million but Mr Jurgen Dickomeit, managing director of ZF of SA, says he expects extensions to the factory to bring the total to R100-million by 1985.

He shrugs off the controversy surrounding As-

tas. Critics allege its establishment will create a monopoly and push up the price of gearboxes.

"There has been no local manufacture of gearboxes. We were invited here and, if it suits the Government and other parties involved, it suits us," he said.

Financial commitments is only one aspect of ZF's activities since opening a local office a year ago and assuming direct responsibility for the marketing of its products. ZF was previously represented by an agency.

As a world leader in transmission technology, ZF will introduce its latest products and provide clients with a comprehensive service including spare parts, warranty procedure and training programmes on maintenance and repairs.

About 24 000 people are employed by the group in 10 plants and more than 200 service and marketing organisations in about 50 countries. The total turnover is R1 000-million.

UNIVERSITY OF CAPE TOWN
DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	MEYEROWITZ	ILLUSTRATIVE EXAMPLES	TUTORIALS
10 August	17	Source Double Tax Agreements	Chapter 7 Chapter 27 (skim)	- Summarised table on D.T.A.	10.4 10.6 T.1523
24 August	19	U.P.T. (including foreign companies) Tax Planning Foreign Companies/ Foreign Transactions - S.W.A. Income - Walvis Bay Residents - N.R.S.T. - N.R.T.I. - Foreign Exchange - U.K. Imputation System	ss.48 - 53, 28bis, 37A S.1 definition of 'South African Company', 'Republic', 'territory', definition of 'permanent establishment' in various DTA's; ss.28bis, 37A, 30, 31, 24B.	Handout on U.K. Imputation System	8.10 8.11 8.12 T.1423 T.1430 8.9

Diesel entry
PETERS, the Kruger aluminium diesel manufacturers, is to start manufacturing in SA over the next three years and hopes to push local content in some models up to 52.2% by the end of 1981.
The company will invest more than R1-million on establishment of a plant to manufacture its range in the small diesel-engine market.

UNIVERSITY OF CAPE TOWN
DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST - 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT	MEYEROWITZ	ILLUSTRATIVE EXAMPLES	TUTORIALS
31 August	20	Tax Planning for Asset Acquisitions - leasehold improvements - lease or buy decisions - leverage leasing	ss.1 'gross income' definition paras. (g), (h); 11(f), 11(g), 11(h), 12, 13, 8(4), 8(5)	513 - 524, 765 - 786, 534 - 537, 1423 - 1426	-	T.1319 T.1409 T.1411

14 September	21	Tax Planning for Business Acquisitions - partnerships and joint ventures (briefly) - acquiring assets and liabilities - acquiring shares - interest payable on acquisition	ss.11(1), 22, 22A			
21 September						

RDM 1/19/81
Loans to SA doubled *60* *SA*

1425
1432
14.5

GENEVA. — Foreign loans to South Africa more than doubled last year rising to nearly \$800-million, according to a UN study.

The study, prepared for a meeting in Geneva of the UN Commission on Transnational Corporations, said identified foreign loans to South Africa increased from \$295-million in 1979 to nearly \$800-million in 1980. Most of the loans, which equalled about two-thirds of the central Government's foreign debts, were arranged by individual transnational banks operating in South Africa or by consortiums.

The study, which predicted that foreign borrowing would probably continue to play a critical role in the South African economy, said Pretoria had spent most of the money on energy projects, with nearly 50% going to State-sponsored coal-fuelled and nuclear power projects.

It rejected claims that multinational corporations in South Africa helped to improve conditions for black workers.

The 48-member commission, which opened a two-week meeting in Geneva yesterday, is due to review progress on drafting a code of conduct for multinationals.

The study, prepared by the UN Secretariat, said South Africa planned \$27 000-million of capital investment over the next few years, but falling gold

prices had contributed to a shrinking current account surplus.

The study estimated that between 200 000 and 315 000 blacks worked for multinationals in South Africa, and represented 2,6 to 4,6% of the black work force.

It added that a sample study of manufacturing enterprises — where most foreign investment was located — and banks "suggests that the practices of transnational corporations with regard to the wages of african workers do not differ significantly from that of domestic companies".

SA conditions and industrial practices determined wages and not outside efforts. Not all transnational corporations seemed to live up to wage standards set by codes of conduct established outside South Africa, it said.

The study said SA borrowing patterns had changed, including longer terms for the loans. Loans of three to five years in the late 1970s had reflected the "risk factor".

Individual loans had also been larger and the South African Government had floated its first large bond since 1972 in June last year. — Sapa-Reuter.

EXAMINATION - OCTOBER 1981

N.B. THE TUTORIALS REFER TO 'QUESTIONS ON S.A. INCOME TAX 1980' AND THE SOLUTIONS ARE PREPARED ON THE BASIS THAT THE QUESTIONS ARE UPDATED BY ONE YEAR.

Foreign loans to SA near 800-m dollar mark

Star 11/9/81

60

GENEVA — Foreign loans to South Africa more than doubled last year rising to nearly 800-million dollars, according to a UN study released yesterday.

The study, prepared for a meeting in Geneva of the UN Commission on Transnational Corporations, said identified foreign loans to South Africa increased from 295-million dollars in 1979 to nearly 800-million dollars in 1980.

Most of the loans, which equalled about two-thirds of the Government's foreign debts, were arranged by individual transnational banks operating in South Africa or by consortia, the study added.

The study, which predicted that foreign borrowing would probably continue to play a critical role in the South African economy, said Pretoria had spent most of the money on energy projects, with nearly 50 percent going on State-sponsored coal-fueled and nuclear power projects.

It also rejected claims that multinational corporations in South Africa helped improve conditions for non-white workers.

The 48-member commission, which opened a two-week meeting in Geneva yesterday, is due to review progress on drafting a code of conduct for multinationals.

The study, prepared by the UN Secretariat, said South Africa planned 27 000-million dollars of capital investment over the next few years, but falling gold prices at the

end of last year had contributed to a shrinking current account surplus.

It added that a current account deficit was forecast for this year and that some sources estimated the gold price would have to reach 600 dollars an ounce to keep the account in balance.

The study estimated that between 200 000 and 315 000 non-whites worked for multinationals in South Africa, and represented 2,6 to 4,6 percent of the non-white workforce.

It added that a sample study of manufacturing enterprises — where most foreign investment was located — and banks "suggests that the practices of transnational corporations with regard to the wages of African workers do not differ significantly from that of domestic companies."

Local conditions and industrial practices determined wages rather than outside efforts and not all transnational corporations seemed to live up to wage standards set by codes of conduct estab-

lished outside South Africa, it said.

The study said that the South African subsidiary of the Barclays Bank Group (United Kingdom) was at the top of the list of transnational bankers institutions in South Africa. Barclays National Bank Ltd had 9 360-million dollars assets in mid-1980, after increasing by 20 percent in 1979, it added.

The Standard Bank Group (United Kingdom) network was next in size. — Sapa-Reuter.

Funds courted abroad

Financial Reporter

LAWFIN, the independent Cape Town finance house which has for some years been active in raising capital in Euromarkets, University of Cape Town tax expert Professor John Morris and a British finance group are forming the Investment Corporation of Southern Africa to attract foreign investment.

The British shareholder in Investcor is London's Stenham Limited, a shipping and confirming house. The chairman of Stenham, Mr Edwin Wulfsohn, will head the London office of Investcor.

Lawfin's chairman, Mr Lawrence Miller, a Cape Town lawyer, says the group will operate with overseas associates to encourage the inflow of foreign equity and loan investment.

The group will be registered in South Africa and Britain. The corporation was launched in London last month after meetings with British bankers, stockbrokers and businessmen.

Investcor will stress to foreign financiers the advantages offered by the financial rand.

The group is to host a seminar in Johannesburg on September 23 on foreign capital markets. Speakers will include Dr Simon Brand, economic adviser to the Prime Minister; Mr Wulfsohn; Professor Morris; Mr Francois Botha, deputy financial manager of Iscom; Mr Arnold Peacey, director (international capital markets) of the Department of Finance; and Mr Miller.

Both Miller and Morris are to take part in a financial seminar in November in London where they will be giving a workshop on investment in South Africa.

Mr Miller says Lawfin has raised two major loans for semi-State corporations this year.

Lebowa doesn't know

By PAT SIDLEY

SIX industrialists from Europe and Israel are to visit Lebowa soon with a view to setting up small industries — some possibly for export.

The industries would probably include textiles, pottery, and chickens.

Dr. Pheko Phatudi, Chief Minister of Lebowa, announced this yesterday at a news conference at Jan Smuts Airport when he returned from Israel, Spain and Portugal.

But he refused to give details, beyond saying he had a commitment from six industrialists to visit his country. He believed it was too early to say who the visitors were, what industries they were involved in or which countries they came from.

The commitment extended only as far as visiting Lebowa — no financial commitment as yet.

Dr. Phatudi was unable to give financial details of how much he relied on South Africa for income or of Lebowa's gross domestic product, but he said the amount he received from South Africa was "generous".

He denied that South Africa

had reduced the amount it was giving Lebowa.

Dr. Phatudi stressed his opposition to apartheid and his refusal to accept independence for Lebowa. He called for the incorporation of Pietersburg, Johannesburg, Francos and other "small white" towns in Lebowa.

He said fragmentation of Lebowa made industrial development impossible and he rejected the sales tax his people paid in these towns.

The chairman of the Lebowa Development Corporation, Mr. Herman Pretorius, who accompanied Dr. Phatudi, said it was hard to get overseas and their reception had been more enthusiastic than in the past.

He did not envisage much further development in Lebowa except in Sibhego — near Pietersburg.

Levy lowered for foreign firms

By PAT SIDLEY

A CHANGE in the Companies Act, announced in the Budget, will bring relief to foreign firms which have had to pay duty based on a percentage of their issued share capital.

The method of calculating the duty will be changed so that all firms will have to pay a flat rate of R80 a year.

Until now, some firms have had to pay more than R200 000 annually in duty.

Although this move affects all firms, foreign firms with a large share capital held outside SA and which run their operations here as "branch offices" rather than as subsidiaries will benefit.

In spite of the fact that they might do little business in South

Africa, they have had to pay duty on their parent company's large share capital.

Most firms have dodged this by incorporating a subsidiary in South Africa (and so paying on the issued share capital here) or by setting up a subsidiary outside SA with a small share capital.

But many foreign firms — Japanese among them — have found it politically embarrassing to incorporate in South Africa.

Large firms, like Mitsubishi, which turned over R300-million in South Africa last year, have had to pay duty on the thousands of millions worth of share capital of their parents.

The duty was calculated at R4 for every R10 000 of issued share capital — with no ceiling.

RDr. 22/9/81

60

SA investments 'undermine UN'

Room
15/1/88
60

FOREIGN investments by transnational companies and banks in South Africa have risen sharply in the last two years, undermining United Nations efforts to weaken Pretoria's apartheid policies, according to a UN report discussed in Geneva yesterday.

CAPITAL

CAPITAL

Financial accounting is supposed to reflect the economic realities of a business. ¹ Investments cannot be entirely compared to the fact that a company is required to be objective, when it is taxed for economic purposes. Financial accounting should not be at variance with economic principles if there are compelling reasons for not recognising the interest of shareholders because to do so would not be fair. Anthony feels that this condition

The report by the Centre on Transnational Corporations says that foreign money is being poured into key South African industrial sectors including coal, oil, electronics, computers and chemicals.

The assets of the Barclays group rose by 20% to reach \$9 460-million (£5 200-million) in mid-1980 compared with a year earlier, while those of the Standard Bank group increased by 18% in 1979 from \$5 000-million in 1978.

Both groups are diversifying from commercial banking to a wide range of financial services, including merchant banking, hire purchase, leasing, credit cards, management services, insurance broking and unit trusts.

But some Governments' delegates at a meeting in Geneva of the UN Commission for Transnational Corporations, which is preparing a far-reaching code of conduct for transnationals, said the report was inaccurate and misleading.

The British delegate said the report's derogatory references to the EEC's code of conduct for transnationals operating in South Africa were incorrect. — Financial Times.

the economic... ng measure-... omic princi-... ents are... cement is re-... at financial... nomics unless... counting does... ital at all, ... with GAAP. ... anted. ³

In this chapter I propose to discuss briefly the Proprietary and Entity theories of Accounting, and then to highlight various of the arguments both for and against capitalising an imputed interest on equity capital. I will conclude by examining some of the major problem areas involved were such a policy to be implemented.

5.1 Proprietary vs Entity Theory

The proprietary theory of accounting views the enterprise as being owned by the proprietor himself. He is the centre of all accounting - all the assets are his, and the liabilities are his obligations, and any excess of assets over

Com 25/7/87

Zanussi expansion

Financial Reporter

MR LAMBERTO Mazza, a financial consultant for Zanussi, Europe's largest appliance manufacturer, says the company plans to expand its interests in South Africa.

Zanussi recently announced a licence agreement with Defy Corporation for the manufacture of a new range of refrigerators and freezers in South Africa, involving an investment by Zanussi of R12-million.

Mr Mazza visited Defy's industrial facilities, and said they would be as advanced as any in the world.

The new range will be sold under the Defy, General Electric and Hotpoint brand names.

Taiwan seeking joint business ventures in SA

By ALEX PETERSEN

TAIWAN is seeking participation in South African industry in a wide range of areas which include joint ventures in shipbuilding, fish canning, smelting, electronics, an increased quota of coal, and exchange of technology in chemicals and fertilizer production.

These are some of the areas for co-operation proposed by a 21-man economic mission from the Republic of China which ended a short visit to South Africa this week.

The Chinese commercial attache, Mr Michael Wei, said in an interview with the Cape Times that the mission had proposed a wide number of areas where joint ventures between Taiwanese and local firms might be fruitful, and exploratory talks had taken place in a number of fields.

Ship building and repair is an area particularly sought, and is seen as one that will allow an infusion of Taiwanese skills and experience into the local industry.

A spokesman for major ship engineering firm commented yesterday that while in ship repairs it was unlikely that the Taiwanese could add to the South African expertise built up while the Suez canal was closed, there was potential in shipbuilding, but "talks are still very much in their infancy at the moment".

The Taiwanese are also seeking some concessions on the maritime front, including a lifting of the surcharge on bunker fuel, and the GST on provisions.

It seems likely that the Taiwanese are also seeking a joint venture in tuna fishing, although officials of both the Chinese consulate and the South Africa Republic of China Chamber of Economic Relations said the proposals were not specific. However they did say that Taiwan was seeking to expand its fishing interests and that talks had also been held with local canners.

Taiwanese vessels are major catchers of tuna off the South African coast at the moment, although much of their catch is taken outside the 200-mile fishing limit, with a few vessels having permits to operate within the limit.

Although there is no quota on tuna, which is a migratory fish, Taiwanese methods at present give them an edge over local catchers, and a joint venture might appear an attractive proposition.

There would also be advantages to the Taiwanese in canning locally, rather than

shipping it to Taiwan for re-export. Much of the Taiwan canned tuna sold in South Africa at present is caught off the coast.

Although it is possible that an increase is being sought in the whitefish quota — Taiwan, Japan and Israel each have a small quota — the present state of resource is unlikely to encourage such an approach.

The chairman of the South Africa-Republic of China Chamber of Economic Relations, Mr H J van der Merwe, said yesterday that the Taiwanese proposals were essentially exploratory, and covered a wide range of areas where it was thought that mutual advantage could be gained.

"I am very optimistic about the contacts that have been made, and there are so many areas of co-operation that we have not thought about."

Although a small country, Taiwan had made major investments in other parts of the world, including Europe and the Americas, and the link could help to form important growth points for South African industry.

Among the successful joint ventures already in opera-

tion listed by Mr Wei are a Cape Town firm manufacturing micro-electronic systems, fish farming in Kwazulu, and a footwear factory in the Ciskei, and technology exchange in the sugar industry.

Other areas in the proposals being explored in further talks are:

• Larger quotas for coal, where the Taiwanese feel they could offer a wider range of specifications, which they suggest could be more economic for coal producers.

• Joint ventures for smelting in the north-western Cape, particularly for copper, lead, zinc and aluminium.

• Beneficiation of certain chemical and fertilizer products.

An unexpected area where joint ventures are proposed is that of the textile industry. While Far East textiles have been an anathema to South African producers, the Taiwanese themselves, says Mr Wei, are deliberately phasing out their own textile industry, because of the fierce competition from other Far East countries.

"We are having to move to more high technology fields where we can retain an advantage".

CT 26/9/87
SA
60

Bill to protect business contracts

HOUSE OF ASSEMBLY. — Legislation to bring South African laws on sovereign immunity into line with changed and changing circumstances had become necessary, the Minister of Foreign Affairs and Information, Mr Pik Botha, said yesterday.

Introducing the second reading debate on the Foreign States Immunities Bill, he said it had become necessary to ensure that a foreign State was not immune to the jurisdiction of South African courts in commercial transactions.

"The aim of the bill is to confirm the principle that when a foreign State concludes a commercial transaction with a South African company, it must honour such a contract.

"If it does not, then legal measures must be at the disposal of the company to

claim for damages."

This was a reasonable innovation in the legal system and corresponded with the position in the rest of the free world.

"The bill leaves sovereign immunity in respect of acts of State intact and that is as it should be, since the international rule of sovereign immunity was originally formulated for this purpose.

"I am satisfied that the bill represents an effort to serve the South African community at large and the business community in particular, without any adverse effects on the interests of the States who are represented in this country and who honour their contractual obligations as a matter of course and honour," he said.

The Bill was taken through all its stages, with the support of all parties. — Sapa

Report on EEC code released

Cape Times 24/12/81

Staff Reporter

THE South African Council of Churches has released an English translation of a German research report which draws attention to discrepancies in management and worker attitudes towards the European Economic Community's Code of Conduct for foreign firms operating in South Africa.

The Code of Conduct was passed by the Council of Ministers of the EEC in 1977 and lays down recommendations, in six rules, which European entrepreneurs have to observe in relation to their black workers.

The SACC, after studying the report, felt there was a need for the report to be released to focus on a communication gap between management and workers of 12 West German firms.

The SACC says reports on employment conditions in foreign firms in South Africa were based mainly on statements by managements. Very little account had been taken of independent statements by workers. This latest report is based primarily on data collected independently from workers.

The research project is primarily concerned with investigating whether and how far the EEC code is implemented by the 12 firms and whether the code will contribute towards fundamental change in South Africa.

The report concludes: "Anyone who put serious hope in the Code for bringing about fundamental change should consider this seriously. The code has been in power for three years. The desperate conditions of blacks in South Africa have not changed in these three years. Political oppression in the last three years has increased. Foreign firms are more deeply involved in the total strategy of apartheid than before. And none of them have fulfilled the regulations of the Code up to now.

"There is no doubt that the bitterness and resignation of the black population is almost beyond description. An indicator of that is that many black workers have written, unsolicited, in their answer forms 'only armed struggle can bring change'. This is the context in which one should understand the call for sanctions -- as probably the last chance of change without armed struggle or an all-out civil war. There are sufficient reasons for concern if one listens to black workers talking when they think they can be open.

"A Siemens worker: 'I am in favour of stopping investment here. That would have a massive effect on the white South Africans. Their military power, which depends on economic stability, would be hit at a sensitive point.'"

SA companies keep UK parents afloat

Sun Times (B.T.) 27/12/81 (60)

SOUTH African subsidiaries of British companies continue to play a key role in keeping their parent companies afloat.

UK based engineering and transportation group Mitchell Cotts, for instance, enjoyed trading profits of R19-million from its South African operations, which accounted for 71 % of the group's total trading profit.

And the strength of the South African interests was primarily responsible for keeping the group ahead at the pre-tax level in Britain.

Metal Box is another company which has kept its parent viable during recessionary periods in the UK.

Based on lifo stock evaluation methods, Metal Box South Africa contributed 63% of the group's world wide before tax and interest profits for the 1980/81 financial year.

Based on fifo methods, the figure is closer to 70%. For the interim period between April and September this year, these figures are 50% and 56% respectively.

Associated Engineering, McKechnie Brothers, and Pilkington Brothers are also international groups which have had to rely heavily on their South African connection to stay in the black.

In South Africa, Asseng earned a pre-tax and interest profit in the September 1981 year of R11-million — 33% up on the previous year.

The UK parent earned a pre-tax and interest profit of R1.9-million — 87% down on the previous year.

The South African operation contributed more to profits than

By Colin Bower

the rest of the group put together.

Last year McKechnie Brothers' South African associates lifted their contribution to group profits by 14%, while their parent's trading profits slipped from R20-million to about R6.5-million.

This position is expected to remain much the same this year.

Pilkington's UK pre-interest trading losses for the half year to the end of September this year slumped to R60-million, while by contrast the group's overseas subsidiaries contributed profits of more than R65-million, with the South African effort singled out for special mention in the company's interim report.

Although this situation is likely to change as the British economy bottoms out, and the South African economy hesitates after peaking, overseas companies with South African interests will likely remain content with their investments in this part of the world.

Which all goes to show — it's far easier to make healthy profits in South Africa than it is to play sport against it.

2011 23/12/81 (60)

EEC code as seen by SA's black workers

Mail Correspondent

THE South African Council of Churches has released an English translation of a German research report which draws attention to discrepancies in management and worker attitudes towards the European Economic Community's code of conduct for foreign firms operating in South Africa.

The code of conduct was passed by the Council of Ministers of the EEC in 1977 and lays down six rules which European entrepreneurs must observe in relation to their black workers.

The SACC, after studying the report, felt there was a need to make it public so as to focus on the communication gap between management and workers of 12 firms, whose headquarters of mother firms are based in West Germany.

The SACC said: "Reports on employment conditions for

workers in foreign or multinational firms in South Africa which have been made available to the public and now are based mainly on statements of managements. Very little account has been taken of independent statements of workers on how they experience the employment conditions in foreign firms and their relationships with management."

The latest report, entitled "The Dilemma of Code Three", is based mainly on data collected from workers.

Research

The report stems from a research project which was concerned with investigating whether and how far the EEC code was implemented by the 12 firms and whether the code would contribute towards fundamental change in South Africa.

The report concludes: "Anyone who put serious hope in the code for bringing about fundamental change should consider this seriously. The code has been in power for three years. The desperate conditions of blacks in South Africa have not changed in these three years."

Political oppression in the last three years has increased. Foreign firms are more deeply involved in the total strategy of apartheid than before. And none of them has fulfilled the regulation of the code up to now.

There is no doubt that the bitterness and resignation of the black population is almost beyond description. An indicator of that is that many black workers have written unsolicited in their answer forms 'only armed struggle can bring change'.

This is the context in which one should understand the call for sanctions - probably the last chance of change without armed struggle or an all-out civil war.

There are sufficient reasons for concern if one listens to black workers talking when they think they can be open.

"A Siemens worker from the favouring investment industry to move here. That would have a massive effect on the white South Africans. Their military power, which depends on economic stability, would be hit at a sensitive point."

tutions for 1976.

mental hospitals and institutions (central and provincial
"homeland" hospitals and licensed institutions in

(2) This row of figures reflects number of hospitals, and licensed institutions
(3) This row of figures reflects the number of
(4) The figure 39 700 is the number of

Date	No. Inpatients Resident at State Mental Hospitals			Rated Bed Capacity at State Mental Hospitals			No. Admissions to State Mental Hospitals		
	Total	Black	White	%	White	%	Total	Black	White
1919	5 007	2 552	50	2 455	51	2 283	49	-	-
1925	6 915	3 967	56	2 948	57	2 798	43	1 900	1 000
1935	11 726	5 978	51	5 784	46	5 806	53	2 450	1 200
1945	15 794	9 117	59	6 774	49	6 454	51	2 750	1 150
1955	18 919	11 577	60	7 342	51	7 953	49	2 850	1 150
1965	21 957	13 879	63	8 054	48	7 844	52	4 250	1 350
1976	23 849	15 598	68	8 251	42	8 662	49	11 900	4 650
	36 232 (2)	22 492+	10 669+	33	11 498	33	39 700 (4)	27 746	14 200
	16 751	8 158	48	8 593	42	9 133	58	19 900	5 700

FOREIGN FIRMS, IN SA - GENERAL
1982 - 1983 DEC

(60) star 6/1/82

SA now No 11 in world investment league

South Africa has moved up in the world league in foreign-investment potential.

A study compiled by the BERI Institute of America covering a 45-country comparison on factors influencing foreign investment, shows that South Africa is now in No 11 spot in the league — having moved up two places.

The survey, sent to the South African

German Chamber of Trade and Industry, records that Britain is now 14th.

BERI considers aspects such as: Political stability; foreign investors and profits; nationalisation; monetary inflation; balance of payments; bureaucracy; economic growth; currency convertibility; enforceability of contracts; labour cost-productivity; profes-

sional services and contractors; communications and transport; local management and partners; short-term credit; long-term loans; and venture capital.

In first position in the BERI foreign-investment rating is Switzerland followed by the US and Japan, Singapore and Germany. Bottom of the league is troubled Iran. — Frank Jeans.

'EEC codes are ignored in SA'

MOST overseas companies with investment in South Africa do not observe the codes of conduct designed for workers and management to bring about peaceful change in the country.

BY JOSHUA RABOROKO

This view emerged following interviews conducted by The SOWETAN with local trade unionists, church leaders, industrialists, politicians, workers and other leaders.

It stems from a recently published English translation of a German report on employment conditions in South Africa. The report says none of the 12 German companies here have fulfilled the European Economic Community code of conduct recommendations—11 have not even seriously considered them.

The codes, EEC, Sullivan Principles, South African Council of Churches and Urban Foundation rules, were formed after

discussions on whether to implement sanctions against SA were on the agendas of international conferences and at the UN after the 1976 uprisings in Soweto.

The general secretary of the SACC, Bishop Desmond Tutu said: "The main impression one gets about these firms is a considerable discrepancy in the evaluation of conditions between workers and management."

"Apparently there is a very serious lack of communication between management and the workers. 'The SACC is concerned that the management of foreign firms and

body who saw to it that the codes were monitored.

There were job reservations in some SA companies that did not train their employees. Some companies did not pay equal wages for white and black employees, and this was mainly because of the Government's policy of apartheid.

Some of the overseas companies, including local ones, were forced to recognise trade unions because of pressure that was brought to bear on them by workers.

"The spate of strikes over salaries and other working facilities are a clear indication that the companies do not recognise nor observe the codes.

"Workers and the unions will continue to fight for their rights at any level until all wage disparities disappear in this country," Mr Dlamini said.

The acting president of Mwasa, Mr Goba Ndlovu, said that there was no proof that the codes were observed by major companies in the country. The fact that apartheid was still in existence served to support this view.

"If the codes were adhered to there will be a large scale difference. At present under racial discrimination, separate facilities for race groups still exist, blacks are deprived of their political rights, and nothing has changed from the time the codes were formed," he said.

A Siemens worker said: "I am in favour of stopping investment here... that would have a massive effect on the white South Africans. Their military power which depends on the economic stability would be hit at a sensitive point and I think this will bring change rapidly."

The Group Personal Manager of Colgate Palmolive, Mr Deryk Magid, said that his company "strictly adhered to the codes." There has been a great progress made in achieving "good relations between management and workers" through a process of consultation.

The secretary of labour for Azapo, Mr Jefferson Lengane, said Azapo viewed the codes as a counter response to the call for investment in South Af-

rica. The codes have left millions unemployed.

"These codes serve as public relations rules to fulfill Western exploitative practises in South Africa. Even if they were applied they will not bring fundamental change. They are applied without consultation of blacks — just like the South African laws."

He said the codes were, in the socio-economic and political fields, primarily a ploy to support and maintain the oppressive and exploitative system of South Africa and its Western allies.

"Azapo rejects any segmentation and the apartheid laws which divides blacks, with the contempt the codes deserve," he said.

Foreign firms eye SA trade

Stan 8/1/82 (60)

World interest in the South African marketplace continues to gather momentum particularly with the growth of specialised shows.

The Machine Tools '82 exhibition at Milner Park in February is already the new year's big attraction for world manufacturers but interest is so strong that foreign groups are marking their 1983 calendars for the Componex exhibition.

Mr Stan Young of organisers, Specialised Exhibitions, says 85 companies have already firmly booked 4000 sq m of show space — 19 months before Componex is due to take place.

The companies include world leaders in communications, computers, components, automation and electronics, with top names such as Honeywell, Marconi, Philips, Plessey and Siemens.

Mr Young, who recently returned from visits to electronics shows in Hong Kong

and Taipei, says: "Scores of firms are keen on the South African high technology market.

"Taipei, in particular, is an exceptionally good meeting place for the world electronics business and the Republic of China will be one of our biggest international participants in Componex '83."

Other countries showing strong interest in the show (at Milner Park from June 6 to 10) are France, Germany, Spain and the UK.

Last year's Componex show attracted more than 10,000 trade visitors with an estimated buying power of about R2 500-million. — Frank Jeans.

Oil price cut

KUALA LUMPUR
Malaysia's latest price cut to one off under per barrel oil

9/1/82 Daily Dispatch

Guide warns on SA investments (60)

PARIS — French bankers, financiers and businessmen have been warned that they have only another five good years to invest in South Africa.

From 1986 onwards there could be major financial losses caused by Pretoria's apartheid policy, an official French trade guide advised yesterday.

"There is little short term risk over the next five years," it noted.

The guide, known as Moci — Moniteur de Commerce Internationale — is

published by the official French centre for External Trade.

It does not necessarily express the policies and views of the external trade ministry but it certainly reflects government thinking and is never ignored by French businessmen.

The "world political risks forecast" said: "There is only 25 per cent investment risk over the next 18 months, but a 45 per cent risk of major losses in five years."

The "business environment risk index" predicted a 57 per cent risk

over the next five years" in South Africa.

The opinion of the Moci guide was "no short-term risks, but beware of 1986 and afterwards."

France is South Africa's fifth trade partner (5.3 per cent) after the United States, West Germany, Britain and Japan.

Moci figures showed that France's exports to South Africa in 1980 totalled about R3,620 million, covering mainly engineering goods, cars, plastics and chemical products. — DDC.

Foreign firms now reviewing strategy on SA

60 E. Post 12/1/82

By FRED ROFFEY
Business Editor

MULTINATIONAL organisations are caught between increasing world pressures to disinvest in South Africa on the one hand and, on the other, the prospect of attractive growth opportunities in the Republic.

As a result, most multinationals are reviewing their strategies regarding operations in South Africa, says Mr Geoff Austin, the Johannesburg-based P-E Consulting Group's director responsible for its strategic planning division.

"In recent years our consulting services have been retained to advise some of the world's largest firms active in markets ranging from oil to handtools, and construction equipment to engineering, on their future activities in South Africa," he says in a report in the group's publication, Strategy.

"In virtually every case the comment was that the very high relative profitability and prospects of their South African operations meant that withdrawal would involve a real loss of profits, and that 'just does not make economic sense'."

He points out that most multinationals would prefer to remain in South Africa rather than adopt the soft option of withdrawing.

However, the multinationals would have to consider potential issues of such magnitude that they were capable of not merely forcing an alteration in strategy but of threatening the continued existence of the firm in South Africa.

He lists some of the issues as the possibility of oil and trade sanctions, an explosive racial situation, guerilla and conventional warfare from across the borders, and a degree of state control over the economy.

"South Africa is not unique in being faced by these issues, but it is unique in that it is the only devel-

oped nation in the western world, with the possible exception of Israel, that has to contend with a set of issues that are usually the prerogative of the lesser-developed countries," says Mr Austin.

"It is this that makes strategic planning so difficult."

Mr Austin asks: How are the multinationals to handle this problem?

"We have seen many worthwhile and committed attempts at strategic planning in the South African context flounder through the inability of the policymakers to deal with the question of potential strategic discontinuities."

He says typical of the disillusioned response is: "What's the point in planning ahead for five years, if we believe that sanctions will be imposed next year?"

To overcome the problem, his group has suggested to some of its clients that they adopted a logical sequence of steps in the strategic management process.

This process forced management to assess the probability and impact of the issues facing the firm, and in so doing to recognise that many of the much-discussed issues could be ignored in the planning process.

One example was a client of the group, a French-owned manufacturer of sophisticated electronic equipment, with an assembly plant near Johannesburg.

All previously-prepared strategic plans had been full of so many "ifs", "buts" and "howevers" that local and parent company managements had lost confidence in the validity of the planning itself.

P-E Consulting re-introduced strategic planning by first leading a brainstorming session for the senior management in South Africa.

Analysis showed that despite the fact that most of the strategic deliberations

had revolved around issues such as sanctions, embargoes and local unrest, the real issues were the escalating cost of labour and the possible increase in tariff protection for local manufacturers.

"These were issues that management could get to grips with, and given this new focus of strategic attention, management set about the task with renewed enthusiasm and confidence," says Mr Austin.

"Strategies were evolved to increase the degree of local component sourcing and manufacture so as to quality for tariff protection, as well as to counter lower priced Japanese and Korean competitive products.

"The growing aspirations of the labour force would need to be encouraged, but strategies were evolved in this area to increase the level of skill provided and hence partially counter the increased costs through higher productivity.

"These strategies are currently being implemented, and although it is too early to evaluate their likely success, we feel confident they will achieve the desired results — primarily because of increased management confidence.

"The firm now feels it knows where it is going, and as any pragmatic businessman will agree, decisive strategic action has a greater chance of succeeding than indecision," says Mr Austin.

2

summary

Foreign funds pour ⁽⁶⁰⁾ into JSE

By John Spira

Sunday Times
17/1/82

FOREIGN investment in South African mining shares has risen dramatically over the past five years — from R2 150-million in 1977 to R8 260-million last year.

And, in spite of the steep gold-price fall in 1981, overseas investment on the Johannesburg Stock Exchange actually rose last year, reflecting foreign confidence in South Africa in general and in the country's mining industry in particular.

Foreigners now own a mammoth 40% of South Africa's gold-mining industry — substantially higher than five years ago.

An in-depth analysis of foreign investment on the JSE by a leading Johannesburg stock-broking firm reveals that the total value of foreign investment in South Africa's mining industry is R13 000-million.

It stresses, however, that, while foreign investment is a significant factor in this country's mining industry, the figure of R13 000-million is small by overseas standards.

The current market capitalisation of IBM, for example, is R15 000-million!

Of the 40% foreign ownership in South African gold mines, US ownership amounts to 26,5%, making Americans by far the largest overseas shareholders of JSE-listed gold companies.

Interestingly, while total foreign ownership has grown from 37,7% to 40% over the past five years, US ownership has remained fairly static, having risen only fractionally (from 26,3% to 26,5%) during this period — principally because London has increased in importance.

In terms of absolute values, however, US investment in South African gold-mining companies rose from R1 500-million to R5 500-million between 1977 and 1981.

Biggest single US percentage holding in

South African gold mines is Blyvoors, in which Americans hold 55,5%.

Then follows Durban Deep (49,8%), Bracken (47,5%), Loraine (45,6%), Elsburg (39,9%), FS Geduld (39,3%), Venters (37,6%), Grootvlei (37,4%), Randfontein (34,1%) and Doornfontein (32,7%).

The report comments: "The list of US favourites shows an interesting spread. No individual mining house is preferred and the list includes high-grade, medium-grade and marginal mines.

"There is no discernible move away from marginals, which one may have expected in a declining market."

Traditionally, the level of foreign investment in the mining houses has been far lower than direct investment in the mines.

However, the recent trend has been for increased overseas investment in this group. The current proportion is slightly in excess of 20%.

Overseas investment in platinum shares has steadily increased over the past five years.

After increasing between 1977 and 1979, US investment in De Beers dropped slightly in 1980 and showed a large fall in 1981.

London, after being a net seller over the past five years, reflected a slight increase in 1981.

The value of foreign investment in De Beers is a still significant R1 200-million, or 40,3% — down from 46,7% in 1979.

60 Swetlan 18/1/82

BY JOSHUA RABOROKO

The changing face of labour

THE recently published Labour report of a British company, shows that the company has for sometime continued to equalise benefits and to remove any discrimination based on race in management styles.

The report comes amid wide-spread stories that most overseas companies with investment in SA do not adhere to the European Economic Community's code of conduct designed for workers and management to bring about peaceful change in the country.

The codes stresses, among other things, the removal of discrimination at workplaces, improvement of fringe benefits, training of black employees and the recognition of trade unions by the firms.



The report says BP has:

- All jobs classified in groups according to an internal system;
- job evaluation which has enabled the company to introduce a unified salary structure and to apply the principle of equal pay for equal job;
- the gross salary ratio between salaries of skilled and unskilled is currently 2,7,1;
- operated its own pension fund to which all employees contribute;
- medical aid and home-ownership

schemes, and

- educational loans and bursaries schemes.
- The report further says that it was company policy to remove all forms of discrimination in working conditions. The same high standards have been applied to the work environment in office buildings where desegregation of facilities such as toilets and canteens has been completed.

lutions policy based on fair and realistic principles and practices. Increased productivity has been an additional objective.

"The company believes that the previous system of labour relations allowed under South African laws lacked effectiveness in

achieving essential two-way communication between management and employees.

The report says that it has manpower planning which provides knowledge about manpower resources and capabilities irrespective of race, creed or sex.

The company employs 1924 people in its oil business in South Africa.

Prof Wiehahn.

The report of BP South Africa says the Riekert and Wiehahn Commissions are generating legislation which is fundamentally altering the environment in which the company's policies must operate, while changes in the South African social climate have made imperative the revision of traditional management styles.

It says: "With the South African economy enjoying a boom, the country's scarce skilled manpower has been placed under the great strain and this factor was also influenced personnel policies.

"Significantly influencing the environment in which the company operates is the historical South African inheritance of discrimination on racial grounds.

"But in the last two years a nationwide debate to find ways out of this tradition has grown among all sectors of the population. A phase of negotiation has begun and negotiating skills, both on the part of management and of employees, have been placed at a premium.

This factor has had a significant influence, particularly on training policies.



'Sullivan code is a toothless package'

THE SULLIVAN CODE is a "toothless" package that can be applied by United States companies operating in South Africa with ease, and is just a piece-meal reform that allows this cruel system of apartheid to survive.

This view emerges from a document by the Motor Assemblies and Component Workers Union of SA to the US company — Ford Motor Company SA.

Macwisa, one of the unions which organises black workers at Ford was requested by the company to comment on the firm's employment of the code.

According to the union the request is a sequel to the evaluation by an independent observer in the US, Mr Arthur Little, who had reported that Ford was "making good progress."

In its report the union says that the codes do not demand apartheid to be abolished, but merely to "modernise" and ensure its perpetuation.

"It does not cite the abolishing of the pass laws; does not make any demand for black political rights; does not require companies to recognise black and white trade unions on an equal basis, furthermore, regardless of registration.

The document says the code does not demand that Blacks must have the right to own land and conduct business throughout their country of birth — South Africa."

As regards non-segregation of the races, the union says that the removal of discriminatory racial sign posts is "extremely treacherous" and paints a decidedly false picture of the actual situation at the

BY JOSHUA RABOROKO

company's plants.

Nearly 78 percent of the black workers are employed in job categories where there is hardly a white worker. Consequently, this practice is of no significance at all to the needs of the black workers. In effect, the system of discrimination on the basis of race is being perpetuated in its entirety.

Regarding equal and fair employment practices for all employees, the document says for a black to qualify for a supervisory position he must be in possession of an academic JC or undergo training whereas whites — who can hardly write nor speak English — are filling supervisory and even senior appointments.

"Ford does not recognise black and white trade unions on an equal footing. Because of this practice, therefore, one may safely say that a white dropout has greater job opportunities than a black university graduate at Ford.

"Eighty-four percent

of the workers in the lowest job category are black and the rest white. 98,5 percent of the employed in the top job category are white and black constitute only 1,5 percent.

"Since the black worker does not occupy job seniority equal to that of the white, the "equal pay for equal work" statement is simply lip service and an empty slogan.

"All white hourly workers are concentrated in the two highest pay grades and black hourly paid workers within the lowest grades of pay," the report says.

Referring to the initiation of and development of training programmes for blacks, the document says that a modern education and training centre exists at Ford, but 99 percent of the black workers are misinformed and that, of course, "is the costly price of apartheid". The act is designed to destroy the zeal to seek educational excellence.

"Over the past five years the company has only undertaken to report on the number of black and white employees trained but failed to reveal the discriminatory amounts of money spent in training them.

"The majority of black workers returning from "training still languishes in the lowest category of skilled work."

The document says that the appointment of blacks into "managerial" positions by the company was sheer "mockery" since the company abided by the laws that prohibited black supervision over white; and as such these "black managers" have no decision-making power in the company.

The supervisory appointment was concentrated to foremanship. The whole exercise was simply tokenism.

Housing was a major crisis among blacks and yet the company has dismally failed to address itself appropriately to this aspect.

The company has made large sums of money available to the East Cape Administration Board to improve the then "Empangeni" Kwa-Ford Village and by so doing exposed the black community to frustration and exploitation of alarmingly high rents that ranged from R72 to approximately



REV LEON SULLIVAN: Initiated the codes

R80 per month.

"The company aggravated the squatter problem because these residents were evicted by the administration board and dumped in the ghettos at the back of the black townships where they were forced to stay in squalid conditions."

The new "Fordville" with limited houses selling at some R45 000 each was "a window dressing" scheme that was aimed at the higher bracket income group.

The company neglected the majority of hourly paid workers who were in desperate need

as most lived in overcrowded four-roomed "match-box style" houses or shantys in Soweto (PE).

Blacks hardly enjoyed the benefits of the Affirmative Action Budget (Nation's Money) whereas records reveal

that substantial sums of money are directed towards apartheid organisations and "pro-government" sport bodies.

The company's employee relations manager, Mr D P Pieterse, was not available for comment.

SA climbs the world league

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Sunday Times

24/1/82

SOUTH Africa's international investment status improved markedly during 1981.

The country ranked 11th in the "best investment" list by the third quarter.

According to the latest study by the BERI Institute of the US, South Africa jumped two points in both the second and third quarters of 1981 to rank between Saudi Arabia and Taiwan in 10th and 12th places respectively.

The study considers aspects such as political stability, attitude — foreign investors and profits, nationalisation, inflation, balance of payments, bureaucracy, economic growth, currency convertibility, enforceability of contracts, labour cost/productivity, professional services and contractors, communications and transport, local management and partners, short-term credit, long-term loans and venture capital.

At the end of 1980 South Africa was ranked 27th in a "chances and risks for investors and exporters" study by 225 experts, according to information received by the South African-German Chamber of Trade and Industry. The BERI compilation is also

By Elizabeth Rouse

given by courtesy of the chamber.

The institute ranks other African countries as follows: Ivory Coast in 23rd place, Nigeria 28th, Kenya 32nd and Egypt 33rd.

Switzerland once again topped the list as the best investment risk, followed by the United States, which in 1980 ranked seventh.

Japan, considered third most attractive investment area, has remained consistently in the three top favourable investment lists.

Singapore ranked fourth after Japan in the third quarter of 1981, followed

by West Germany, the Netherlands, Canada, Norway and Australia.

Britain has stuck in 14th place for about a year, ranking just above Ireland.

Sweden has gained investment attraction since its political and economic climate has improved, and it

ranked 16th in the third quarter of 1981, followed by Denmark, which has dropped to 17th place from 13th towards the end of 1980.

Italy and Portugal fall under the unstable South American "banana republic" category as bad risks, ranking 36th and 37th respectively. The three most risky investment areas are Peru, Pakistan and Iran.

Industrial Week

SEBE

60
133
145

WARNS

UNIONS

MOVE which must be reassuring to the growth of prospective investors in Ciskei, General Charles Sebe - head of security - says the Ciskeian Government is prepared to ban all trade union activity.

His warning follows the February 19 court conviction of 35 "agitators" - members of the influential SA Allied Workers Union which claims a "mixed" membership of 95 000 and featured in recent major strikes in the Eastern Cape.

Stability in labour is a major incentive to investors and the warning by General Sebe, brother of President Sebe, coincides with the fresh announcement by the President that more than 30 industrial "giants" and other concerns are seriously considering setting up business interests in Ciskei.

"The Government may have to ban the SA Allied Workers Unions," General Sebe says.

Godfrey Shiba, acting general secretary of the SAAWU, says there are about 5 000 union members at King Williams Town and 800 at Ciskei's Dimbaza industrial township. The remaining members are made up of Blacks, Coloureds, Indians and about 50 Whites throughout South Africa and the Homelands.

"We are expecting General Sebe to ban us. He's afraid of us and any group and intends to ban all organisations with more than 1 000 members, including burial societies," says Shiba.

In addition to applications being investigated by the Ciskei National Development Corporation from industrialists in South Africa, United States, Israel, Taiwan, France, Germany, Hong Kong, Italy and Australia, almost all of the 47 industries established in Ciskei (35

By Lynn Carlisle

at Dimbaza) are embarking on expansion programmes totalling more than R10-million.

"The announcement of improvement incentives to attract industrialists has accelerated interest in Ciskei. Some industrial giants from South Africa and abroad are now coming forward to invest here," says President Sebe.

It is believed the growing interest could lead to investments exceeding R100-million over the next few years, sources say.

Climate

Dimbaza Chamber of Industries chairman, Ian Duncan-Brown, says there is a need to promote secondary and services industries there. Any industrial unrest would put off investors coming to Ciskei.

"We must create a climate for more industrialists who have a greater responsibility for providing the unemployed with jobs than just improving conditions for those already working," says Duncan-Brown.

He has had no dealings with the SAAWU, and no worker unrest has taken place at Dimbaza.

Duncan-Brown sees the type and amount of

unrest which took place at East London and Port Elizabeth as having been "out of all proportion".

"Yet those industries affected - Mercedes Benz Assemblers CDA, Johnson & Johnson, Wilson-Rowntree and others - are model employers and industrial leaders paying well above the average salaries in industry," he says.

It is pertinent that good labour relations should be promoted in the area, especially as Prime Minister Piet Botha considers Ciskei and the Eastern Cape as the prime area for concentrated development, adds Duncan-Brown.

After refusing to include Berlin into an independent Ciskei, the South African Government has undertaken to develop an industrial estate adjacent to Berlin and to provide for the development of its infrastructure while offering more attractive decentralised incentives to prospective industrialists.

The Ciskeian Government has now completed a scientific resources survey and multi-disciplinary planning and has identified about 38 viable agricultural projects. A development fund in the order of R332-million over 10 years will be needed to exploit these agricultural possibilities.

EEC IDEA FAILS

Under fire: the EEC's toothless code on SA labour practice

By CATHY KENTRIDGE

THE Code of Conduct for companies with interests in South Africa, drawn up by The European Economic Community (EEC), has been impotent for four years.

And it never had much chance of virility, according to a German church report.

Published in 1977, the code provides guidelines for improvement of black wages and working conditions. It covers labour relations, migrant labour, minimum wage levels, wage structure and black advancement, fringe benefits and desegregation at places of work.

Companies are also asked to submit annual reports to parent companies in Germany on progress made in applying the code.

Although the code relates to conditions of work, the report on German companies in South Africa published in May last year by the Kirchlike Dienst in der Arbeitswelt (Church Service in the Labour World), claims the true implications are wider and intended to provide "an alternative to the strategy of economic sanctions" to bring about peaceful change in South Africa.

Since the code's inception, "none of the 12 German firms investigated fulfilled recommendations" except in a few instances regarding desegregation of facilities. In its wider implications it has also failed miserably.

The report concludes the code is a "mistaken attempt to reform the wrong object by unsuitable means".

The Federation of South African Trades Unions (FO-SATU) commented: "If the unions work, the code is not necessary ... the workers know what they want."

It needed just one factory to be totally and therefore powerfully unionised to achieve a major breakthrough and for the effects to spread like wildfire.

This view is shared by Dr Erberhard von Koerber, chairman of BMW South Africa.

In November he told the

South African German Chamber of Trade and Industry in Cape Town each company is a "microcosm" whose attitudes and actions "must have a bearing on the macrocosm".

"German companies, by staying here and making the unprecedented policy of today the accepted norm of tomorrow, are working in the interests of all.

He felt "the Government has practically delegated to commerce and industry much of the responsibility for creating a new labour relations dispensation".

Dr R D Rauschenbach, managing director of BASF South Africa and chairman of the German committee of the South Africa Foundation considers the code unnecessary, containing nothing new.

Multinationals already subscribe to the Organistation for Economic Co-operation and Development (OECD) Code.

Dr Rauschenbach said the report and its predecessors can only be regarded as an "occasional tempest in a teapot".

German companies regard it as causing only paperwork — rather than concern — in the form of annual reports to parent companies.

Until recently they did not even think the report was worthy of comment.

Now they take the view that, when possible, allegations of non-compliance should be refuted by facts.

He feels strongly the report is biased.

"All information supplied by workers is treated as gospel, whereas any information from management has doubts cast on its validity.

"We, as businessmen, have a mandate to change things only within our own companies.

"In the political field we can express opinions but cannot be active," he said.

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CAPE TIMES
23/4/82
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R75-billion invested in SA in past 8 years

By BRIAN GROBBLER
Motoring Editor

THE return on capital invested in South Africa was among the highest in relation to risk anywhere in the world and this had resulted in almost R75-billion being invested in the country during the past eight years, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, said at Retreat yesterday.

The minister officially opened a new R10-million shock absorber factory for Gabriel South Africa which will produce more than two million shock absorbers a year for local and export markets.

Production

The company started in Plumstead 19 years ago with production of 120 000 shock absorbers a year. Mr Byron Pond, chairman, president and chief executive officer of Gabriel's parent company Maremont Corporation, and Mr Ireland Stewart, international executive vice-president of Maremont, flew from Chicago to attend the opening.

Dr De Villiers said the establishment of a new, large factory in the Cape was proof of the company's faith in the economy and future of the country.

"The steady growth of the South African economy and the rise in living standards of all our people has been the envy of our adversaries. Progress and development have been a bulwark against poverty, discontent and radicalism."

Decisions

Dr De Villiers said the profit motive was the most important single factor in investment decisions, and calculating the risk of an investment was also of great significance.

"The South African Government adheres to an economic policy which is basically market-orientated and which encourages private enterprise. We believe in a free market system where the profit motive should be the main driving force behind all forms of economic activity. We pursue a policy of non-discrimination in the treatment of local and foreign investors and there is no restriction on the transfer of current proceeds on foreign investments.

"Nationalization or confiscation of foreign property is completely alien to our philosophy. So is repudiation of foreign debt."

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(60) **Western trade sanctions**
Mercury 23/4/82
against S A 'unrealistic'

Mercury Reporter

IT WAS unrealistic to expect that effective sanctions would be introduced by Western capitals in order to facilitate change in South Africa. Prof Herbert Adams, Sociology professor at Vancouver's Simon Fraser University in Canada, said last night.

Prof Adams, who is co-author with Herman Gilromee of *The Rise and Crisis of Afrikaner Power*, was addressing the annual meeting of the South African Institute of Race

Relations Natal region.

He said the 1200 British companies followed by 375 American and 350 West German firms, with a total foreign investment of R30 000 million, did constitute effective veto power for sanctions.

At the bottom line, Western businesses will want to cultivate whoever — regardless of ideology or colour — can best guarantee stability and access to high profit margins in the region.

Prof Adams also dis-

missed the possibility of revolutionary change in South African soon.

Discussing change through reform, Prof Adams said that the racial problem in South Africa would not be solved by more housing, better black educational facilities or higher wages, as they did not pacify discontent in themselves.

'Increasingly and reform from above is suspected of manipulation unless clearly instituted under pressure from below,' he said.

With an already "prohibitive" political risk which is forecast to increase over the next five years, South Africa is a country fit only for short-term involvement, says a world-wide collection of financial experts. JOHN D'OLIVEIRA of The Star's Washington Bureau reports.

Long-term investors told: 'keep out of SA'

Year	Africa
1970	
1971	
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A respected organisation assessing business risks throughout the world has told its subscribers to avoid long-term involvement in South Africa.

This assessment has been made in the latest issue of Business Environment Risk Information (Berl) published three times a year by an international research corporation.

Each report costs R400 and subscribers include many of the world's major multinational corporations and some of its biggest banks.

Berl involves three separate assessments: A political risk assessment based on the opinions of more than 60 political specialists in different parts of the world, a business operational risk assessment based on the views of more than 100 international business executives and a financial risk assessment based on computer analysis of continuing Berl research.

POLITICAL RISK

Forty-eight countries are examined three times every year — including South Africa, Ivory Coast, Nigeria, Israel and Zaire.

In terms of political risk South Africa is assessed as "prohibitive," rating 52 on a scale in which 46 to 100 is prohibitive risk. The five-year forecast is that political risk will increase to 58.

The Ivory Coast is assessed at 33, rising to 35 in five years' time, Kenya at 40, rising to 47, Nigeria at 50, remaining the same for five years, Israel at 50

rising to 53 and Zaire at 64 rising to 74.

South Africa fares better when it comes to "operational risk" which is expressed as a rating in which 0 to 39 is considered prohibitive. At 67, dropping to 54 over five years, this is a better rating than that given the Ivory Coast, Nigeria, Kenya, Zaire and Israel.

Financial risk is expressed on the same basis as operational risk and South Africa rates 69, improving to 73 over five years. In other words, South Africa moves from moderate risk to low risk.

This apparent contradiction is based on the fact that different criteria are used for each assessment.

FOUR GROUPS

When all three assessments are combined, Berl breaks the countries into four different groups: the highest inviting long-term investment, the next good for long-term contractual commitments short of equity investment, the third good for trade and short-term relationships only and the lowest labelled "no business transactions."

South Africa is in the third — trade only — group with Egypt, Indonesia, Italy, Ivory Coast, Brazil, Israel, Kenya, Mexico, Nigeria, Portugal and Spain.

The Berl report explained that it did not recommend long-term investment in South Africa because "risk levels are increasing and profit potential is diminishing."

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Campaign against SA has lost much fire

From the Financial Times

LONDON — The international debate on foreign investment in South Africa has lost much of its fire in the past year or two.

New initiatives to restrict operations of foreign-controlled companies, enforce decent employment practices or pressurise banks to stop lending to government agencies are far rarer these days than in the late 1970s after the unrest in the black townships.

Church, academic and other anti-apartheid groups abroad as well as many blacks inside South Africa still strongly advocate disinvestment by the 3 000-odd foreign companies with interests in the country and are calling for close surveillance of their activities.

These groups have succeeded to a considerable degree in making companies think twice about the future of their operations. Several US banks have promised not to lend to the South African Government — though some have back-tracked by approving loans for projects benefiting blacks.

Labour practices are scrutinised and publicised by a number of foreign agencies including the British Government, trade unions and the Washington-based Investor Responsibility Research Center.

MEASURES

Even so, there is much disillusionment, both overseas and in South Africa, at the efficacy of measures taken so far. Even the Sullivan Principles, the well-publicised code of employment practice signed by over 40 US companies in the past five years, are being questioned by both employers and workers.

Inside South Africa, many blacks argue that trade union action is far more effective in improving working conditions than unen-

forceable codes.

A sizeable number of companies have withdrawn from South Africa in the past few years, but most have done so for commercial rather than political reasons. This is particularly true of British investors, such as British Steel, Caravans International and Cape Industries, many of which have needed the proceeds of divestment to strengthen parent company cash flow.

BSC, for example, sold all its South African interests — including shares in the two engineering groups, Stewarts and Lloyds and Dorbyl, and in a ferrochrome smelter — for more than R70 million last June. According to the corporation, the divestment was motivated solely by BSC's financial difficulties in the UK and its policy of selling off operations not directly connected with steel-making.

OPERATIONS

Several other British companies, including the battery manufacturer Chloride, and Dunlop, the rubber products company, have significantly reduced their activities in South Africa by selling part of their operations to local investors.

At least a dozen North American companies have reduced their South African holdings in the past year or two. They include ESB International Corporation, a subsidiary of International Nickel of Canada, which owned a battery manufacturing plant in South Africa, Firestone tyres, and ITT.

Even so, this apparent evidence of investors' confidence in South Africa needs to be qualified. Almost all the new investment has come from companies which already have operations south of the

Limpopo. The list is long — BMW, Volkswagen, Bristol Myers, Pepsi Cola, Joy Manufacturing, Metal Box, and many others.

The British automotive components group IMI is one of the few companies which has invested in South Africa for the first time. IMI paid R10 million (through financial rands) for a minority interest in a local radiator plant.

Last year the government doubled foreign subsidiaries' local borrowing ceilings. Had these extra funds not been available from domestic sources, there is little doubt that several investors would have hesitated before committing themselves further. While South Africa offers lucrative openings for new investment in the short term, many businessmen are nervous of the country's political stability beyond the next five to 10 years.

The importance of foreign business to South Africa cannot be measured in numbers. Direct long-term foreign investment at the end of 1979, totalling R8 300 million, and motor industries, amounted to only one-tenth of fixed capital stock.

But foreign companies dominate several vital sectors of the economy, including the oil pharmaceuticals, computers and mining machinery. Foreign technology is indispensable.

Of the roughly 3 000 foreign investors, half

are estimated to be British. UK involvement is centered on the engineering, household products, banking and oil industries. The US and West Germany are each represented by 350-400 companies.

FORBIDDEN

Although Japanese companies compete aggressively for South Africa's trade, they are forbidden by Japanese law from investing.

The level of equity investment does not appear to have changed dramatically for some years. But bank loans, which are equally important to the country's economic development, have soared.

A tight balance of payments has forced the Reserve Bank and other banks to arrange very large short-term loans to shore up the reserves.

The central bank's foreign borrowings shot up from zero at the beginning of 1981 to R1 300 million last February. In addition Pretoria mortgaged one quarter of its gold reserves to foreign banks last year in a series of swaps for hard currencies. South Africa has drawn its reserve facilities and first credit tranche, totalling some R222 million, from the IMF.

The country's appetite for medium-term foreign credits has also increased, partly as a result of shrinking corporate cash flows and partly to fund a spate of new capital projects in both the public and

private sectors. Public corporations raised R552 million in medium-term foreign loans (net of repayments) last year, compared with R179 million in 1980.

By far the biggest foreign borrower at present is the Electricity Supply Commission (Escom), which needs the funds to finance construction of six large, coal-fired power stations. Soweto raised a \$160 million credit earlier this year for infrastructure improvements.

Swiss and German banks remain South Africa's best friends on the Euromarkets. They are among the largest buyers of gold bullion and Krugerrands.

British banks seem to be losing some of the political inhibitions which prompted them to keep a low profile in the late 1970s. National Westminster was one of the lead managers of the Soweto loan while Kleinwort Benson, the merchant bank, recently opened a representative office in Johannesburg.

US institutions remain hesitant of supporting government loans. Strong criticism of Citicorp's co-management of a credit for the central Government during 1980 appears to have discouraged other banks.

But they continue to compete aggressively for corporate business. Citicorp managed a 100 million dollar credit for AECI the chemicals company late last year. The loan was the largest medium-term credit ever arranged for a privately-owned South African company.

Mvubelo replies to the charges

For foreign capital — but not for apartheid

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12/7/82



MRS MVUBELO: Not for apartheid, only for investment.

By STAN MHLONGO

THE general secretary of the National Union of Clothing Workers, Mrs Lucy Mvubelo, has rejected claims that she supports apartheid by asking foreign countries to invest capital in South Africa.

Mrs Mvubelo has been criticised on many occasions for her views here and abroad.

During her 1974 expedition abroad, she was grilled for nine hours by a Tanzanian unionist in an attempt to persuade her to support sanctions against South Africa, which she refused to do.

Mrs Mvubelo does agree that she has met certain 'radical' elements who would not stand for her opinion that foreign countries should invest here.

"One in particular is a professor from Ghana who told me the only solution to break apartheid was revolution."

Mrs Mvubelo said the professor suggested that we should sacrifice this generation.

"I questioned him about his country which has coups every day. I wanted to know who gave him a mandate to speak for South Africa, because I was speaking with authority representing the workers and the underprivileged," said Mrs Mvubelo.

SUPPORT

"How can I be said to be supporting apartheid when, even when I am abroad, I am regarded as a non-person in the country of my birth," she asked.

Mrs Mvubelo said that when she sat on the regional committee to make re-

commendations to the Government to amend the constitution, "I wanted all racial groups to be represented in Parliament."

Mrs Mvubelo added that she was surprised and very bitter when blacks were left out of the new constitutional dispensation.

The investment policy she supports has resulted in Americans building a posh school in Jabulani (Pace).

RADICALS

"I told the Americans that instead of accepting the version usually offered by radicals, they must not just provide equal opportunities in the amenities they built for us — but they should also educate and train us as there is a dire shortage of black artisans and tradesmen," she said.

Mrs Mvubelo's National Union of Clothing Workers has a membership of 23 000 people. Mrs Mvubelo has acquired the qualities of leadership in spite of only going as far as standard 8 at school.

She was chosen 'Women of the Year' by a local afternoon newspaper in 1979. Two years after she left school, she married at the tender age of 18 to the late McKenzie Mvubelo.

Born in George Goch in 1920, Lucy has matured enough to accept those who oppose her opinions on investment in the country.

But she claims to have little respect for blacks in exile who make a lot of noise about this and that. "I rather feel that the Motlanas and Tutus who attack apartheid from what they experience and see daily can be taken more seriously," she concluded.

Get Out ^{19/9/82} ~~the~~ ^{shares} advice as SA flounders

By David Bamber
Financial Correspondent
LONDON — Six months ago the

strength of South African shares amazed British investors. Now stockbrokers are advi-

sing clients to get out. From their positions among the top performers of last year, the gold and industrial indices have crashed to the bottom of the international stock market pop chart.

Looking at changes in markets over half a year may not be the best way of judging performances, especially when the index on the last trading day of each month is used as the sole indicator. Nevertheless there would be few financial commentators who would argue that the picture reflected by the graph does not represent the trend of the markets since the beginning of January.

Trendline

Sadly the trendline of South African gold shares has been sharply downwards. Reflecting a sliding gold price and rising mining costs, the index crashed by 40 percent

during the six month period ending June 30.

There have of course been reactions to a rally in bullion since the end of last month and the index has at last moved through 1982's bear trend.

Most in London believe that the bottom of the gold market has either been reached or will be reached soon if there are setbacks to the current rally.

Understandable

Many are, however, still cautious in their recommendations and will probably feel a lot easier once the index has passed the 400-point mark.

The gold price has also given a boost to industrial shares which reached a low point at the end of last month.

With the industrial index having fallen 26.8 percent in the half-year to record the third largest fall in the international market, it was understandable

that foreign investors were generally keeping well away. Even though the 1982 bear trend has been broken, high interest rates and the inflation rate will dampen interest until the index moves strongly above 550 points.

Shares in London have put in a remarkable performance considering the flatness of the British economy.

The market received a boost from the Falklands crisis, with defence stocks leading shares to record levels.

The conflict also proved good for confidence and tended to mask the increasing number of labour disputes and worse-than-expected industrial output figures released during the period.

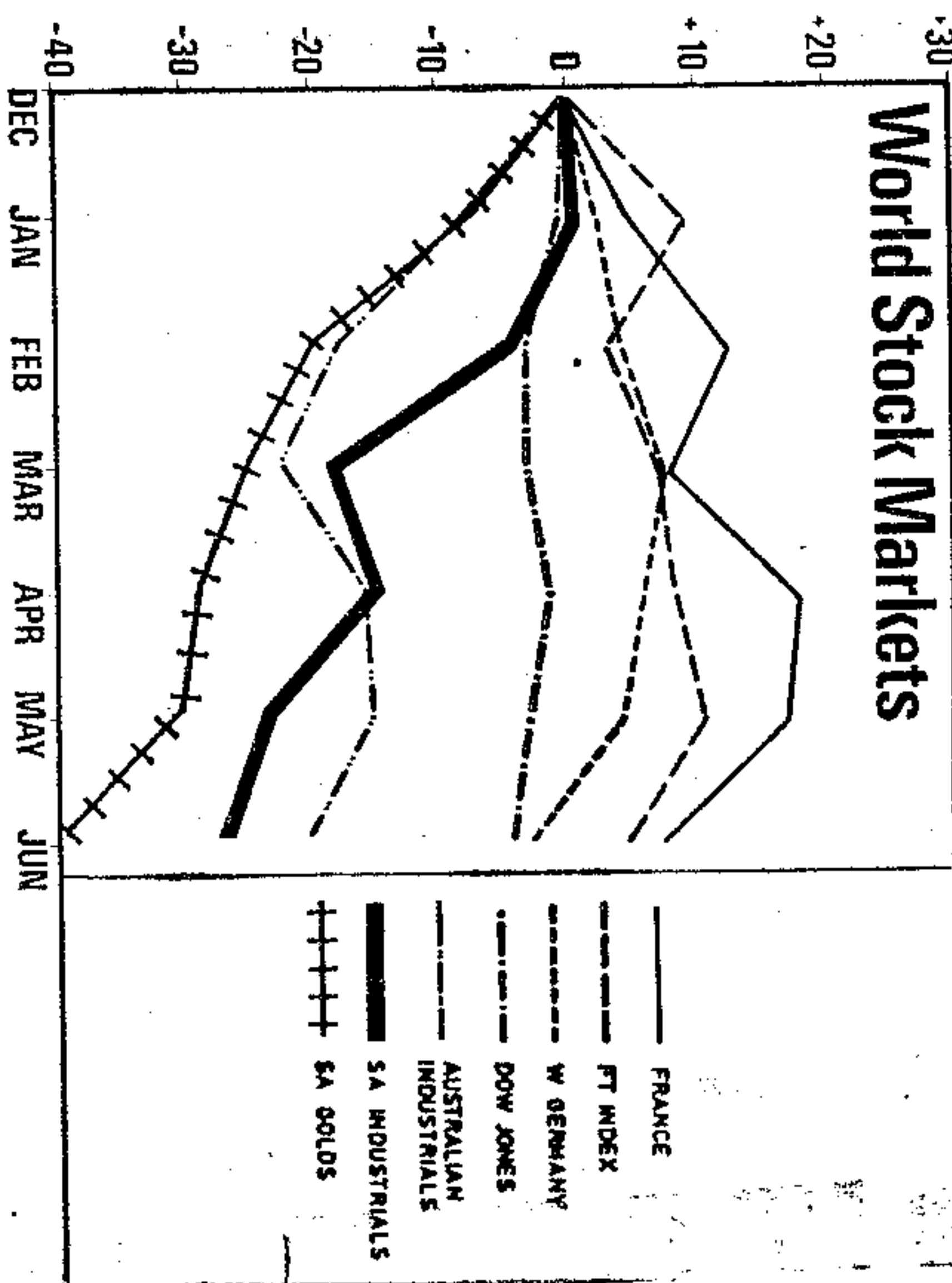
The index is now moving below the year's upward trendline but is still around four points higher than at the beginning of 1982.

New factors

Positive factors which could push the market back on to an upward trend include falling interest rates, lower inflation and cheaper energy and raw material costs.

On the negative side growth has been a bit too slow to encourage investment; labour disputes have been on the increase and the world recovery from recession has fallen short of expectations.

The two major European markets — West Germany and France — are at their lowest levels since mid-



February after being among the top performers in the six months to June 30.

Gains on the French market were better than those in any other financial centre and despite the latest losses the market indicator is still six percent above the beginning of the year levels.

However, confidence is on the wane and further price falls can be expected.

German fall

The steady fall in German shares since March seems to have bottomed out with prices not far off those ruling at the start of the year.

Despite concern expressed about the German economy, brokers feel that the short-term downside potential of the shares is not much more than 10 percent.

Across the Atlantic shares on Wall Street have drifted down lazily since the beginning of the year.

There was a rise in prices in April and there has been another slight rally over the past few days.

But the general trend is still downwards and the Dow Jones industrial average could soon be testing last month's lows again. Like South Africans, Australians will want to forget the perfor-

mance of their market in the first six months of this year — and it looks as though there is worse to come.

The all ordinaries index crashed by more than 20 percent during the period and losses since then have driven it down to a level 35 percent below the January mark of 595.5.

Two smaller markets which deserve a mention are those in Holland and Belgium.

Their market indicators at the end of June were 2.2 percent and 7.5 percent above their respective opening levels at the beginning of January, placing them among only five markets which showed gains during the six months.

Treatment of workers still falls short of code

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Argus Correspondent

BONN. — Treatment of their black workers by West German firms operating in South Africa is improving but still falls short of the principles recommended by the European Community, according to the Government here.

The Government commented on the third set of reports on compliance with the community's Code of Conduct since it was approved in 1977.

Forty-seven German-owned firms, employing 36 904 people, about 90 percent of all those employed by German companies in South Africa, sent reports this year.

About 19 200, or 52 percent, of people employed by these firms are black.

"Overall the reports give the impression that, above all among the larger employers, an awareness of the problems of black African workers and

the necessity of taking special supportive measures has increased," the Government said.

"But in a number of cases the practice does not yet meet the demands of the Code of Conduct.

"Positive developments are observed mainly in the areas in which economic interests have triggered a relaxation of discriminatory barriers in South Africa, that is, in internal company relations and in training.

"The Government remains convinced that the policy laid down by the Code of Conduct is correct and is showing results.

While understanding the short-term burdens that greater realisation of the code of conduct would bring, the enterprises should not overlook the fact that removal of racial discrimination, which is the aim of the code, also could be a contribution to long-term securing of their investments."

community future
 attack the government in this way
 were involved made it more difficult
 mission.

Missing man may have been murdered

Staff Reporter

BOLAND police are investigating the possibility that Mr A H P van Zyl, who went missing on Aurora Mountain two weeks ago, may have been murdered.

Mr Van Zyl, 58, was reported missing on August 9, when he failed to arrive home after leaving work earlier that day.

The search began after his car, with lights and windscreen wipers on, was found abandoned on the slopes of the mountain near the farm, Gys se Kraal, where he and his partner farmed proteas.

Subsequent searches of the area by police, neighbours, family, farmers and an Air Force helicopter, proved fruitless.

A doctor has told police that Mr Van Zyl, who had recently undergone an operation, would not have been able to walk much further than 500 metres.

Last night a close family friend said Mr Van Zyl had not locked his car, something he always did without fail, and the car was parked unusually.

Mr Van Zyl was as a driving force in the development of the Saldanha-Vredenburg complex, was chairman of the West Coast Regional Development Association in the Sishen-Saldanha iron-ore export project, and was a former town councillor.

Pay rises 'undermine SA's competitiveness'

CAPE TIMES 20/8/76

Staff Reporter

CONCEPTS such as the Poverty Datum Line (PDL) had been instigated by people overseas to destroy South Africa's competitiveness, Mr Basil Landau told the economic affairs committee of the President's Council yesterday.

Mr Landau, a member of the PC, said that 10 years ago South Africa had been competitive, but this had been undermined by wage increases.

"Where did all this stuff about the PDL come from? It was orchestrated by people overseas to make South Africa less competitive than them."

Mr Landau linked this



Mr Basil Landau

with an allegation by Mr Braam Raubenheimer, chairman of the committee, that German trade union leaders had instigated the strikes in the Port Elizabeth motor in-

dustry to help German motor workers.

Mr Raubenheimer said these unionists, pretending to serve the interests of local workers, had merely provided the German workers with more work to do.

The discussion took place during a special debate on productivity called by Mr Landau while the committee was hearing evidence on the free-market system yesterday.

He said wage increases of 12 to 13 percent — "almost the rate of inflation" — were too high, and were in fact responsible for the high rate of inflation in South Africa.

Body found in airport dustbin, court told

Staff Reporter

A RAILWAY police-woman told the Supreme Court yesterday she found the tightly-wrapped body of a baby in a dustbin at D F Malan airport in December last year.

Mrs Karen Visser was giving evidence in the trial of Miss Christina Beukes, 32, of Lavistown, who is charged with murdering her new-born baby.

Miss Beukes, an unmarried mother of two,

pleaded not guilty to murder, but guilty to attempted concealment of birth. The State did not accept her plea.

She conceded that she gave birth to a boy on December 16 last year and that the same baby was found at the airport later that day.

Mrs Visser told the court she was called to investigate a bundle in a dustbin in the women's cloakroom on December 16. Only when she unwrapped part of it did she become aware it contained a baby.

A State pathologist, Dr L van Ieperen, said the baby died as a result of a shortage of oxygen. The towel and nightgown could have caused his death, he said.

Under cross-examination, Dr Van Ieperen said it was unlikely the baby died during birth. He was large — 5kg — and showed no signs of illness or internal obstruction of

his air passages. His lungs were fully dilated and there was a strong likelihood he had breathed outside his mother's body.

Miss Beukes's aunt, Mrs Johanna Siljeur, said Miss Beukes had lived with her during her pregnancy and had never wanted the baby. They had planned to take her to a home for unmarried mothers but shortly before the birth she had refused to go and had left their home.

She said Miss Beukes's two children were being cared for by other people. The baby's father, who was a boarder in a relative's house, had not been prepared to marry her.

The hearing continues today.

Mr Justice Fagan sat with two assessors, Mr J J Basson and Professor D van Zyl Smit. Mr H Barnard appeared for the State. Mr W Duminy appeared pro Deo for Miss Beukes.

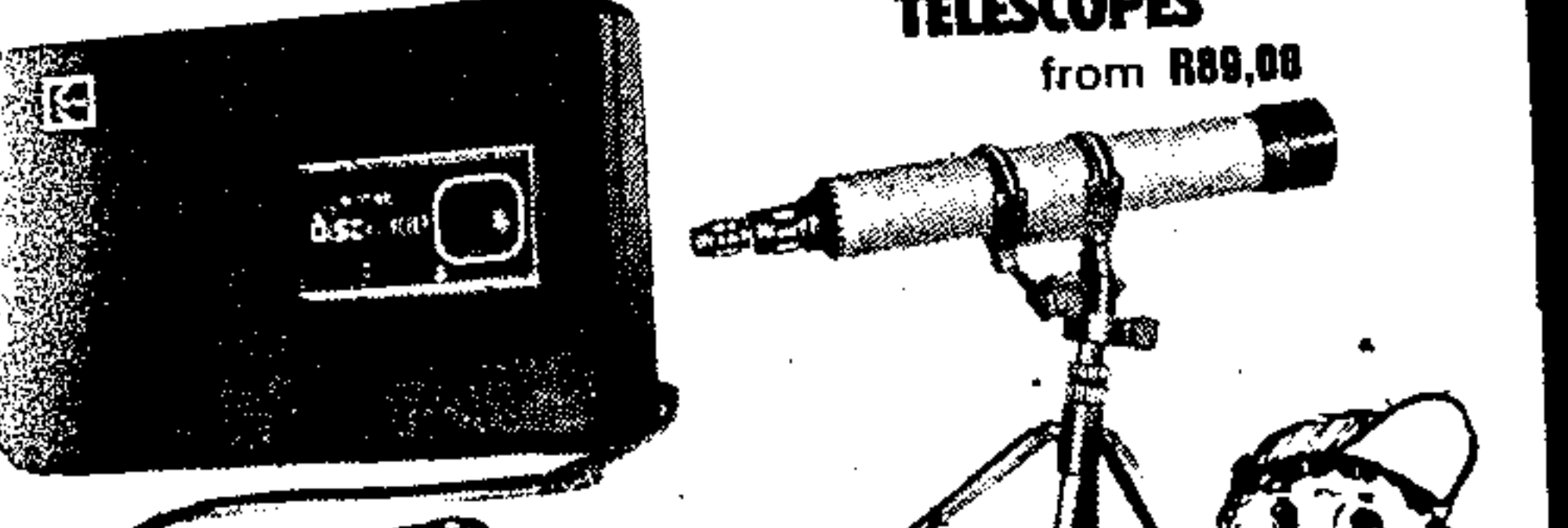
Concert a curate's egg

SYMPHONY CONCERT, City Hall, Thurs 19th; CTSO conducted by Brian Priestman, soloist Yonty Solomon; Josephs: Variations on a Theme of Beethoven, Op 68; Haydn: Symphony No 45 in F sharp minor ("Farewell"); Rachmaninov: Piano Concerto No 3 in D minor, Op 30.

A FULL house packed the City Hall for what proved to be a concert of curate's egg dimensions. Joseph's Variations afforded a witty start to the proceedings, although presages of poor ensemble crept in. Thereafter the miniscule orchestra bounced through Haydn's

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Slabbert's case for investment

By Frans Esterhuyse

ARGUS
6/10/82
(60)

FACING a well-informed and critical audience, the Leader of the Opposition, Dr Frederik van Zyl Slabbert, again put the case for investment in South Africa when he addressed a recent business leaders' conference in the United States.

The issue was discussed at a conference arranged by business student leaders of the universities of Yale and Harvard to examine American business operations in South Africa. Prominent decision-makers were among those who attended.

Here are some of the points made by Dr Slabbert, as recorded in his notes on which he based his plea:

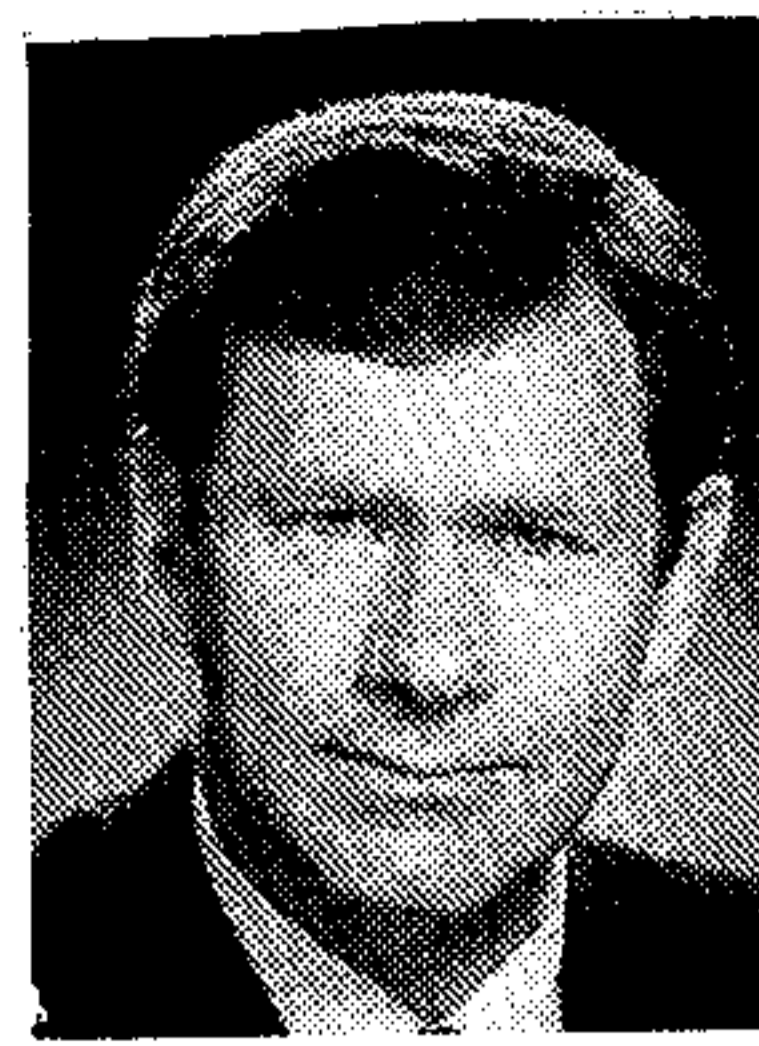
It is a fallacy to think that "foreign investment" or "multi-national involvement" is a corporate entity which can act as one agent at a particular point in time. The relationship of a country to outside forces is far more complex: government to government, government to inside agencies, business to government, and business to business.

There is a simplistic assumption that all should be agreed when sanctions should start and when they should be lifted. What is ignored is that there is simply no convincing evidence that when a country is isolated or sanctions are imposed on it the ruling elite is necessarily weakened. In South Africa's case there is no doubt that sanctions and isolation would not force the Government to spend more on black education, housing and employment opportunities.

On the contrary, more is likely to be spent on defence and import substitution.

It is argued that the necessary consequences of economic growth are a dismantling of racial discrimination and apartheid. Therefore more growth, that is, more foreign investment and involvement is needed, not less.

Once again, investment is concerned with profit and not with changing social and political conditions in a country. In South Africa there is no doubt that the private sector, both internally and externally, survived quite profitably and comfortably under



Dr Van Zyl Slabbert

the most racially exploitative and oppressive conditions for a long time.

There is also nothing inherent in the growth of a free enterprise system which automatically leads to greater equality of opportunity or to the dismantling of statutory discrimination.

To overstate the case for growth does greater damage to free enterprise than anything else. It simply discredits it in the eyes of those who observe growth but who also continue to experience discrimination and exploitation.

Free enterprise and growth without concomitant political and social action will not of necessity lead to greater political and economic justice.

Of late, scholars have again begun to look at the whole question from a fresh and more critical perspective and have produced new and more sophisticated arguments. The simplistic "for" or "against" position has been abandoned for a more qualified "against" or "for".

In his concluding remarks, Dr Slabbert said: "On balance, therefore, I would come out in favour of an "unqualified for" as far as investment is concerned. Whatever its shortcomings, and there are no doubt many, we have an economy which is free enterprise in thrust and intent.

"This economy is in intimate interaction with social and political forces working for and against change. I believe that in this interaction opportunities and conditions will arise which can strengthen those who struggle for more justice and equality. I have no easy optimism to dispense in this regard."

(Report by F S Esterhuyse, 122 St George's Street, Cape Town)

High SA bank rate prompts cheaper borrowing abroad.

FOREIGN MONEY POURS IN

Finance Reporter

FOREIGN money is pouring into South Africa on a scale seldom seen in recent years.

The inflows consist mainly not of headline-catching direct investments by foreign companies or big Euro-currency bonds, but of hundreds of millions of rand in short-term loans to finance foreign trade transactions and companies' working capital.

One economist estimates that more than R600 million has come into the country this way since the beginning of the year. Others put the figure lower.

Short-term capital inflows totalled less than R500 million in the whole of 1981.

The rush to borrow abroad has been prompted partly by a wide gap in interest rates between South Africa and northern hemisphere countries and partly by the bullish outlook for the rand.

Even after local banks lower their prime overdraft rate in the coming week from 18 percent to 17 percent, South African interest rates will be far higher than those in the US and Europe.

The cost of a three-month local bankers' acceptance, one of the most popular trade finance instruments, is currently around 15,25 percent for a top-flight company, including commission and other charges.

A three-month Eurocurrency facility or New York acceptance costs between 9,5 percent and 10 percent.

Much of the difference would be wiped out if a borrower took forward cover to insure himself against foreign exchange losses.

The forward premium this week on three-month contracts was around 6 percent, bringing the covered cost of a Eurocurrency facility to at least 16 percent. Companies with less than blue-chip status pay even more.

But banks are advising borrowers and importers to ignore forward cover for the time being.

The rise in the gold price, South Africa's improving balance of payments and Pretoria's eagerness to hold down the cost of imported goods all point to a steady rise in the rand for most, if not all, of 1983.

The chances are that a company borrowing, say, dollars now will have to fork out fewer rand in three or six months' time to repay the principal on the loan.

The corporate treasurer of one US subsidiary in this country observes bluntly: "Our policy is not to speculate, but it seems crazy to buy forward at present. We see the rand strengthening in the short term."

Most economists and bankers predict that the rand, currently around 94c in the US dollar, will reach parity by mid-1983, provided the gold price does not collapse.

To delay repayments until the current account is (hopefully) showing a tidy surplus, the Reserve Bank insists that all foreign loans to finance working capital must have a minimum maturity of six months.

EEC info two minds on SA

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By John Lichfield

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STRASBOURG — Members of the 10-nation European Parliament are sharply divided on whether to call for EEC economic sanctions against South Africa and endorse Swapo.

In the assembly's first full-scale debate on Southern Africa today and tomorrow, the 434 members of the Strasbourg-based parliament face three conflicting motions on future EEC policy on South Africa.

The parliament's political affairs committee has put forward a resolution which condemns apartheid and criticises the black homelands policy, but makes no mention of economic or other sanctions.

To the annoyance of socialist, communist and some centre-right members, the motion also implicitly criticises Swapo and calls for the disbanding of the organisation's forces in Angola.

Although the parliament has no direct control over foreign policy decisions by EEC states, left and centre members believe the motion, if passed, will endorse the pragmatic approach of Western European governments to Southern Africa.

They are instead backing calls for an EEC ban on high-technology exports to South Africa and a gradual severing of all trade links.

Left-wing members are especially incensed that a report supporting the "no sanctions" motion, drawn up by the British conservative member Sir James Scott-Hopkins, catalogues in enormous detail the importance of South African exports of vital raw materials to Europe.

The report also stresses the strategic importance for European oil supplies of the sea route around the Cape.

Although the lesson is not specifically drawn by Sir James, the socialist and some liberal members believe the report implies that European policy towards South Africa must take account of economic and strategic, as well as moral and political considerations.

The debate, twice postponed last year because of pressure of other business, is expected to be heated.

Socialist, communist and some liberal and Christian democrat (centre-right) members have been canvassing support for alternative motions tabled by the assembly's committee on overseas development and its joint committee with parliamentarians from African, Caribbean and Pacific countries.

Both these motions call on EEC governments to apply economic sanctions in protest against apartheid and the South African Government's policy in Namibia.

Sanctions being pressed on Common Market governments include a ban on exports to South Africa of advanced technology with potential military uses, especially in the nuclear field.

One motion also calls for the freezing and gradual dismantling of all trade between the EEC and South Africa.

The joint committee, including members from Third World countries linked to the EEC, urges the parliament to "recognise the role played by Swapo and the African National Congress in the struggle for a non-racist society guaranteeing fundamental human rights".

Most British conservative and German and French Christian democrat members are expected to support the milder Scott-Hopkins motion. But the assembly's normally monolithic centre-right vote is said to be deeply divided with many Dutch and Italian Christian democrat members preparing to support the tougher "sanctions" motions.

CANDIDATE MUST enter in the number of each question in the order in which it has been asked; leave columns (2) and (3) blank.

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- The answer book must be rough work.
- Enter the number of the question you are answering in blue ink.
- Blue ink must be used for all answers.
- Use green ink for underlining, and red ink for headings.

The report also stresses the strategic importance for European oil supplies of the sea route around the Cape.

The report also stresses the strategic importance for European oil supplies of the sea route around the Cape.

(1) of questions. Red or blue ink may also be used for underlining.

- Candidates are not to communicate with other candidates or with any person except the invigilator.
- No part of an answer book is to be torn out.
- All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Which bosses preferred

By Vera Beljakova

URBAN blacks prefer working for South African companies rather than foreign firms, according to a Market Research Africa (MRA) study, whose details are now being released.

The survey shows that 59% of urban blacks prefer to be employed by local companies and that, of these, 26% consider salaries paid by South African firms to be superior to those offered by foreign firms.

Another 22% believe that local concerns give better treatment, while 6% assume that no discrimination is practised.

About 3% would feel more secure with an SA company, and 2% prefer the working

hours adhered to by them

The survey also indicates that 41% of urban blacks would rather discuss their problems with a black personnel manager (44% males against 37% females), and that the desire for a black manager is perceived particularly strongly among the 16-49 age group.

The 50-plus age group, however, would rather discuss matters with a white personnel manager.

Blacks in the A-income group have no preference about the boss's race (25%), as against blacks from the B-income group (17%), the C-group (16%) and the D-group (13%).

In Natal and the Eastern Cape, black personnel man-

agement is preferred when workers seek help or advice — particularly so in Natal, where 47% of blacks want to talk to a black boss against 21% who would rather confide in a white superior.

The reverse, though, is true in Pretoria and the rest of the Transvaal, where both white and black personnel managers are equally acceptable to the black worker.

The Sotho ethnic group, however, is split: while North Sothos prefer another Sotho, the South Sothos would opt for a white personnel manager.

"It has become apparent that equitable solutions are sought increasingly by local concerns to satisfy the needs of the black workers."

Multi-nationals

under fire

60 City Press 27/3/83

MMABATHO — Multi-national companies which continue to pay lip service to their declared aims of boosting the small black manufacturer have been bluntly told to “stop wasting everybody’s time”.

In a scathing attack on the multi-nationals, a speaker at the recent Nafcoc inter-regional seminar at Sun City, Mr I J Hetherington of Small Business Services Ltd, accused the companies

of raising false expectations.

“The Nafcoc Counselling Committee and small manufacturers in particular have spent thousands of hours, had hundreds of discussions and attended scores of meetings over four or five years now with such companies. The results in actual business done have been pitifully meagre,” said Mr Hetherington.

However, he added, there were some notable exceptions.

20 APR 1983 D. Dispatch
**Envoy: code eases
pressure on firms**

PORT ELIZABETH — The European Code of Conduct which was aimed at improving black working conditions was also helping British businesses to withstand pressures to disinvest in South Africa, the British Ambassador, Mr Ewen Fergusson, said here yesterday.

Its application and progress in South Africa was monitored by the British embassy in Pretoria, he said, and Britain believed the inevitable process of change was made easier by the country's prosperity to which Britain contributed.

Speaking at a Midland Chamber of Industries lunch, he said a less-published aspect to British involvement in South Africa was British aid to

black education. It could be argued that South Africa's political and social stability was of such importance to Britain that it should make a contribution.

● Mr Fergusson was incorrectly quoted in the Daily Dispatch yesterday as saying that Britain gave R1 billion rand in foreign aid to South Africa annually.

Mr Fergusson in fact said, in an address to the Border branch of the South African Institute for International Affairs, that Britain gave R1 million annually in aid to programmes such as teacher training in South Africa.

He said Britain's world-wide foreign aid amounted to about 1 billion pounds in 1982. —
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CAPE Times 25/4/83 (60) ~~41~~ ~~280~~

Suzman supports company 'blacklists'

Own Correspondent

LONDON. — Mrs Helen Suzman, South Africa's internationally-acclaimed MP, yesterday said she welcomed the publication of "blacklists" of British and other foreign subsidiaries which underpaid black workers.

In an interview recorded for Britain's Channel Four television she said the blacklists should be encouraged.

The statement formed part of her argument to

interviewer John Pilger that industrial socio-economic development could save South Africa from bloody revolution.

The old days of capitalism and apartheid going hand in hand were waning, she said.

"It is industrialists who want the change. They want to be able to use skilled black labour, and the major opposition to that has come not from capitalists but from the white trade unions."

She said sanctions against South Africa were unrealistic. An attempted full-scale economic boycott was "just not on". It would create a vacuum that might be filled by less caring foreign employers.

The pillars of the system she fought were the Group Areas Act, the Race Classification Act, the pass law system and the homeland system.

"These are the pillars — not the use of black

workers in industry. That is the only thing raising their standard of living."

She agreed that exiled South Africans said she was "soft" on the system (by not backing revolutionary overthrow).

"I believe revolution is very far off and change is going to come about via the economics of the situation — in other words as blacks take over the skilled work, or become the majority of the skilled workers, as I am sure they

will in due course."

Earlier she spoke about the African National Congress leader, Mr Nelson Mandela, who is in his 20th year of political imprisonment.

She said she had last visited him in her capacity as an MP about a year ago and had found him a remarkable person in good spirits.

"He is very forthright and clearly very much in control of the situation," she said.

567

What happens if those with no restrictions by the amount of raise you can produce, i.e. P₁, as seems to be the case in this example. It will be willing to offer B the income to produce P₁ - P₂ raise.
So we see that even if restrictions have been imposed on the individuals setting their initial position due to the workings of the market A and B will disregard the restrictions in an attempt to approximate their positions.

Declining

60 role of foreign investment in S A

Mercury
30/4/83
Mercury Correspondent

JOHANNESBURG—Foreign investment in South Africa is playing a steadily declining, although still very important, role in the total economy. This applies both to overseas interests in factories and other fixed assets and in shares.

According to the Reserve Bank, South Africa's foreign liabilities for direct and non-direct investment here were R16 548-million at the end of 1975.

By the end of 1980 they had risen only to R25 485-million — an increase well below the inflationary rise of gross domestic product in money terms.

These are some of the main disinvestment actions in recent years.

- Kohler pays R24-million to DRG of Britain for its control of DRG South Africa (1983).
- ITT of the U S sells its 33 percent stake in Altech to South African interests for R37-million (1980).
- Bridon of Britain sells its 39 percent holding in Haggie of South Africa to Anglo American and Gencor for R57-million (1980).
- Asea of Sweden sells an 18.8 percent holding in Asea South Africa to Anglo American Investment Company (Amic) for R11-million. This gives Amic effective control of Asea SA (1980).
- Haggie pays nearly R25-million to McKechnie Brothers and Delta of Britain for 50 percent of Macdem, South Africa's largest manufacturer of copper, brass and bronze semi-manufactured products. It also has an option to buy the other 50 percent over 1985-89.

- Sigma buys Peugeot/Citroen SA from French control for R30-million (1978).
- Grinaker pays R12-million for Racal Electronics of Britain's South African operation (1978).
- British Steel sells its interests in Stewarts & Lloyds and Dorbyl of South Africa for R67-million, basically to Anglo American and Metkor (1981).
- Tate & Lyle of Britain sells 49 percent of Illovo Sugar to C G Smith for R8-million (1977).
- Mondi pays R110-million for Usutu Pulp of Swaziland from Courtaulds of Britain and the Commonwealth Development Corporation (1981). Technically that is not disinvestment from South Africa but the implications are similar.
- The pension fund of Marks & Spencer of Britain sells just over 10 percent of Woolworths SA to South African interests for around R8 500 000 (1976).
- GEC of Britain sells 50 percent of its South African arm to Barlows for more than R27-million (1978).
- Chrysler of the U S sells its 25 percent holding in Sigma SA for R16 500 000 (1983).

ANC warns firms

From RICHARD WALKER

NEW YORK — Western firms have been warned that their South African offices could become bomb targets under an African National Congress policy of escalated violence.

Firms doing business with the military are particularly at risk, according to the warning spashed across the front page of the *Globe and Mail*, Canada's largest newspaper.

The threat was made in Toronto by ANC representative Yusuf

Soloojee, who said the Pretoria bombing marked the beginning of a new phase.

"I think Western companies operating in South Africa should take serious warning from our latest attack," he told the *Globe and Mail*.

"Because we have just been concentrating on South African Government targets, those Western companies — including Canadian firms — should not think they are immune from attacks, particularly if they are contributing to the military sector."

Mr Soloojee said last Friday's attack in Pre-

toria was not inconsistent with ANC policy of trying to avoid loss of civilian life.

"This was a military target," he said. "We are saying that those civilian personnel who serve the military and intelligence sectors must also bear the responsibility and therefore have become targets themselves."

"This marks the beginning of a new phase in our struggle. There will be an increasing number of attacks such as this on other military and economic targets, but particularly military targets."

CAPE TOWN TIMES 25/5/83

60

Economic Spotlight

Relaxing foreign exchange curb on residents must wait

The interim report of the (De Kock) Commission of Inquiry into the Monetary System and Monetary Policy in South Africa published in January 1979 set in motion a process of evolutionary reform in the nation's foreign exchange market.

Having changed the securities rand to the financial rand in early 1979, and allowing certain transactions to be undertaken by residents in this market, the Reserve Bank in February 1983 abolished the financial rand for non-residents.

This was a step towards the Commission's goal of "a unitary foreign exchange market, subject to official intervention and limited exchange control".

The easing of exchange controls on February 7 has raised expectations of further relaxations for residents. The possibility of a "Pandora's box" of funds from South African institutions seeking portfolio investment opportunities abroad has at least made the airlines serving this area wealthier as flocks of international investment advisers have descended on the local scene hoping to attract their share of South African funds freed from exchange control.

It seems that their efforts, while ultimately not likely to be in vain, are at least a little premature in present circumstances. It should also be remembered that, for non-residents, the move from the securities rand to the financial rand and its eventual abolition took more than four years.

Dr CL Stals, Senior Deputy Governor, South African Reserve Bank, in reiterating its commitment to an evolutionary process of foreign exchange control reform at a recent address to the Johannesburg branch of the Economic Society, suggested that these pre-conditions would have to be met before further relaxations:

1. SA foreign exchange and domestic money markets should be able to handle the substantial and abrupt changes in flows of capital and commercial funds should the market be opened up. The technical improvements that would have to be effected

Further freeing of exchange controls will depend on such factors as stronger foreign exchange reserves, with improvements in the mechanism of the foreign exchange, money and capital markets, says Mr Michael Brown, chief economist at Davis Borkum.

in the markets would probably comprise:

- (a) Development of a market-related forward exchange market as recommended by the De Kock Commission;
 - (b) Broadening of the rand/dollar spot market by allowing all export and import proceeds to flow through this market. This would encompass paying gold mines in dollars for bullion sold to the Reserve Bank;
 - (c) Improvement of the transmission mechanism by enabling external dealings and holdings of rands to the Euro-Rand market. Recent changes allowing authorised foreign exchange dealers to hold a total balance of R600 million abroad are a step in this direction;
 - (d) Domestic interest rates should become more subject to market determination and able to react rapidly to volatile capital flows and changes in external conditions. The exact steps envisaged there are still subject to the deliberations and recommendations of the De Kock Commission, although Dr Stals did hint that certain changes in the money and capital markets could be implemented before the finalisation of the Commission's report;
 - (e) Current restrictions on non-residents such as blocked rand accounts and restrictions on non-resident company borrowings in South Africa will need to be abolished.
- (2) The SA balance of payments would need to improve further — largely subject to an acceleration of the present anaemic rate of international growth, further improvements in the gold price and the yet to be assessed effects of the drought on domestic growth and balance of payments proceeds;
- (3) Foreign exchange reserves would need to be built up substantially to cope with the effects of a volatile gold price, non-resident activities on the

JSE and the leads and lags in exchange markets brought about largely by the borrowing of local operators in international capital and trade finance markets.

Some criticism has arisen in that a country such as South Africa, which is relatively starved of capital, should not run the risk of becoming an exporter of capital.

Proponents of this view argue that the rate of capital formation in South Africa is in any event slowing. Calculations by the Bureau for Economic Research, Stellenbosch, bear this out. The savings ratio to GDP has declined from an annual average of 11,3 for 1960/1969 to 9,8 for 1970/1979 and is expected to be well below this for the coming decade.

The lack of internally-generated capital formation has resulted in a fall in the rate of growth of total fixed investment from 8,3 percent during 1960-1970 to 4,9 percent for 1970-1980.

More disturbing, the long-term growth rate in private fixed investment has fallen from 7,9 to 2,8 percent for the same periods.

The declining level of capital formation and investment has been one of the main reasons for the fall in the long-term growth rate for the SA economy from close to 6 percent in the 1960s to below 4 percent for the 1970s.

A large measure of SA savings are contractual — ie savings in the form of pension and insurance contributions, etc. A significant degree of domestic capital formation, therefore, rests with major life insurance institutions.

Total assets of long-term insurers and private pension and provident funds in 1981 were R26 300 million. Present projections are that the incremental cash flows accruing to these funds in 1983 will total about R6 000 million.



The risk exists that a significant portion of these assets or cash flows could be invested abroad, for whatever objectives, and thereby reduce even further the retention of capital accumulation and, therefore, funds available for investment in South Africa.

The opposite view would be that, if SA residents were unable to invest abroad, the flow of funds would tend to be cyclical.

Advantage would be taken of the high returns available during the early stages of international upswings and funds thus committed would be repatriated at times of a downswing.

These types of capital flows would assist in the adjustment process, reducing liquidity build-up during periods of balance of payments surpluses and improving liquidity during periods of deficits.

It is not improbable, however, that domestic investors would hold a percentage of assets abroad, more or less permanently, in order to diversify portfolios. The authorities will, accordingly, need seriously to consider changes, of a monetary and fiscal policy nature, which will promote the level of savings in South Africa before enabling a portion of these savings to be exported.

In sum, before further relaxations in exchange control are considered, strengthening in the level of foreign exchange reserves, improvements in the mechanism and efficiency of the foreign exchange, money and capital markets and some experience of living with the recent changes will be required.

But the authorities are committed to a philosophy of a freer market mechanism and further relaxations will come — albeit these changes will probably be gradual when the time is considered ripe.

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Sullivan code may become law in US

By Neil Lurssen,
The Star Bureau

WASHINGTON — United States Government officials believe that unless all American firms operating in South Africa with more than 20 workers agree to sign the voluntary Sullivan Code of Fair Employment Practices in the next few weeks they will be forced to do so by law.

They say there is so much pressure building up in Congress to pass anti-apartheid legislation that a law to make adherence to the Sullivan code mandatory is inevitable — unless the non-signatory companies pre-empt it by signing the code voluntarily.

A highly placed Reagan Administration official said yesterday: "We cannot go to the Hill (the Congress) much longer to argue against mandatory adherence."

This week, the State Department took the unexpected step of naming publicly the 25 largest non-signatory companies at a congressional committee hearing. They had never been named by the administration before — not even during the Carter administration.

FAIR PRACTICES

While the State Department softened the impact by saying that many of the non-signatories employed fair practice codes of their own and understandably rejected outside interference in the running of their affairs, the public naming is seen as direct pressure on the companies to change their minds as soon as possible.

The Sullivan code, named after its author, the Rev Leon

Sullivan, was drawn up seven years ago and has been signed voluntarily by 146 of the more than 300 US corporations with businesses in South Africa.

Mandatory adherence is part of a Bill introduced by Congressman Stephen Solarz.

Congressional sources expect that some parts of the Solarz legislation will be dropped — such as a ban on US sales of Krugerrands and a ban on new bank loans to South Africa — but that adherence to the Sullivan code will be accepted as a reasonable compromise.

A senior State Department official agreed with this view.

He said the Sullivan code had acquired an important political significance which had to be recognised by the administration.

NO CHOICE

Another official said that unless the non-signatory companies reconsidered their position, they would be faced by a law which would give them no choice.

The 25 largest non-signatories have been named as:

Getz Bros, Oak Industries, Echlin Manufacturing, International Playtex, Cheseborough Ponds, AM International, Maremont Corp, Chicago Bridge and Iron, Alexander and Alexander International, BBDO International, Dun and Bradstreet International, Associated Metals and Minerals, Newmont Mining, Chicago Pneumatic Tool, Pepsi-co International, Columbus-McKinnon, Ingersoll Rand, Blue Bell, Eaton Corp, Timken Company, Wyeth International, V F Corp, Dresser Industries, Precision Valve, and City Investing International.

In terms of the Solarz legislation, American companies that fail to adhere to the code — which includes equal pay for equal work, recognition of labour unions and desegregation of all facilities — would be liable to have their exports to South Africa stopped, their South African tax deductions rejected by the US, and their use of the Export Import Bank stopped.

Other penalties are also established in the Bill.

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BUSINESS TIMES ON THE INTERNATIONAL SCENE

By Neil Behrmann London

Paradox of investor attitudes towards SA

INTERNATIONAL investors' attitudes towards South Africa reflect not only developments in the sub-continent but their fears about political developments in their own countries.

The recent strength in the dollar, for example, partly reflects these worries.

European and South American investors have placed funds in US securities partly because of political and banking developments in their respective areas.

Morgan Guaranty Trust, the large New York bank, estimates that \$20 000-million of "unrecorded flows" was attracted to the United States last year because of "high interest rates and safe haven motives".

Europeans, especially West Germans, have invested in the US because they are worried about developments in Eastern Europe and the war of words between Nato and the Soviet Union.



South Americans, notably Brazilians, have been depositing funds in Florida banks because they are worried about banking and economic stability in their regions.

Such flows may explain the paradox of investor attitudes towards South Africa.

While Associated British Foods (ABF) is carrying out the single biggest disinvestment ever experienced in South Africa, the stock market has remained resilient in the face of the recent bombings in Pretoria and Bloemfontein and the incursion into Mozambique.

Had the gold price remained steady, there is little doubt in the minds of international brokers that the gold-share market would have remained firm.

One also cannot be sure whether Gary Weston, chairman of Associated British Foods, decided to sell the company's 52% stake for

either political or economic motives.

In a document to its shareholders, the company stated that the selling price of £204-million (R347-million), exceeded ABF's share of the Premier Group's net worth by 110%.

On ABF's share of Premier's most recent pretax profits, the return on this £204-million would have been 13.2%.

This compares with ABF's return on its own shareholders funds of 23.3%.

Considering that Premier's shares in the past year have soared from R10.25 to South African Breweries' payment price of R25, Mr Weston tells Business Times that "the deal was very attractive" and that share prices on the Johannesburg Stock Exchange were "high".

Regardless of the political motives of this single disinvestment, a cross-section of international bankers and investors — rightly or wrongly — believe that the South African Government will retain control of the situation for many years.

These investors are prepared to accept sporadic violence from time to time, and perceive that the dynamism in the South African economy is bringing about political and social reforms, albeit on a slow scale.

Asked to comment on the recent bombings and incursions into Mozambique, a

banker intimately involved with loans to South Africa said that they had "had no effect whatever".

At a gathering last month, international bankers who recently lent money to Escom were joking about "jumping the queue" on coming planned loans to South Africa.

Such comments may be sanguine, considering that foreign investment in South Africa has been shrinking in real terms during the past few years.

According to the Reserve Bank, South Africa's foreign liabilities for direct and non-direct investment here were R16 548-million at the end of 1975.

By the end of 1980, they had risen to only R25 485-million — an increase well below the inflationary rise of gross domestic product in money terms.



American investment in South Africa rose by 13.3% in 1981 to \$2 630-million, according to the latest US Department of Commerce figures, while a congressional committee has estimated that US investment rose to \$2 800-million in 1982.

Most of the recent increase has consisted of a higher level of retained earnings by American subsidiaries in South Africa.

New investment is estimated to have been around only \$100-million during 1981 and 1982.

Despite the concern about conditions within South Africa, international investors appreciate that few countries can be regarded as safe havens for surplus investment funds.

For a start, the international investment community has become conditioned to acts of violence in the Middle East, Northern Ireland, Zimbabwe and elsewhere.

Secondly, fears of a possible nuclear confrontation are affecting the investment thinking of wealthy individuals, especially in Europe.

Although bankers and institutions which manage other people's money are loth to talk about such a possibility, wealthy individuals are privately admitting that they are finding holes for surplus funds.



This is not that surprising considering that not a day goes by without an article in the European Press mentioning either a protest, political discussion or announcement regarding the nuclear-arms race.

For example, at a recent conference of scientists for nuclear disarmament, the president of the Soviet Academy of Sciences, Anatoli Alexandrov, said that the present balance of strategic forces allowed for roughly 30 minutes for both superpowers to "take some steps to avoid" a nuclear confrontation.

The planned deployment of 572 Pershing-2 and Cruise missiles in five West European countries due to begin early next year would reduce this "time span to only five to seven minutes" and thus "completely preclude" chances of averting an all-out confrontation.

Even though the superpowers have kept the peace of mutual terror for nearly 40 years, there are sufficient international investors who "in case of the unthinkable" are looking for safe havens in the southern hemisphere such as Australia and possibly South Africa.

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3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book (s) are used.

4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

(60) 12/6/83

Exchange control going 'in months'

S. TIMES
12/6/83

(60) ~~60~~

Business Times Reporter
EXCHANGE control is to be abolished completely and permanently.

The abolition will not occur immediately and the powers-that-be are talking of it in terms of months, not years.

But, because the Government has no intention of reversing relaxations, it is likely to proceed in steps, sure that each one works before getting to the ultimate objective of a totally unrestrictive flow of funds to and from the country.

A panel of economic authorities headed by the Director-General of Finance, Dr Joop de Loor, has told fund managers controlling billions of rands that total and permanent exchange-control freedom is a long-term priority.

"The question is not if, but when and how."

Dr de Loor told Business Times that, barring unexpected economic setbacks, the process of relaxation would take "months rather than years".

Addressing top local and foreign investment managers and bankers at a seminar in the bushveld organised by stockbrokers Simpson Frankel Kruger, Dr de Loor and his colleagues spelt out preconditions for foreign-exchange freedom and possible ways of achieving it.

The main preconditions are:

● Net reserves will have to improve still further and more short-term foreign debt will have to be repaid before further relaxation takes place.

● The new system of a unified rand and freedom for non-residents to withdraw investment funds must bed down — and be subjected to some rigorous testing.

Asked by Business Times whether there is a minimum gold price or net reserve figure at which greater liberalisation might be introduced, Dr de Loor said: "No, we are not so concerned about absolute figures at a given time."



JOOP DE LOOR ... "Long-term priority"

QUESTION NOT IF, BUT HOW, WHEN, SAYS DE LOOR

"We would like to see healthy net reserves and to be confident that the balance of payments is in a medium-to-long-term uptrend."

This implies that the authorities would like to believe that gold is on a well-established upward track before the gates are opened.

The new unified rand system removed the financial rand, which acted as a shock absorber for the foreign reserves when non-residents disinvested from South Africa.

Now the reserves are directly affected by every cent withdrawn and capital movements have been "very volatile".

There have been large inflows on the capital account as the gold price has moved up and foreigners have bought shares, and large outflows as gold has moved down and foreigners have sold.

The authorities wish to see how the reserves cope with a major setback in the gold price or foreign-investment confidence before proceeding cautiously towards complete relaxation of exchange control.

Apart from bolstering the net reserves still further with balance-of-payments surpluses and repaying short-term foreign debt, "we would also like to see the money, capital and foreign-exchange

markets develop further and become more sophisticated", said Bramle van Staden, deputy governor of the Reserve Bank.

To this end, if the gold price holds up, the panel said, it is highly likely that gold mines will be paid for their gold in US dollars, and that they will be able to hold or exchange these as they see fit.

One other precondition is a far higher level of personal savings in the economy.

Dr de Loor said the authorities would not act boldly, scrapping exchange control and then reimposing it. As each relaxation was introduced, it would be permanent.

And relaxation will not be subject to all kinds of conditions and red tape — hence the need to proceed with great caution.

Relaxation has already occurred in that non-residents are free to take money out of the country — and in the authorities' more liberal attitude to applications by South African companies to acquire companies abroad or set up foreign subsidiaries.

Once the mines are being paid for their gold in dollars — they will not be able to market their own gold, said Dr De Loor — a second probable step, assuming healthy net foreign reserves, would be permission for the big institutions — the life insurers, pension funds and mining houses — to invest a portion of their assets abroad.

To prevent speculation against the rand, only long-term investment will initially be permitted.

After this, the trio said, companies will be able to make portfolio investments.

Last of all, individuals will be permitted to move money in and out of the country at will.

Initially there will be maximum amounts but, provided economic circumstances permit, these will fall away.

✓ Act 136/83

No early moves on Forex - official

By Trevor Walker

South African foreign exchange controls will not be eased further in the next few months, and with the world economy in its present parlous state total abolition is remote, Finance Minister Mr Owen Horwood has told The Star.

Mr Horwood was asked to comment on heightened expectations in Johannesburg that further moves were imminent, including that of allowing institutions to invest abroad.

In another development over the weekend Dr Joop de Loor, Director General of Finance, was quoted as saying that further relaxation was not a matter of if but when and how.

This morning Dr de Loor said the article in which he was quoted did not give a clear picture of the sentiment he had tried to express. He had not implied that foreign exchange control relaxation was an immediate priority of the authorities.

Mr Horwood said he was aware that the business community was expecting more moves in the near future.

But while the authorities had made it clear that continuing to streamline exchange control was an ongoing operation, the timing of any new moves would have to be geared to the performance of the local and world economy.

He said the economy would have to return to a strong upward path and the net reserves would have to show strong gains.

In addition the exchange rate of the rand would have to be strong and to have held stable for quite a long period. Under present circumstances the rand's rate was "probably about right."

The gold price was still well below its high for the year and, taking into account all the various economic indices that had to be watched, it was quite clear that relaxation of foreign exchange control was not possible in the foreseeable future.

Buthelezi: Blacks can end apartheid

Cape Times 13/6/83 ~~14/6/83~~ 60

THE HAGUE. — Blacks had a stranglehold on the South African economy which they could use to eliminate the apartheid system, Chief Gatsha Buthelezi said at a press conference here on Friday.

Chief Buthelezi, Chief Minister of Kwazulu and leader of Inkatha, said blacks "already have a stranglehold on the economy. They can use their economic clout in

their country to liberate themselves".

The chief, who is on a tour of European capitals, added that the recent legalization of black trade unions could swell that economic power once the unions acted together.

He pointedly refused to condemn black nationalist violence, such as the recent Pretoria bomb attack, but added: "The situation in South

Africa is such that if violence is pursued by any side, there won't be any victors or any vanquished."

However, he characterized the government's proposed constitutional reforms as a "recipe for violence" that "slams the door completely" on the possibility of peaceful negotiations for change.

Chief Buthelezi, who has held meetings with Foreign Ministry officials in West Germany and Holland, described Western governmental attitudes toward South Africa as hypocritical.

He charged that they condemned apartheid but offered no financial aid to help blacks' struggle against it.

He said: "I think it would be a good thing if Holland put its money where its mouth is and not just condemn South Africa." He also called for aid for education.

Chief Buthelezi said he opposed international economic sanctions against Pretoria as ineffective, and added that he recognized that other countries "have got their own interests" regarding South Africa.

He is scheduled to leave tomorrow for London, and plans to visit Geneva before returning to South Africa. — Sapa-AP

Which is next on the

19/10/83 S 71 WES

'Hit List'?

By Alec Hogg
 "After Premier and Rennie, who is next?" With the trend towards "repatriation" of foreign-controlled companies on the increase, this is the question on every investment analyst's mind.

So far, without exception, every foreign company which has sold its controlling stake in a local subsidiary has done so at a price significantly higher than the ruling market price.

Good potential profits are available to the investor who spots the next foreign-controlled company which goes the Premier or Rennie route. With hindsight, the astute investor would have earmarked foreign-controlled companies quoted on the Johannesburg Stock Exchange as the best investment opportunities immediately after exchange control for non-residents was lifted early in February.

The lifting of these controls, and the consequent phasing out of the financial rand, effectively increased the value of a foreign company's stake in its local subsidiary by about 20%.

With many of these multinationals suffering the after-effects of the most severe international recession since the 1930s, it was logical that there would be some disinvestment.



CHARLES FIDDIAN-GREEN Rennie's chairman

It should be emphasised, however, that in most cases the disinvestment has been for economic reasons alone. As our table shows, there are 38 companies quoted on the Johannesburg Stock Exchange which have until 1988 to bring their shareholdings in their local subsidiaries to below 50%, but this is likely to be as far as they go.

The local insurance companies are in another boat. There is still a strong "old-boy" network in London which believes in flying the flag in as many countries round the world as possible, and thus far, despite consistent approaches from prospective local buyers, the UK parents have resisted any temptation to sell.

Then there are other companies like Blue Circle, NEI Africa and BTR, which have been star performers in the worldwide networks of their respective groups, and a sale of any of these is also unlikely.

POTENTIAL HIT LIST

Company	Controlled by	% of stake	Market value
Aberdare Cables	Phillips (Neth)	66.7%	R73.5m
Acrow Engineers	Acrow Pic (UK)	58.0%	R5.1m
Afrox	BOC Holdings (UK)	56.1%	R113.3m
Alfred McAlpine	Marchwiel Pic (UK)	70.0%	R23.5m
Anglo Alpha	Holderbank Financiere (France)	33.6%	R93.9m
Associated Engineering	Asseng Pic (UK)	61.1%	R5.9m
Aurochs Investment	AAF Finance (UK)	50.0%	R6.2m
BTR	BRT Pic (UK)	53.8%	R44.3m
Barclays	Barclays Pic (UK)	55.6%	R444.0m
Blue Circle	Blue Circle Pic (UK)	54.4%	R67.4m
Cadbury-Schweppes	Cad-Sweep Pic (UK)	66.0%	R35.1m
Canadian & Overseas	Canadian Packaging (Canada)	50% + R44.8m +	
Cementation	Trafalgar House Pic (UK)	61.7%	R10.4m
Chubb Holdings	Chubb (UK)	71.7%	R9.9m
Coates Brothers	Coates (UK)	68.4%	R5.1m
Commercial Union	Commercial Union (UK)	45.0%	R17.3m
Concor	Hochtief (Germany)	40.0%	R9.0m
Dunlop	Dunlop International (UK)	52.4%	R114.0m
Everite	Eternit Group (Switz)	36.2%	R54.7m
Field Industries	Hunting Associated (UK)	63.6%	R1.9m
Flintec	Buech-Jaeger (Germany)	61.3%	R2.6m
French Bank	Bank de Indochine (France)	54.5%	R8.2m
GIC	Elliottona Investments (UK)	60.3%	R4.5m
Goodhope	Quernroy (Channel Islands)	88.9%	R2.0m
Lion Match	Wilkinson Match (UK)	64.0%	R35.1m
Masonite	Masonite Corp (US)	69.7%	R20.0m
Metal Box	Metal Box Overseas (UK)	51.2%	R153.3m
Mool River Textiles	Koninklike Textiel (Neth)	82.3%	R18.7m
NEI Africa	NEI (UK)	62.5%	R50.6m
Otte Elevator	Otte (US)	70.0%	R29.2m
Protas Assurance	London Assurance (UK)	73.9%	R10.8m
Quinton Hazell	Burmah Oil (UK)	80.9%	R3.4m
Scottish Cables	BICC (UK)	48.3%	R21.1m
SA Eagle	Eagle Star Holdings (UK)	59.0%	R56.5m
Standard Bank	Standard Chartered (UK)	58.1%	R302.2m
Utico Holdings	British American Tobacco (UK)	65.8%	R12.5m

* Source: Madrigor's "Who Owns Whom"

must be printed on each separate sheet (graph paper) where sheets additional to the main book(s) are used.

University

Tutu has new strategy to change apartheid:

Rigid code for foreign investors

230
22/6/83

Passive resistance and conditional foreign investment in South Africa were strategies for change to be weighed by the South African Council of Churches, the general secretary, Bishop Desmond Tutu, said yesterday.

"Economic pressure need not become economic sanctions if the South African Government responds positively," he said in Bosmont, Johannesburg, when he outlined a middle-road conditional code of investment.

"Overseas investors will say: 'We will invest in South Africa provided:

- Our workforce is housed in family-type accommodation as family units near the place of work of the breadwinner.

- We can recognise black trade unions as long as they are representative.

- We can recognise the right of the worker to sell his labour wherever he can obtain the best price, call for labour mobility and the scrapping ultimately of influx control.

By Jo-Anne Collinge

- We can enforce fair labour practices and invest massively in black education and training."

Bishop Tutu said these demands were not in themselves political. "They make economic sense, which is all investors want. But ... they will help change apartheid."

The bishop said that if these "moderate steps to change" were not possible, "perhaps we must take more seriously the call made in our conference a few years ago — to obey God's law rather than the unjust and immoral laws of man".

He acknowledged that even peaceful strategies, if they seemed likely to cause fundamental change, made those who practised them "ogres, the people most white South Africans love to hate".

He added that although it seemed it would take a miracle to avert bloodshed and violence in South Africa, he remained committed to fundamental change by peaceful means.

"That is why I have called on the international community to bring pressure to bear on the South African authorities. Apartheid must never become respectable and something the world is prepared to condone."

Methodist representatives to the conference performed a tricky balancing act during a debate on Mr John Rees, the council's former general secretary convicted of defrauding it

of hundreds of thousands of rand.

Bishop Tutu's report attacked Mr Rees, his supporters, and the Methodist Church.

He said Mr Rees had betrayed the trust of the council and lied to it. Furthermore, Mr Rees was unrepentant.

The bishop also attacked white liberals and the Methodist Church for "lining up on the side of Mr Rees" — citing an editorial in the Methodist mouthpiece, "Dimension", as evidence of the church's position.

He said "latent racism and arrogance on the part of most white liberals" was at the root of their "odd" support for Mr Rees.

The accusation against the Methodist Church drew a firm rebuttal from its president, Dr Khoza Mgojo, and its secretary, the Rev S M Mogoba.

The assembly gave overwhelming support to a resolution taken by church leaders and the SACC executive committee a month ago, when they affirmed the court's conviction of Mr Rees, asserted he had deceived the council, and called on him to make restitution.

A lone voice challenged this — that of the Rev Cecil Begbie, vice-president of the Witwatersrand Council of Churches.

He said the Rees case was no ordinary fraud trial and that Mr Justice Goldstone had acknowledged this in his judgment and in refraining from a jail sentence.

Buying back the farm

Continuing pressure from investment-hungry institutional fund managers could well accelerate the latest trend of foreign disinvestment from SA.

Although overseas companies have frequently faced criticism for investing in this country, the negative aspects have generally been outweighed by sound business judgment.

However, the timing has never been better for a foreign company to sell its stake here. The recent abolition of the financial rand has added almost 20% on to the exchange rate at which cash can be repatriated, while the pressure of funds in SA itself has provided a major boost to JSE prices.

The recent sales by Associated British Foods of its stake in Premier and by Jardine, Matheson of its Rennies holding to local institutions bears this out. There was no question that both investments would continue to offer attractive returns and growth prospects. The exit yields on which they were sold proves that. But other considerations made the decisions easier.

What is perhaps surprising is that much of the initiative for moving control or ownership back to SA is being generated locally and not because a foreign parent wants to sell. The massive build-up of funds, as shown by the enormous over-applications for the recent Stanprop and Prudential share offers, has motivated local institutions to step up their search for other out-

Disinvestment from SA appears to be a developing trend. Nevertheless much of the pressure appears to have been generated here rather than abroad.

lets. And it would be unwise to think that just because two huge transactions have recently taken place there is no more loose cash around.

Sanlam's Marinus Daling, for one, says there are several companies with whom his group is negotiating which have large overseas shareholdings. But he adds that while it must now be considered opportune for companies to sell their investment here, this also means it is not necessarily advantageous to buy.

However, the lack of quality scrip and the restrictions on investing overseas mean that asking prices are more than likely to be met. Last week's Rennies' sale is a case in point, where Old Mutual ended up paying more than 80% over the previous market price of the share.

Daling says Sanlam prefers, where possible, to take a minority interest in a company and to encourage an overseas parent to retain some stake. He adds, this is particularly important in high-technology industries where international expertise and product development are necessary to keep a company competitive.

Nevertheless, the political factor cannot

be ignored and, while virtually all companies will deny it, it is bound to be a consideration. Explosions in Pretoria, unrest in black townships and the war in Namibia do not go unnoticed by parent companies overseas — or their shareholders.

The instigation for disinvestment has not only come from potential suitors in this country, rather, in several instances, it has been due to pressure from the local subsidiary.

The most recent example of this was Prudential Assurance, which achieved its recent listing only after local management had convinced the UK parent that it would be a positive step. It is easy to understand why the overseas parent may be reluctant to let go of one third or more of its annual dividend cheque. In this case, however, the UK parent understood that the marketing benefits and growth potential resulting from the listing outweighed the disadvantages.

Nevertheless, there are companies with substantial overseas shareholdings which stoutly deny they intend to relinquish their grip on their investment here. Engineering company BTR is one example. MD Len Dean says not only is the UK parent intent on preserving its SA subsidiary, but it has made it clear that it intends to increase its commitment in this country.

Following the UK company's acquisition of Thomas Tilling, the possibility of integrating Tilling's SA subsidiaries into BTR's

P.T.O.

local operation is being examined.

An eventual relaxation of exchange controls, which would allow institutions to invest overseas, could relieve pressure in the market caused by the build-up of funds. But it is unlikely this will have any initial impact. The lack of expertise in international investment and the availability of competitive returns locally should ensure a continued excess of capital here in the short to medium term. Expect some of it to be absorbed, for example by the Sasol rights issue, which is due before the end of 1984. And these could be further absorbed if government decides to offer private investors a stake in public corporations such as Escom and Iscor.

In the meantime, there are many quoted companies with substantial overseas stakeholders. Everite, Dunlop, Blue Circle, Otis and Williams, Hunt spring immediately to mind. Of these Dunlop is the most heavily tipped as next in line to be bought out, due to the torrid time being experienced by its UK parent and the parent's need for cash to fight off a Malaysian takeover bid.

Two of the major banks — Barclays and Standard — also have foreign parents, who, because of government legislation, probably have to reduce their stakes to below 50% by the end of 1986. While this will be complied with, it is highly unlikely they will relinquish much more. In any event it need not mean an active programme of disposal. If the local subsidiary has a rights issue which is not followed by the UK parent, the objective of reducing foreign control will be achieved.

Unquoted multitude

There is the multitude of unquoted companies, which could either seek listings or be taken under the wing of one of the large SA industrial holding companies. Some of the motor companies offer particularly attractive investment potential.

BMW is a prime example. It represents the parent company's most substantial investment outside West Germany — being the only other BMW manufacturing plant worldwide — and has proved extremely profitable. MD Eberhard von Koerber says



BMW's Von Koerber . . . driving an attractive investment

that although the company has no intention of offering the public a stake at present, due to the continuing need for research and consultation with the parent company, he does not discount the possibility at a future date.

This, however, may prove another example of pressure having to be applied from SA as BMW West Germany will almost certainly be unwilling to relinquish even a small portion of its annual profit remittance.

Another wholly owned operation which may soon have a change of control is International Harvester. MD Noel Cock says it is the parent company's philosophy to seek local participation in its worldwide subsidiaries once these operations have successfully established themselves. He says the

SA operation has now reached that stage and possibilities are currently being explored. But, he adds, the need for research and development back-up from the parent company makes it unlikely the whole company will be sold to a local buyer.

Very few companies have made the move in the other direction. Mitchell Cotts is the only notable recent example after the parent bought out SA minorities a couple of years back. Burnett & Hallamshire, one of the UK's busiest go-go concerns is another example. Two years ago it bought into Rand London and within a few months found itself having to prop up a company in a chronic state of collapse. With the abolition of the preferential financial rand rate it may be a while before another influx of foreign money occurs.

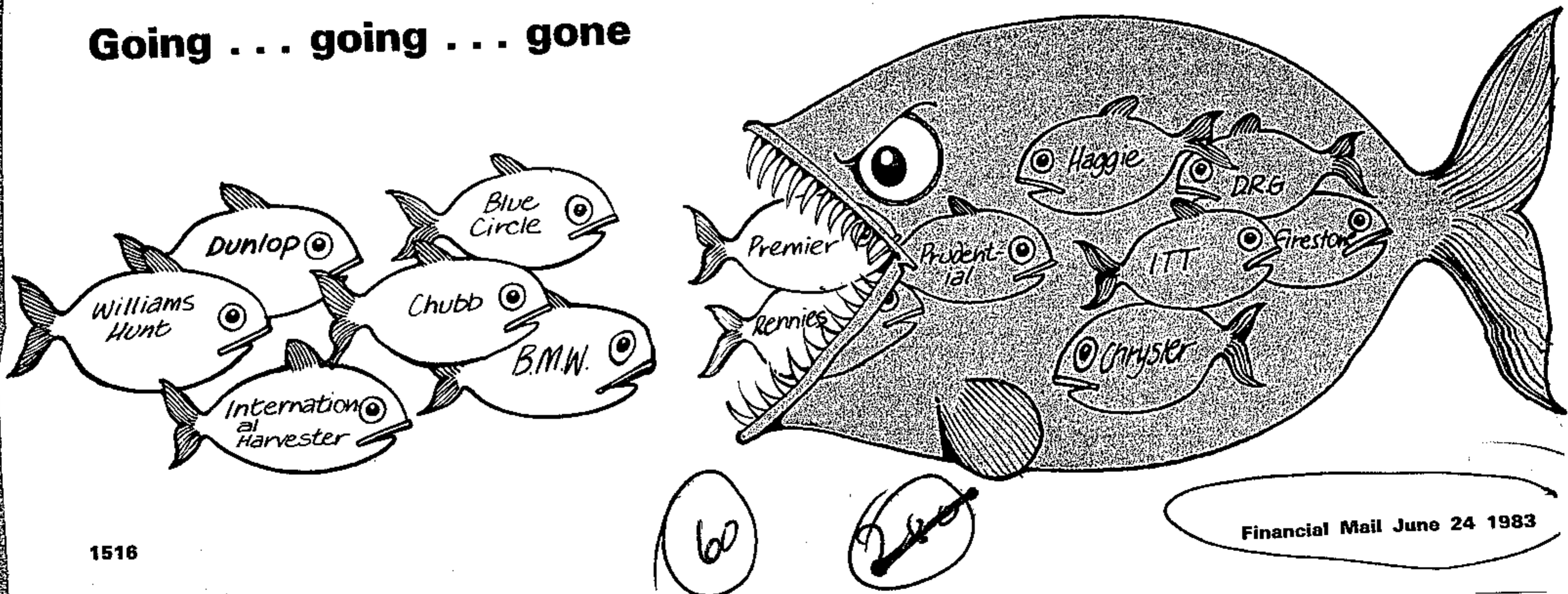
Inflation stays high

One major factor against further overseas investment here at this time is the relatively high rate of local inflation. In addition, declining investment returns as the recession bites deeper will probably be enough to dissuade potential foreign investors. On the other hand, while the price of gold remains above \$400 an ounce, the rand has a potential to firm. Both the likelihood of a currency gain and the fact that a stronger rand is anti-inflationary should be plus factors.

There is obviously wide support for the South Africanisation of foreign-held companies, but what of the impact on SA's currency reserves? The balance of payments stood at an annualised surplus of R2 billion in the first quarter of this year, against an annualised R6 billion deficit in the same period last year.

Judging from these figures there should be no difficulty coping with the R550m-odd due to be repatriated following the Rennie and Premier deals. On a broader view the market capitalisation of the remaining foreign controlling stakes in JSE quoted companies is just under R2 billion. It is extremely unlikely that this entire amount will ever be bought out by local institutions. Even if it were, it wouldn't create insoluble problems.

Going . . . going . . . gone



FOREIGN AFFAIRS

Wooing oil money?

There is strong evidence that some Arab businessmen have recently made clandestine visits to SA. Although it would be going too far to argue that such visits presage an influx of Arab investment they do indicate that the relationship between SA and the Arab world, particularly the Gulf states, is changing for the better.

For some years the Arab states, in a show of solidarity with black Africa that is more apparent than real, have spurned contact with SA because of apartheid. The most concrete expression of this is the oil boycott.

But the Arabs are nothing if not realists. Arab oil does get to SA, as the highly embarrassing Salem affair demonstrated. The

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Financial Mail July 1 1983

Gulf states practise a type of benign capitalism and the oil-rich countries like Saudi Arabia and the United Arab Emirates (UAE) are developing their economies at a tremendous pace.

Of course the oil price has started to come back a little and the oil states find that their revenues are not rising as fast. But the oil wealth still exists and there is a limit to the money that can be poured into the development of local economies. Manpower constraints exist which not even money can dispel.

Investments

The Arabs, very sensibly, have invested in all manner of places — New York, Paris, London and Hong Kong. Some of the deals have been quite spectacular and have aroused anti-Arab feelings. The banks they have set up have lent throughout the world, a good chunk of it to the developing countries.

Now disenchantment is setting in. They have found that perhaps too much has been lent to, or invested in, Third World states and countries like Mexico and Brazil. In addition they have experienced recession-linked losses from some of their industrial investments in the developed world. Their loans and investments are in fact turning out to be a form of charity. As the Mexicos and Brazils struggle to reschedule their mountains of debts, the Arabs can only hope they will, someday, at least get their money back, if not any interest.

So some of them may be turning their eyes towards SA. Financial circles say that the occasional delegation from the Gulf states has recently found its way, under great secrecy, to this country. The moves are unlikely to come from the financial super-states of Saudi Arabia, Kuwait or the UAE.

More likely is a visit from top financial men in Oman or Dubai. Oman is probably the most pro-Western of the Gulf states, possessing a defence treaty with the US and hosting an American military base. Dubai is the trading centre of the region with much the most liberal traditions.

Leaving religious and political attitudes aside, SA could represent an excellent haven for investment funds. It is stable, even though the recent urban bombings sent a shudder down many spines. It always pays back the money it borrows and has achieved a remarkable growth record since World War 2.

The stock market here is buoyant. Property prices are rising. The balance of payments is in surplus. These are conditions the Arab investor likes to see before he commits his money. A good credit record has become very important in the light of the defaults and reschedulings elsewhere in the world.

The trouble is that religion and politics cannot be put totally aside. This means investments and deals have to be concluded with the utmost discretion. The Arabs al-

ready do a certain amount of business with SA, if only indirectly — via, for instance, the Zurich gold market.

One of the problems of developing commercial contacts with the Arab world lies in communication. Travellers with SA passports or other documents with SA stamps find it difficult to get into the Arab states, even on a pilgrimage to Mecca. In addition, direct telephone and telex links between the Gulf states and SA are difficult.

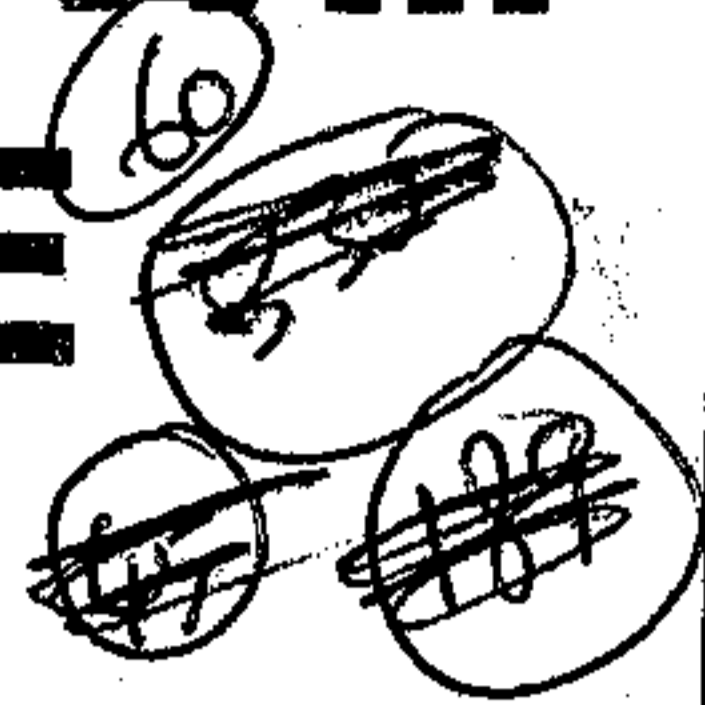
Some businessmen with interests here and in the Middle East own two passports. Others route deals through corporate shells registered in Switzerland.

Clearly, there are both economic and political advantages in encouraging Arabs to invest here. It is a process that will have to be nurtured. The xenophobia that has accompanied the inflow of fixed investment from Arabia in other Western economies is unlikely to be a problem in SA. But Pretoria needs to be pragmatic in its approach to clandestine involvement.

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Financial Mail July 1 1983

London meeting will decide fate of PE shipyard project

C. Post
2/7/87



By LOUIS BECKERLING
Business Editor

A CRUCIAL meeting in London next week could provide the final chapter of the nine-year-old saga of the proposed Port Elizabeth ship repair yard.

At the meeting, which will be attended by potential US financiers of the scheme, a decision will be taken on either to proceed with the final phase of the project or to shelve it entirely.

Mr Henry Combe, managing director of the Algoa Bay Dockyard Development Company, yesterday confirmed this information and said he was headed for a "make-or-break" meeting.

Also at the meeting will be:

- The recently-installed new chairman of the dockyard company, Dr Konstant Bruinette, who is currently in the United States.

- The key figure in the design and management of the proposed dockyard, Mr Manuel Perestrello de Vasconcellos.

- Representatives of the London firm, H P Drewry, which recently concluded a



Mr HENRY COMBE

market study of the feasibility of the project.

Mr Combe said: "The decision to be taken in London is whether to proceed with the ultimate phase, which would lead to the finance being put together for actual construction. We don't yet know exactly how much money we would need but the finance is lined up and there are several sources we could employ."

Mr Combe said he would divulge details of this "ultimate phase" on his return from London.

"Should the financiers, who will be attending the meeting merely as observers and advisers, decide to withdraw from the scheme,

there are several other sources of finance we could employ," said Mr Combe.

Mr Combe declined to identify the financiers. They are, however, believed to represent US banking interests.

Explaining his reluctance to identify the US group, Mr Combe said there was "a wave of anti-South African sentiment in the States and we can't say who will be involved".

At a meeting of the Exporters Club in May, Mr Combe said he believed this would be "within 12 months", and yesterday Mr Combe stuck by this assessment.

Shipping industry sources do not share Mr Combe's optimism. Next week's meeting takes place against a background of depression in international trade and a total change of emphasis in modern shipping since the scheme was first mooted in 1974.

Coincidentally, the Lisnave Shipyard on the Tagus River in Lisbon, which Mr Perestrello de Vasconcellos designed and built in the mid-sixties, this month appealed to the Por-

tuguese Government to bail it out of bankruptcy.

Workers at the yard have not been paid for two months, and the company administering the yard has forecast a \$60 million (R66 million) deficit for the current financial year.

The Lisnave yard's collapse apparently followed as a consequence of costly mid-sixties expansion by Mr Perestrello de Vasconcellos to accommodate super tankers.

Since then the giant tankers have virtually disappeared from international trade routes, as have extra-large bulk carriers.

Preference is now shown for ships of less than 150 000 tons. (The proposed Port Elizabeth shipyard initially aimed at accommodating 550 000-ton tankers but the plan has since been scaled down to cater for 350 000-ton ships and, in a second, smaller dock, vessels of about 150 000 tons).

Commenting on the collapse of Lisnave, Mr Combe said: "We have the market study by H P Drewry to go by, and it paints a very rosy picture of the future for the Port Elizabeth yard."

SA greater risk than Zimbabwe says new book

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17/8/83

By NEIL BEHRMANN

LONDON. — A new book on strategic raw materials maintains that South Africa is a worse political risk than Zimbabwe, Zambia, Peru, Papua New Guinea, Chile, Brazil and Botswana.

The authors believe that the country is on an equal political risk footing to Zaire.

The book, called "World Index of Strategic Minerals" by David Hargreaves and Sarah Fromson and is published by Gower Publishing Company (£37.50), is a basic primer of 37 so-called strategic metals from platinum group metals to cadmium and cobalt.

* Many strategic metals are mined in countries threatened with political and economic instability. The study briefly examines labour, location, politics and mineral reserves affecting future supplies of the metals.

It provides production data and applications of the metals, but its political assessments are arbitrary and inconsistent.

For example it is rather naive to regard South Africa as an equal political risk footing to Zaire and on a worse footing than Zimbabwe and Zambia.

South Africa is the biggest Western produc-

er of both platinum group metals and vanadium, but the book rates platinum's "violent conflict" risk at 6 while vanadium is on a much smaller risk of 2.

"Platinum group metals would be prime candidates for being bombed and disrupted," says the book while "but" vanadium production (is) unlikely to suffer primary disruption."

Canada is regarded as a worse political risk than Zambia with a rating of 5,7 against the latter's 5,3.

"Canada's political rating of 5,7 includes a below average 6 for stability because of the danger of fragmentation of federal government through the increasing power and political differences at provincial level.

"Zambia's stability factor is one better at 5 because of the continuation of leadership under President Kaunda since independence in 1964, and in spite of severe economic difficulties."

The book also rates gold on the worst possible rating of 10 in terms of production risks and time lags of future supplies.

The authors appear to have forgotten the huge above ground stocks of gold in the hands of monetary authorities and private investors.

R1 3000m foreign disinvestment in SA

By BRENDAN RYAN

THERE WAS a total disinvestment in the South African economy of more than R1 300-million by foreign investors in the first half of 1983.

A report by Johannesburg Stock Exchange broking firm Davis, Borkum, Hare has estimated that net foreign sales of mining equities amounted to about R720-million in the six months to end-June.

The purchase by South African institutions of controlling interests in companies such as Remmies and Premier made up the balance of the disinvestment, the report comments.

The report estimates there was net selling in SA gold mine shares of R235 030 000, net selling in mining house shares of R348 830 000 and a net selling in De Beers shares of R144 200 000.

The only shares to gain were platinum, in which there was net foreign buying

of R7 330 000.

On June 30, foreign shareholders held 31,87% of the market capitalisation of South African mining shares compared with 33,68% at the end of 1982.

Looking back to 1979, the report points out that foreign ownership of holdings, specifically in South African gold mining shares, has dropped from 41,98% in 1979 to 37% at June 30 this year.

US investors who owned close to 30% of all South African gold shares in 1979 have reduced their share progressively to 25,6% at June 1983.

Foreign selling of South African mining shares was encouraged this year by the abolition of exchange control on non-residents as well as the reduced dividend yield for the foreign investor.

"With buoyant stock markets internationally, as well as the continuation of real interest rate returns in the United States, the compar-

five yield on South African equities looked less attractive in comparison with alternative investment opportunities on other world markets.

"The sales that have taken place have been absorbed by South African investors, particularly institutions with relatively long-term investment horizons.

"For South African investors, currently prevented from investing abroad, the yields both historic and anticipated on mining shares, currently look more attractive than the industrial sector as a whole.

"The willingness of the South African investor to purchase back South African mining equities can therefore be explained by the lack of alternative investment opportunities and the comparatively good yields on mining shares," the report comments.

"It will be interesting to

observe in future whether

overseas disinvestors of South African stocks will be able to repurchase these holdings without paying significant premiums to firm South African holders when investment in gold again looks more attractive compared with other international investment assets."

The R1 300-million which has left, or will shortly be leaving, South Africa, has put some pressure on the South African balance of payments.

"The balance of trade surplus of R2 940-million for the first half of 1983 should be reduced to approximately R1 100-million after allowing for the deficit on the services account.

"In the first quarter of 1983, long-term capital movements amounted to an outflow of R274-million and short-term capital move-

ments, not related to reserves, to an outflow of R371-million.

"The acceleration of disinvestment in the second quarter of 1983 should ensure a continued negative flow on the capital account despite the differential in interest rates promoting an inflow of trade finance capital.

"The erosion of the balance of trade surplus through capital outflows would be arrested if a significant upward movement in the gold price took place.

"However, at present it is clear that the balance of payments surplus is being used to finance disinvestment and repayment of foreign loans.

"Consequently, the net real impact of the surplus on the economy has been minimal and this will delay the economic recovery," the brokers' report comments.

R1 300m leaves South Africa in disinvestments

Own Correspondent

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London investors in platinum shares substantially reduced their hold-ings but United States investors increased their holdings by R30m.

On June 30 foreign shareholders held 31,87 percent of the market capitalization of South African mining shares compared with 33,68 per-cent at the end of 1982.

Breaking this down the report finds that United States ownership of South African mining shares at June 30 was 19,51 percent (December 31 1982: 18,27 percent), European own-ership was 3,21 percent (2,9 percent) and London ownership was 10,96 per-cent (10,7 percent).

Total dis-investment of over R1 300m by foreign investors

Mercury
28/8/83
Mercury Correspondent

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Yields

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Erosion

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SANCTIONS

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5			0945	0945	0597	0728	0729
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Ciskei attacks SAIRR head

CAPT TORIK 11/6/82 200/108

ZWELITSHA. — The Ciskei yesterday accused a director of the South African Institute of Race Relations of instigating revolution and discouraging investment in the homeland.

A statement by the Ciskei Public Relations Division also claimed that the SAIRR had played no positive role in improving the lives of blacks, but instead had offered only "Negative and destructive criticism".

Ciskei was reacting to a recent report by the executive director of the SAIRR, Mr John Kane-Berman, which highlighted the political turmoil in the territory.

"If Mr Kane-Berman's objective is to drive away the Ciskei investors, then he is engaging himself in a fruitless exercise as statistics have revealed that industrial projects are under investigation," the statement said.

'Highly desirable'

"These projects are considered highly desirable for Ciskei. Some of the industries already established have continued with their characteristics of growth and expansion."

The homeland's statement said Mr Kane-Berman was working against positive economic development in the region and that people such as he "who want to be believed as champions of black interests in Southern Africa are in actuality instigators of a revolutionary epoch."

"The government machinery is in full swing in an endeavour to attain the goals set out in a 10-point plan for achieving development in Ciskei," the statement said. — Sapa

Social need seen for foreign investment

By ALEX PETERSEN
BOTH social and economic issues had to be taken into account in assessing the prospects for profitable investment in South Africa, the development finance director of the Urban Foundation, Mr A J van Ryneveld, said yesterday.

Speaking to the Euro-money conference in Cape Town, Mr Van Ryneveld said a stable environment would undoubtedly contribute to better economic performance, and it was clear that past economic development had contributed to social advancement of all races.

An example of this was the elections taking place for community council in black urban areas.

New legislation

Under the new legislation, the powers of these councils would be virtually the same as those of white municipalities.

In the area of social issues, the world-wide drift from rural to urban areas had particular impact in South Africa. Estimates suggested that by 1990 that the black population in the urban areas would double that of the total of the other populations.

"The implications for housing, education and

training, job creation, welfare and other areas are enormous. It will create both problems and opportunities."

In the field of housing, government and the private sector and communities had embarked on significant new directions. These included:

- 99-year leasehold for blacks,
- The offer for sale of

unions, in which the State had played a leading role.

On foreign investment, Mr Van Ryneveld said that while a body of opinion favoured disinvestment, many black, coloured and Indian people favoured more investment.

"At the most basic level they see that this

Euromoney conference

500 000 houses to urban blacks which could produce major attitude changes.

- The acceptance of the need to depart from conventional forms of housing.

Vast task

While education was also a vast task, and there were still grounds for criticism, much progress had been made.

"There are more blacks in standard 10 than all other race groups put together. This also applies at all lower school levels."

Industrial relations had seen one of the most significant reforms of recent years with the opening up of trade

would lead to more economic activity, to more jobs, more income and more social development."

But those blacks who welcomed overseas investment would stipulate that it was through the private sector, and that local operations of overseas companies maintained a high standard of employment practices, and made a contribution to local social needs.

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FM 4/11/83

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RACE RELATIONS Sunny South Africa?

Astute assessment of business risk has always been at the centre of sound foreign investment policy. So far, SA appears to have been highly regarded by decision-makers in the international money capitals — indeed most analysts put the country among the 20 more risk-free investment areas of the world. The good news is that there are signs that it is likely to remain there.

According to sociologist Laurie Schlemmer, there is every possibility that SA will be able to contain escalating guerrilla violence and keep its good reputation as a safe investment haven. Far from being a seething cauldron of conflicting ideologies and racial tension that some observers believe it to be, Schlemmer says SA society is relatively stable.

Yet ambiguities abound, as his research for the "Indicator" project shows. Measured against the revolution barometer of American sociologists Ted Gurr and Ed Muller, Schlemmer says that just about all the preconditions for an escalation in political violence appear to exist in SA. He lists them as the relative deprivation, raised expectations, rising anger and impatience, and increased political aspirations of the blacks.

Counter-balanced against them are the heavy hand of the State security machine, leadership constraints, a largely non-politicised labour force, the moderate inclinations of the black population and the flexibility of the administration. Says Schlemmer: "Blacks are highly discontented, with an attitudinal potential for political aggression. At the same time the consistency and pervasiveness of the web of white controls inhibits this orientation from coming to the fore."

This "dual-consciousness," as well as the flexibility of the administration — which allows blacks to perceive opportunities for incremental gain — is extremely important in retaining the *status quo*. "This real or apparent system responsiveness, coupled with effective security controls and an emasculation of counter-system organisation, is likely to continue to protect the established regime functions."

However, Schlemmer warns that the stability is likely to go hand in hand with escalating terror and sporadic popular disturbances. In the final analysis the future will be determined by a contest between insurgency action on one hand and the capacity of the State to contain it below a critical level on the other. An added complication is rising black unemployment, which, though receiving the attention of government, is a problem of inestimable proportions in the longer term.

In qualifying his findings, Schlemmer states that his scenario is dependent on black labour remaining strictly non-politicised. If not, he says, investor confidence, the key to SA's stability, would be seriously prejudiced.

Then, according to him: "A breakdown in business confidence will produce a vicious cycle of declining capacity to cope with problems, increased recruitment for insurgency through unemployment, lessened capacity to deal with it, leading to even lower business confidence, and so on. Happily, there is no indication of this happening."

Bankers display confidence in SA investment

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RDM

7/11/83

By **BEN TEMKIN**

LAST week's Euromoney conference in Cape Town reinforced the view that international bankers had little or no fear about investing in South Africa — as long as returns were reasonable and borrowers were creditworthy.

They also displayed a remarkable degree of confidence in SA's ability to handle its political problems.

There was far more interest in the prospects of the coal mining industry and the medium-term outlook for Escom's capital development than in the outcome of the referendum.

There was more concern about the possibility of growing industrial unrest than whether or not a Yes vote would represent progress.

What seemed to worry some of the UK and US bankers was the possibility that industry would be badly set back by industrial action.

They were happy to be told that the statutory mechanism for settling disputes was working well.

A German banker argued that the denial to blacks of full participation in the political decision-making process could well result in increasing politicisation of the trade union movement. Other bankers involved in the conversation were more sanguine.

They felt South Africans of all groups had shown remarkable adaptability to changing conditions and would cope as well as they had in the past.

Why this optimism at the time of a recessionary trough and when there is a widespread view that gold will not pull SA out of its troubles this time?

It became apparent that confidence in SA was directly related to its perceived ability to handle monetary crises and to manage its economic affairs.

The depoliticising of the exchange rate and, to an extent, interest rates, was approved by the bankers. In a discussion on the implications of the Government not

guaranteeing future loans of such bodies as Escom, they were unperturbed.

After all, of what good were the guarantees provided by the governments of Brazil, Mexico or Argentina?

One banker actually welcomed the possible removal of guarantees as his bank could then have a larger margin on its loans to Escom. The argument was, of course, hypothetical. There is little or no prospect of Escom operating in the international markets without guarantees, however welcome this might be to some bankers.

There is a school of thought that bankers prefer to lend funds to "stable" countries. This implies rigid government and an unchanging political system. Don't believe it.

Bankers are sufficiently politically aware to realise that rigidity can result in explosive change. That's what they don't want. They welcome continuous change at a reasonably steady pace.

This ensures that the underlying economic system won't be altered in a hurry — meaning that they'll earn interest on their loans and be repaid in due time.

More importantly, they'll have a source of continuing business. In this sense, therefore, they welcomed the referendum — and a positive acceptance of the new constitution.

There was one other aspect of the South African scene to which they kept alluding with respect — possibly even admiration. This was the close relationship between the business sector and Government. The presence of Mr Joep De Loor and Dr Chris Stals at the conference gave credence and emphasis to this relationship.

The overall impression was that international bankers were on SA's side. They were happy about SA's creditworthiness, especially if the rand could be kept bolstered a bit and political reforms made at a reasonable pace.

If that view sounds simplistic, perhaps it's because banking is concerned with just such fundamentals.

On the back of optimism

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It is, perhaps, not surprising that most of the speakers at the FM's investment conference last week took a positive view on the outlook for SA in 1984. We do appear to have reached, or to

be close to, the bottom of the economic cycle. The gold price, after several bad starts, seems to have reached its lowest level, and, more to the point, there is a greater enthusiasm among businessmen for change on the political and economic fronts.

The fact, however, is we are not into the recovery yet. We are laying the ground for it, and that particular exercise in soil preparation will almost certainly be accompanied by difficulties. Finance Minister Owen Horwood, in his keynote address to the conference, made clear his economic recipe for the next year. Inflation remains the nation's greatest problem. It is falling, but bringing the rate down to an acceptable — or at least manageable — level will call for the same prescription as before.

The authorities are determined not to allow money supply to romp ahead. Almost, it seems, no sooner had Horwood finished speaking, than the Reserve Bank released its end-September money supply figures. Over the year to September 30 the narrowly defined M1 money supply figure had risen by 29% to R16,4 billion. And this compared with only R15 billion at the end of August. More than ever, then, the authorities will be determined to rein in money supply growth. They are not prepared to reflate at this stage of the cycle as that would risk turning up the heat under inflation, and they are not prepared to borrow their way out of recession. Nor are they prepared to see the balance of payments slide back into the red.

It is this very firmness which Horwood sees as laying the proper foundations for the economic recovery he expects in 1984. It will be an export-led recovery as the economies of our major trading partners follow the growth example of the US. And its planning will be based on an average gold price little better than the average of 1983.

Where this leaves SA, according to Horwood's estimates, is with the potential to generate a real economic growth rate of about 4% next year against this year's 3% decline. This, though, means little in the way of a general increase in fixed investment. Production capacity is only about 84% utilised at present and utilisation will need to be well over 90% before major additions to capacity are undertaken.

Whether the economic scenario includes a strengthening of the rand is another mat-

SA's economy is readying itself to emerge from recession in 1984. However emergence will be founded on the basis of continuing financial discipline to further reduce inflation and on continuation of a positive balance of payments performance.



Minister Horwood . . . inflation still the main enemy

ter. Other speakers expect a recovery next year as the dollar deteriorates, but Horwood contented himself with pointing out that a strengthening of the SA currency would be welcome insofar as it helped achieve the main policy of reducing the inflation rate.

Reserve Bank Governor Gerhard de Kock firmly underlined Horwood's propositions — except that implementing policies aimed at cutting inflation rates, controlling money supply and bolstering the balance of payments and employment is a different matter entirely.

Spare a thought for the Governor who has to work on money supply figures which

are rarely less than five weeks out of date and which, in any case, are certainly distorted by the timing and method of their calculation. Not that he is particularly fazed by the problem; in fact he treats it with commendable equanimity. But the monetary authorities are now forced to chart their short-term course in waters that are murky and unreliable.

Despite these difficulties, SA's monetary policy has provided us with a passage through the recession which has been far less uncomfortable than that of many other countries. It has meant resisting the blandishments of populist policies which might have provided immediate shots in our economic arm, but would have eventually left us as debilitated as a junky. That this has been the right course seems clear from the fact that SA's inflation rate is declining, our balance of payments has returned firmly into the black and confidence in prospects for the next 12 months is stronger than for several years.

Perhaps no other sector better shows the increasing trend towards a free market in SA than banking. Nedbank's MD Rob Abrahamsen, of course fears that 1984 will not give rise to any lessening of the pressures on the domestic banking industry — economic factors alone will see to that. And this will result in pressure on both banking margins and volumes.

Nevertheless, the structural changes are in place which will steadily lead to far-reaching changes in the services bankers render. Already the opening up of the economy to international financial flows allows domestic borrowers the luxury of borrowing overseas where interest rates might be more attractive than those available domestically. More to the point, however, the freeing up of the economy and the raising of artificial constraints on competition are honing the range of services bankers offer to clients. Old habits are fast changing as competition increases by quantum steps and service becomes the name of the banking game.

Gold's recession, if not over, is nearing an end. Before we start cheering, though, the metal's price advance in 1984 will not be spectacular and, measured in dollar terms, a rise of little more than 10% seems most likely to be on the cards. In this André Sharon of the New York broking firm of Drexel Burnham joins the ranks of those who are increasingly turning their attention back to gold.

Sharon's thesis is straightforward. In the immediate future — or at least for the next year — investors will continue to be attracted to dollar investments by the positive real interest rates which will be available in the US. Interest rates are coming down in America, but not at such a rate



Reserve Bank's De Kock ... holding firmly on course

that real interest rates have or will become negative. But the attractions of the dollar will lessen if, as Sharon expects, inflation rates accelerate moderately in the Organisation for Economic Co-operation and Development (OECD) countries. In America specifically he expects the inflation rate to average 5,25% next year against 4% in 1983.

Which is all very well, but it holds little encouragement for the super-bulls of gold who count on the price rocketing well above its all-time high of \$850. That will need a combination of a falling dollar — something which Sharon expects to get under way in the fairly near future — a realisation that the world's debt problems will not disappear, that borrowings cannot be repaid except in inflation-devalued dollars and a deteriorating range of geopolitical factors.

They are longer-term considerations, but they are the factors which will one day push gold to \$5 000/oz or whatever price one chooses to think of.

Despite encouraging statements that the economy is at its lower turning point and that gold should start advancing — albeit slowly — from its present levels, the JSE is unlikely to get fired up. Sanlam's senior GM (investments) Marinus Daling says only buying by institutions which are prepared to look three or four years ahead will provide the market with buoyancy next year. On an historical basis the market, Daling estimates, is over-priced when measured by the JSE Actuaries industrial index. It is expensive in terms of yields available on, for example, long-term Escom stock and bankers' acceptances; it is expensive when measured by means of the reverse yield gap; and it is expensive when valued on fundamentals.

As with everything there are caveats.

Daling cautions that he is simply measuring the likely performance of the industrial index — sound value will almost certainly be found in individual industrial shares. And this, as far as possible, is what will motivate institutional buying. This year was characterised by some major distortions to the flow of institutional investment funds. The Premier and Rennie transactions, by way of example, drew R550m away from the JSE itself and the process has not yet ended for this year. Sasol's rights issue, which opens on November 25, is set to draw as much as the Rennie and Premier deals combined.

The gradual easing of restrictions on investors will almost certainly eventually lead to permission being granted for the major institutions to invest abroad. But while that would have an immediate psychological impact, Daling says, there are basic reasons why it will not materially alter the JSE's supply-demand situation. Simply, institutions such as insurance companies which have liabilities denominated in rands would prefer, all other things being equal, to have their assets in rands. The next few months will see the index vulnerable and moving lower. But, taking the next 12 months as a whole, Daling



Drexel Burnham's Sharon ... gold is for the long term

feels the industrial index will be at today's level — give or take 5% — a year from now.

There is simply no way of escaping from the problems of a low gold price and an inflation rate substantially higher than those of our main trading partners. But we are emerging from the worst and, as Senbank's Louis Geldenhuys sees it, 1984 should see interest rates easing from their recent highs.

Ever present, of course, is the gold price. Geldenhuys bases his estimate of next year's balance between gross domestic savings and gross domestic investment on a relatively optimistic average gold price of



Senbank's Geldenhuys ... interest rates should ease

\$450. This, he reckons, could well be accompanied by a rise in the value of the rand to US90c or more despite the longer-term structural weakness built into the SA currency by the country's relatively high inflation rate.

More difficult to evaluate will be the policy stance of the authorities. Geldenhuys sees no inclination on their part to allow significant downward pressure on interest rates if this weakens efforts to bring inflation rates down to manageable levels. Lower inflation rates, in line with experience overseas, should in themselves lead to lower interest rates, but there is a long haul ahead.

For the next few months little relief is in sight for interest rates, but short-term rates are expected to be in steady decline throughout most of next year, falling to an eventual 12% or so. Long-term rates, Geldenhuys believes, have less scope for easing — at best they will shed a mere two percentage points.

In SA we do, perhaps, spend too much time concocting reasons for the gold price to rise. In general they are founded on political or economic disaster elsewhere in the world, and this could well involve too great an element of wishful thinking. Rimmer de Vries, senior vice-president of Morgan Guaranty Trust, takes a more phlegmatic view. It is not a view which sees financial problems leading to a major decline in the dollar and, in response, a major advance in the price of gold. But it is a view which promises more for an export-orientated SA in the longer term.

The dollar, De Vries feels, may well be over-valued by 10%. But it is unlikely to collapse because of investors' fears that dollar investments are insecure. West Europeans may cast a jaundiced eye over the growing American balance of payments



Morgan Guaranty's De Vries ... international debt under control

and budget deficits, but capital continues to flow into the US because investors in many of the non-OECD countries want a haven for their capital. These flows, De Vries says, are likely to continue, though not necessarily at the same scale as at present.

Under these circumstances the dollar is likely to remain relatively strong. It is already clear that political or security fears around the world are not pushing people into gold as they would have done three or four years ago. Nowadays the shooting down of an airliner leads to a rush of money into dollar investments.

More important, however, is De Vries's view that the international debt crisis will not degenerate uncontrollably. Chile, Argentina, Brazil and other developing nations might well be in difficulties at present over debt servicing, but it is not something De Vries feels will continue.

Rather, he believes, the nations which are in trouble will resort to increasing exports in relation to gnp and thereby trade their way out of financial difficulties. This will not take place overnight. Brazil, for example, will need at least until the end of this decade before it can safely be said to be out of trouble — but the economic recovery now under way in the US and which will eventually follow in the other OECD nations will attract imports of basic products from the troubled less developed countries (LDCs). The upshot is that De Vries believes that a major default by a debtor nation is most unlikely. The world's bankers have that basis on which to build the rehabilitation of the hard-pressed LDCs.

Rich Heinemann, the newly-appointed economist of Shearson American Express in New York takes a somewhat different view to De Vries on American exports. He is confident that

the US economic growth pattern will continue and that this will provide the locomotive effect which draws Third World nations out of their trading and foreign debt mire. But the US, he warns, is indulging itself in balance of payments and budget deficits and these, eventually, will take their toll on the dollar.

By the end of next year, Heinemann reckons, US interest rates will be on the way up again and that by that stage economic growth will be decelerating.

While this may not be the best news one has heard for gold, it does hold promise for most other sectors of SA's export-orientated economy. Our exports of minerals, semi-processed metals and agricultural products will certainly benefit from the world's economic recovery. And we, who are not struggling with overwhelming foreign debt, should benefit internally much more rapidly than other exporters of basic materials.

Not that 1984 will necessarily be easy for us. Base metal prices have still to emerge convincingly from their recessionary depths. And according to Rod Holness, of Holcom Commodity Brokers, most metal prices will not rack up any spectacular gains next year. Copper, in particular, seems unlikely to get into gear for some



Old Mutual's Buss ... office rents are under pressure

time, although lead and zinc could well show some upward price performances as consumption improves and inventories fall sharply.

Far too much is said about property investment by those who try to hide paucity of knowledge under a mass of mumbo jumbo. Old Mutual's property manager Martin Buss did stout service in de-mystifying the subject. His incisiveness, though, carried little to encourage property investors who are sitting on commercial office developments and waiting for rentals to rise.

In central Johannesburg, Buss reckons an over-supply of prime office space will leave rentals unchanged until 1985. And as



Holcom's Holness ... hard times still for base metals

far as the newer decentralised office developments are concerned, the situation is worse. Rentals look like falling this year and simply levelling out in 1985. Worse still, as far as some of the building's owners are concerned, is the possibility that tenants will migrate back into town when their leases expire if only because not all their staff lives in the northern suburbs.

The picture in the office field is equally as gloomy elsewhere. In Cape Town excessive rent increases have pushed tenants into revolt and many professional firms have chosen to buy and renovate older central buildings rather than fork out substantially higher rents.

Industrial parks should respond positively to a resurgence in industrial activity late next year whereas investment in shopping precincts, Buss believes, is almost too risky to be worthwhile. Like everything else about the SA economy, the investment property market is taking a long-needed breather.

Perhaps more important than the economic problems SA has coped with this year — and than those it will have to face in 1984 — are the inter-racial relationships we have to face. Allan Hendrickse had few illusions about the business community's future problem areas. The referendum, "yes" vote, he believes, represents a commitment to evolutionary development rather than a blind blundering towards violent confrontation.

Quite clearly the pressures which led to the referendum and which have brought the trend towards reform into being are here to stay. And if the promise of the "yes" vote is met, those pressures, Hendrickse believes, will be directed towards peaceful and evolutionary change. Of course, that means more than the mouthing of a few platitudes — business's contribution to peaceful evolu-

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tion needs to be carefully thought out. The methods Hendrickse suggests may, at times, appear painful, but they make sense.

Hendrickse's topic was "Investing In Change." His interpretation of the subject lacked polemic and was couched in the language which we can all understand. Let business, Hendrickse advises, look towards the long rather than the short term. Quite simply use the solid profit increases of the good years to build an accommodative basis for the lean years as well as the future.

The disappointing thing about this recession, Hendrickse says, is that unskilled workers were laid off. It would have been better had business rather used the recession as a period for training unskilled men. Everyone, he believes, is a shareholder in change and that implies that investment in change is to everyone's benefit. We are moving towards economic recovery and business's best interest at that time might be served by increasing retentions as profits advance and setting them aside to in-

vest in training when the next economic downturn arrives.

This, Hendrickse says, may not be the best short-term policy — shareholders probably expect higher dividends as the economy advances — but it will provide the soundest basis for long-term profits and social stability.

While Hendrickse puts the emerging consensus between black employees and white managements in terms of readily understandable rands and cents, Gencor's labour adviser Naas Steenkamp points to the fact that developments on the labour front have gone a lot further than most of us realise. Change here has a momentum all its own, and a momentum which is radically altering the conventional perceptions of management-labour relationships.

Fully integrating labour, and specifically black labour, into the industrial decision-making process will not be easy, Steenkamp makes plain. Employers tend to be reactive in their approach to emergent

unions and, unlike their counterparts in America or Europe, are not fully aware of the positive aspects of worker participation in the management process.

This, Steenkamp fears, will perhaps lead to more labour disruptions over the next several years than straightforward disputes over more mundane issues such as wages or conditions of employment. More difficult to reconcile could well be the definition of where the management prerogative should reach and how far workers should be permitted to participate in industrial decision-making. It is something which cannot be ignored, wished away or fought. Consensus will have to be reached, consistent with the principles of free enterprise.

Along with Hendrickse, Steenkamp makes no bones about the need for a sensible managerial approach to black workers. Quite simply, only through consensus and joint decision-will business continue to grow in a free enterprise environment.