

FOREIGN TRADE - EXPORTS (G)

1995

# Govt moves to shake up customs

(744) BDS/1/95

JOHN DLUDLU

IN A move aimed at clamping down on rampant export subsidy fraud, government had asked a parliamentary finance committee to look at proposals to restructure the Customs and Excise Department, sources at the National Economic Forum said yesterday.

They estimated that beefing up the collection of customs and excise duties would cost R50m.

The proposals, drawn up by the forum last year, include the establishment of border posts manned by members of the SA Customs Union, speeding up computerisation at all ports of entry, increasing the number of inspectorate posts and rotating customs staff between various posts.

Sources within the forum's trade and industry task force said the move to refer the matter to the parliamentary committee could end government indecision on the matter.

Although the proposals were prepared last year, government has so far shown reluctance to act on them.

A source said: "While the government realises the seriousness of the matter, it has said the proposals should be linked to the reconstruction and development programme to justify additional expenditure."

Other proposals include better and more flexible remuneration packages for technically skilled customs staff. The forum has also recommended the use of technical assistance from the private sector.

The department's weak infrastructure has led to difficulties in the

administration of various export incentives — especially the general export incentive scheme (GEIS) — as well as rebate and duty drawback schemes. Customs and Excise is responsible for administration of GEIS on behalf of the Trade and Industry Department.

An interim report by the Katz commission into the country's tax structure pointed out that inadequate co-ordination of information between Customs and Excise, Trade and Industry and the Reserve Bank, together with the absence of physical controls over exports, had allowed GEIS abuses to go undetected.

Apart from increasing revenue for government, implementation of the forum proposals would stamp out the escalating cases of round tripping in GEIS and combat SA being used as a conduit by drug dealers.

A further delay in the proposed restructuring of Customs and Excise could see SA in difficulty regarding its obligations to the General Agreement on Tariffs and Trade.

• Customs problems have also been blamed for the delay of the planned introduction of export processing zones (EPZs). "With lax customs infrastructure it will be a bad idea to allow for the establishment of EPZs as they will, like many other schemes, be abused," a source said.

If the forum proposals are implemented, companies guilty of fraudulent customs clearance transactions could have their names publicised.

# Boost for SA export

By Isaac Moledi

SOUTH AFRICA can expect an economic boost from a healthy world economy which is expected to grow at a faster pace in 1995.

South African Reserve Bank senior economist Dr Johan van den Heever says with the expected three percent growth of the economies of major industrialised countries, the South African economy is well placed for more sustainable growth in 1995.

"The expected growth of three percent in the economies of the industrialised countries will definitely boost our exports," Van den Heever says.

South African Chamber of Business economist Mr Keith Lockwood predicts that South Africa will have a five percent increase in export volumes. He says the improving world economy will boost the demand for local commodities and this will stabilise and improve commodity prices and revitalise South Africa's export performance.

Alluding to the fact that the world economy is made up of different industrialised countries, some performing better and others not, Lockwood says there is a reason to believe that countries such as the United Kingdom and Germany, whose economies have not been doing well, are now set for economic recovery.

"What is important about world recovery is that it has been staggered, one country recovering better than another. But this is no longer the case. The United Kingdom has picked up fairly well, the same happening with Japan and Germany," he says. The 1995 world economic recovery, he predicts, will last longer than that of 1987-88.

"The developing United States economy will improve the economies of Japan and Germany, thereby sustaining

longer recovery in these countries," says Lockwood.

South Africa's trade balance, heavily dependent on export of mineral products, will benefit from the healthy world economy.

"The major impact of the healthy world economy on South Africa will be what we export or get for our export,"

he said. Prices of gold, coal and the country's precious metal are expected to go up in international markets.

• Lockwood warned, however, that for the country to be able to sell more on international markets, it would mean that South Africans would have to work hard in producing more competitive products.

(746) SOWETAN 5/1/95

# Upington

745

# export gateway

Arly #12345  
7/8 14/95

**IAN SHEFFMAN**  
Weekend Argus Reporter

UPINGTON Airport has a distinctly international flavour after an agreement allowing exports to be flown directly from the town to Europe.

Members of the North West province parliament, the Upington Town Council and other interested parties hope this will lead to the airport gaining full international status.

Talks at government level are expected to be held on the subject later this year.

It is hoped that the airport will gain the status of being an inter-

national gateway to South Africa.

The lower Orange River community also feels the area itself has huge potential for tourism.

The idea is to offer foreign tourists a triangle flight starting at Upington and ending in Cape Town.

Upington airport has the longest runway in Africa, 6,5km, allowing a fully loaded jumbo to take off all year round.

The airport is also recognised as the alternative to Cape Town and Johannesburg should bad weather close down these two airports.

Several cargo aircraft, including Boeing 747s, DC8s and Ilushyins, have been chartered to

transport South African fruit and Namibian frozen fish to Europe.

About 50 international cargo flights are expected to use the airport this year.

Seedless grapes grown along the banks of the Orange River form the bulk of the outward cargo mix.

Frozen fish caught off the Namibian coast is also transported from Luderitz and loaded directly into the huge belly of the jumbo via front and side-loading cargo bays. The fish is destined mainly for Spain.

Each flight can transport between 70 and 105 tons of cargo. Last weekend 102 tons of grapes were transported on a Lufthansa

747.

Most of the fruit is destined for the British market, which is South Africa's single largest outlet for seedless grapes.

The grapes are also being flown to Germany and it is hoped that other European markets will soon open up.

Says Keith Johnson, marketing and sales manager of Berry Donaldson, air-freight agents for Unifruco.

"The freshness and the quality of the produce, and the fact that the grapes can be on the streets of Europe within 24 hours of the flights leaving Upington, is of prime importance to South Africa capturing this market."

Anton du Preez, chief executive of Unifruco adds:

"This agreement which allows for direct flights from the production area is a great breakthrough.

"Not only does it save us time allowing us to serve our clients quickly, but it also eliminates unnecessary costs and handling, as in the past the grapes first had to be transported to Johannesburg by road, from where they would be exported by air."

Some of the flights bring inbound cargo. The Lufthansa flight brought 41 prototype 1998 fully completed German motor vehicles, which will be tested at a special test track built near Potladder.



**READY TO LOAD:** The first cartons of 102 tons of export grapes are loaded on a jumbo cargo jet at Upington.

Picture: IAN SHEFFMAN, Weekend Argus.

# Cape fruit doing well overseas

749

ET 9/11/95  
By AUDREY D'ANGELO

FRUIT exports — now mostly grapes — are going well, a spokeswoman for Unifruco said at the week-end.

Figures released by Portnet last week showed that exports of deciduous fruit from Cape Town in November, totalling 7 948 tonnes, were 54,6% lower than in the same month in 1993.

But the spokeswoman explained: "There has been no plunge in fruit exports.

"Last season was astonishingly early and exports began earlier than usual in November 1993. That was why export figures for that month were so high and is the sole reason for the apparent drop in the November 1994 figures.

"Cape fruit is being well received in European markets. Peach and nectarine exports are coming to an end now but grapes are in full swing and the early pears will be ready soon."



# New rules anger exporters

(74G) BD 10/11/95  
EXPORTERS of capital goods yesterday expressed outrage at new rules for export subsidies which would cut earnings from existing export contracts and inject uncertainty into future contracts.

The Trade and Industry Department has circulated a letter to general export incentive scheme (GEIS) claimants announcing the cancellation on January 1 of a concession for capital project exports which gave fixed compensation for the rand's depreciation. Exporters said they had not expected the winding down of GEIS to affect existing contracts.

Companies said the changes meant they could lose out on existing long-term contracts which had been based on a fixed level of compensation.

"Business was not warned or consulted in time," said SA Chamber of Business (Sacob) spokesman on trade and industrial policy Bess Robertson. The matter had not

MUNGO SOGGOT and JOHN DLUDLU

been raised at the Exporters' Advisory Council, an advisory body to government.

One company said the new rules would make the remaining months of GEIS "even more difficult". Structural steel exporter Girder Naco said most of its contracts held for at least a year which meant it would be badly affected. Dorbyl Marine MD Joe Bullough said the changes would affect Dorbyl's core business of shipbuilding. It would be much harder to draw up contracts taking GEIS into account. "There is no guarantee that GEIS will be paid on long delivery capital projects."

Another company complained that there was still no clarity on export support to replace GEIS, which often gave exporters most of their profit. However, one source said a GATT-compatible alternative could

□ To Page 2

## Exporters (74G) BD 10/11/95

□ From Page 1

be announced in April.

Sources said the cancellation of the concession could have been prompted by both a shortage of money, as the Trade and Industry Department would now have to pay out less compensation because of the rand's inevitable depreciation, and by the department's eagerness to comply with GATT. "Government has got more time — until 1997 — to phase out GEIS in terms of GATT, so it's surprising that it has decided

on this route," said Credit Guarantee senior economist Luke Doig.

Trade and Industry foreign trade chief director Bert Pienaar said the rand would have to depreciate severely for GEIS claims to be affected. "Furthermore, exporters are becoming very ingenious in window-dressing projects or products to qualify as projects or products of a capital nature. Such practices could give rise to another misuse of GEIS."

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# Govt grants small business export guarantees

GOVERNMENT had approved 10 applications from small and medium-sized enterprises for export finance guarantees worth R23,6m under the export finance scheme since June 1994, the Trade and Industry Department said yesterday.

The finance guarantee scheme was announced in June by Trade and Industry Minister Trevor Manuel to assist small and medium enterprises with pre- and post-shipment export finance.

A R20m guarantee fund was established in June to facilitate additional exports by exporters who did not have necessary funds or loan facilities.

JOHN DLUDLU

The fund guaranteed the cost of materials and services for the production of exports and supplied short-term credit to exporters for financing export trade debtors.

A detailed investigation in SA by the World Bank into ways of enhancing short-term finance for small business was carried out after the establishment of the fund.

The bank's report was later referred to the outgoing National Economic Forum which subsequently set up a steering committee for proper evaluation.

The department said the forum steering committee's report, which was submitted to it towards the end of the year, would be assessed by Trade and Industry, the State Expenditure Department and Credit Guarantee

The report contained recommendations on implementing measures to increase short-term export finance for small business.

The department said a R20m fund for export finance "is far too small to unlock the full export potential and consideration for its replenishment" would be given.



## German pledge to boost SA exports

7467  
ARC 12/11/95

BONN. — Germany will support South Africa's economic reforms by trying to win its goods more access to European Union (EU) markets and channeling more investment its way, top government officials said here.

Finance Minister Theo Waigel and Economics Minister Guenter Rexrodt both pledged support in meetings with South African Deputy President Thabo Mbeki, who is in Germany to drum up investment.

A finance ministry statement said Mr Waigel emphasised that Germany would champion South Africa's cause, especially within the EU.

"It is now important to bring to life the co-operation agreement that South Africa has concluded with the EU. An important element of this is improving market access opportunities," the statement said.

The deputy president on Tuesday courted German bankers and businessmen in Frankfurt where he assured them their investments in South Africa would be safeguarded. — Sapa-Reuter.

# Two workshops for aspirant exporters

By Mzimkulu Malunga

THE Department of Trade and Industry is organising two workshops this month to highlight business opportunities in Europe and southeast Asia to aspirant and emergent exporters. *Sowetan*

The workshops are to be held at the DTI's offices on January 17 and 31.

Next Tuesday, South Africa's economic representative to the United Kingdom and Ireland, Peter Pullen, will be speaking on opportunities for local business in the two countries. *12/1/95*

On Monday January 30 this country's economic representative to Singapore, Arrie Greyling, will be available for personal consultations with individual exporters interested in doing business in that Asian state.

The following day Greyling will make a presentation to aspirant and established exporters on opportunities lying east of the Indian Ocean.

The DTI says the workshops, which are offered free of charge, are aimed mainly at emergent exporters.

Since there is a growing consensus among policy makers in the country to look east to Asia instead of the west for economic solu-



**Trevor Manuel ... has led several missions abroad.**

tions, one of the concepts gathering momentum is for South Africa to pursue an export-led growth.

As a result, the Government is trying all means to promote exports.

Since taking over as Trade and Industry Minister, Trevor Manuel has led numerous missions to Asia, Europe and North America to explore possible markets for South African goods.

# New bloom on fruit exporting

BY WILLEM  
STENKAMP

The fruit export industry has become a major player in the world market, earning billions of rands in foreign exchange and supplying a wider range of products than any other comparable producer in the world.

And this could be just the beginning.

Last year, fruit exports including deciduous, citrus, and subtropical fruits earned South Africa well over R4 billion, making it the fifth-largest earner of foreign exchange.

Deciduous fruit producers in the Western Cape were responsible for the bulk of the earnings in foreign exchange, pulling in nearly R3 billion — about three-quarters of gross fruit export earnings.

David Gant, chairman of Unifruco, the international marketing company representing 2 000 deciduous fruit producers, said at the weekend that since the first political reforms in 1989 the export market for South African fruit had taken off.

## Market

Besides the well-established European market, several new ones have opened up, particularly Eastern Europe, Canada, America, the Middle East and Pacific Rim countries.

Gant said this had had a positive effect on the Western Cape, with more than 95 percent of all deciduous fruit produced in and exported from the region.

The Cape's deciduous

fruit industry is the biggest creator of employment in the region, supplying jobs for more than 250 000 people with 1,4 million dependants.

Gant estimated that the earnings from deciduous fruit exports could double in the next five to eight years.

He said a large part of the success of the local industry could be ascribed to the high quality of the fruit, innovative environmentally friendly packaging developed by local researchers and the high esteem in which the Cape brand name was held worldwide.

Unifruco has perfected a unique system through which perishable deciduous fruit can be successfully offered fresh on any continent up to six to eight weeks after leaving the farm.

The company has been so successful in its marketing and packaging strategy that it now also buys other fruit products such as subtropical fruit from other regions in the world and then packages and markets them under a different brand name.

Unifruco has undoubtedly become one of the leaders in the world fruit market and the future looks rosy.

## Player

The company has become a major player in the wine export market and has in a short period become the second-largest exporter of wines to the international market.

Besides job creation and the obvious benefits that foreign exchange earnings hold for the Western Cape, the indus-

try annually buys more than R700 million worth of local products, including packaging material, fertilizer and insecticide from Cape-based companies.

The deciduous fruit industry is not only the largest job-creator in the region, but is seen as one of the cornerstones of the Cape economy.

Benefits to the region are bound to increase as the industry grows and increases its share in lucrative world markets.

This, together with the increase in international tourism in the region, should go a long way to ensuring that the Western Cape becomes one of the most prosperous of SA's nine regions.

Hosting the 2004 Olympic Games could be the catalyst needed to push the Western Cape into a class of its own.

Shaw 17/11/95

7465

## COMPANIES

# Fruit exporters seek new govt subsidies

FRUIT (74CT)  
B0171195

EDWARD WEST

CAPE TOWN — Fruit export foreign earnings had the potential to double over the next five years, but an alternative to the general export incentive scheme (GEIS) was needed to boost investment and confidence in the industry, Unifruco chairman David Gant said yesterday.

He said SA's fruit farmers received among the lowest incentives and subsidies in the world. As a result of the phasing out of GEIS, the industry would meet the Trade and Industry Department to discuss alternative incentives.

"The removal of GEIS is a severe blow to the industry. Government's offer to GATT regarding the fruit industry far exceeds the requirements, which we understand was done so SA could negotiate better terms on other export goods. Yet the nature of the assistance given in the past still exists," said Gant.

Foreign earnings from deciduous fruit last year was expected to total about R2bn, while earnings from other fruit sectors such as citrus, subtropical and canned fruit products were expected to add another R3bn to the value, making the industry the country's fifth biggest earner of foreign exchange.

Gant said exports had doubled in the past five years, and the growth should

continue as a result of a worldwide increase in demand, access to wider markets after the lifting of sanctions, well-established brand names and quality and a well-established marketing infrastructure overseas.

"There is a perception only a few companies draw GEIS benefits. In our case, between Unifruco and Outspan — SA's largest deciduous and citrus fruit marketers — the benefits were paid to more than 6 000 individual companies."

"Every hectare of expanded production creates between three to four new rural jobs at substantially lower cost than in the manufacturing sector. But taking the view, for instance, that the citrus sector is a safe bet for trading off its incentives is being short-sighted," said Gant.

"I see no reason why SA agriculture should be penalised when no other country in the world will go out of its way to go further than the GATT requirements for agriculture," he added.

Canned fruit processor Langeberg said in its annual report that GEIS had not amounted to more than 50% of the combined benefit of their prospective duties plus support measures to European Union canners.

# focus on technical skills

**T**O HELP make the Reconstruction and Development Programme work, the country needs to place more emphasis on scientific and technical education.

This is the advice from the South African Institute of Electrical Engineers. To address this problem, it will hold a conference at the University of Pretoria on February 3 and 4.

"We will never accomplish the RDP's objectives if we don't have more skilled manpower," says SAIEE council member Mr Geoff Hainebach.

"That's one of the worst legacies of apartheid — it didn't exploit the total population's talent. We're very under-equipped in terms of skilled manpower.

"We're incapable of becoming a successful economy because we don't have enough people with the education and training to lead the country into a competitive world."

He estimates South Africa has 0,3 engineers for every 1 000 people. Japan, on the other hand, has 59, Germany 39 and the United States 31.

"The rest of the world may have a lot of sympathy for South Africa and its disadvantaged people, but when it comes to competing with us, they'll crush us," warns Hainebach.

"We are already running up against this problem of not finding adequately skilled employees. We feel this is one of the most important issues in the whole RDP."

This is why the SAIEE is rolling up its sleeves and trying to assist. It sees education as a key way of resolving this problem — but not education in its traditional form.

Says SAIEE president Mr Bill Calder: "Zimbabwe made a tragic mistake: it educated many schoolchildren to matric, but all you got was an educated unemployed society.

"Those people had knowledge but no skills to sell. Technology and engineering is what we need if we're going to get the RDP off the ground."

Hainebach adds: "We're not proposing people learn skills instead of getting educated. We're proposing people learn skills in the process of being educated, so that education becomes more real to them. Science must be taught to them in a practical way so that they can immediately use scientific principles to do something useful.

"It's a different approach to education, but we'd rather be a nation of Philistines that eat than a nation of art lovers who starve."

He says Japan's industry and schools were destroyed during World War 2, but it made the tough decision to concentrate on technological education.

"They decided to sacrifice culture because they realised that if the people were not able to contribute very quickly to the economy, they would be lost," says Hainebach.

Special educational steps are needed to make a success of the Reconstruction and Development Programme. Features Writer **Tyronne August** discusses ways of getting rid of one of apartheid's worst legacies:

53 someban 20/1/95



**SAIEE council member Geoff Hainebach believes the RDP needs skilled labour if it is to succeed.**

Adds Calder: "Technology is not just universities. We're talking about producing a culture of people from bricklayers to carpenters."

But, for this to succeed, there needs to be a change in the unnecessarily negative attitude to these kinds of jobs. A plumber, for example, can make even more money than a surgeon.

"We must change the culture of education from its present academic form to a technical form," says Calder. "The core of talent is there. All we have to do is locate it, and quickly."

Time is really of the essence. Says Hainebach: "Other countries have developed an education system and culture over a period of 200 to 300 years. We don't have the time.

"It's not as if the others with whom we're competing are standing still. They are improving themselves as well, so we need a short-cut. We have to accelerate the process."

That is what the Pretoria conference — organised together with the SAIEE's parent body, the Association of Scientific and Technical Societies



— is all about. Participants from other parts of Africa, Asia and the United States will attend. The emphasis is on practical policies which can be used immediately.

A "how-to" manual will be drafted afterwards, which is seen as the first step towards a policy manual, and distributed by the SAIEE.

What is encouraging is that all this has the backing of the Government. The organisers convinced several ministries of its importance to the RDP.

"The RDP is a wonderful concept because it focuses the country's attention on a relatively narrower set of goals," says Hainebach. "We see it as our new guideline for progress."

But, he stresses, there must be a shift towards technological education: "If we continue the way we're going, it will lead to disaster.

"Most people would continue as an underclass incapable of making big contributions to the economy because they lack the education and the opportunities."

This is where the SAIEE and ASTS see a role for themselves. "We are prepared to provide backing on a voluntary basis," says Calder.

"We can't wait until we've got enough teachers," says Hainebach, and adds that technology itself can be used to provide education.

"Technology is now available," he says. "Delivery systems can be put in place." Telecommunications and information technology, for example, can be used to do so.

Calder also says the full capacity of universities, technical colleges, technikons and schools should be used (even if it means double shifts).

"Technology is one of the very few creators of work," he says. "When they build a factory, thousands of people are involved — from bricklayers to carpenters to electricians."

But people need skills for these jobs: "It doesn't matter if you have matric. If you don't have the skills, you can't do it and the RDP will fail."

● Those interested in the conference can contact the SAIEE at (011) 487-3003. It will be shown on video at the same time in Cape Town, Durban, Port Elizabeth, East London and Bloemfontein.

## Crocodile with R120 000 bite

CT 20/1/95

Business Editor

74G

A PAINTED leather crocodile keyring bought as a souvenir by a Dutch visitor has resulted in an export order worth more than R120 000 for the Africa Trading division of the non-profit making Triple Trust Organisation.

The visitor, Charlotte Daneel, a promotions organiser, gave the keyring to an executive of the huge Dutch department store chain De Bijenkorf.

Now the chain, the "Harrods of Holland", has ordered painted leather goods and a variety of ornaments, sheepskin slippers and promotional material for its in-store Year of Africa promotion.

The 4 000 products to be shipped out to Holland at the end of the month include papier mâché aeroplanes, candles made in animal shapes and three dimensional "township" pictures. Many, such as mobiles and candle holders, are made from discarded cans and other recycled materials.

The workers are not employed by the Triple Trust but sell their goods, which must conform to the required standard, to the Africa Trading Division, which sends them to outlets in this country, the UK, the US and Europe.

Many of them come, at hours to suit themselves, to make their goods at the Africa Trading division's premises at Cape Town Airport Industria because they have insufficient space at home.

Production manager Rain Morgan said yesterday that the De Bijenkorf order was the biggest ever received by Triple Trust. The exposure given by De Bijenkorf could result in other large orders.

The Dutch consignment will include products from other job creation projects including Rural Craft Soweto and the Montebello Design Centre and from individual Western Cape artists.

# Egypt and Malaysia want supplies from SA firms

(74G) BD 23/1/95

JOHN DLUDLU

THIS week's list of export opportunities has offers of business for SA companies wanting to supply the Egyptian and Malaysian markets.

Saudi Arabian companies want products ranging from quartz watches to frozen foods such as beef, poultry and vegetables. The requests coincide with the arrival at the weekend of a 60-strong trade delegation from Saudi Arabia and a visit by Saudi Petroleum and Mineral Resources Minister Hashim Nazer.

## LIVE ANIMALS AND ANIMAL PRODUCTS

Ostrich meat (fillets) fresh, chilled or frozen — Switzerland. Delicarna AG, Werner Taschannen, tel: 0941-61-383 0070, fax: 0941-61-382 3270.

Poultry cuts — Switzerland. NPI, W J Neukomm, tel: 0941-53-245 103, fax: 0941-53-259 752.

Shark's fin, king crab — South Korea. Sun Moon Trading Co, H I Park, fax: 0982-2-332 8887.

Frozen loligo squid — Taiwan. Gallant Ocean Seafoods Inc, L H Chang, tel: 09886-7-831 2118, fax: 09886-7-831 9453.

Frozen fish — Egypt. East Star Imp/Exp Office, M Abou Deif, tel: 0920-3-597 0022, fax: 0920-40-331 800.

Powder milk — Russia. Aeroline Finland, Reijo Jokinen, tel/fax: 09358-41-617 240.

## VEGETABLE PRODUCTS

Dried flowers — Kuala Lumpur. Bibiland Enterprises, Tan Ah Sah, tel/fax: 0960-5-357 1009.

Fresh asparagus — Taiwan. Vegiworld International, DC Chen, tel: 09886-2-834 0367, fax: 09886-2-832 0370.

## ANIMAL OR VEGETABLE FATS AND OILS

Sunflower seed oil — Israel. Itteg Import, Erol Eskinazi, tel: 09972-3-510 5357, fax: 09972-3-517 2878.

Sunflower seed oil — South Korea. Everfriends Co, Lee Chun Hee, tel: 0982-2-543 1020, fax: 0982-2-542 5775.

## PREPARED FOODSTUFFS AND BEVERAGES

Canned papaya, canned guavas — US. Conchita Foods Inc, Sixto L Ferro, tel: 091-305-888 9703, fax: 091-305-888 1020.

Concentrated fruit juice — Canada. Canada Alltrade Co, Abbas Najarzadeh, tel: 091-416-267 4748, fax: 091-416-265 3565.

## MINERAL PRODUCTS

Copper ore, iron ore — US. Leico US, Le Bruce Peto, tel: 091-713-237 0000, fax: 091-214-401 0507.

Steam coal — Kuala Lumpur. Toprank Corporation, Chong, tel: 0960-3-774

3781/775 6691, fax: 0960-3-775 6172.

## PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES

Di-calcium phosphate — Kuala Lumpur. Transchem Son BHD, Chang Chon Kwan, tel: 0960-3-719 5270/1, fax: 0960-3-719 5433.

Cuprite powder — US. H H Associates International Inc, Ann Liggett, tel: 091-404-248 4112, fax: 091-404-378 2253.

Di-ammonium phosphate fertiliser — Kuala Lumpur. Gordon Winfield (Far East) Holdings Son BHD, V Varma Anand, tel: 0960-3-732 1023, fax: 0960-3-732 1024.

Triple super phosphate — Singapore. WH Brennan & Co, Joseph Choo, tel: 0965-542 9722, fax: 0965-542 5246.

Phosphate fertiliser with nitrogen — US. The Landmark RMC Group Corp, Sam Shen, tel: 091-703-323 1295, fax: 091-703-323 1366.

Safety matches — Egypt. Al Zamil International, A Moniem, tel: 0920-2-344 2521, fax: 0920-2-302 8775.

## PLASTICS AND RUBBER ARTICLES

PVC resin — Egypt. El Negma Co For Synthetic Leather, Ashraf El Tamimi, tel/fax: 0920-2-215 7373.

## WOOD AND ARTICLES OF WOOD

Softwood (pine) lumber, re-manufactured wood products — US. Hampton Lumber Sales, Mike Spurgeon, tel: 091-503-923 6906, fax: 091-503-923 6926.

Wood pulp — Chile. Claude Steier Representaciones, Claude Steier, tel: 0958-562 9294/561 6793, fax: 0958-564 8861.

## CLOTHING AND TEXTILES

Upholstery fabrics — US. BCIE Florida Inc, Luciana Camara, tel: 091-407-995 9393, fax: 091-407-995 9496.

## FOOTGEAR, HEADGEAR AND UMBRELLAS

Wool berets — US. Chade Fashions Inc, Jae S Yoon, tel: 091-312-604 8484, fax: 091-312-604 8884.

Ostrich feathers — US. JK Industries, Jack Ness, tel: 091-714-454 0190, fax: 091-714-454 0516.

INFORMATION in this feature supplied by the Export Centre of the Department of Trade and Industry.

### Inquiries:

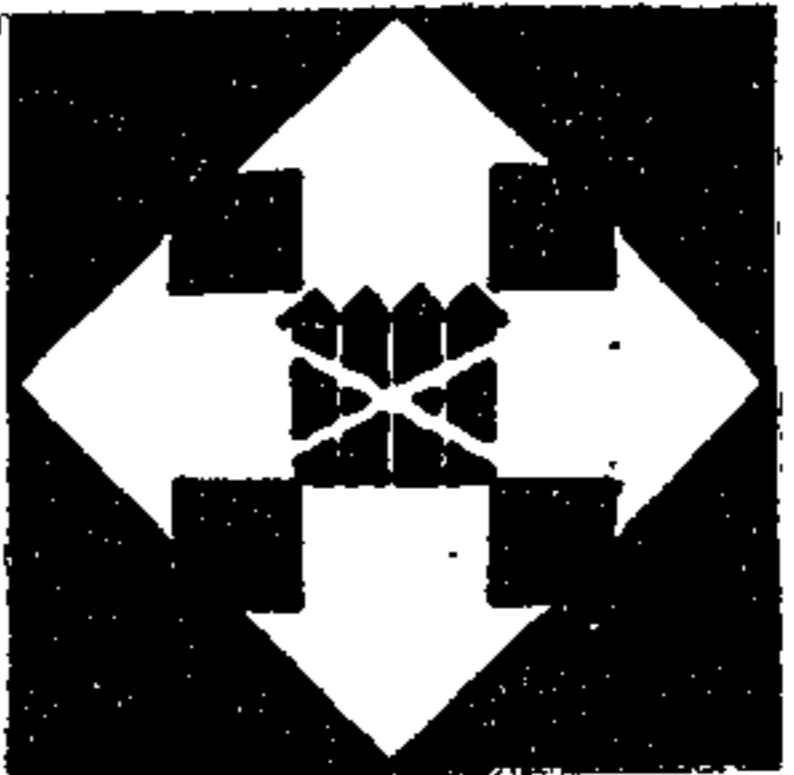
Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

### Export services:

For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

### Warning:

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## ARTICLES OF STONE, PLASTER, CEMENT AND ASBESTOS

Lamp bulbs and tube for electric lighting — Egypt. Al Zamil International, A Moniem, tel: 0920-2-344 2521, fax: 0920-2-302 8775.

## BASE METALS AND ARTICLES OF BASE METAL

Barbed wire — US. APS Services, R Vasudevan, tel: 091-818-961 6931, fax: 091-818-895 1916.

Fine zinc and zinc alloy, nickel and nickel alloy, copper cathode — Taiwan. Gredmann Taiwan, Jih-Jen Wu, tel: 09886-2-771 6123, fax: 09886-2-772 0821.

## MACHINERY AND MECHANICAL APPLIANCES

Water treatment plant machinery — Egypt. Techno Mechanic, Gamal El Sadat, tel: 0920-2-360 2034, fax: 0920-2-348 7167.

Transformers — Denmark. Silicon Power Electronics A/S, Kim Stenberg, tel: 0945-7554 2255, fax: 0945-7554 2789.

Conductor cable — US. Intrade Inc, Jose Medina, tel: 091-301-921 8200, fax: 091-301-921 4243.

Computer software — Germany. Marketing International, Achim Schwickert, tel: 0949-221-244 583, fax: 0949-221-240 6487.

## VEHICLES VESSELS AND ASSOCIATED TRANSPORT EQUIPMENT

Components for railway

wagons — Germany. Talbot Wagon Fabrik, Paul Krott, tel: 0949-241-182 1433, fax: 0949-241-182 1214.

## MISCELLANEOUS MANUFACTURED ARTICLES

Golf clubs, golf balls, lawn tennis balls — Austria. Herbis Modekaufhaus GMBH, Peter Haslauer, tel: 0943-662-44-706 7500, fax: 0943-662-44-707 4700.

African wood carving curios — Taiwan. George Wang Industrial Co, Leo Sish, tel: 09886-4-768 0188, fax: 09886-4-768 0198.

Frozen foods (meat, vegetables, poultry) ostrich meat — Saudi Arabia. Al-Munajjed Group, Kamel Al-Munajjed, tel: 09966-1-478 7933, fax: 09966-1-476 4318.

Quartz watches — Saudi Arabia. Delmon Co, Ahmed Alghunaim, tel: 09966-3-857 7777, fax: 09966-857 5671.

Musical instruments for educational purposes — Canada. Empire Music Co, Gwenda V Williams, tel: 091-604-324 7732, fax: 091-604-324 0242.

Food: confectionery, pasta, cooking oil, baking supplies — Canada. Worldwide Food Distribution, Marshall Usher, tel: 091-416-630 8400, fax: 091-416-630 8585.

Manufacturers of fishing equipment and accessories — Denmark. Kingfisher International, Knud Madsen, tel: 0945-98-132 844, fax: 0945-98-132 844.

## SA wine enhances Zimbabwe bouquet

HARARE — Since Christmas Zimbabwean wine lovers have been making inroads into 20 000 litres of SA pinotage, which made history last month when it became the first shipment of its kind to cross the Limpopo in a bulk tanker for bottling under a Zimbabwean label. **BD 23/11/95**

"It's in bottles and on the shelves already," said Cairns Holdings MD Tim Johnson, who imported the shipment from co-operatives in the Robertson area to blend with local pinotage from Cairns's Mukuyu Winery, near Marondera.

Despite red wine production now reaching 150 000 litres a year, Mukuyu is unable to meet rising demand from Zimbabweans who are switching increasingly from beer and spirits, on doctors' orders. **FINE** Zimbabwe's fledgling wine industry,

MICHAEL HARTNACK

which produced its first drinkable reds in 1987, came of age this year when Mukuyu Winery manager and winemaker Berthold Seitz put Zimbabwe's first 1 400 cases of pinot noir on the market just before Christmas. **(74G)**

Vintners until recently believed Zimbabwe was incapable of producing a good quality pinot noir.

But one visiting SA retailer said on tasting the first pinot noir from the latest vintage: "We would have no difficulty selling every drop of this in SA."

However, Zimbabwe's three wine producers want to prevent a "wine drought" which might cause customers to drift back to beer and spirits.



## Exporters 'should take advantage of EU plan'

(74CT)

JOHN DLUDLU

BD 24/1/95

SA EXPORTERS should take advantage of trade preferences offered by the European Union (EU) to gain a foothold in EU markets, Trade and Industry Department director-general Zavareh Rustomjee said yesterday.

SA was admitted as a standard generalised scheme of preferences (GSP) beneficiary under the new scheme, which came into operation this year and would run until the end of 1998.

The scheme granted either duty-free access or reduced custom duties for mainly industrial exports from developing nations.

Rustomjee said SA exporters of industrial products should familiarise themselves with the rules and benefits of the new scheme, and take advantage to penetrate EU markets.

The new scheme, which replaced several levels of trade preferences, excluded certain tariff headings and chapters from the list of products that would benefit.

The department listed honey, some tobacco products, flowers, fruit, vegetable products and fruit juices as examples of non-qualifying products.

The agricultural part of the scheme would be revised soon.

SA's participation regarding agricultural products would be re-examined before July 1.

FRUIT EXPORTS

**A mixed bag**

~~746~~  
FM 27/1/95

**Deciduous fruit** farmers in the Cape and citrus farmers in the far north share a common problem — finding sufficient product to meet soaring global demand for SA's fruit exports.

While recurring droughts may ultimately decide matters for citrus growers, Unifruco, the deciduous fruit industry's export arm, predicts the value of its exports is likely to double by 2000 — to R4bn a year.

With increased plantings coming into production, 1995 earnings should reflect

FINANCIAL MAIL • JANUARY • 27 • 1995 • 77

improved supply and strong international demand for SA's fruit exports.

Says Unifruco chairman David Gant: "After last year's R2bn in forex earnings from exports, we're now looking at a 10% increase in this year's export volume. And, as early indications show that international prices in rand terms could be higher than last year, by as much as 10%-30%, we could well see a 20% improvement in gross export revenues."

Coupled with last year's record R1,5bn gross export earnings from the sale of 39,6m cartons of citrus fruits — 28% more than the 30,8m cartons exported in 1993 — the outlook for fruit exports is sweet.

The positive impact of fruit export revenues on the balance of payments is also to be welcomed. "Fresh fruit exports account for 90% of horticultural exports. The horticultural sector, in turn, accounts for 60% of SA's agricultural exports," says Outspan MD John Stanbury.

Though the outlook for deciduous fruit is rosy, the citrus industry could be hit hard by this year's drought in the northern Transvaal. About 500 000 trees — 1 750 ha, or about 21% of citrus plantings in the region and more than 30% of its crop, have been lost. In the central and western Transvaal 620 ha has gone.

"Apart from the northern Transvaal, most areas have had good seasonal rains and they expect normal production and continued growth in exports. For example, grapefruit exports increased by 40% over 1993 and valencia oranges by 39%. All export markets, including the traditional markets in western Europe and developing markets in Canada, central Europe, Russia and the Pacific Rim countries, show growth po-

tential. The joint marketing venture with Unifruco in Europe (Capespan) benefits both companies" says Stanbury.

Gant says while the marketing and pricing outlook for deciduous exports is positive, the industry is plagued by rising packaging and freight costs. The industry is also soon to lose its substantial general export incentive scheme (Geis) benefits. "While our census of additional tree plantings point to a doubling in current production volumes over the next five to eight years, long-term, high-risk capital costs involved are heavy and, without Geis, farmers have to wait the entire period before they can start recouping costs."

Unifruco and Outspan members are also anxiously awaiting the outcome of the Department of Trade & Industry's bilateral negotiations with the European Union (EU) on customs tariffs as the EU's duties cost fruit exporters about R250m a year.

Meanwhile, Unifruco is steadily expanding its operations beyond the mere export of fresh fruit. An affiliate company (Frusal) procures subtropical fruit for export, while the Capespan joint venture with Outspan International benefits their European trading partners who now have SA fruit available for about 46 weeks of the year.

An interesting development is the growing importance of the lower Orange River valley as a production area for the popular seedless sultana variety export grapes.

"We expect this year's exports of 3m cartons — last year we exported 2,4m cartons — to double to 6m by 1999," says Unifruco director Piet Karsten. Karsten expects this year's 30% growth in income (about R40m-R50m) to increase by 80% over the next five years.

# Durban punted as India's new export gateway

President Nelson Mandela's four-day visit to India last week has again highlighted SA's potential as a major gateway to other markets — a fact almost immediately harnessed by Indian business car-

tels.

While trade with SA has grown since 1992 and will develop even more, Indian businessmen are looking farther afield.

A study released in India by the Exim Bank while Mandela was in New Delhi says that India stands to gain dramatically by exporting goods to South America via Durban.

Titled Economic Viability of Establishing Direct Shipping Links Between India and South America via South Africa, Exim says freight costs could be reduced by 25 percent, with the voyage time being halved if SA ports, especially Durban, are used for Indian exports, particularly to Brazil and Argentina.

At the moment, India's exports to Latin America are routed via Europe, making Indian exports uncompetitive because of the higher freight charges and the longer voyage time.

The report suggests ships sailing from India could combine cargo for South Africa and South America and also load additional cargo for South America in Durban.

On the return leg, cargo for South Africa, the Middle East and India could be added, the report suggests.

The socio-economic benefits for SA's ports will be immeasurable, especially against the background of South Africa's former international pariah status which saw economic sanctions severely affecting trade between SA and other countries.

While the Exim Bank analysis focuses on the benefits for Indian exporters to South America, there is no doubt bilateral trade between SA and India will rise dramatically in the next five years.

India cut trade ties with South Africa about 40 years ago, apart from furtive dealings in silk clothing and spices.

But since 1992, trade between the two has slowly risen.

Last year, it amounted to R350 million, less than one percent of the total trade of either country.

Three agreements signed by South Africa and India during Mandela's trip seek to boost bilateral trade.

The Federation of Indian Chambers of Commerce estimates that trade between India and South Africa could grow by 50 percent annually to reach about R14 billion by the end of this century. — Sapa.

*(Type) Stan 1/1/98*

# Imports and exports boom

STAR 7/2/95 (746)

■ BY ADAM COOKE

South African ports are under pressure following an unprecedented increase in imports and exports since the April election.

According to SA Chamber of Business infrastructural director Peggy Drodskie, the election brought a dramatic increase in both imports and exports.

"The Business Confidence Index is also consistently rising, as is the calibre of prospective visitors — they are becoming more and more high profile," she said.

Portnet media spokesman Pieter Smit said yesterday the latest figures for the trading

month of December showed activities at ports had reached an all-time high.

He said that since October, figures for each consecutive month exceeded the previous record for the number of containers at ports around the country.

The 1994 total of 121 million tons of goods passing through South Africa's seven ports was up by 5 million on the previous year.

"We are expecting these figures to keep on climbing in the same fashion and we just hope our container terminals can handle the load," he said.

Smit said trade at Saldanha harbour on the Cape west coast had shown an improve-

ment in trade of more than 80 percent in December compared with 1993's figures.

He said South Africa's main import was chemicals at 11 percent, followed by machinery and vehicles. The most important exports were coal at 50 percent, followed by iron ore and wood chips used in the paper industry.

■ Work at the City Deep terminal in Johannesburg resumed yesterday. SA Rail and Harbour Workers' Union members went on strike last week.

Spoornet media relations officer Ian Bleasdale said it would take two weeks for the backlog of undelivered consignments to be processed.

SA coal exporters seen heading for a boom

APR 10/21/95

(746)

**DEREK TOMMEY**  
**JOHANNESBURG.** — Coal exporters are heading for good times, says the managing director, Dave Murray, of Ingwe Coal, which was formed by merging Rand Coal and Trans-Natal's coal operations.

Mr Murray said yesterday local sales were rising to meet increased demand from Eskom, while strong overseas demand had lifted prices in Europe by 25 percent.

Similar increases were expected in the Far East. He said South African producers were virtual-

ly sold out for the next six months. Demand for coal was expected to continue to grow strongly in the next few years. Emerging buyers for coal included Morocco, Portugal and Israel, while Korea, Indonesia, Taiwan and Malaysia were

expected to increase foreign orders. Many European consumers who previously bought only on the spot market were now seeking long-term contracts, he said.

On the supply side, Polish production was increasingly being absorbed domestically and by exports to adjoining states. Increased steel production in Japan had led to greater demand for metallurgical coal, while China was expected to need an additional 200 million tons — ore even 300 million tons — by 2000.

Mr Murray expected overall demand for seaborne coal to grow from the present 200 million tons a year to 300 million by the turn of the century. Much of this demand would be met by Australia, he said.

# Boilermaker lands R50-m deals with Africa exports

JOHN VILJOEN

Business Staff

BELLEVILLE-based industrial boiler manufacturer John Thompson Africa (JTA) has taken its export contracts with countries north of the Limpopo to about R50 million through new deals in Zimbabwe and Kenya.

In a contract worth R2 million, the Zimbabwe Forestry Commission, with finance from the World Bank, has ordered a wood-fired shell boiler and furnace from JTA for its saw-milling complex at Chimanimani.

A partner in the contract is Rolls-Royce Industrial Power Group sister company NEI Zimbabwe, which will

(744) ARG 11/2/95  
be responsible for construction.

The R4.5 million Kenya deal is for the refurbishment and modernisation of two boilers at a sugar mill at South Nyanza, about 400km southwest of Nairobi.

The contract has to be completed within tight deadlines, according to JTA managing director Garth van Nierop.

"We have only six weeks of off-crop time in April and May, which gives us five weeks for the work and one week for trials," he said.

South African components for the Kenyan project will be shipped to Mombasa and then trucked by road.

Further components will be manufactured to JTA's design in Nairobi.

**EXPORT OPPORTUNITIES**

# US, Thailand want curios and crafts from SA

(7467) BD13|2495

SA manufacturers of indigenous arts and crafts have an opportunity to sell their products to US and Thai companies through this week's list of export inquiries.

The Mall Group Co in Thailand and Aurora & Associates Inc of the US want to buy arts and crafts, African curios, precious and semi-precious jewellery and leather goods.

In the vegetables category, an importer from Uruguay wants supplies of oats, mixed with grain, for animal feed. A Hungarian company is offering to buy wheat from SA.

An interesting inquiry from Zairean

**JOHN DLUDLU**

buyer Avicole JJ is about supplies of eggs, apparently for hatching into chicks.

The live animal and animal products category also features requests for frozen fish and beef fillets from a German company, Rewe Zentralorganisation.

Other export possibilities include a wide range of building materials wanted by Mauritian company Rogers Building Centre. Among the items required are self-adhesive bituminous shingles, self-adhesive plates, sheets, film, tape strip, waterbars and waterstops.

**PLASTICS AND RUBBER**

**ARTICLES**  
Polystyrene, polyethylene  
— Poland, Dromir, M Drozd, tel/fax: 0948-24-827 567.

Truck tyres — Prague  
Japi Export/Import, Jiri Jisa, tel: 0942-5-4521 7063, fax: 0942-5-4521 7063.

Particle board, plywood, fibre board — US, Distribution, Segundo Gonzalez, tel/fax: 091-808-726 4024.

**WOOD AND ARTICLES**

Mahogany hard board, red oak veneer, mahogany veneer, white-oak veneer — Poland, Piotrkowska Fabryka Mebli, T Wysocki, tel: 0948-44-484 656/464 672, fax: 0948-44-464 657.

Sawn cut pine wood — Ita-

**INFORMATION** in this feature supplied by the Export Centre of the Department of Trade and Industry.

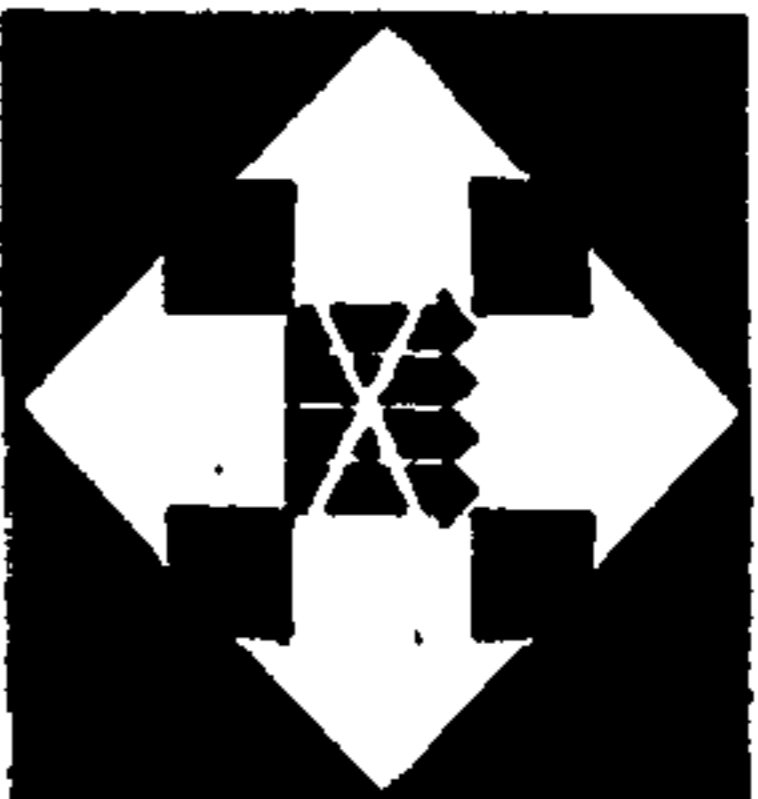
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Glassware for indoor decoration and similar purposes —

Zaire, Nessroc Zaire SPRL, Liondjo Wandja, tel/fax: 09243-20 462/20 463/20 566;

Optical lenses — Netherlands, International Marketing Services & Consultants Inc, D van den Bergh, tel: 0931-33-562 977, fax: 0931-33-564 107.

Parallel continuous glass fibres, woven glass fibres — Uruguay, Dasur SA, Walker Bonet, tel: 09598-2-547 029, fax: 09598-2-534 329.

**BASE METALS AND ARTICLES OF BASE METAL**

Carbon steel — Switzerland, Controls Electronic AG, Carlo Pinto, tel: 0941-7141 4445, fax: 0941-7141 4464.

Stainless steel — Egypt, Zahran Company, Maridouh Zahran, tel: 0920-3-420 8101, fax: 0920-3-420 8104.

Aluminium painted strips — Poland, Anwa, D Kopiczynski, tel: 0948-54-355 250, fax: 0948-54-355 250.

Magnesium metal ingots — Netherlands, PDVSA Services BV, GW Bloemendaal, tel: 0931-70-348 8588, fax: 0931-70-348 8540.

Welding wire — Egypt, Nawar Establishment, Abram Saad, tel: 0920-40-351 020/552 101, fax: 0920-40-351 981.

**MACHINERY AND MECHANICAL APPLIANCES**

Grinding and polishing ma-

chinery for optical lenses —

Netherlands, International Marketing Services & Consultants Inc, D van den Bergh, tel: 0931-33-562 977, fax: 0931-33-564 107.

Valves — Egypt, Modern Engineering Systems & Agencies, Fayer El Benna, tel: 0920-2-418 2740, fax: 0920-2-418 2740.

**MISCELLANEOUS MANUFACTURED ARTICLES**

Arts and crafts — US, Aurora & Associates Inc, Sanele Nhladati, tel: 091-202- 659 2724, 0950, fax: 091-202- 659 2724.

Polyester yarn, viscose yarn, cotton yarns, textile garment underwear — Poland, Sigmater SA, H Wojtal, tel: 0948-44-464 612, fax: 0948-44-473 417.

Self-adhesive bituminous shingles, other self-adhesive plates, sheets, film, foil, tape strip, and other flat shapes, of plastics, (waterbars and waterstops), other cast articles of iron and steels (manhole covers and frames) — Mauritius, Rogers Building Centre, Iqbal Nuzeebun, tel: 09230-212 9010, fax: 09230-212 9456.

Arts and crafts, African curtos, jewellery (precious and semi-precious stones), leather goods — Thailand, The Mall Group Co, Siriluck Matthai, tel: 0966-2-310 1433/318 0407, fax: 0966-2-310 1562.

**LIVE ANIMALS AND ANIMAL PRODUCTS**

Frozen fish fillets and beef fillets — Germany, Rewe Zentralorganisation, Birgit Wernicke, tel: 0949-221-499 371, fax: 0949-221-493 711.

Birds' eggs (chicken fecundated eggs for broiler chicks) — Zaire, Avicole JJ, Joseph Kosi, tel/fax: 09243-70 214.

**VEGETABLE PRODUCTS**

Dried vegetables — US, Seawind International, Steven Cade, tel: 091-619-438 5600, fax: 091-619-438 5677.

Wheat — Hungary, Komplex Foreign Trade Co, Judit Palfy, tel: 0936-1-111 7010, fax: 0936-1-131 6148.

Oat for animal feed (mixed with grain) — Uruguay, Missing SA, Eduardo Abud, tel: 09598-2-375 050, fax: 09598-2-628 583.

Cut flowers, orchid seeds — Belgium, Kristakrilly CVA, Rita Paelman, tel/fax: 0932-9-230 5841.

**MINERAL PRODUCTS**

Chromium sand, zirconium sand (powder) — Prague, Gato SRO, Kamilo Tomas, tel/fax: 0942-327 4306.

**PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES**

Urea — Switzerland, Framaco SA, Markus Thueker, tel: 0941-22-301 4285, fax: 0941-22-301 4271.

Urea formaldehyde — US, DA Christophers Inc, Danny Christophers, tel: 091-404-988 9111, fax: 091-404-988 9883.

Lipstick, shampoos — Egypt, Rotaco, EAH Alrus-tom, tel: 0920-291 9502/290 6703, fax: 0920-290 6935.

# Stals Warns SA of more belt tightening

From CLARE GEBHARDT

**JOHANNESBURG.** — The Reserve Bank is set to tighten monetary policy and introduce some unpopular measures this year.

Reserve Bank governor Chris Stals told a Frankel Pollak Vindering annual investment conference here yesterday that the increase in Bank rate from 12% to 13% last September signalled a more restrictive policy that would be extended this year.

"We will, during the rest of this year, have to introduce some unpopular measures."

Stals said it was an illusion to believe the central bank could prevent interest rates from rising by creating more money.

## 'SA needs export strategy'

**JOHANNESBURG.** — Finance Minister Chris Leberberg said he had asked the national economic development and labour council (Nedlac) to create a national export strategy as one of its major driving forces.

Nedlac, a consultative forum representing business, labour and government, will be officially launched on Saturday.

Leberberg told the annual investment conference that SA competitiveness was consistently rated at or near the bottom on an international scale. He said low labour productivity and high

minimum wages were only part of the problem in the lack of competitiveness.

He said consultation between sectors and players in the economy and "perhaps some lateral thinking and unusual experiments" were needed to find a solution.

"It is for that reason that I asked Nedlac to take as one of their major driving forces the creation of a national export strategy where government, business, labour, the Reserve Bank, as well as the development communities can be involved in formulating a strategy that will address competitiveness." — Sapa

The rates of increase in most of the financial aggregates in 1994 indicated that monetary policy last year was not restrictive enough and an over-expansion in the money supply could not be tolerated again in 1995.

Monetary policy was also linked to fiscal policy and this often required adjustment of monetary policy to a more restrictive mode.

"Obviously, a larger deficit on the Budget will increase the demand government makes on the pool of the limited amount of saving available for development of the economy."

Stals said scope for an easier monetary policy would only be created once the deficit had been reduced to a more acceptable level. Recent trends in money and capital market interest rates clearly indicated that rising demand for funds, emanating from expanding private sector activity, was already creating friction in financial markets.

Stals said the present weak competitive position of the economy compelled the Bank to be even more restrictive in its monetary policy.

Over many years, excessive wage increases had created relative price distortions leading to the situation where the country was, in many areas, no longer competitive vis-a-vis the outside world.

This was impeding the growth potential of the economy and the creation of jobs.

Devaluation was also ruled out as this would have to be accompanied by highly restrictive monetary and fiscal policies.



## Manuel takes exporters to task

The private sector has failed to take advantage of Generalised System of Preferences despite government efforts to promote exports, according to Minister of Trade and Industry Trevor Manuel.

Addressing the Cape Chamber of Commerce and Industry yesterday, Manuel said the private sector lacked an export culture and tended to be fixated on traditional markets.

"There is a reluctance to explore market opportunities, even where we have secured preferential trade agreements — virtually all of the GSP's secured remain untouched," Manuel said.

Despite government efforts to frame bilateral and multilateral agreements with a range of powerful economic nations, local firms were reluctant to act.

"The record shows that we have been innovative in designing schemes to assist firms — what we cannot do is compete on their behalf," he added.

The Department of Trade and Industry (DTI) planned to shape a comprehensive industrial strategy during 1995. This plan, however, was threatened by vested interests within industry which favoured protectionism and failed to accept fundamental change.

"Please note that 1995 will be a year in which the DTI will do battle against these adversaries," Manuel said.— Sapa.

## 'Export (140) incentives lost on private sector'

CT 21/2/95  
THE private sector has failed to take advantage of Generalised System of Preferences despite government efforts to promote exports, according to Minister of Trade and Industry Trevor Manuel.

Addressing the Cape Chamber of Commerce and Industry yesterday, Manuel said the private sector lacked an export culture and tended to be fixated on traditional markets.

"There is a reluctance to explore market opportunities, even where we have secured preferential trade agreements — virtually all of the GSP's secured remain untouched," Manuel said.

Despite government efforts to frame bilateral and multilateral agreements with a range of powerful economic nations, local firms were reluctant to act.

"We have in the recent past secured GSP facilities from the USA, Japan, Canada, the European Union and Norway. All of these favour our manufactured goods and, in some cases, we are negotiating detail or enlargement," Manuel said.

"The record shows that we have been innovative in designing schemes to assist firms — what we cannot do is compete on their behalf," he added.

The Department of Trade and Industry (DTI) planned to shape a comprehensive industrial strategy during 1995. This plan, however, was threatened by vested interests within industry which favoured protectionism and failed to accept fundamental change.

"Please note that 1995 will be a year in which the DTI will do battle against these adversaries," Manuel said. — Sapa

# Look sharp, Manuel tells SA exporters

7467

ALG 23/2/95

**ALIDE DASNOIS  
Deputy Business Editor**

SOUTH African business lacks an export culture, Minister of Trade and Industry Trevor Manuel has said.

Addressing the annual dinner of the Graduate School of Business Association, in Cape Town last night Mr Manuel criticised South African companies for hiding behind high tariff walls.

South Africa's tariff system was second only to that of Nepal in complexity.

"This country was inward looking even before sanctions. Sanctions only accentuated that trend," he said.

Mr Manuel said it was difficult to compare South Africa with the "tigers" or the "tiger cubs" in Asia or Latin America.

With few exceptions growth in these countries had taken place under a highly repressive regime.

"But we have a young democracy."

"Secondly, in these countries there is a synergy between the

government and the private sector.

"Here, we're a government of outsiders. And corporate South Africa is very strong-willed and highly jealous of its vested interests."

The practice of "protection on demand" had created havoc with the economy, Mr Manuel said.

Businesses had not been sufficiently exposed to the vagaries of the market.

"The structures which were designed to protect leak like a sieve."

"But South African industrialists have built up a sense of security behind a high tariff wall."

Mr Manuel said South Africa needed to move from a low-growth, low labour absorption economy with a low manufacturing base to one with high growth, high consumption, high levels of competition and leading edge technology.

His department was looking at new forms of export promotion such as shipment finance

schemes, which would comply with the requirements of the General Agreement on Tariffs and Trade, to replace the General Export Incentive Scheme (Geis).

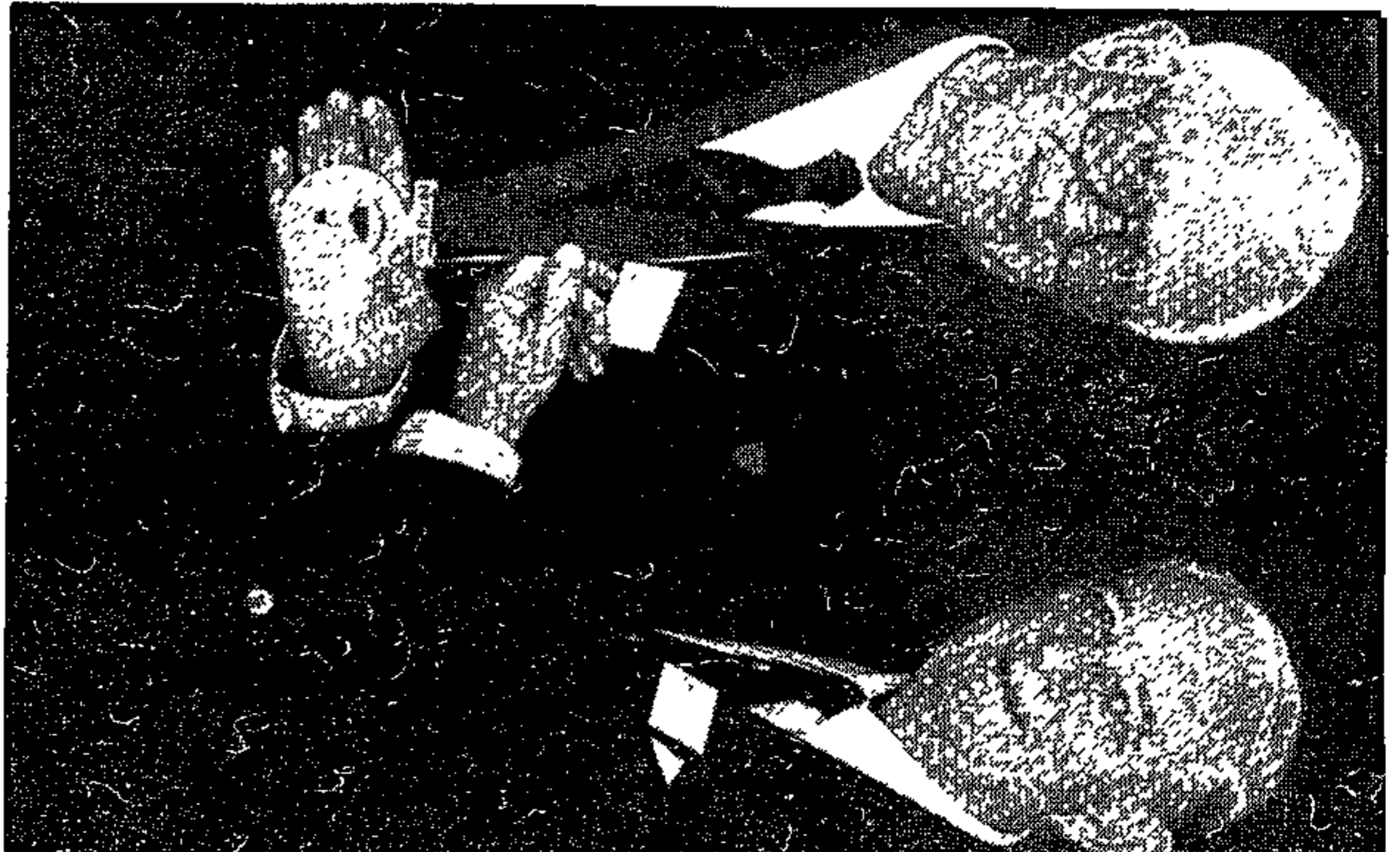
"Geis is expensive, unaffordable, crazy and Gatt-illegal."

"We are looking for ways to give a legal helping hand to exporters."

"We need to inculcate the vision of a winning nation among South African business people."

■ In an address to the Cape Chamber of Commerce and Industry earlier this week, Mr Manuel said although the government had managed to negotiate preferential access for manufactured goods to markets in the US, Japan, Canada, the European Union and Norway, the private sector had not taken advantage of these opportunities.

South African companies were averse to risk, failed to seize niche markets "which beg to be taken" and tended to ignore opportunities in countries where English was not spoken.



□ **NEW LEADER:** Outgoing Cape Chamber of Commerce and Industry president Ernest Wilson, right, congratulates new chief Mike Stekhoven at the chamber AGM.

Picture: BRENTON GEACH, The Argus

CHEMICALS INDUSTRY

**Exports climb**

*(744)*  
*FM 24/2/95*

**SA's chemicals** giants are frantically chasing export markets to take advantage of a dramatic global upturn in chemical feedstock prices.

Sasol's AECI, Sentrachem/Hoechst (SA) and their joint offspring Sarnpol (Sentrachem/Hoechst) and Polifin (Sasol/AECI) are all entering foreign markets.

Analysts say three factors have led to the unexpected upturn in monomer, polymer and PVC prices: surging demand as Western economies follow the US into an economic upturn; China hitting the market as a major buyer; and the burnout of two major chemical plants last year—one in the US and one in Europe. And all this happened in a market where capacities had been cut around the world following years of depressed demand.



**Smith**

Hoechst (SA) CE Reinhard Traub says world prices of the main polymers (so-called mass plastics, made from a petrochemical feedstock base) have, on average, doubled over the past year from about US\$500 a ton to about \$1 000.

Sasol executive director Andre du Toit predicts the global market will remain strong until at least the middle of 1996. Other commentators talk of prices remaining strong until 1997, with levelling off taking place by 1998.

Du Toit expects Sasol's chemicals division to increase its contribution to group profits in the coming year.

"Following Sasol Chemical Industries' R3,2bn turnover (25,6% of the R12,4bn group total in 1994) and R435m operating profit (17,3% of total), I expect the profit percentage to jump to about 30% of the total in the current financial year."

A number of new Sasol projects now coming on stream should add to its highly positive future cash flows. These include the R430m acrylonitrile plant at Secunda, which will export about 50% of its output initially; the R300m Sasol Alpha Olefins plant at Secunda, which is targeting 90% of its annual 100 000 t output for export; the new R37m MIBK plant at Sasolburg, which aims to export more than two-thirds of its solvent from 1996 onwards; and Sasol's plans to continue with its R400m fuel alcohol export contract with Brazil.

Meanwhile, Sasol's 60% share in Polifin should help bring an even broader smile to shareholders' faces.

Polifin CE Pieter Cox says the launch of the new R2,8bn a year chemical feedstocks group seems to be timed well to fit in with the upturn. If all goes to plan, Polifin

intends seeking a listing by mid-year.

"The rapid and significant global price escalation has been underpinned by feedstock consumers building up stock in expectation of price increases. This led to shortages putting further upward pressures on prices," says Cox.

Polifin's R535m ethylene-based PVC project at Sasolburg entails increasing PVC production capacity to 160 000 t a year to meet local demand. The group is also looking at a R50m, export-focused polypropylene operation to increase production by 80 000 t a year to 220 000 t. Coupled with this would be a R100m upgrade of propylene production capacity.

Sentrachem CE John Job says as countries like China drive demand, the commodity cycle is on a firm upward spiral. Based on previous sectoral cycles, this could even continue for three to four years, the time it takes to bring new plant on stream. Sentrachem plans to announce new capex plans by March.

Hoechst's Traub says: "With the chemical cycle worldwide

suddenly coming to life, our exports have risen dramatically to about 10% of total R1,7bn group turnover."

AECI's new MD, Mike Smith, says his group's export focus is underlined by the fact that its new R300m lysine plant at Umbogintwini in Natal will export about 75% of its annual 11 000 t amino acid production. ■

# EXPORT OPPORTUNITIES Gulf traders looking for goods from SA

7149  
BD 27/24S

TODAY's export inquiries include several offers of business for SA suppliers interested in selling to Gulf markets.

In the miscellaneous manufactured category, Al Nasir from the United Arab Emirates is looking for overhead electrical cables; power generation, transmission and distribution equipment and accessories. South Trading Est wants to buy telecommunications equipment, especially fibre optic terminal equipment and multiplex equipment.

An Abu Dhabi-based importer, United Eastern Co, wants to buy wooden poles,

## JOHN DUDLU

power cables and furniture from SA.

There are also requests from many other countries. A potentially lucrative inquiry is featured in the miscellaneous category where an Italian company, Moontrade, wants to get in touch with an SA supplier of fructose. The order would be for 600 to 700 tons a year.

A Russian company, Post Trade House, is looking for suppliers of canned meat and coffee.

In the minerals category, a Portuguese buyer is inquiring about supplies of coal.

## LIVE ANIMALS AND ANIMAL PRODUCTS

Frozen fish, shrimps and prawns, frozen squids — Cyprus.

Wellgoods, Andreas Nicolaides, tel: 09357-5-338 362/5, fax: 09357-5-337 048.

Tuna fish — Moscow. Post Trade House, N M Shama, tel: 097-095-201 9075/201 6073, fax: 097-095-292 3443.

Fish chilled frozen and fresh, rock lobster (fresh or frozen), lobster (fresh or frozen) — Switzerland. WIL-

ly von Gunten, tel: 0941-36-222 233, fax: 0941-36-227 273.

VEGETABLE PRODUCTS  
Fruits of the pepper tree — Israel. Elram Import Export, Shiholel Gilat, tel/fax: 09972-2-340 936.

Coffee, canned meat — Moscow. Post Trade House, N M Shama, tel: 097-095-201 9075/201 6073, fax: 097-095-292 3443.

Starch (wheat), vegetable extracts — France. Cicca Assistance International, G Morris, tel: 0933-33-279 880, fax: 0933-33-310 991.

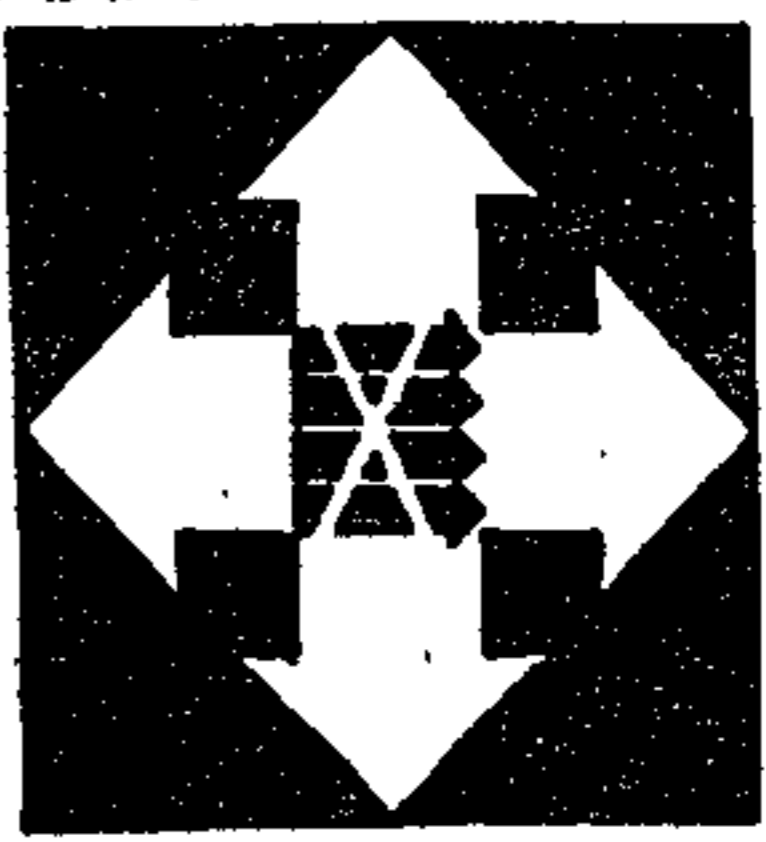
## INFORMATION

in this feature supplied by the Export Centre of the Department of Trade and Industry.

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## ANIMAL OR VEGETABLE FATS AND OILS

Sunflower seed oil — Hong Kong. Yue Yang Development Co, Howard Wong, tel: 09852-2-598 8718, fax: 09852-2-598 5726.

**PREPARED FOODSTUFFS AND BEVERAGES**  
Grapefruit juice, red or

white wines — France. Cepages, P Hebert, tel: 0933-1-4474 9860, fax: 0933-1-4474 9861.

Fish meal — Israel. African Deal Investments, Lucia Lalo, tel: 09972-3-566 1615, fax: 09972-3-560 0943.

**MINERAL PRODUCTS**  
Mica scrap, mica block — Spain. Novolektra Composites, Angel J Gargallo, tel: 0934-3-068 9112, fax: 0934-3-668 9904.

Coal — Portugal. Optigalia, C Santana Mendes, tel: 09351-1-793 3545, fax: 09351-1-797 7687.

**PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES**  
Bisphenol, paracetamol — Hong Kong. Alpha Group (Hong Kong), Roy Wong, tel: 09852-530 3800, fax: 09852-530 3830.

Decorative gift soap products — US. Arkansas Import/Export Co, Robert W Grubbs, tel: 091-501-633

## Projects & Trading Co,

Mostafa Farrag, tel: 0920-3-586 6602, fax: 0920-3-482 7661.

**PLASTICS AND RUBBER ARTICLES**  
Netbags of polyethylene — Netherlands. Michon Verpakkings, M N Michon, tel: 0931-15-614 701, fax: 0931-15-618 944.

**WOOD AND ARTICLES OF WOOD**  
Wooden flooring boards, parquet flooring blocks, not assembled — Cyprus. Stavros Ellinas Mosaics Co, Stavros Ellinas, tel: 09357-2-428 228, fax: 09357-2-494 328.

Medium density fibreboard — Taiwan. Faithful Association Co, George Wang, tel: 09886-2-503 2604, fax: 09886-2-501 6141.

Blank newspaper paper — Taiwan. National Trees Enterprise Co, Guy Matthews, tel: 09886-2-709 1588, fax: 09886-2-709 0452.

Facial tissues and handkerchiefs, toilet paper — Cyprus. Lemeco Industries, Panicos Lappas-General, tel: 09357-5-371 021, fax: 09357-5-367 556.

**CLOTHING AND TEXTILES**  
Cotton yarns — Cyprus. Lemeco Industries, Panicos Lappas-General, tel: 09357-5-371 021, fax: 09357-5-367 556.

**STONES, PLASTER, CEMENT AND GLASSWARE**  
Glass flasks for perfume — France. Ceintmaje, P Canoui, tel: 0933-1-4270 2525, fax: 0933-1-4270 4317.

**GLASS DOORS — BRUSSELS.** Thys Deuren & Parlet Fabrick NV, Gustaaf Senten, tel: 0932-3-664 0029, fax: 0932-3-664 5734.

**BASE METALS AND ARTICLES OF BASE METAL**  
Scrap iron — Cairo. Osco, M A Moustafa, tel: 0920-2-245 8488/8873, fax: 0920-2-246 3436.

Ferro-man anese ferro-

## Portugal. Prauf-

Produtos Auxiliares de Fundicao, Victor Silva, tel: 09351-1-927 0148, fax: 09351-1-927 0810.

Baths of stainless steel, venetian blinds, rivets — Cyprus. Cyprus Trading Corp, Andreas C Hadjipantayis, tel: 09357-2-482 800, fax: 09357-2-482 892.

Stainless steel bars, shovels, picks, measuring tapes — Namibia. Hopfast Engineering Supplies & Fire Services, Dirk Paulsen, tel: 0642-2476, fax: 0642-4642.

Food knives for the catering industry — Cyprus. Fessas, D Fessas, tel: 09357-2-481 783, fax: 09357-2-483 865.

**MACHINERY AND MECHANICAL APPLIANCES**  
Machines for meat preparation — Cyprus. Fessas, D Fessas, tel: 09357-2-481 783, fax: 09357-2-483 865.

Brick making machines — Cyprus. Darnianou & Co, Panayotis Darnianou, tel: 09357-2-459 299, fax: 09357-2-461 854.

Electrical transformers and cables — Cyprus. Gulf Overseas Link, G Christofides, tel: 09357-2-378 181, fax: 09357-2-378 787.

**OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC AND MEDICAL OR SURGICAL INSTRUMENTS**  
Musical instrument strings — Germany. Handelsagentur 2000, Dieter Esser, tel: 0949-2251-76 970, fax: 0949-2251-55 317.

**MISCELLANEOUS MANUFACTURED ARTICLES**  
Bunk beds made of pinewood — Brussels. Platiau, Hubert Platiau, tel: 0932-69-222 641, fax: 0932-69-210 534.

Pre-fabricated housing — Argentina. Ezeurra Martin, tel: 0954-1-747 1809/411 6884, fax: 0954-1-747 1809.

Toy balloons of latex — France. Ceintmaje, P Can-

## Jack's for cars, wheel

rims for trailers, tractor seats, steel butterfly valves for use in agriculture, gun safes, hose clamps — US.

Direct Distributors Inc, Barry Partlo, tel: 091-919-772 9722, fax: 091-919-772 9722.

Wall papers, paints and varnishes — Hungary. PG Color, Geza Pinter, tel: 0936-60-370 606, fax: 0936-99-321 408.

Aluminium profiles, polystyrene sheets, sinks of stainless steel, baths, basins, shower or sink taps, wash basins, sanitary ware — Poland. Sanplast, B Szadkowski, tel: 0948-533-81 785, fax: 0948-533-75 685.

Fructose (600/700 tons per year) — Italy. Moontrade S R L, H Vazzana, tel: 0939-49-870 3333, fax: 0939-49-870 3213.

Spices, canned vegetables, food wrapping machines — Namibia. Herrie & Co (Walvis Bay), Eberhard J Sager, tel: 0642-5200, fax: 0642-5667.

Twist/laper drills centre, gear cutting tools, tools, saws, carbide — India. Al Abbas Trading Co, Rajabali Poonawala, tel: 0991-242 6062, fax: 0991-241 3650/242 5921.

Wooden poles, power cables, furniture — Abu Dhabi. United Eastern Co, El-Sheri, tel: 09971-2-342 351, fax: 09971-2-320 048.

Telecommunication equipment, especially fibre optic terminal equipment and multiplex equipment — United Arab Emirates. South Trading Est, Taisir Barakat, tel: 09971-2-334 542, fax: 09971-2-720 270.

Overhead electric cables, power generation, transmission and distribution equipment and parts — United Arab Emirates. Al Nasir Trading Est, Muham-

09971-2-334 542, fax: 09971-2-720 270.

# 'Diversify exports, find new markets'

CT 3/3/95  
7447

A NEW South African Customs Union (SACU) agreement would be completed before the end of April, Minister of Trade and Industry Mr Trevor Manuel said yesterday.

The customs union task team appointed in November last year to consider problems with the current agreement would hold its next meeting in mid-March, Mr Manuel said.

An interim report would be prepared for submission to a meeting of the five SACU member states early next month.

Mr Manuel dismissed press reports that South Africa had been denied membership of the Lome Convention, which regulates trade relationship between the European Union and developing countries in Africa, the Caribbean and the Pacific (ACP) region.

A committee had been appointed to review existing legislation on anti-competitive practices.

The committee would consider whether to amend the existing statute, or consider new legislation with a stronger anti-trust focus. How-

ever, retrospective legislation was not envisaged.

South Africa had to diversify its exports, seek new markets abroad and add value to mineral and primary commodities through beneficiation and processing, he said.

There was a "lack of responsiveness" from business to government initiatives, such as the Export Marketing Assistance Programme and attempts to secure Generalised System of Preference (GSP) agreements.

## Affirmative action

Trade and Industry director-general Dr Zav Rustomjee said 70% of existing exports were either mineral or primary commodities.

Mr Manuel said his department had made progress on implementing an affirmative action policy after consultation with existing staff.

About 10 000 applications had been received for 58 vacant posts and a further 12 000 for two, lower-level jobs in the department, Mr Manuel said. — Sapa

EXPORTS

(74G)  
FM 3/3/95

## Custom-made

**To bow** or not to bow. That is the question facing would-be exporters to Japan. Fumio Otsuka, MD of Sony Plaza, household goods arm of Sony Corp, says the days are gone when visiting businessmen were expected to use traditional customs like bowing when greeting Japanese businessmen.

"To expect visitors to observe our habits would be insolent on our part," he told an export seminar in Midrand. "Foreign business people pay too much attention to Japanese culture, habits and language. If you prefer to shake my hand, fine."

Maybe that's true in theory, says Malcolm Birkin, who heads a Sandton-based international trade consultancy. In practice, strict formality remains an important element of successful business in Japan.

Where Birkin and Otsuka do agree is on the need for SA exporters to be fully prepared before trying to crack Japanese markets. "If your product is right and you have a proper marketing approach, you will have a good chance of success," Otsuka told the seminar, jointly hosted by Safto and Japanese External Trade Organisation.

Birkin adds that to go in "cold," is fatal. Exporters must have a clear market niche in mind, and have carried out intense research into market needs and product suitability. ■

**EXPORT OPPORTUNITIES**

# American companies looking for variety of goods

**MANUFACTURERS** will be eyeing the competitive US market in this week's list of export opportunities.

Featured in the live animals and animal products category are three US companies with requests for boneless shark fillet, powdered milk, frozen beef and fish, oysters, lobsters, and prawns as well as shrimps.

US companies also feature in several other categories.

Reports by **JOHN DLUDLU**

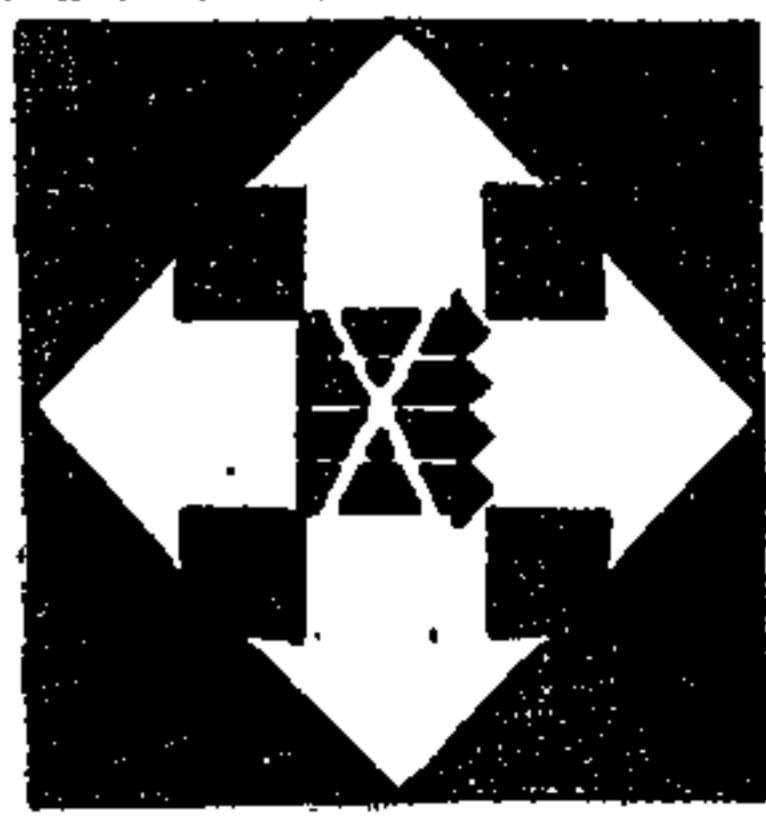
looking for SA suppliers. Swiss importer Eastern Trading is interested in dried flowers, and in the minerals category another Swiss inquirer, Kern Trade Consult, wants to buy coal from any SA supplier.

In the machinery category a Mozambican company, Abdul Latif Yacub & Filhos, is interested in buying machinery used in extracting ed-

ible oil such as sunflower oils. The same company asks about supplies of various edible oils.

Lucrative opportunities also exist for exporters in the miscellaneous manufactured section.

The list of requested items include prefabricated houses, plastic items, cleaning chemicals, toilet paper and garden implements, vegetables, computer related items, indigenous arts and craft products and construction machinery.



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**MACHINERY AND MECHANICAL APPLIANCES**  
Machinery for the extraction of edible oil — Mozambique, Abdul Latif Yacub & Filhos, Yacub A Latif, tel/fax: 09258-1-401 789.

**MISCELLANEOUS MANUFACTURED ARTICLES**  
Prefabricated houses — Uruguay, Urumedical, Mario Madrid, tel: 09598-2-417 900, fax: 09598-2-486 034.

Plastic pipes, plastic bottles, electric cables, toys, artificial leather, woven polypropylene bags — US, I H C O Petroleum Inc, Andy Mahfooz, tel: 091-713-871 8828, fax: 091-713-871 1863.

Cleaning chemicals, toilet paper, shovels, hand saws, pliers and other hand tools — Namibia, R G G Enterprises, R Hansen, tel: 0671-21 082, fax: 0671-20 805.

Precious stones (natural other than diamonds), rubies, sapphires, cobalt oxides — Canada, Maple Leaf International, Roger Seth, tel: 091-905-731 8665, fax: 091-905-886 9144.

Brewing machinery, raw materials for beer brewing — Sri Lanka, Ceylon Brewery, Lalith Withana, tel: 0994-522 3888, fax: 0994-522 335.

Pigments, glazes, paints, ball clay, musical movements — Sri Lanka, Middaya

Ceramic Co, Dan Maladeriya, tel: 0994-855 149, fax: 0994-855 322.

Anthracite coal — Saudi Arabia, National Lead Smelting Co, Mohammed Abdul Azeem, tel: 09966-1-498 4227, fax: 09966-1-498 4141.

Mufflers and pipes for automobiles, sugar — Saudi Arabia, Ahmed Said Alaminoudi, tel: 09966-1-498 4227, fax: 09966-1-498 4141.

Construction machinery — United Arab Emirates, Petra Auto Spare Parts Trading Co, Ayman Fawzi, tel: 09971-6-540 473, fax: 09971-6-540 473.

Various arts and crafts (Zulu baskets) — US, The Frog Pond, Kerry Scanlan, tel/fax: 091-206-630 5314.

Various commodities such as sugar, wheat, flour, salt, rice, corned beef and sardines — US, N R K International Inc, Raju Kotecha, tel: 091-909-396 8942, fax: 091-909-396 9001.

All types of computer related products — US, Hal Computer Systems, Alex Filalay, tel: 091-818-545 8665, fax: 091-818-347 1590.

Exotic plant (Cyca revoluta) — US, Exotic Plant Export, Gerald Enthoven, tel: 091-806-899 8188, fax: 091-805-899 8190.

**LIVE ANIMALS AND ANIMAL PRODUCTS**  
Frozen meat, frozen fish — US, Family Delight Foods Inc, Edward Pavlak, tel: 091-305-341 2468, fax: 091-305-341 2610.

Oysters, lobsters, prawns and shrimps — US, Sherlocks Enterprises & Ass, Hugo Campisi, tel: 091-408-842 1581, fax: 091-408-848 5651.

Shark fillet (without bone or fin) — US, Hahn Trading Co, Edisha Hahn, tel: 091-714-692 1301, fax: 091-714-692 1404.

Fresh hake — France, S T E Exploitation des Etablissements Serge Mericq, S Mericq, tel: 0933-53-772 877, fax: 0933-53-680 024.

Powdered milk — US, Sina Trading Co, Cyrus H Fonouni, tel: 091-202-337 1227.

**VEGETABLE PRODUCTS**  
Palm trees — France, France Environment & Development, C Gautier, tel:

0933-93-672 651, fax: 0933-93-649 818.  
Dried flowers — Switzerland, Eastern Trading, Nuri Ugurlu, tel: 0941-52-325 644, fax: 0941-52-324 394.

Garlic — Germany, Walter Rathgeber, tel: 0949-5-651 3617.  
**ANIMAL OR VEGETABLE FATS AND OILS**  
Edible oils — Mozambique, Abdul Latif Yacub & Filhos, Yacub A Latif, tel/fax: 09258-1-401 789.

**PREPARED FOODSTUFFS AND SPIRITS**  
Fruit juice concentrates — Germany, Fyruwe Fyrucht-saft GMBH, Gerhard Rummeler, tel: 0949-721-949 6109.

**MINERAL PRODUCTS**  
Slate roughly trimmed — Taiwan, Abbey International Co, M H Hsiu, tel: 09886-2-394 1587, fax: 09886-2-396 1844.

**PLASTICS AND RUBBER ARTICLES**  
Plastic purchasing basket used in supermarkets — Hungary, Husa, Gyula Takacs, tel: 0936-1-218 9414, fax: 0936-1-212 0367.

Plastic boxes used for packaging of meat in butcher's shops — Brussels, Allpack, Bailleul, tel: 0932-14-226 241, fax: 0932-14-226 240.

**RAW HIDES AND SKINS**  
All types of raw hides — US, P & K Enterprises Inc, Cales-tine Jo, tel: 091-213-388 4587, fax: 091-213-388 5234.

**PULP OF WOOD**  
Printing paper and printing card board — France, Cor-alma International F Villanova, tel: 0933-1-4099 1444, fax: 0933-1-4697 9046.

Paper photocopy — Portugal, Martins & Macedo, Carlos Martins, tel/fax: 09351-53-952 700.

**CLOTHING AND TEXTILES**  
Woven fabrics obtained from high tenacity yarn of nylon or polyesters — Hungary, Pecs, Antal Notheisz, tel: 0936-72-314 705, fax: 0936-72-311 479.

**BASE METALS AND ARTICLES OF BASE METAL**  
Ferro vanadium (ferro al-



# Tellumat in hi-tech export deal

BY MAGGIE ROWLEY

CF (BR) 7/3/95 <sup>STAFF REPORTER</sup>

Tellumat (PTSA) is to manufacture rural communications systems for the global market which have been developed by NEC Corporation, Japan's largest telecommunications manufacturer.

The agreement is expected to significantly enhance export opportunities for PTSA and meet local manufacturing opportunities afforded by the implementation of Telkom's RDP programmes, says Plessey Group MD John Temple.

Further manufacturing arrangements with NEC are on the cards, which could boost PTSA's turnover by at least 20 percent a year from the current level of around R500 million, with much of this being generated by exports.

PTSA will invest more than R20 million in setting up the production facility for digital radio multiple access subscriber systems (DRMASS) in its factory in Retreat, Cape Town, with the first systems due to come off the production line towards the end of the year.

"The systems we will be manufacturing are the very latest model of NEC's highly successful DRMASS system which has been used around the world to bring telecommunication services to both urban and rural communities in a very cost-effective manner."

# SA exporters invited to explore Canada

(740)  
60 7/3/95  
**JOHN DLUDLU**

SA AND Canada had much in common and SA exporters should take advantage of the opportunities offered by Canada's open economy, former Canadian Prime Minister Joe Clark said yesterday.

He told a UAL seminar on business opportunities in Canada there was a substantial potential for trade and co-operation between the two countries, but misconceptions about SA by Canadian businessmen had to be resolved first.

Advantages of doing business in Canada included access to the larger markets in the US and Mexico through the North American Free Trade Area (Nafta) treaty.

Another advantage of Nafta was foreign companies would enjoy cross-border investment protection in all three markets.

Canada and the US had a free trade agreement which provided preferential duty treatment to exports from each country, and allowed for a free trade regime before the end of the century.

Trade potential also stemmed from the fact that both nations spoke the

same language and were resource-based. "We're also a modern, reliable outward looking country."

The Canadian economy saw a 4.5% growth rate last year which exceeded market expectation. While the growth was achieved due to improved exports, it also signified increased consumer confidence, he told the seminar.

Clark said there were still problems to be addressed by the current Canadian government. These included controlling debt and budget deficit as well as dealing with the separatist threat by Quebec, a French-speaking province of Canada.

Addressing the same seminar, Canada/SA Chamber of Business chairman Stephen Pincus said the recent conclusion of bilateral talks on a new tax treaty — to be signed probably in June — augured well for business, with a substantial reduction in tax rates.

Canadian corporate taxes were higher compared to the US but they were significantly lower than SA's.

# Fruit exports disrupted by walkout at harbour firm

Labour Reporter

THREE ships chartered by Unifruco to take local fruit overseas are lying idle in Cape Town harbour due to a work stoppage at International Harbour Services.

International Harbour Services is a Unifruco subsidiary.

A spokesman for the workers said today that about 600 workers — members of the Transport and General Workers Union — had agreed to down tools in support of demands relating to wages and permanent employment.

The ships were bound for Britain and the Far East and unless the workers' demands were met speedily, fruit could start to rot, the spokesman said. *ARC 7/3/95*

Unifruco spokesman Fred Meintjies confirmed the work stoppage but denied that fruit was in danger of rotting.

Fruit could be kept "for months" in cold-storage.

Although the loading of three ships had been delayed, this did not represent a major disruption of the export programme.

"Stock levels in the overseas markets are sufficient to supply all customers for the foreseeable future," said Mr Meintjies.

If the disruption continued, "alternative measures" would be taken to supply the export markets. Mr Meintjies did not want to expand on what these measures entailed.

Union representatives were locked in a meeting with International Harbour Services management and Mr Meintjies was confident the problem would be resolved soon.

# Container depot chaos puts exports at risk

CT(BR) 7/3/95

②③ 74G

BY AUDREY D'ANGELO

CAPE BUSINESS EDITOR

A bottleneck at Spoornet's City Deep container terminal in Johannesburg is causing delays that are pushing up costs, threatening jobs and endangering export orders, says Alan Cowell, executive director of the SA Association of Freight Forwarders.

A dispute between Spoornet and private company drivers is on hold while Public Enterprises Minister Stella Sigcau considers a report from a task force set up to investigate the situation.

But, Cowell says, although the drivers are at work, productivity is so low that only 300 containers a day are being moved when there is a need for 900.

"There are 700 containers on

Labour troubles at Spoornet's City Deep container terminal are worsening delays caused by a surge in imports and exports.

their way to City Deep from Cape Town, Durban and Port Elizabeth and 1 220 already waiting to be moved.

"These include goods urgently needed for production by factories.

"Some companies are going to the expense of bringing in goods by air which are normally sent by sea. This is pushing up costs and fuelling inflation."

Cowell said the labour troubles had worsened a situation caused by a tremendous surge in exports and imports following the election last year, which took shipping companies and Portnet by surprise.

"The volume of imports has increased by 20 percent in the past year. But the shipping companies

forecast an increase of 3 to 5 percent, and Portnet allowed for 8 percent. This caused logistical problems, particularly at Durban and Cape Town, which are overutilised.

"They are trying to get additional straddle carriers and gantry cranes as quickly as possible, and Durban is developing new container berths. But these things take time."

Heini Rapp, public relations manager at City Deep, said the depot had coped with the increase in imports by opening satellite depots for goods not travelling by sea.

Ronnie Holtshausen, marketing manager at the port of Durban, said it had handled 777 000 containers

in 1994, a 20 percent rise in volume. This reflected the 49 percent rise in the value of imports year-on-year reported by customs and excise in January.

To cope with the increase, two gantry cranes costing R20 million each were being erected and would be in operation by August and 14 straddle carriers had been bought.

"We are developing a R100-million container terminal which will be ready by mid-1996."

Cape Town port manager Neels Hubinger said there had been an 18 percent increase in the tonnage handled in 1994, which rose to 6 972 924 tons.

This was expected to rise to 7,8 million tons this year. Portnet was spending R131 million to increase the capacity of the port over the next two years.

## Exports lead way for WB Holdings

CAPE TOWN — Cape-based fruit grower WB Holdings reported earnings of 51c a share for the year to end-December, a substantial turnaround from the equivalent of a 30c loss a share reported in the previous year.

Turnover increased 123% to R16,1m (R7,2m), and a dividend of 8c a share was declared.

Borrowings of R1,8m at the start of the year were converted to a cash surplus of R2,1m because of favour-

able trading conditions.

The turnaround was mainly because of better export prices for the group's deciduous fruits.

Favourable weather conditions and new plantings increased fruit volumes 21,5% over that of 1993. In addition, operational cost increases were kept to below the consumer price index, the directors said.

EDWARD WEST

30/1/95

746

5/1/95

# Currency turmoil aids exports

CT(BR) 10/3/95 (74CT)

By NEIL BEHRMANN

LONDON CORRESPONDENT

South African exporters should get on the next plane to sell their products to European corporations.

The reason? The rand is effectively linked to the weak US dollar and the dollar crisis could thus prove to be a boon for South Africa, say economists.

If the European economic recovery does not falter because of uncompetitive exchange rates, South African commodity exports to Europe could soar.

Manufactured goods should also do well. Yet there will be considerable competition from North America and the Asian nations. They are also dollar bloc currencies and their goods are now extremely competitive, estimates National Westminster Bank.

The rand's purchasing power parity against the dollar was estimated at R3,71 by Standard Bank last year, compared with the present R3,62. The rand has fallen by around 5 percent in the past year against the American currency.

Yet it has slumped even more

against European units and is down by 27 percent against the Swiss franc, 25 percent against the German mark, 20 percent against the French franc and 13 percent against sterling.

The best market for SA products should be Germany and other mark bloc nations such as France, the Netherlands and Belgium. Yet even weaker European currencies such as sterling have appreciated against dollar bloc nations.

So there should certainly be interesting markets for SA goods right around Europe.

# Jordanian firm wants 100 000 tons of steel a month

EXPORT OPPORTUNITIES

(744)  
BD1313195

09948-426 453

THIS week's list of trade inquiries offers lucrative opportunities for SA steel producers to bid for a large order from a Jordanian importer.

In the miscellaneous manufactured category, Jordan Steel Co wants to buy 100 000 tons of steel monthly.

In the same category an importer from Amman Najjar Industrial Trading Co wants to be supplied with black steel sheets, galvanized steel coils, steel sections for building and other types of steel. French companies also make a strong

JOHN DAVID

showing in today's list of inquiries, with interest for SA trees, shrubs, unworked cattle horn and fresh potatoes.

An interesting inquiry was received from a French company Sidap. The company, which is featured in the machinery category, wants to be supplied with an electronic shoplifting prevention system. Hellbergs International of Sweden is interested in buying fire doors for ships and houses as well as windows for ships.



**INFORMATION** in this feature supplied by the Export Centre of the Department of Trade and Industry.

**Inquiries:** Manufacturers should contact the foreign company direct. Where possible a contact person has been named. If there are any problems, communicate with the department's Export Centre, tel: (012) 310-9791. Fax: (012) 320-8157.

**Export services:** For general advice on exports and export incentives, contact the department or its regional representatives in Durban, Port Elizabeth or Cape Town. It is strongly recommended that manufacturers new to the world of exports get in touch with the local office.

**Warning:** SA firms should be aware that restrictions on the export of these products might be applied by the authorities. While every effort is made to maintain the accuracy of information in this list, the Department of Trade and Industry assumes no responsibility for any incorrect data. Nor will the department and its officers assume responsibility for any transactions undertaken with the firms or individuals listed.

**PLASTICS AND RUBBER**

**ARTICLES**  
High-density polyethylene  
— Poland, Marwil M Wilczynski, tel/fax: 0948-61-480  
Polypropylene foil  
— Poland, Wytowmia Wytowtow, C Chiesla, tel/fax: 0948-61-671 680.

**PULP OF WOOD**

Kraft paper to produce cement bags — US International America Trade Inc, Antonio I Sabaler, tel: 091-305-567 0072, fax: 091-305-567 0172.

**CLOTHING AND TEXTILES**

Trackuits, ski suits and swimwear, other garments  
— Finland, Lintraco Oy/AB, Lars B Lindholm, tel: 09358-0-803 2355, fax: 09358-0-803 2355.

**FOOTWEAR AND HEADGEAR**

Safety shoes — Germany, Mab Arbeitsschutzhandelsges, Martin Abhan, tel: 0949-6622 6069.

**NATURAL OR CULTURED PEARLS**

Hand carved wooden necklaces of various lengths — US, Alabaster Originals, Sam Alabaster, tel: 091-901-523 2825, fax: 091-901-523 2825.

**BASE METALS AND ARTICLES OF BASE METAL**

Fire doors for ships, fire doors for houses and windows for ships — Sweden, Hellbergs International, Lemart Hellberg, tel: 0946-521-40 654, fax: 0946-521-40 027.

**STEEL NAILS, DRYWALL SCREWS — US, Prime Source Inc, Sharon Phillips, tel: 091-214-417 3750, fax: 091-214-416 3156.**

**Diamond tipped saw blades — Poland, ST. A Dabshi, tel: 0948-61-668 194, fax: 0948-61-668 834.**

**MACHINERY AND MECHANICAL APPLIANCES**

Pumps (fuel) — Egypt, El Pumps Import & Trade Co, Omar Zaher, tel: 0920-2-349 7725, fax: 0948-62-73 860/73 427, tel: 0948-62-77 686.

**Electronic shoplifting prevention system — France, Sidap, M Feterman, tel: 0933-1-6007 8888, fax: 0948-62-77 686.**

**Aluminium, aluminium products (doors and windows) — Oman, National Aluminium Products Co, R Ravi, tel: 09968-626 450, fax: 09968-626 453.**

**Steel profiles, black steel sheets, galvanized steel coils, galvanized steel coils, galvanized steel coils, accessories for building industry, secco profiles — Amman, Najjar Industrial Trading Co, Eng Muhan Najjar, tel: 09962-6-650 718, fax: 09962-6-605 824.**

**Furniture, timber, paper, safes, medical equipment, fabrics, leather products — Jordan, Al-Huda Est, Abdullatif Mahrour, fax: 09962-6-605 750.**

**Filter bags for industrial use and other dust control equipment — Bahrain, Gulf Markets International — Sam Jaffari, tel: 09973-230 654, fax: 09973-233 625.**

**Hardware industrial tools including pliers, wrenches, bench vice, drill bits, cutting tools, machine-ist files, spanners — United Arab Emirates (UAE), Tameem Ship Chandlers, Ahmed Al-Husseiny, tel: 09971-6-321 232, fax: 09971-6-333 532.**

**Clothing, upholstery and curtain material — Saudi Arabia, Al-Gazzar Est, M T Berhan, tel: 09968-2-651 4525, fax: 09968-2-651 0204.**

**LIVE ANIMALS AND ANIMAL PRODUCTS**

Sheep casing, pig casing — Poland, Poznań, P Kuznielawski, tel: 0948-61-524 388, fax: 0948-61-524 225.  
Sheep casing — Poland, Janinex O Koczowski, tel: 0948-61-517 670, fax: 0948-61-517 673.  
Live tropical fish — Italy, World Martin Fish SRL, tel: /fax: 0938-6-550 3941.  
Frozen sea bass — Taiwan, Yen & Brothers Enterprise Co, Susan Yen, tel: 09888-2-298 9008, fax: 09888-2-298 8721.  
Frozen scampi tails — Switzerland, Frigallment Import GmbH, Wald, tel: 0941-71-713 233, fax: 0941-71-715 722.  
Egg powder — Hungary, Cerbona, Tibor Csodo, tel: 0938-22-312 504, fax: 0938-22-

**316 010**

Cattle horn, unworked — France, Mercenne, P Castanier, tel/fax: 0933-66-692 919.

**VEGETABLE PRODUCTS**

Trees, shrubs and bushes — France, Chambre de Commerce et d'Industrie de Valenciennes et du Beauvaisis, E Chatelet, tel: 0933-74-653 179, fax: 0933-74-627 300.  
Fresh potatoes — France, HAP C Charpenier, tel: 0933-76-275 518.  
Dehydrated potatoes, onion, beetroot, carrot, red pepper, stringbeans, spinach, asparagus, cabbage — Argentina, Industrias J Matas SCA, Jacques Matas Jr, tel: 0954-61-380 637, fax: 0954-61-380 636.  
Almond, shelled; hazelnut, shelled — Taiwan,

**PREPARED FOODSTUFFS AND BEVERAGES**

Peanut butter — Israel, Elie Industries, Nachum Cohen, fax: 09972-3-675 2228.

**PRODUCTS OF THE INDUSTRIES**

Potassium permanganate — Egypt, Nawar Establishment,

Hope Sling Trading Co, Roger Cheng, tel: 09888-2-553 9855, fax: 09888-2-557 8812.  
Durum wheat seed, other wheat seed, maize seed — Hungary, Mezomag, György Hegedus, tel: 0936-22-329 002, fax: 0936-22-329 018.  
Sunflower seeds for the production of oil — Spain, J Martinez Alcazar Brokers, J Martinez Alcazar, tel/fax: 0934-1-416 1807.

**INDUSTRIES**

Pharmaceutical product/s/creams in packaging for retail sale, beauty or makeup preparations — France, Transco S.A.M, M Musso, tel: 0938-93-300 356, fax: 0938-93-505 531.

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NEWS FEATURE Retailers in 70 countries have South African wines on their shelves

# S African wines are in demand

South Africa 16/3/95



745

## BOOMING SALES Local

Product of the vine passes the taste test:

**A** FEW years ago South African exiles would smile nervously when offering a smuggled bottle of their native wine, unsure how friends would react to its taste or political incorrectness. It usually passed the taste test. And

with world economic sanctions that punished the old apartheid regime now gone, merchants in 70 countries

stock South African bottles on the shelves. Sales are booming and prices sit a notch under the competition from

California, Australia and Chile

### SA wines a consistent finish

David Winter, European marketing director for Wente Bros of Livermore, California, says South African wines are an exciting option in the price-conscious British market.

"We have a hard time competing in price because our labour costs are obviously higher," Winter said. "The only way we can compete is to say, 'Look, our wines taste different'."

Wine has been made near Cape Town since French Protestants who fled religious persecution in the 17th century found the sandy soil and moderate climate ideal.

South African wines have a clean, consistent finish. The favourites are floral sauvignon blancs and chardonnays -- light whites with universal appeal. South Africa also produces good shiraz and pinotage, a native red.

### Mandela's release helped market

Annual exports have grown to about 14 million gallons, 6 percent of the yearly production of 234 million gallons.

Before Nelson Mandela was released from prison in 1990 and became South Africa's first black president four years later, wine makers faced tough times.

From 1990 to 1994, shipments to Britain nearly quadrupled from 1.3 million gallons to just under 5 million. Sales to the United States shot up from 2 900 gallons in 1990 to 676 000 gallons in 1993. Other major markets include Canada, Germany, Belgium and the Netherlands.

Sanctions hobbled them from selling abroad and denied them imported machinery, cork and oak.

The industry-controlling KWV cooperative paid only survival prices for grapes to be sold as wine in the low-price domestic market.

### Demand for wines is high

Some winners evaded the sanctions, bypassing lucrative labelled exports and selling in non-traceable bulk bottled elsewhere with no mention of South Africa. The former Yugoslavia took the lion's share -- up to 2.3 million gallons a year.

"Thank God Mandela got out of prison, because I don't think the wine industry would have lasted for another five years," says farmer Schalk Visser, who upgraded a quarter of his vines to plant less costly crops.

Times have turned so good the South Africans are having trouble meeting demand.

"It's really a matter of making sure



As South African wine becomes more popular abroad, local tipplers complain of rising prices and being unable to find choice bottles.

there's enough to go around," said Steven Spurrier, a wine expert in London. "Australia and New Zealand are already having supply problems."

### Local tipplers complain of prices

The main market is Britain, a wine-loving country that makes virtually none and is a growing ground for the world's wine exporters.

South African wine undercuts the medium-range competition by a pound a two (litre 1.50-litre) a bottle in comparable categories in Britain. Prices run from the equivalent of 4.50 for a 1994 chardonnay to 10.50 for a 1991 estate cabernet.

Competitors say the prices result from poorly paid labour. South Africa has few wage structures other than conscience, although Mandela's government is considering a minimum wage for farm workers.

Pay varies from the nearly middle-class package provided by winery owner Larry Jacobs -- a three-bedroom house with electricity and hot water and R1 500 a month -- to shacks, communal taps and R450 some others pay.

### Times have

turned so good the South Africans are having trouble meeting demand



## Budget boost for exporters

Business Staff

(746) ARG 16/3/95

THE government has set aside almost R2,2 billion to encourage South Africa's export drive.

The 1995/96 allocation for export promotion amounts to R2,188 billion, including R39 million for the extension of the scheme to the former TBVC states.

The general export incentive scheme is being phased out and replaced by supply and export support programmes.

The allocation to the export marketing assistance scheme has been increased, mainly to assist smaller enterprises, and R122 million has been allocated for the export finance scheme for capital projects, up from R115 million last year.

## —BUDGET REACTION—

### 'No replacement for GEIS'

JOHN DLUDLO

(74G)  
GOVERNMENT's failure to provide for alternative supply-side and export support measures to replace the controversial general export incentive scheme (GEIS), to be wound down in 1997, came under fire yesterday from SA trade associations.

According to the Budget Review released by the Finance Department this week, GEIS payments became taxable from the beginning of this month to reduce the overall fiscal effect of the scheme.

GEIS benefits on primary products would be withdrawn from next month, and "relatively primary products" would be reclassified, causing benefits on those items to fall away. B01713195

SA Foreign Trade Organisation economist Linda Smith welcomed the move away from direct export subsidies, but she criticised government for failing to spell out alternative support measures.

The uncertainty would negatively affect exporters' long-term decisions.

She suggested that an expansion of the export marketing scheme, which assisted exporters with marketing costs, offered government room for manoeuvre for promotion measures compatible with the requirements of the World Trade Organisation.

# Exports boost TEJ recovery

ARG 17/3/95  
But margins still under pressure

**JOHN VILJOEN**  
Business Staff

CAPE Town knitwear and clothing manufacturer Towles Edgar Jacobs turned a R1,691 million attributable loss for the six months to December, 1993, into a R443 000 attributable profit for the second half of 1994, owing mainly to exports.

The results for the half year were in line with budget, but margins were still not satisfactory and remained under pressure, the TEJ board said.

Sales were up 26 percent from the same period in 1993.

The improvements in the group income statements were owing largely to better asset utilisation and operating efficiencies resulting from increased exports.

Turnover rose 26 percent from the same period in 1993, from R13,7 million to R17,3 million.

Earnings a share was 15c for the six months, compared with a loss of 57,3c a share.

Managing director Tony Owen

credited the improvement in the results to "consistent endeavour" over the past three years to reap the benefits of increased export volumes.

"In light of these results and the outlook to the end of the year, we are confident of an improvement for the full year, placing TEJ firmly on a path to sustained recovery," Mr Owen said.

Significant changes in the TEJ balance sheet were the increases in fixed and current assets. Land and buildings were revalued last October to about R7 million.

An amount of R2,5 million had been transferred to non-distributable reserves. Current assets reflected the increased stocks required to support the greater manufacturing activity levels and sales for the second half of the year.

In spite of the pressure on margins, the budget for the second half of the year should be met, which would result in improved earnings on last year, the TEJ board said.

## Duty-free exports to EU on cards

JOHANNESBURG. — South African Deputy President Thabo Mbeki said an agreement with the European Union to allow exports of duty-free products to the single European market should be finalised by mid-year.

"We have agreed broadly with the EU commission that we should conclude the negoti-

ations by the middle of the year," Mr Mbeki told reporters on his return from a five-day visit to the Netherlands and Belgium yesterday.

Mr Mbeki said talks with EU officials centred on efforts to speed up the process which would give South African producers access to European markets on a duty-free, non-

tariff basis.

"The principle is access of products into the European Union on a duty-free, non-tariff basis," he said.

Exports from South Africa to the EU between January and November 1994 amounted to R17,4 billion. South African imports from the EU totalled R30,4 billion in this period. — Reuter.

ARC 18/3/95

(74C)

# SA cars <sup>(182)</sup> exported <sup>(744)</sup> to Uganda

The Argus Foreign Service

NAIROBI. — South Africa is edging into the car market in Uganda, having provided a third of all new cars in January, an East African newspaper has reported.

Quoting an official of the motor vehicle unit of the Uganda revenue authority, the report said of 150 cars imported that month, 54 were new models bought from South Africa.

"While reconditioned cars still dominate imports, there has been a remarkable increase in the arrival of new cars, especially BMWs, Hondas and Mazdas, from South Africa," it said.

The official predicted with the lifting of sanctions, Uganda was likely to import from South Africa goods normally bought in Asia or Europe.

"We pay less for freight, less insurance and it takes just a week by land," said a Kampala motor dealer.

In April Uganda's ministers of finance and economic planning, trade and industry, tourism and wildlife will address the South African business community on opportunities in Uganda. ARG 20/3/95

(215) (746)

# Richards Bay ready for boom in coal exports

CT (BR) 22/3/95

The terminal is ready to handle 13 percent more coal than last year. The question is, can producers meet foreign demand?

BY DEREK TOMMEY

MINING EDITOR

South Africa's coal-exporting companies, already starting to benefit from sharply higher export prices, have been given another boost in the form of dramatically improved efficiency at Richards Bay.

Richards Bay Coal Terminal which handles virtually all the country's coal exports, has found it can export substantially more coal than it thought possible without extra capital expenditure.

In 1993, 51 million tons of coal were exported by the company. Last year the figure was pushed up to 53.4 million tons.

This year, RBCT's managing director, MB Dunn, confirmed in his annual statement to shareholders, that the capacity of the terminal could be increased to 60 million tons a year — an increase of 13 percent on design capacity.

Analysts say this boost to exports — if coal companies can deliver — together with the expected 25 percent rise in export prices, could lift the country's coal revenues this year by close on 40 percent.

Dunn said the terminal's full capacity became evident after two derailments on the railway line to Richards Bay last October.

These derailments closed the line for some time. Nonetheless, increased efficiency in terms of train handling, shiploading and cost containment enabled Richards Bay to export a record tonnage.

Companies which have shares in Richards Bay and throughput entitlement rights are: Amcoal, Duiker, Gold Fields Coal, Ingwe Coal, Kangra group, Shell South

Africa, Tavistock and Total Exploration.

In addition, it was recently announced that Sasol would buy a 5.2 percent stake from shareholders and would start exporting coal through the terminal in 1997.

The prospects for export coal are bright. John Barker of Hambros Equity said the global steam coal market this year was set to be in deficit by 7 million tons.

Negotiations between coal exporters and coal users for annual steam coal contract prices already indicate improvements of up to 25 percent on the ruling free on board price.

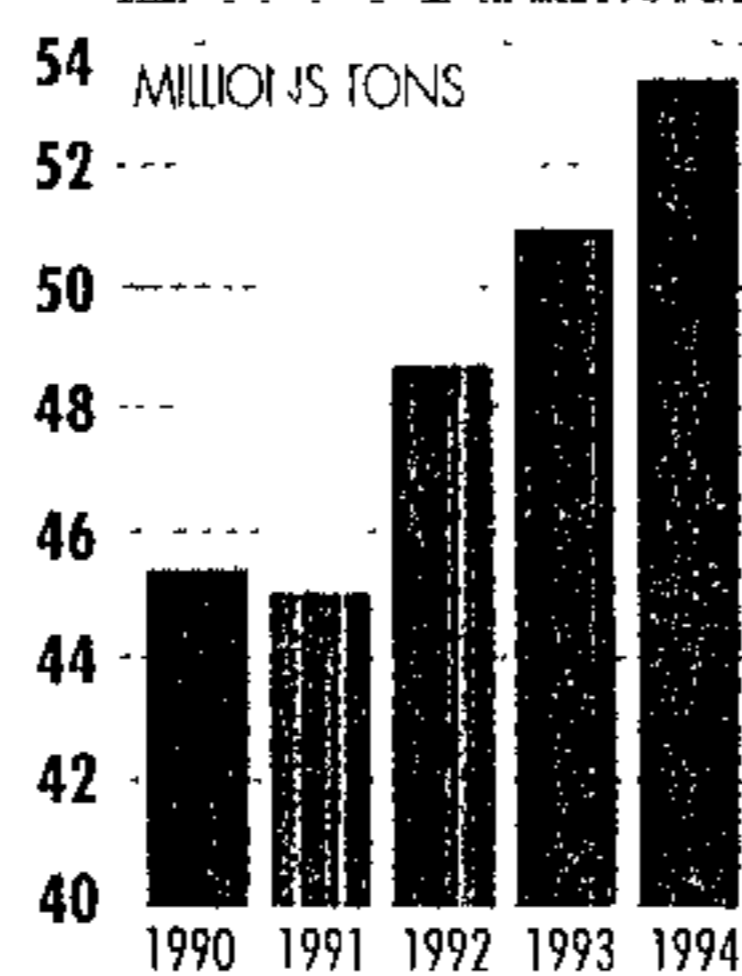
Ken Trueman, managing director of Amcoal, said recently that the spot coal price, which has some bearing on contract prices and was around \$20 a ton a year ago, is now in the early \$30s.

However, the question remains whether the local coal industry can expand production quickly enough to meet this year's expected growth in export demand.



**FULL STEAM AHEAD** Bulk carriers line up for loading. Improved efficiency means Richards Bay Co terminal will be able to export substantially more coal than thought possible without extra capital expenditure.

## Coal exports



# Dollar's dive buffets SA exports

Marginal mines come under renewed pressure as gold wallows, while price of luxury cars could rise by 5 percent

By CLARE GEVHARDT

ECONOMICS EDITOR

The dollar continued its freefall

yesterday to dramatic new post-war lows of 88,05 yen and DM1,3980 following a larger-than-expected US trade deficit for January, bringing mixed blessings to South Africa.

The rand's strength against the dollar but weakness against the German mark and Japanese yen means fewer rands for dollar-denominated exports such as gold,

and costlier imports — notably German and Japanese motorcars, which could rise by about 5 percent in the medium term.

Because the gold price continues to wallow in the \$383 range, marginal mines already facing a profit squeeze and higher working costs are likely to face continuing pressure to close.

Dealers yesterday said negative perceptions about the US's trade deficit which shot up by 68,4 percent to \$12,23 billion in January, the continuing Mexican crisis and the

reluctance to raise US interest rates could sink the dollar to the 80 yen and DM1,32 level.

Asian markets were also hit. Tokyo stocks fell for the fifth consecutive day to their lowest closing level in 31 months, with the Nikkei closing 92 points down at 15 267.

The fledgling rand continued to strengthen in hectic trade to previously undreamt of heights of R3,5915 to the dollar. After opening at R3,6015 and strengthening to R3,5915, the rand closed slightly weaker at R3,5990.

Before the firmand's abolition the consensus was the unitary currency would be lucky to find a level

around R3,70.

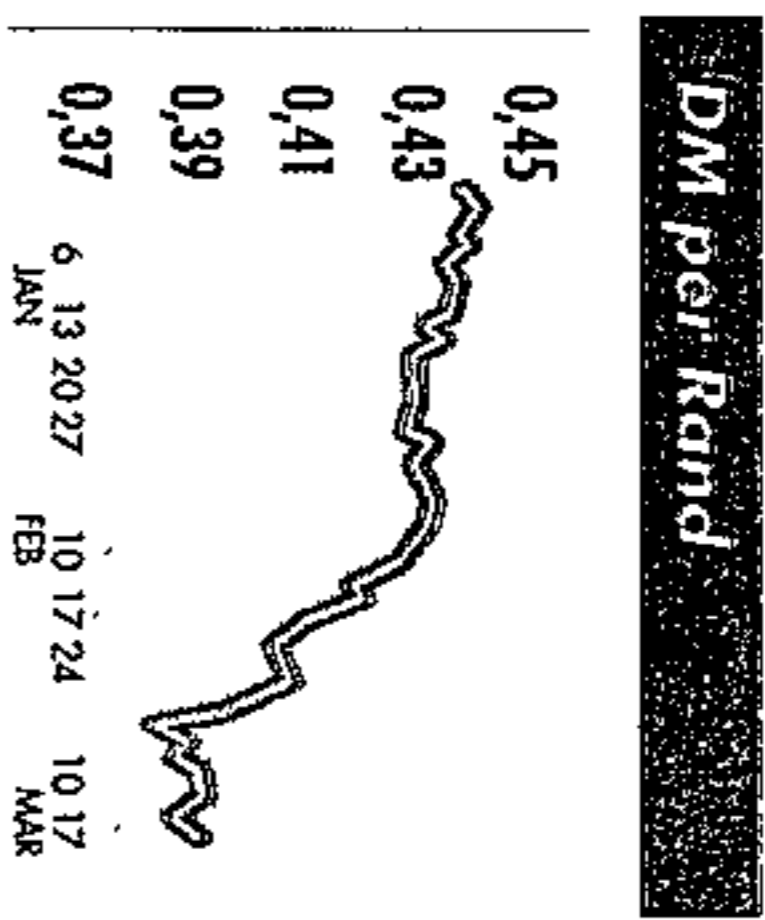
But on the crosses, the rand continued to wallow at R4,0839 to the yen, at R2,5744 to the German mark and at R5,72 against the British pound.

Currency dealers said trading was volatile in the wake of overnight weakness in the dollar.

Strong importer demand for dollars was evident around the R3,59 to R3,60 level.

Nedcor chief economist Dennis Dykes said the rand had depreciated massively against the German mark and yen since the beginning of the year but had fallen less against the pound which had been

CT (BE) 24/3/95



beset by political woes.

"A weak dollar is negative for South Africa because a large proportion of our imports such as machinery, tools and cars are denominated in third currencies." "Oil imports are paid for in dol-

lars but as we are reducing our stockpiles at the moment it doesn't help much," he said.

Dykes said consumers would be shielded from higher import prices for about three months.

Old Mutual chief economist Dave Mohr said the dollar's continued plunge made the Reserve Bank's task in maintaining currency stability easier.

"While the dollar is weak there is less pressure on domestic interest rates but if the US pushes up interest rates our currency will be weaker against the dollar and there will be pressure on our interest rates to rise in tandem."

(749)

# Outspan contract for Trafex

Computer Correspondent

OUTSPAN International, leading exporter of SA citrus fruit, has awarded the contract to manage its international computer network to value-added network supplier Trafex.

Outspan, which last year exported 40 million cartons of citrus to 35 countries, uses its wide area network (WAN) to ensure an effective and swift flow of information.

Says Lewies Steenkamp, senior manager information systems: "Outspan's communications requirements include data trans-

~~mission~~ mission and interactive sessions between computers, and between computers and remote terminal equipment.

"The various countries where Outspan operates often use different network technologies which aren't necessarily compatible with each other."

"Using the Trafex network means Outspan has one link into a vast global network for channelling all data flow," says Trafex sales representative Louis Werth. ARG 25/3/95

"Data is exchanged with various companies and offices, and

(74G)  
the Trafex network takes care of the routing of the data to the correct destination.

"Any network problems are monitored and taken care of by the Trafex response centre."

Having outsourced its wide area networking requirements to Trafex, Outspan can now co-ordinate communications between all its overseas agents and South Africa.

"Outspan now also has on-line access to Cape Span, its international distribution arm, and is able to monitor the movement of fruit internationally," says Mr Steenkamp.



# Wine producers will 'look after' local consumers

Exports boom, but SA tipplers will be OK

Att 21/3/95

**TOS WENTZEL**  
Staff Reporter

CONSUMERS of good South African wine need not fear a shortage or sharp price increases as a result of much bigger exports.

There have been misgivings among wine lovers because some estates have sold out some of their top wines before the new season's become available towards August.

Spokesmen for wine companies and the KWV say this is largely a seasonal phenomenon at wine estates producing relatively small quantities.

They point out that, although booming, the export market remains small compared to the local market.

The attitude of South African wine producers is that they will look after their local market and foreign consumers who supported them in times when they were up against sanctions. Stellenbosch Farmers' Win-

ery spokesman Bennie Howard said that as far as his company was concerned, there was a good balance between local and international markets.

"We do not foresee any stock problems as far as our local consumers are concerned or any undue price increases except those caused by a rise in the price of other materials such as packaging," he said.

Recently the price of wine increased between four and five percent. Last year there was no increase.

"We will look after our local consumers," added Mr Howard.

He pointed out that many misconceptions existed about the increase in exports. Local sales were still far more profitable, he said. If transport and promotion costs were taken into account, it was fairly expensive to export.

South African wines overseas were up against fierce competition, especially from Australia and Chile, he added.

A KWV spokesman pointed out that only about six percent of the total wine crop, more than five million cases, was exported last year.

Part of the produce of wine farms was exported in the form of grape juice concentrate at good prices. This could be 10 to 20 percent of a potential wine crop.

A surplus of lower-quality wines had in the past been turned into alcohol for export and South Africa had never had a "wine lake" in the way the European Union had.

Sydney Back, veteran wine producer and former chairman of the Estate Wine Producers' Association, said there was no serious shortage of good wine. It was just that estates which produced smaller quantities did run out of certain varieties from time to time.

Crops in the past two years and again this year had also in many cases been smaller.



TOAST: Anneke Ehlers of Boland Wine Cellars, Huguette de Villiers of Landskroon Estate, Leon Mostert of Zandwijk and Wendy Coetzer of Fairview raise their glasses to toast this year's Argus/Paarl Nouveau Wine Festival.

## Hot-air balloon will be one of the highlights

Staff Reporter

THE impressive spectacle of a colourful giant hot-air balloon promises to be one of the main attractions of this year's The Argus/Paarl Nouveau Wine Festival on Saturday.

Featuring an unusual design of a globe exploding from a parcel, the balloon is part of an international freight company's publicity programme.

The visit to South Africa is the balloon's first international appearance, at the start of a worldwide tour designed to use its imposing dimensions and graphic

**The Argus**  
PAARL  
**Nouveau**  
WINE FESTIVAL

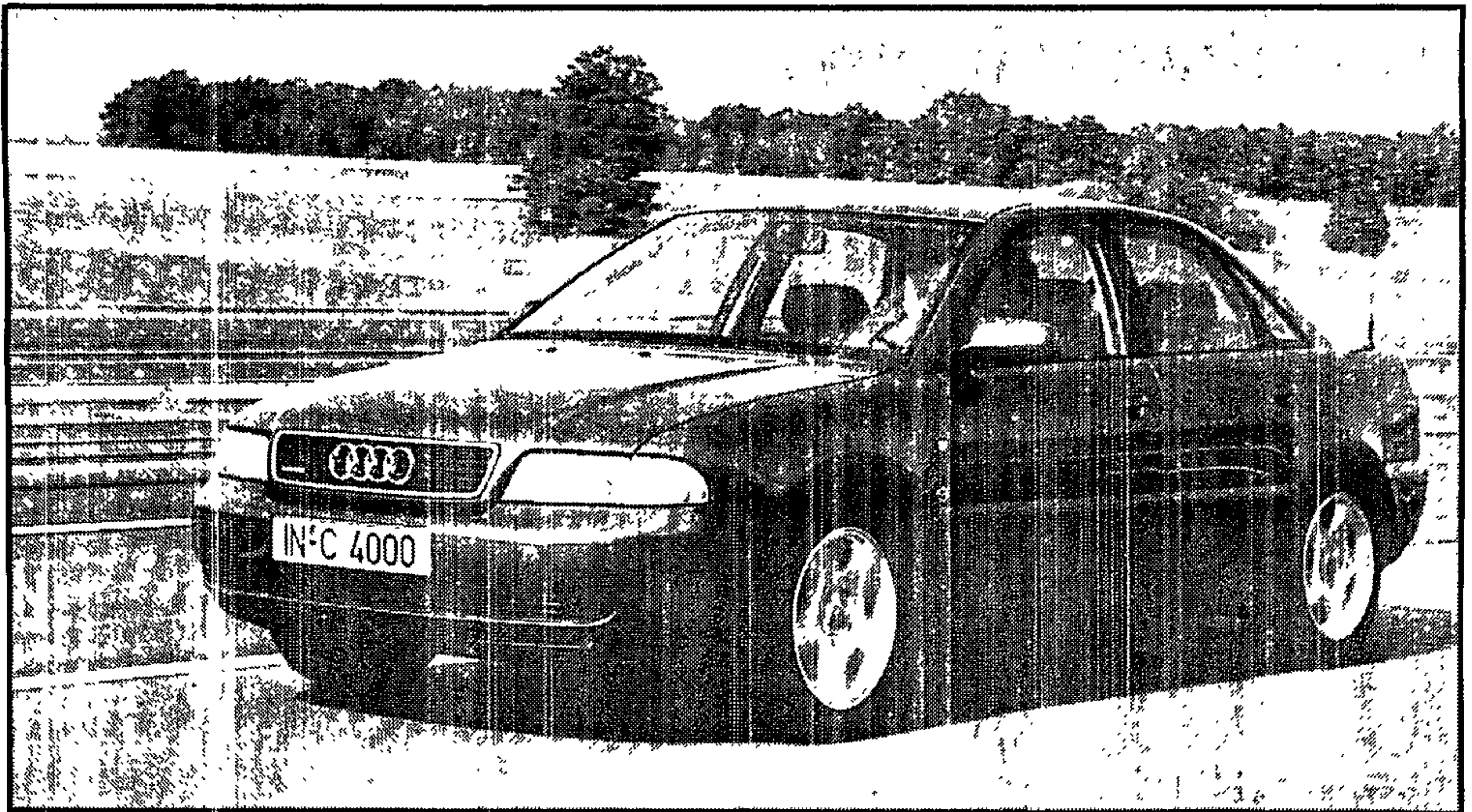
colouring to promote owner DHL's marketing message.

Just after dawn on the opening day of the festival this aeronautic creation will lift off from one of the historic wine

farms of the region, carrying a new vintage due to be released during the festival.

With Gunther Brozel as the flamboyant master of ceremonies and a mystery celebrity special guest, he there in time for the opening ceremony.

Tickets are still available from The Argus at R25 or from Computicket at R28,30, and the price includes a bus ride up the mountain from the parking site at Oude Renbaan to the festival site (no more parking problems at the top of the mountain), plus entrance to the festival.



SIDELINED FOR SOUTH AFRICA . . . Audi's new A4, whose right-hand drive version may be assembled for export in Uitenhage

# SA just right for Audi exports

ST (BT) 26/3/95

(74G) (142)

By **DON ROBERTSON**

THE introduction of the new Audi A4 range in South Africa in August could pave the way for the company's Uitenhage plant to become the world supplier of right-hand drive Audis.

A team of engineers and management staff from Audi's Ingolstadt headquarters in Germany is currently conducting a feasibility study at the plant.

The SA A4 launch will also herald a "separation" of the marketing activities of Volkswagen and Audi, which will see dedicated Audi dealer networks established.

This split is being developed in all of Audi's international markets and was initiated last Friday with the adoption of a new Audi logo at the German headquarters.

Speaking in Ingolstadt this month, assistant to the technical director Peter Tropschuh said that of the 420 000 Audi cars expected to be produced by the Ingolstadt and Neckarsulm plants in Germany this year, between 15% and 20% will be right-hand drive vehicles.

"It would make good sense to have all the tools and equipment in one place where we could install engines, gearboxes, chassis and even cigarette lighters, rather than have production from two plants in Germany," Dr Tropschuh said.

"If the decision is taken to go ahead with global production in Uitenhage, it might be necessary to increase production to as many as

800 a day, especially with India offering huge potential for sales and Britain now becoming a major market."

Local Audi marketing manager, Johan de Nysschen confirmed that the A4 project would rely heavily on exports.

The local A4 launch will be eagerly awaited by motorists and prices are expected to be more than competitive.

"For instance, if the equivalent BMW is priced at a factor of 109, we will sell at 100," says Dr Tropschuh.

In South Africa, 10 dedicated dealers will be set up by the end of the year to tie in with the A4 launch. An additional 60 joint dealerships will also be established each of which will have a separate en-

trance, showroom, service, sales and workshops facilities, requiring considerable investment.

The marketing team at Midrand will be strengthened and a new dealer organisation will be formed.

Two variants of the A4 will be introduced. The mid-range 1.8 litre four-cylinder, with the highly advanced and fuel efficient five-valve engine producing 92kW and the 2.8 litre, V6 producing 128kW.

Both have a wealth of luxury features, including anti-lock braking systems with an electronic brake pressure distributor, airbags for driver and passenger, central locking, electric exterior mirrors, adjustable steering column, four head restraints, an electric immobiliser and a fully galvanized body.

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## Western Cape fruit, veg and flowers seek R250-m European market boost

(746) ARG 1/4/95 (444) (5114) (21111)  
BETTER access to European markets is worth up to R250 million a year for the Western Cape's fruit, vegetable and flower exporters.

According to Unifruco chairman David Gant, this is what exporters pay in tariffs to the European Union every year.

He describes the figure as

'preposterous', particularly since duties of more than 20 percent are paid on items such as grapes and apricots, which reach Europe at a time when European produce is not in season.

Agricultural exporters, says Mr Gant, reaped no benefits from the Generalised System

of Preferences (GSP) offered by the European Union last year and are hoping for better things from the current negotiations.

Unifruco has promised that part of any tariff savings will be paid to the Small Farmers' Development Corporation, of which he is chairman.

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## Outspan in plan to double Maputo citrus exports

LOUISE COOK

A JOINT venture company of Outspan International and Mozambican based Manica Freight Services would see a doubling of citrus exports from Maputo harbour by the end of the year, Outspan shipping and distribution GM Roelf Pienaar said. *BDS/4/95*

The new company, Maputo Produce Terminal, was 75% owned by Outspan and 25% by Manica Freight Services, he said.

Pienaar said Maputo harbour was the natural port for the eastern and northern Transvaal and Swaziland and it was logical to make greater use of its export facilities.

Outspan expected to increase its exports from Maputo from 4,5-million cartons to 8-million cartons by the end of this year, and it was expected that exports would reach 60-million tons

by the year 2000.

"Previously all pre-cooling and handling at the Maputo fruit terminal was done by the Mozambican railway authorities at an agreed rate per pallet."

In terms of the latest deal, Maputo Produce would lease the fruit terminal premises and pre-cooling facilities equipment from the railways on a long-term basis.

Additional cold storage facilities would be provided by the Matola cold storage warehouse.

Pienaar said Maputo Produce would handle the export side with the railway authorities providing staff for loading the fruit.

"Outspan is very positive about future export prospects there," he said.

# Kenya to halt 'dubious' SA imports

Kenya is determined to put a stop to the dumping of inferior goods, to protect local industries

By JOE KHAMISI

ARGUS FOREIGN SERVICE

Nairobi — The Kenyan government is tightening up its import regulations amid persistent claims that several countries, including South Africa, are dumping substandard or expired goods on the market.

The commerce and industry minister, Kirugi M'Mukindia, said that to curb the flow of "dubious" goods, the Kenyan bureau of standards would increase its efforts to ensure that imported goods complied with national standards. Special units will be set up at airports and ports to examine the

quality of all imports, a recent government gazette said.

Imported food commodities similar to those being manufactured locally would be targeted in particular, said a source in the ministry of agriculture.

The government has imposed a dumping tax of up to 20 percent, or the difference between the product price at source and the price of a similar local item, to protect local industries.

South Africa is not the only country accused of dumping.

Countries linked to the large inflow of inferior electronic goods, textiles and shoes include Indonesia, China, Pakistan and

Singapore. But the high visibility of South African consumer goods in supermarkets and stores is giving the impression that South Africa is the leading culprit.

Most shops, particularly in urban areas, are well-stocked with South African goods such as fresh fruit, tinned juice, breakfast foods, wine and beer, perfumes, television aereals and industrial products.

In Kenya, all manufactured goods must be properly labelled with due-by dates.

Most of the products carry reliable brand names, but some have little or no information on the value of the contents.

Last year, several local traders were charged in court for selling expired South African goods.

Five thousand cases of South African beer are being held in

Mombasa after they were declared contaminated and unfit for human consumption.

"The big offenders are not South African manufacturers but local dealers who bring expired goods through the back door with the help of customs officials," said a source at the Kenyan association of manufacturers.

He said most of the dealers evaded taxes and duties and used unfair practices to dispose of their goods.

The department of customs and excise has been cited in government audit reports as one of the most corrupt.

## Five thousand cases of 'contaminated' South African beer have been seized

Claude Hoekstra, economic officer at the South African high commission, said most of the issues regarding due-by dates and labelling had been ironed out and South African exports were adhering to Kenyan specifications. However, the two countries are still discussing the issue of volume.

South African beers, for example, come in 340ml cans. The Kenyan government wants the volume raised to 500 ml, which is the Kenyan standard.

"We have been discussing this for four months. I hope we'll come to agree-

ment soon," said Hoekstra. A report prepared late last year by the department of internal trade found no evidence of deliberate dumping of South African goods. But it conceded that some South African goods were entering the market without duty being paid and therefore being sold at much lower prices. The association of manufacturers prefers that imports enter through joint ventures and franchises instead of through dealers. There are fears that uncontrolled imports will undermine local industries and contribute to unemployment. Labour unions claim that 3 000 people have lost their jobs in the leather industry and that the sugar and textile industries were reducing staff.

(7/4/95)

WINE EXPORTS

Many a slip?

~~3 JALINE~~  
744

FM 7/4/95

South African wine exporters should put more effort into developing products for the massive mid-price range market which accounts for most of the phenomenal success of the Australian wine industry in the UK.

That is the advice from a 40-member delegation from the Institute of Masters of Wine (IMW) which has just completed an extensive tour of SA to assess the local wine industry.

It was the IMW's first visit to SA for 18 years. IMW membership is restricted to people involved in the wine trade. In the UK, members account for 75% of all wine purchases which total 70m-80m cases a year.

During its 10-day SA tour, the group tasted 270 wines and met more than 100 local winemakers and other representatives in the wine industry.

Their conclusion was that SA wines offer good value in the lower and upper price ranges, but mid-price range wines are inconsistent. They point out that wines in this category are vital in the UK which is currently SA's single most important foreign market.

One suggestion is that local producers concentrate on developing niche markets for Chenin Blanc and Pinotage, two cultivars virtually unique to SA.

SA Wine & Spirit Exporters Association chairman Jannie Retief says the IMW's visit was important to the local industry. He confirms that part of SA's problem is the lack of "upfront, easy-to-drink" wines.

Nevertheless, SA wine exports are still booming off the low base of the sanctions years and continue to beat projections. Last

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BUSINESS

year, exports totalled 6m cases—more than double the initial estimate of 2.8m. Retief says this year's figure could reach 9m, but markets are growing so quickly that accurate forecasts have become almost impossible. SA's ambition to sell 11m cases of wine

overseas by 2000 now seems to be an underestimation. Retief believes the figure may have to be revised to 20m. The UK remains SA's single most important market with sales last year of under 2m cases. The sales figure this year is expected to be close to 3m.

Canada is SA's quickest growing market with sales last year of 250 000 cases off a base of virtually zero. SA's main foreign competition in Canada is Chile which sold about 750 000 cases last year. Retief says there has also been strong growth in Denmark and Germany.

# Amic divisions expand SA's capacity to export

THE rapid revival in private fixed investment, particularly in massive new export capacity in projects like Alusaf, Columbus and Namakwa Sands, would augment SA's export earnings by about R10bn a year or 10%, Anglo American Industrial Corporation (Amic) chairman Leslie Boyd said in his annual review.

He said a growth rate of 3% or more could be attainable this year despite the drought.

Amic, which increased earnings 50,3% to 1 108c (737c) a share in the year to December, was budgeting for a further improvement in its results in the current financial year.

Boyd said Amic was involved in major projects, currently in hand or projected, worth more than R7bn.

The most significant of these was the R3,5bn Columbus joint venture.

MARCIA KLEIN

Others included Tongaat-Hulett's R1,75bn expansion of the rolled products division of Hulett's Aluminium and Polifin's R640m production facility at Sasolburg.

Mondi, which became the major contributor to group earnings on the back of a 143% increase in attributable earnings to R243m (R100m), had embarked on a R280m capital programme to increase production capacity and quality at its pulp, paper and board mills.

Boyd said in the review that Mondi had budgeted to operate at capacity throughout 1995 "and to achieve significantly higher profits and strong cash flows".

Scaw Metals, which increased earnings 20% to R121m, experienced a "modest" improvement in domestic activity and depressed international

prices for many of its export products. The improvement was expected to continue this year.

The availability of steel scrap remained a concern, and supply was expected to remain "extremely tight for the foreseeable future". Scaw was looking at erecting a third DRI kiln to ensure a supply of iron units for its melting operations.

AECI, whose earnings rose to R287m (R206m), expected "significant further growth in earnings in the current year". The R280m lysine plant at Umbogintwini was within budget and on schedule for commissioning in mid-year.

The Boart Longyear group, whose attributable earnings leapt 95% to R86m (R44m), had ended 1994 "on a high note" with strong levels of activity internationally. Further improvements in profitability were expected in the current year.

# SA faces tough EU trade talks

CT(BR)10/4/95

Southern Europeans expected to take  
a hard line on agricultural exports from SA

By JOHN FRASER

ARGUS FOREIGN SERVICE

Brussels — European Union foreign ministers are to be presented with proposals today for a new accord between Europe and South Africa.

However, tough negotiation lies ahead, as some members will be reluctant to offer South African the full range of trade advantages.

The commissioner responsible for South Africa, Portugal's former foreign minister Joao de Deus Pinheiro, will be presenting his blueprint for European relations with South Africa.

Pinheiro will propose partial membership for South Africa of the Lome convention — the union's aid, trade and co-operation treaty with 70 African, Caribbean and Pacific states.

This will involve the maintenance of Europe's special programme of aid for South Africa — worth about R555 million this year.

Pinheiro will also propose a trade accord, with the eventual goal of free trade between Europe and South Africa.

This plan is likely to be the most divisive, with many southern European states fearful of competition from exports, especially in agriculture.

"We are very happy that our case is finally on

the table," said Neil van Heerden, South Africa's ambassador to the union.

"This opens the door for our case to come to conclusion, although I don't expect a substantive discussion at this meeting."

He said the government would not accept all elements of Pinheiro's proposal, and would seek trade concessions inside the Lome convention.

This route has been rejected by Pinheiro, who argues that the Gatt world trade rules do not allow South Africa to benefit from the trade aspects of the Lome agreement.

Van Heerden warned that southern European states would resist opening up their markets to South Africa.

"Only 10 percent of our exports to Europe are agricultural products, but South Africa is strong in the agricultural export market, and that is a matter of concern for the southern Europeans."

"I expect the negotiations will be difficult, as the positions of the European Union and South Africa are some distance apart."

European Union foreign ministers were expected to instruct diplomats in Brussels today to study the proposals for negotiations, with a full debate planned for the next foreign ministers' meeting at the end of May.

That meeting was expected to give the go-ahead for full negotiations to begin.

Pinheiro will visit the country next month, and present a formal report to the 15 foreign ministers.



## Huge rise in SA's sales to Gulf states

ABU DHABI — SA exports to the Gulf Arab states had more than doubled during the past two years, officials said yesterday. They were speaking as President Nelson Mandela travelled from Abu Dhabi to Manama for the last stop of a Gulf tour to add impetus to the trade blitz. **BD13/4/95**

SA's charge d'affaires in Abu Dhabi, Mohammed Gangat, said: "Trade has surged in the past two years and we expect it to grow steadily in the future."

SA Foreign Trade Organisation figures show exports to the Gulf Co-operation Council jumped to \$188m last year from \$86,4m in 1992. The level stood at less than \$10m before the states ended sanctions against Pretoria three years ago.

The United Arab Emirates (UAE) was

the biggest market for SA last year, importing goods worth \$70m. It was followed by Saudi Arabia with imports of \$59m, Bahrain (\$38,2m), Kuwait (\$10,3m) and Oman (\$8,6m). **(74G)**

SA's imports from the six members totalled about \$30,2m, of which \$20,5m were from the UAE, excluding Kuwaiti exports of nearly 40 000 barrels a day of crude.

Mandela promised Gulf investors yesterday that he would facilitate business deals for them in SA. He has invited the four countries' leaders and trade delegations to visit SA, and pledged to simplify red tape delaying deals as well as steps to ensure investor confidence. He also hoped to see investment channelled into smaller black enterprises. — Sapa-AFP-AP.

# Exports of cars may pass R1,1bn mark

EXPORTS of built-up cars were expected to increase as much as 40% to more than R1,1bn this year, industry sources said yesterday.

Most manufacturers were focusing on exports in anticipation of the new motor industry development programme, which would force them to improve economies of scale and would offer import credits for achieving set export levels.

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said the value of exports was "substantial and growing". Exports of built-up vehicles brought in about R782m a year. However, they were expected to reach R267m in the quarter to end-June — almost double first-quarter sales. Similar levels would be achieved in the September quarter. Exports were particularly strong in the commercial vehicle sector, he said.

Combined exports of vehicles and components were running at about R2,5bn a year. Forecasts indicated sales would reach R673m in the quarter to end-June and R711m in the quarter to September.

Although the new motor industry dis-

BD 13/4/95  
MARCIA KLEIN

pensation had not been finalised, it was certain it would include an import/export facility. Vermeulen said: "Exports would continue to be a cornerstone of the motor industry development programme, as this was an area where economies of scale could be achieved."

Volkswagen SA marketing communications GM Bill Stephens said his company's export programme had largely included the extensive contract to export second-generation Jettas to China. Under the two-year contract, which would end in May, it would have exported 28 000 vehicles.

"We are looking at many opportunities in conjunction with our parent company in Germany. VWSA still exports a small number of vehicles into Africa, but it would want to replace the volumes exported to China. We are looking aggressively at all exports into right-hand drive countries."

Audi recently stopped production of the A6, importing it instead, and would start manufacturing the higher volume A4.

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## Car exports

Toyota SA group marketing director Johann van Zyl said Toyota had planned for a 40% increase in export sales to more than 3 500 units in 1995. It recently opened an export distribution centre, exporting 2 257 vehicles to Zimbabwe, Zambia, Malawi and Mozambique last year, and would export to Kenya from May.

Delta MD Willie van Wyk said it was proposed that each rand earned from exports be used as credit against a wide

range of imported components and vehicles. Delta believed SA would become the source for low-volume niche markets abroad. It was also exporting converters, jacks, tooling and other components to manufacturers in Europe, the US and the Far East.

Details of the motor industry restructuring, originally scheduled for implementation on June 1, are expected in May.

□ From Page 1

*Upturn in world economy increases demand*

stew 18/4/95

# SA coal exports (74G) could rise sharply

■ BY DEREK TOMMEY  
MINING EDITOR

Increased prices being paid overseas for coal suggest that the value of South Africa's coal exports this year could rise by more than R1-billion.

The upturn in the world economy has sharply increased the international demand for coal. As a result the spot price of coal overseas has risen in the past 15 months. From around \$20 a ton to above \$33 a ton.

However, spot prices are usually paid for non-regular coal requirements, not for contract deliveries. The price of this coal is normally fixed after negotiation and, being long-term prices, can diverge significantly from the spot price.

The Japanese are major coal importers and usually start price negotiations in February, first with the Australians who are Japan's biggest suppliers and then with the smaller coal exporters, including South Africa.

## **IF TREND in Japanese coal ordering continues, SA coal exports could increase by R1,2-b**

The Japanese also tend to negotiate contracts for hard coking coal first and subsequently for the semi-soft coking coal which is produced by South Africa.

First indication about the way the Japanese negotiations are going comes from Australia. Broken Hill Pty, that country's largest company, reports that the Japanese Steel mills have agreed to increase by \$5.65 (R20,50) a ton the amount they are to pay for hard coking coal from Broken Hill Pty, Australia's largest company.

South Africa currently expects to export about 60-million tons of coal through Richards Bay this year. If this

increase is repeated for other Japanese coal purchasers, it is easy to see that the value of the country's coal exports could rise by around R1,2-billion during 1995.

But good though an increase of this size may seem, some analysts are hoping that the price increase for semi-soft coking coal will be significantly greater, possibly by between \$6 and \$10 a ton — which could boost export earnings and coal revenue by up R2,0-billion.

Coal exporters have reported that European buyers have agreed to pay 25% more for their coal this year. Exporters do not disclose the prices they actually receive, but industry sources say that the increase could have been between \$6 and \$7 a ton.

Main beneficiaries of a higher export coal price will be Richards Bay shareholders Amcoal, Ingwe (formerly Trans-Natal and Randcoal), Shell, JCI, Duiker, Tesa, Gol Fields, Kangra and Sasol.

# Demand still strengthening as wine exports double

By FRANCOISE BOTHA

STAFF WRITER

Exports of wine more than doubled last year — and the trend is expected to continue.

Figures released by KWV show that South African wine industry exports increased by 112 percent between 1993 and 1994.

The figures cover what is classified as "good wine", which means wine in bottle or bulk container and excludes wine intended for distilling purposes.

"The increase from 2.8 million cases to 5.93 million cases is significant and it seems that the demand for our top products is very strong," a KWV spokesman said.

Strong growth in exports is expected to continue. The wine industry has set high targets for the next few years and producers said they were on track to achieve these.

Jannie Retief, chairman of the South African Wine and Spirit Exporters' Association said, "the wine industry makes up 25 percent of the economic activity in the Western Cape and the only thing that is going to slow the growth in exports is a shortage of certain varieties like merlot and chardonnay."

"The association had hoped to increase exports to 11 million cases a year by the year 2000, but it looks like we will have to revise this target upwards," he said.

Merlots have opened up grade since 1990. Although South Africa is servicing more than 50 countries, experimentation

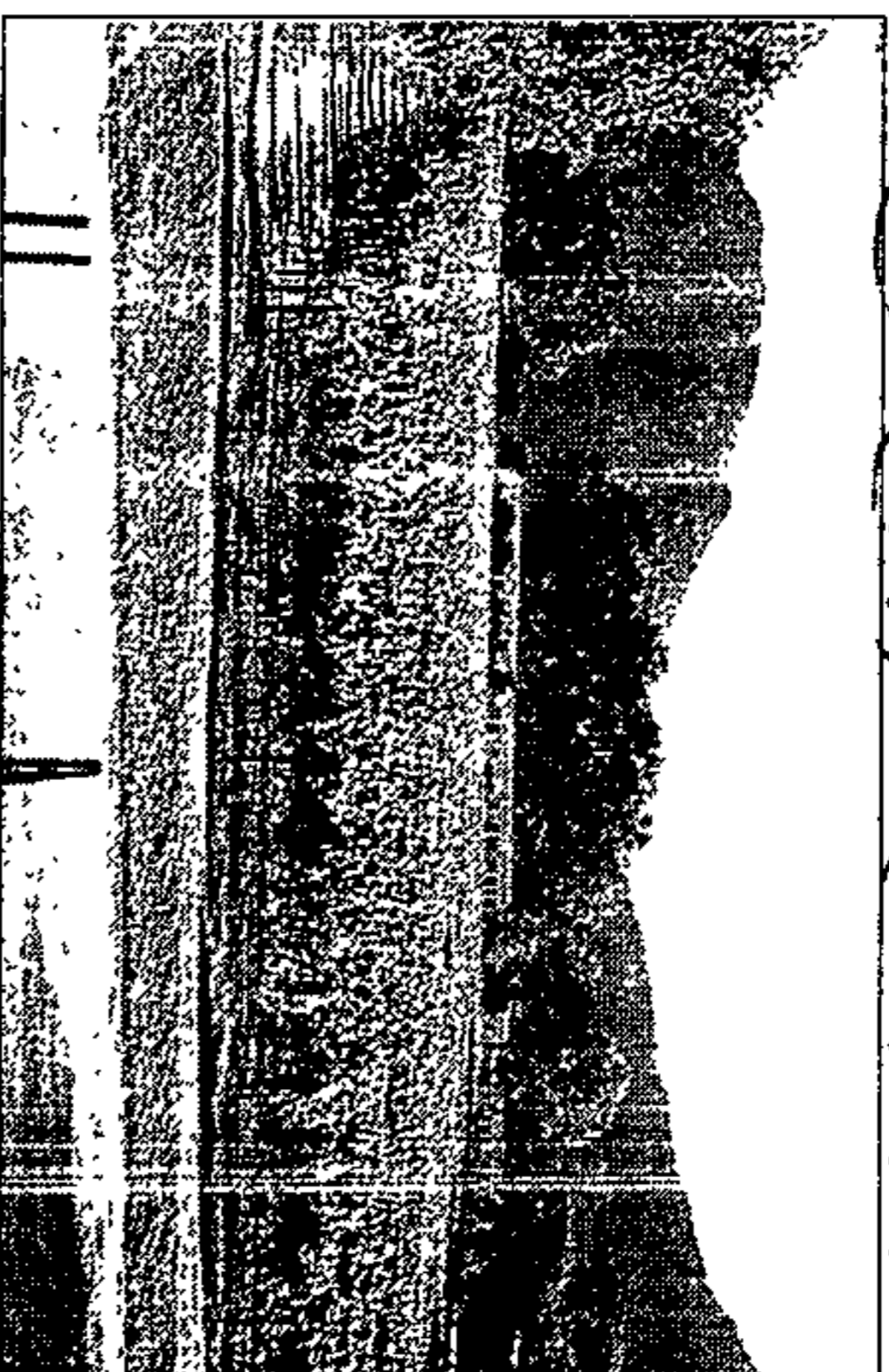
with product mix and price brackets is only now starting to pay off.

The largest markets are European, specifically Germany and the United Kingdom, North America and the Scandinavian countries, with Canada also showing rapid growth.

Following the recent visit by the international Masters of Wine (MW), exports to the United Kingdom, our largest market, are expected to increase significantly. The MWs are responsible for 75 percent of the purchases of the 70 to 80 million cases of wine consumed in Britain annually.

At present, South African wines hold only 3 percent market share in the United Kingdom. Greater exposure and more aggressive marketing should push this share to 6 percent — an increase of 2.25 million cases.

It is estimated that every 1 million cases exported creates an additional 1 000 jobs in the wine industry. Richard Coleshaw, international marketing director of Stellenbosch Farmers Winery said: "South African wines have been very well received overseas and the growth in sales is an indication of that acceptance. However, the



**GROWTH INDUSTRY** Winemakers are boosting export estimates

honeymoon period is over and we need to start competing on an equal footing with other new world producers like Australia and New Zealand."

Although British consumers are very price conscious, concern has been raised that the spotlight on South African wines is on the lower end of the market. Producers say that they would be happier if our wines could compete in the middle price brackets. Barring a few isolated examples, this is something South African producers have yet to achieve. Coleshaw added, "we need to increase volumes in the middle price bracket because it is essential to the export market."

Because most markets have already been opened to local wines, some producers are articulating a slow down in the growth of exports.

Some estate producers who cannot keep up with the export orders, said the problem may be compounded by a "quality wine shortage".

## WINE EXPORTS

YEAR	EXPORT VOLUME (Millions of 9-litre cases)
1992	2,70
1993	2,80
1994	5,93

The export volumes are based on a standard 9-litre case, equivalent to 12 x 750ml bottles.

# Upswing fuelled by agricultural exports

CT(BR) 26/4/95 (74GT)

By AUDREY D'ANGELO

CAPE BUSINESS EDITOR

Prospects are good for the creation of more than 45 000 jobs in the Western Cape this year, according to the Western Cape Economic Monitor, published quarterly by the development agency Wesgro and the Cape of Good Hope Bank.

It says the upswing in the region seems more broadly based than in the rest of the country, with agricultural exports (mainly wine and fruit), construction projects, reconstruction and development programme projects, a number of industrial niches, tourism and certain service activities providing the momentum.

But the Monitor warns that higher growth rates are leading to

concern about the capacity to deliver higher output and world class service.

"In particular, bottlenecks in the supply of skilled and experienced labour could become serious unless concerted steps are taken to better utilise present facilities and rapidly expand apprentice training."

The Monitor says the situation becomes even more demanding in respect of "mega-projects" such as the 2004 Olympic bid, the new Saldanha steel plant, the restructuring of Mossgas, infrastructure projects, the Capricorn research and industry park, and convention facilities for Cape Town.

It is critical to take all segments of the regional population along in the process of faster growth and wealth creation, the Monitor says.

## Export subsidy linked to RDP compliance

(74G) NICOLA JENVEY

DURBAN — Exporters already facing the longer-term demise of GEIS will soon have to submit claims which also detail their performances on reconstruction and development programme (RDP) objectives before they receive full payment.

A notice circulated to exporters says the Trade and Industry Department and the National Economic, Development and Labour Council (Nedlac) will investigate ways to reserve "a small portion" of GEIS payments due to claimants. This amount would be paid out only on receipt of documentary evidence that the company had adhered to RDP targets on human resource development, work organisation and research and development.

Trade and Industry director-general Zav Rustomjee said yesterday the details of the new clause, which had been inserted into GEIS guidelines, would be discussed within Nedlac. There was no indication yet of how much would be withheld from exporters for RDP purposes.

A recent Monitor report on competitiveness indicated GEIS had increased the number of exporters as well as their profits in the short term, but was of "questionable sustainability". Too few of the benefits derived from GEIS had been used to tackle uncompetitiveness, human resource development, work organisation and research and development.

"This clause will ensure firms produce concrete evidence of their international competitiveness. The scheme is not there to subsidise inefficient exporters," Rustomjee said.

Exporters responded angrily. Export company director Nora Hill said it "was amazing" that the department could even contemplate such a scheme. "The precedent created against exporters is damning and the suggestion that a portion of hard-earned GEIS repayments be channelled

□ To Page 2

## GEIS

into the RDP is remarkable. It is inter-department budget-swapping to the ultimate detriment of the foreign exchange which would be earned," she said.

The industry had already suffered minimum 50% cuts in GEIS benefits. Hill believed many exporters would "think seriously" of curtailing exports should the proposal be considered. "The department is demanding we pay yet another tax for the luxury of being exporters."

Hill questioned the implications of the scheme for manufacturers who did not

export, particularly when Trade and Industry Minister Trevor Manuel was calling for an increase in exports to ensure the success of SA's economy.

Rustomjee said the proposal indicated the direction in which government and the department were moving. Taking aggregate figures, GEIS had not increased competitiveness and this "was no longer acceptable. It is our responsibility to ensure taxpayers' money is spent resourcefully and this new proposal will do that in terms of GEIS spending."

From Page 1

## COMPANIES

### Coal exports a boost for Lonrho

LONRHO's coal and gold producer Duiker Exploration reported a 43% increase in taxed income for the six months to March after improved bituminous coal exports offset a reduction in local sales.

Interim results yesterday, the first time in 19 years the company has reported interim instead of quarterly results, showed taxed income of R35m (R24,5m) on a 30,4% rise in turnover to R192,9m (R148m). This translated into earnings a share of 242,8c (170,5c). The interim dividend was increased 40% to 70c a share. Results were not strictly comparable because of acquisitions and disposals during the first quarter of the 1994 financial year.

MD Hugh Stoyell said margins improved from 24% to 27% which reflected the

#### MADDEN COLE

strength of the company's bituminous coal operations. (215) (74c)

Bituminous coal volumes were 2% higher at 3,5-million tons, but increased demand boosted average unit prices 30%. This resulted in exports increasing 14,4% to 1,9-million tons, offsetting the 9,6% drop in inland sales to 1,6-million tons.

Duiker's gold mine, Klipwal, reported a 40,8% fall in gold production to 100kg.

Tweefontein United Collieries, whose sole income is derived from its investment in Duiker, reported net income of R2,1m (R1,5m), equivalent to earnings a share of 122,3c (88,6c). An interim dividend of 122c (88c) was declared. BD 26/4/95

# Outlook good for exports to other African countries

BD 28/4/95  
SA's exports to Africa rose to R2,6bn in the past three months — compared with R1,6bn for the same period last year — as trade with Africa continued to grow in the post-election era.

Figures compiled by the Industrial Development Corporation showed that SA's exports to Africa in the final quarter of last year surged 22% to R3bn compared with the fourth quarter of the previous year.

In the final quarter of last year, SA consumed imports worth R698m from Africa, representing a whopping 31% increase on the previous year's level.

Between January and December last year SA exported goods worth about R8,6bn, compared with the R2,3bn worth of goods it bought from Africa.

A significant part of this — about R5,9bn — was made up of exports to the southern African region, with Zimbabwe consuming R2,4bn.

SA Foreign Trade Organisation (Safto) economist Linda Smith said the data confirmed the importance of this market.

SA had the ability to produce suitable

JOHN DLUDLU

goods and had a transport advantage.

A Credit Guarantee economist said Africa's trade with SA stood to benefit from the government's intention to direct exports to the continent to boost development.

Safto's Africa desk manager Martin Smith noted that while trade with the sub-Saharan countries had grown in the past year, exports to the francophone states — including those from SA — had taken a dive in the past two years because of the currency devaluation in these countries.

A trade observer noted that SA exports to the francophone nations had not always found acceptance because of preferences for French-made products in countries such as the Ivory Coast.

However, trade sources expected SA's trade with the francophone countries to improve this year as their currencies became more stable.

Linda Smith pointed out that a difficulty in trading with Africa remained the unavailability of foreign exchange.



At issue are claims that Unifruco has allowed a glut of deciduous fruit in western Europe, with corresponding low prices, while neglecting the lucrative Middle East market.

It's a claim that is firmly rejected by Deciduous Fruit Board CE Marthinus Strauss, who says net returns have increased constantly over the past few years. "For most fruit — except plums — there is no glut on the European market and Unifruco expects to deliver higher returns than last year. Sales to the Middle East this year are at record levels."

But farmers — particularly a number of powerful Middle Eastern investors in local farms — are questioning Unifruco's decision to use only one agent or receiver in Saudi Arabia, the Southern Gulf and Kuwait respectively. For Saudi Arabia, in particular, a major fruit market, it's argued that other major importers and distributors are being denied access to SA fruit.

As a result, large quantities of deciduous fruit are being imported from Chile, despite the fact that better-quality SA exports can be landed in Saudi Arabia at lower prices. The situation is apparently aggravated by the timing of the fast of Ramadan, during which time demand for fruit is unusually high and SA crops are at a peak.

Strauss, however, claims that Saudi Arabia is not a limitless market and the appointment of more agents would not increase efficiency. "It would, however, result in more discounting and lower returns to growers."

The board is also under fire for policies barring local producers from exporting direct to foreign markets (*Business* April 7.) A large Saudi investor — believed to be MA Sharbatly Corporation — which has invested more than R25m in local deciduous farms and plans to invest a further R100m in the next few months, is likely to relocate to Chile because the board has for five years refused it permission to sell produce in Saudi Arabia.

The board claims Sharbatly was given an opportunity to sell fruit in Saudi Arabia but yielded lower returns than the board's appointed agent could have achieved. Says Strauss: "Sharbatly proved to be disloyal under difficult marketing conditions." It's a claim that is not substantiated by industry observers.

Says one: "Sharbatly bought the fruit at the same price paid by Unifruco's receiver in Saudi Arabia but was subjected to highly prejudicial terms. The fruit still had to go through Unifruco's official sole receiver who was paid a commission in addition to the FOB price paid by Sharbatly."

Strauss claims other foreign investors are satisfied with the current marketing arrangements because it ensures a more consistent return in the long run.

Says an observer: "Many of the foreign investors have stopped complaining because they realise they are simply up against a brick wall." ■

FRUIT EXPORTS

**Rotten deal**

Government's single-channel marketing policy for agriculture is once again under fire as the Deciduous Fruit Board and its marketing arm Unifruco stand accused of poor export practice not in the best interests of farmers.

~~SHARBATLY~~  
7449

FM 28/4/95

# Exports tutti frutti for Cape

ARG 29/4/95

(746)

**JOHN VILJOEN**  
Business Staff

THE Cape's blossoming fruit and wine exports will realise R3 billion in sales this year for European-based marketing company Capespan.

Fast-growing Eastern European consumption of Cape fruit had prompted the company to start a Moscow office which would open its doors shortly, Unifruco chairman David Gant said.

Capespan was formed in October when Outspan and Unifruco merged their European marketing operations. The rationalisation had already saved between R12- and R15 million in operating costs, Mr Gant said.

Factors limiting the success of fruit and wine exports remain European tariffs, currency fluctuations in some countries, and crops which have disappointed in size or quality.

Recently returned from a round of meetings with Capespan, Mr Gant in an interview outlined the export performances and prospects of this year's fruit crops.

Nectarines, apricots and peaches had all performed better than last year. Volumes were higher than last year, but

plums had proved a disappointment, he said.

Although the volumes were 20 percent higher than last year, some quality problems were experienced with the plum crop.

The problems began with periods of high temperature while the fruit was on the trees. High winds in Table Bay delayed the fruit's departure for Europe. The end result was poor quality fruit and lower prices than 1994, he said.

"This has been a disappointing year for plums which is sad as they have been something of a flagship. But it is a seasonal hiccup which we do not expect to happen again."

The pear crop was up on last year and export prices are higher.

Apple sales had just started in Europe, but it looked like being a good year for the Cape. The quality of apples from Northern Hemisphere producers was not good this season and good quality South African produce was taking advantage of this.

"All the supermarkets in the United Kingdom have switched from French Golden Delicious apples to South African Golden Delicious. This is a very good sign and we don't expect too

much competition from countries like Chile and New Zealand."

Exports to East Europe were taking off with "leaps and bounds" and Capespan was about to open an office in Moscow, Mr Gant said.

Sales in Eastern Europe would boost Capespan's European turnover to over R3 billion this year.

The devaluation of Southern European currencies against the Deutschmark had made South African produce expensive in these markets, he said.

It had become all the more important for the South African authorities to secure some form of duty relief for exporters, either in terms of the Lomé agreement or some other bi-lateral arrangement, he said.

Sales of Cape wines, another of Capespan's export activities, had taken off in Europe and it was difficult for the company to keep up with demand, a view echoed by KWV chairman Lourens Jonker this week.

The volume of table grapes sold also increased by more than one million cartons this year and farmers should also earn more than in 1994 in spite of quality not being the best, Mr Gant said.

# SA loses R400m in export 'fraud'

ST 30/4/95

(74G) ~~112~~

By ANDREW TRENCH

**POLICE** are investigating a huge clothing-export fraud alleged to have cost the state about R400-million and involving over 50 companies.

Kwazulu Natal Attorney-General Tim McNally confirmed this week that the Office for Serious Economic Offences had conducted investigations into three clothing groups allegedly involved in the fraud.

The companies are accused of filing false claims for cash incentives worth millions from the government for non-existent exports to Mozambique and Hong Kong.

The Kwazulu Natal-based companies are Two Way Clothing and Baywood Design, which form part of the Abhold group; Pam Clothing and Zaz Clothing, both part of the Pam group; and Group 88, which comprises some 50 companies.

The largest of the alleged frauds is believed to have been committed in the Group 88 case. Mr McNally said police investigations were continuing but "indications are that the (Group 88) fraud is in the region of R300-million".

Rodney Brett and Dionissimus Koumoudos, identified as suspects in the Group 88 investigation, had fled the country, Mr McNally said. An industry source said Mr Brett was Group 88's managing director and Mr Koumoudos its accountant.

In the Abhold case, two men — Osman Aboo, 52, a director of Two Way Clothing and Junaid Khan, 25, an administrative secretary — have been charged.

Mr McNally said they were alleged to have defrauded the state of about R18-million but, with actual losses of customs duty and VAT, that figure rose to R63-million.

The Abhold companies are alleged to have defrauded the General Export Incentive Scheme by submitting false claims for exports to foreign countries. The former Structural Adjustment Programme is also alleged to have been defrauded.

The General Export Incentive Scheme allows clothing exporters to claim refunds from the government based on the value of their exports. The Structural Adjustment Programme allowed clothing manufacturers to import certain goods, such

as fabric, duty-free depending on their previous year's exports.

Mr McNally said the state alleged that the Abhold and Pam companies had filed false claims for exports to Mozambique.

In the Group 88 case, investigators had established a "complex and extensive" fraud where export figures submitted to the government had been "grossly inflated".

The Department of Trade and Industry said it was convinced that none of its employees was involved in the alleged irregularities.

It said its "diligent" officials had directed the Office for Serious Economic Offences to investigate cases of alleged fraud.

A National Clothing Federation spokesman said the clothing industry of 1 400 manufacturers should not be tainted by the alleged crimes.

He said the government had tightened controls on the export incentive scheme since the alleged frauds had been committed. Previously, the Department of Trade and Industry had paid out incentives without proof that payments for exports had arrived in the country.

# Lomé talks will be vital for SA exports

**ALIDE DASNOIS**

Deputy Business Editor

EUROPEAN Commissioner Joao de Pinheiro arrives in South Africa this week for what are likely to be tough discussions with government officials on South Africa's relations with the European Union.

South Africa is bidding for access to the Lomé Convention, which regulates relations between Europe and the 70-nation Africa-Pacific-Caribbean (ACP) group of developing countries.

So far South Africa's bid has been supported both by the ACP countries and by members of the European parliament at their joint meetings in Gabon and in Senegal.

But the European Commission is hostile to Lomé status for South Africa, which would give exporters easier access to European markets without forcing South Africa to lower its own tariff barriers in return.

The Commission, which considers that South Africa is not a developing but a developed country, is offering an agreement which would lead to a free trade area between Europe and South Africa.

At the Financial Times conference in Cape Town this week Mr Manuel criticised the European proposal, which he said was in-

sufficiently detailed.

The proposal did not make clear when the agreement would become reciprocal.

"They are offering us asymmetry for a period, but for how long? For five or for 10 years?"

The EU had not done any research on the effects, sector by sector, of free trade on South African industry, Mr Manuel said.

Even taking into account South Africa's commitments to the General Agreement on Tariffs and Trade (GATT) to phase out protective tariffs, in eight years' time, there could still be an import tariff of 30 percent on motor car parts, which the free trade agreement would outlaw.

Department of Trade and Industry specialist Faizel Ismail told Weekend Argus South African negotiators had promised to take into account fears by European countries of competition from South African exports.

Such fears were unfounded, he said.

"All our research shows that EU imports from South Africa are less than two percent of all EU imports. Even on a product by product basis, most of our exports have an insignificant share of European imports."

The net effect of freeing up access to European markets would be "marginal" for European interests.

"We are dealing here with a gap between perceptions and reality."

Mr Ismail said the European Commission still saw South Africa as a large developed country with an export capacity which could threaten European interests.

"But in fact we have the same export profile as other developing countries which export primary products."

Current status given to South African exports put the country in the same group as the United States, Canada and Japan.

In the 1970s and the 1980s Europe had signed bilateral agreements with trading partners which brought tariffs down for 80 percent of trade. South Africa, like the United States, Canada and Japan, was in the small category of countries to which these preferential agreements did not apply. ARG 6/5/95

"During the apartheid regime we were left out of these negotiations. We are saying the new government should not be prejudiced by this."

Many of South Africa's competitors, such as Israel and Turkey, paid lower tariffs on entry to Europe.

"We are asking for the EU to remove discrimination against South Africa", Mr Ismail said.

# London office for exporters of SA wine

BY FRANCOISE BOTHA

STAFF WRITER

The SA Wine and Spirit Exporters' Association (SAWSEA) has opened an office in London in response to the strong growth in South African wine exports.

The aim of the move is to strengthen the generic marketing programme that was established in 1990, along the lines of the highly successful campaign launched by Hazel Murphey for the wines of Australia.

A KWV spokesman said: "The generic programme is not involved in the marketing of an individual wine, but rather raising the awareness of the presence of South African wines in the UK market."

SAWSEA represents the producing wholesalers, including KWV, SFW, Distillers Corporation, Douglas Green Bellingham and a number of independent producers.

The activities are being financed largely by the 58 members of SAWSEA, who represent over 100 producers. A small subsidy is also

provided by the Department of Trade and Industry and grants from the KWV.

A KWV spokesman confirmed that the organisation makes a proportionate contribution to the SAWSEA, as do all members. Over and above that, the KWV contributed an additional R1,5 million in 1995 to assist with the initiatives taking place in the United Kingdom.

Andries van Tonder of SAWSEA said: "We hope that we will be getting this amount on an annual basis."

Sales of South African wine in Britain have increased substantially over the past four years from 190 000 cases in 1990 to about 2 million in 1994.

The organisation is responsible for more than 80 percent of wine exports to the UK worth more than R200 million in FOB value.

Van Tonder said: "We anticipate an increase in exports in the region of 20 percent internationally."

A British Master of Wine, Jane Hunt, has been appointed to handle the campaign.

CF(BR) 8/5/95

7467

~~2/2/95~~

## Anglovaal returns to coal export market

By DEREK TOMMEY

MINING EDITOR

Handwritten: EJ(BP) 9/5/95 (74G) (278)

Mining house Anglovaal is returning to the coal export market. It announced last night that it is to establish an underground colliery on the reserves of its subsidiary, Forzando Coal Mines, which is situated 25km northeast of Bethal and which straddles the strategic Richards Bay railway line.

Construction has started and the first coal is expected to be produced in January next year.

Initially the colliery will produce 600 000 tons a year. A decision to embark on the second phase aimed at building up production to between 1,6 million and 2 million tons a year, will be taken in 1996.

As Anglovaal has no allotment in the Richards Bay Coal Terminal Company, the coal will be exported in terms of arrangements with Total Exploration South Africa.

The mine, which will have a life of around 20 years, will produce a good-quality product with high volatiles.

09/07/95  
Brazil moots

union with SA

(746)  
PRETORIA: Brazil's foreign minister Mr Luiz Felipe Lampreia yesterday mooted the formation with South Africa of an entrepreneurial development council to expand joint trade, officials here said.

Mr Lampreia, on the first day of his four-day official visit, met South African foreign minister Mr Alfred Nzo for wide-ranging discussions on trade.

Exports from South Africa jumped by 84% last year over 1993, the foreign ministry said in a statement. — Reuter

# Export boom pushes Amcoal profits up 70%

By DEREK TOMMEY

CT(BR) 10/5/95 MINING EDITOR

Buoyant export coal sales and growing purchases by the electricity producer Eskom resulted in Amcoal, one of South Africa's biggest coal producers, increasing its earnings before extraordinary items by 70 percent in the half year to March.

Earnings rose by 33 percent in the six months ended September.

Earnings for the full year grew by 52,4 percent from R255,7 million to R389,7 million — equal to a total of 1 547,1c a share.

The final dividend has been increased by 37,1 percent from 350c to 480c, increasing the total dividend for the year by 32 percent from 500c to 660c a share.

The chairman, Dave Rankin, said earnings from collieries supplying the export market had been significantly higher on the back of a 10,7 percent increase in tonnages shipped, a weaker rand/dollar exchange rate and the satisfactory containment of unit costs.

The world market for steam coal had improved during 1994, but contract prices had reflected the levels of 1993.

Contract prices concluded to date for this year reflected the increased level of spot prices.

Coal exports through Richards Bay last year reached a record 53,4 million tons. Exports this year are estimated at between 57 million and 58 million tons.

Rankin said that earnings from collieries supplying Eskom had been higher mainly because of increased investment in the New Vaal Colliery.

Sales to local metallurgical sectors grew by 19 percent.

Looking ahead, Rankin said Eskom was planning to recommission three mothballed power-generating sets at Arnot power station in 1996 and had asked the colliery serving it to increase production.

He said the coal supplier was also planning to bid to supply coal to the second three sets at Majuba when Eskom invited new tenders.

In addition, the coal producer had secured a contract to supply coal to Eskom's next coal-fired station. The timing would depend on the growth in electricity sales.

Eskom was also considering recommissioning certain mothballed power stations and Amcoal was reviewing available coal sources for these.

Rankin said Amcoal had a strong balance sheet with cash holdings of more than R1 billion and it was looking for new business opportunities.



WEDNESDAY  
MAY 10, 1995 ★

## 91% rise in wine to UK

(74G)

LINDA ENSOR

~~LINE~~  
LONDON: South African wine exports to the UK topped 1.9 million cases last year — a whopping 91% rise over the 1993 figure and 909% up on 1990.

A spokeswoman for the London-based marketing organisation Wines of South Africa said the figures showed that South Africa was now well-positioned as one of the leading sources of New World wines in Britain, South Africa's most important export market.

South African Wine & Spirit Exporters' Association chairman Mr Jannie Retief expressed delight at the achievement, which he said was well ahead of wine industry targets. 27 10/5/95

Wines of South Africa's Ms Anna Sandin said there was every indication the positive trends would continue, particularly because of the imminent 1995 Rugby World Cup in SA.

She noted UK distribution of SA wines had broadened across all price sectors, increasingly within both the higher and mid-market prices. The pinotage, in particular, was a favourite.

# Cape citrus growers on a roll

Deputy Business Editor

EXPORTS of citrus from the Western Cape will earn a juicy R230 million in foreign exchange this year, according to Outspan International (74G)

Managing Director John Stanbury said in an interview total citrus exports were expected to reach R1,6 billion this year, compared to R1,3 billion in 1994.

Volumes were set to increase from 40 million cartons to 43 million.

The European Union was still South Africa's best customer, taking about 60 percent of citrus exports. ARG 13/5/95

But South African exporters were pena-

lised by heavy import duties into Europe, which cost the citrus industry up to R50 million a year, Mr Stanbury said.

Easier access to European markets through the Lomé Convention — currently the subject of tough negotiations between South Africa and the European Union — would benefit citrus growers, who already had to compete against products from countries with generous agricultural and/or export subsidies.

"In South Africa export subsidies have been cut but we still have to compete with products from countries like Argentina, Australia and Spain, which all subsidise their agriculture."

# Steel exports fall as local demand rises

ST(BT)14/5/95 (74G) (1577)

STEEL exports are declining due to sharp improvement in domestic demand.

Iscor says it is exporting just 42% of its output compared with 51% last year. Iscor spokesman Ernest Webb-Stock says improving margins and rising demand are behind growth in domestic sales.

"Most of our exports are to traditional markets in the Far East. Europe accounts for just 5% to 10% of our total exports. Because we were excluded from this market for so long, it is taking some time to get back into it."

Figures from the SA Rolled Steel Producers' Co-ordinating Council show that primary steel exports are down nearly 8% in the first three months of 1995 compared with the period last year.

Improving output in sectors such as white goods and vehicles accounted for much of increased domestic demand for steel.

A total of 816 711 tons of primary steel were exported in the first three months of the year, mainly to Far Eastern markets, compared with 832 359 tons in the 1994 period.

Sales of primary steel to Europe, however, are up by 46% in the first three months of 1995. European sales account for just 11% of South Africa's steel exports. An Antwerp-based trader representing some

By CIARAN RYAN

of the leading SA steel producers says South Africa can afford to export to the highest bidder. Margins on domestic steel are higher than on exports, explaining the shift.

Meanwhile, the European Union's provisional anti-dumping duties against Samancor and Highveld Steel exports of silico manganese castings, due to expire in April, has been extended to June 22.

Mike Salamon, Samancor's executive chairman, says the case could drag on for 18 to 24 months. Samancor has stopped exporting affected products to Europe after being hit by 50% anti-dumping duties six months ago.

Several countries, including Russia, Ukraine and Brazil, have been targeted by the European Union. An SA embassy official in Brussels says the anti-dumping investigation against South Africa arises from Europe's reluctance to apply a definitive anti-dumping duty under the "sunset" clause of the World Trade Organisation.

"Once you've had an anti-dumping case against you, it is difficult to get out of it," says Mr Salamon. "Nearly all the major producers in the world have been investigated at one time or another for dumping.

"We have co-operated with the European Union in the investigation. If you don't, they assume figures for you. The hang-up we have is in Europe's interpretation of our figures.

"These anti-dumping investigations have a strange and disturbing effect on world trade. It pushes material around the world unnaturally."

Mike McDonald, an economist with the Steel and Engineering Industries Federation of South Africa, says the epidemic of anti-dumping investigations around the world, particularly by the US against steel producing competitors, could be arrested in view of new WTO rules requiring the complainant to prove dumping has injured local producers.

"The US has applied countervailing duties against all SA ferrochrome producers for nearly 15 years because of subsidies paid by the SA government in the 1970s. This might be revoked in view of the new rules which require the US to prove injury."

The US steel industry slapped anti-dumping suits on several of the world's leading producers. This has resulted in a resurgence in the US steel sector, giving it time to restructure in the face of cut-throat competition.

There are no dumping complaints over SA steel, however.

# Growing world economy good for exports

ET(BR) 15/5/95 (746)

FROM SAPA

The Bureau for Economic Research believes the world economy will continue expanding during the remainder of this year and next and should stimulate South African exports.

In its latest macro-economic forecast released on Friday in Stellenbosch, the bureau also anticipated various factors stimulating imports. The current balance of payments, after provision for service receipts and service payments and a somewhat poor outlook for gold, was forecast for

show deficits of R6,5 billion and R10,5 billion in 1995 and 1996 respectively.

The bureau forecast marked growth for the tourist industry and said this should lead to a reduction on the services account's deficit and ease the pressure on the overall balance of payments.

"Technically, the overall balance of payments should not constrain growth during the next two years but it remains very vulnerable as a deterioration in the socio-political climate could cause a reversal in the net inflow of capital." Inflation was unlikely to drop below 10 percent in the forecast period

and the bureau suggested it could exceed 12 percent in 1996.

Apart from an increase in the Bank rate in the beginning of 1995, the bureau also forecast further increases in the first and second quarters of 1996.

Real disposable income was set to increase more rapidly than last year and consumer spending was expected to accelerate. Gross domestic fixed investment was growing at a rapid rate.

The bureau predicted a real GDP growth of 2,9 percent this year followed by 3,4 percent next year.

# SA 'could lose R1,5bn a year in forex'

Louise Cook

SA COULD lose R1,5bn annually in foreign exchange if single channel marketing for export citrus and deciduous fruit was scrapped, citrus export agent Outspan International MD John Stanbury said at the weekend.

He said 120 000 jobs and sustenance for 700 000 rural inhabitants could be wiped out if individual producers were to undercut each other's prices in overseas markets.

Single channel marketing, which deprives farmers of the freedom to sell or export produce freely, has been hotly debated since the re-intro-

ing of the Agricultural Marketing Act. The Draft Bill is expected to go before Parliament in August.

Stanbury said single channel exports of citrus crops gave shareholders a major advantage in relation to their international competitors. Total transparency — involving citrus growers in both operating and strategic decisions — was essential, he said.

"Regulation of agricultural exports most definitely leads to greater employment and wealth generation. The citrus industry has established a distribution, marketing, research and

extension infrastructure which uses capital investment optimally and shows high levels of productivity and cost effectiveness. The export agent is fully exposed to the cut and thrust of international competition from other sources, including large multinational corporations. This ensures that the full benefits of the free market system accrue to the grower."

He denied that regulated exports inhibited the competitive environment and warned that price erosion in overseas markets, lower returns and less foreign earnings would result from deregulating citrus exports.

B016/5/95

FRUIT (74G)

BD17/15/95  
Fruit, wine  
sales soar (746)

Linda Ensor

LONDON — The gross income earned by SA fruit farmers this year would reach an all-time high as volumes and prices of most varieties had soared to record levels, Capespan International MD Louis Kriel said yesterday.

In the European market — the main market for SA fruit — gross earnings were expected to exceed £500m compared with the total £428m generated by Unifruco and Outspan last year before the merger of their European operations.

Therefore turnover would grow at least 17%, though Kriel cautioned against describing the year as a bumper one for farmers, saying that some would not earn as much as others.

Kriel said fresh fruit volumes had been very good. Year on year 1.5-million more boxes of grapes had been sold this year in Europe alone.

Wine sales had been so successful that Capespan was running out of stocks.

Regarding costs, Kriel said the rationalisation of Unifruco and Outspan in Europe had already generated cost savings, and there was potential to save a total of about R50m.

9-1410

## Walvis Bay plan attracts interest

John Dlodlu

74CT  
601915195  
A STRING of SA companies had indicated an interest in setting up shop in Namibia's export processing zone at Walvis Bay because of investment incentives, a Namibian government adviser confirmed yesterday.

Special trade and industry adviser to the Namibian government Antony Ginsberg said more than 20 SA companies had expressed an interest in establishing manufacturing facilities at the planned export processing zone.

Legislation establishing the zone — including guarantees for workers' rights — was being finalised by the ministry. The zone would be operational by July.

The safeguards for workers' rights would include minimum wages and set fixed work hours.

Ginsberg attributed the SA interest to incentives, including reduced duties on imported raw materials, used in manufacturing exports, lower taxes and other benefits. These included duty-free access to European markets and neighbouring countries.

As a member of the Lome Convention — a trade accord between the European Union and 70 African, Caribbean and Pacific countries — Namibia can export its products without paying any duties to the EC markets. The accord also removes many import quotas on products produced by companies from ACP countries.

# Mediterranean fruit growers fear SA

By JAMES HARDING

THE European canned fruit industry, while celebrating the end of apartheid, fears that the European Union's eagerness to welcome the new South Africa will lead to trade concessions that could devastate Mediterranean fruit growers.

"If the South Africans

get to sell even more of their canned peaches here, first the Italian factories will be closed, then the French and then even the Greek factories, whose prices are rising, will be

shut down, in one way or another. At least 200 000 jobs are at stake, warns Sergio Tondini, director of Conserve Italia, the farm co-operative which processes fruit in Bologna.

Mr Tondini's comments, part of a public appeal this week by fruit processors asking Brussels for protec-

tion, jar with the EU's previously stated commitment to do everything it can to make SA democracy a commercial success.

The cry for help also says as much about the home-grown problems facing Europe's fruit canneries as about the perceived SA threat.

With demand for canned fruit in long-term decline, the worrying trend for Europe and manufacturers is the rising proportion of local consumption met by third country imports.

Of the approximately 1 million tons of preserved fruit eaten in Europe each year, non-EU producers now meet 45% of demand, according to the EU statistical office.

As well as facing pressure from low-cost producers outside Europe, manufacturers are being squeezed by rising produce and falling processor subsidies inside the Union.

EU support for industrial fruit processing, which once accounted for more than 40% of the cost of canning peaches, now often meets less than 15% of the processing cost. At the same time, says Paolo Antenore of the industry's European lobby, Copa-Cogeca, prices for peaches and pears have risen by 71% and 108% respective-

ly in the past 15 years.

There are also structural constraints on the industry. The farmers' co-operatives, which lead the sector, are notoriously conservative when it comes to product innovation. Also, independent food processors argue, their first duty is to use the produce of local stakeholders, even if it means ignoring potentially profitable opportunities further afield.

Even when canners have taken the obvious expansionist step into Greece, the lowest costs and highest volume producers of canned peaches in Europe, they have rarely been able to make it work, as illustrated earlier this week by the exit of Saint Marnet, France's biggest fruit canning company, from Greek production.

No wonder, then, that when industry representatives urged the Commission last month not to give SA agricultural products access to the EU's generalised system of preferences (GSP), which grants tariff advantages to developing countries, the Pretoria problem was not the only thing on the fruit processors' wish list.

They also want more aid to fruit farmers to im-

prove production and develop new strains, funds to relieve the financial burden of storing finished products, an extension of minimum price and processing aid schemes to apricots, and higher tariffs or compensation to the industry for existing bilateral agreements with tropical fruit producers.

However, with the commission set to announce its plans for tariffs on SA fruit and canned fruit by the end of next month, with a possible GSP implementation at the beginning of 1996, Guido Tampiere, regional minister for agriculture in northern Italy's Emilia Romagna region, says "the immediate priority is South Africa".

According to an unofficial US Department of Agriculture report on South Africa's canned deciduous fruit industry, Mediterranean growers have grounds for concern.

Forecasting a harvest of 110 000 tons of peaches alone, the US observers note that "the marketing prospects for the 1994-95 export season appear more favourable than this time last year... and the industry has increased efficiency and is producing an even better product". They/ Mediterranean fruit producers also know

they cannot hope for much comfort from consumer loyalty. Judging by the UK market's desertion of Italian dried apples, which fell from 78% market share in 1988 to 17% in 1993, the ease with which outside competitors can capture market share is striking.

The South Africans are confident that if the commission agrees to lower tariffs, they are set to expand. "The GSP extension is very important because we have already shown that we can compete very favourably in fruit. And if there are reduced tariffs, so much the better," one SA trade official said.

SA stakeholders also maintain that the industry has a critical social role to play. Capespan, which manages most SA fruit exports to Europe, calculates that as well as the 575 000 people employed in SA horticulture, there are a further 2.7-million dependants.

Dirk Brighton, general manager for Capespan, says: "Anything that makes access to the European market more difficult will make it more difficult for SA farmers to generate the profits, invest in the land and maintain the jobs that will keep the social fabric together." — *Financial Times*



# Tariff barbs spike SA's canned fruit

ST(BT)21/5/95 (749)

By CIARAN RYAN

THE phasing out of the General Export Incentive Scheme (Geis) by 1997 will hit Langeberg harder than most.

Geis accounted for 41% of the canned fruit and vegetable producer's after-tax profits in 1995, but this will fall to just 4% by 1998, according to Ray Brown, managing director.

Langeberg recently announced a 13% rise in net income to R27,3-million on an 11,6% increase in turnover to R429,8-million for the six months to March.

The group exports 85-90% of its canned deciduous fruit output, most of which qualifies for category four Geis benefits. Two years ago exporters qualifying for category four Geis benefits received 19% of the export value, but this has been chopped to 14% and is due to drop to 12% next year.

Furthermore, Geis benefits are now taxable. Mr Brown says Langeberg will pay close to the top marginal corporate tax rate of 35% for the financial year ending September.

Having survived sanctions, South African canned

deciduous fruit exporters face a new enemy — powerful but inefficient competitors in southern Europe.

South African fruit and canned fruit exports are one of the great success stories of recent years, but the latter have been specifically excluded from the Generalised System of Preferences (GSP) agreements concluded last year with Japan, Europe, Canada and the US. These GSP agreements allow thousands of South African products to be imported at low or no duty. Canned deciduous fruit exports, however, attract duties of 24% in Europe, compared to certain machinery which attract little or no duties and also qualify for category four Geis benefits.

Geis only partially compensates canned fruit exporters for such high duties, which are way out of line with the level of duties charged on other value-added exports.

"I am willing to bet my

last dollar that in the latest free trade agreement being negotiated with South Africa, Europe will again exclude canned deciduous fruit," says Mr Brown.

"There appears to be an animosity towards exporters, particularly successful ones, because of the Geis benefits we receive. We, however, are not relying on government negotiating a trade agreement which is favourable to us. We are busy diversifying our export markets away from Europe where better margins are attainable over time."

Europe accounts for 50% of canned deciduous fruit exports but only 30% of gross margin.

In addition to high protective barriers, Langeberg's European competitors are subsidised at about the cost of raw fruit for South African canners — roughly R500 a ton.

In terms of the General Agreement on Tariffs and Trade, European governments are required to shave this support by 36% over five years.

"If the South African deciduous fruit industry had



RAY BROWN... managing director of Langeberg

been given the same grower subsidies and access to the European market as Greece, South Africa would today be the biggest exporter of this product in the world."

After Greece, South Africa is the world's largest exporter of canned deciduous fruit with annual sales of about R500-million, and Langeberg is the world's largest single exporter. The relentless rise in export volumes from South Africa has excited protectionism in many of its markets. Excessive subsidisation and high protective barriers encouraged over-production of

canned deciduous fruit in Europe, with the result that prices dropped in 1993 and 1994, although they are now beginning to recover some of these losses which were partially ameliorated by the weakening rand.

One advantage Langeberg has is variable raw material costs.

"We are preparing for the phasing out of Geis and low margins in Europe by continuously reducing costs and improving efficiencies. Our prices in the local market have increased at well below the inflation rate over the last three years, yet we were able to improve margins."

## Motor exports fetched R2,6m last year

Marcia Klein

ED 22/5/95  
VEHICLE and motor component exports grew 37% to R2,6bn in last year, with components representing R1,9bn of the total and fully built up vehicles the rest.

National Association of Automotive and Allied Manufacturers (Naacam) president John Brandtner said this growth indicated "the successful restructuring and productivity programmes" implemented by the component industry, which had concluded contracts all over the world.

Brandtner said component price increases were held below producer inflation, while vehicle price increases continued to exceed consumer inflation, largely

(120) (740)  
because of the exchange rate exposure of the imported content of vehicles.

He called for the urgent replacement of phase six of the local content programme. The new programme should aim at making vehicles more affordable and improve economies of scale "to make SA's cars and components internationally competitive".

The new programme should also facilitate "significant exports of fully built up vehicles and components in the interests of earning foreign exchange and of preserving and creating employment".

Brandtner said the new programme should give the industry time to progress to a situation where the industry could stand up to global competition.

**E**XPORTERS have reacted angrily to the proposal by the Trade and Industry Department that they adhere to specific reconstruction and development (RDP) targets if they wish to be paid the entire subsidy due under the General Export Incentive Scheme (Business Day, April 26).

Industry has objected to the imposition, without prior consultation, of criteria which they see as subjective and arbitrary. However, the process problems associated with the intervention should not suggest that the goals of the RDP and the aim of achieving international competitiveness are contradictory. In fact, these goals are in harmony.

Indeed the present dispute may be a useful opportunity for exporters to clarify with government the extent and conditions of future government support.

It is widely accepted that the RDP represents SA's only legitimate option for achieving sustainable growth.

**T**he proposed industrial policy (the source of the criteria invoked by the department) summarised in last November's RDP White Paper is aimed at the following policies:

- Government will aim to extend the international competitive edge of selected industries;
- Light manufacturing subsectors will receive support if they show potential to emerge from protection;
- The void between primary commodity industries and manufacturing industries will be filled by government encouragement of forward linkages and mineral beneficiation;
- Government will support agro-manufacturing sectors which are less capital intensive and can create employment; and
- Government will drive industrialisation towards higher value-added activities, and to raise productivity through human resource development, work reorganisation, democratisation of the workplace and technological development.

The main goal of GEIS was to stimulate trade and increase foreign exchange earnings during isolation. GEIS was designed to offset the

# Exporters will win if they take aim at RDP targets

PETER HOPE

74G  
24/5/95

(74G)  
BD 24/5/95

"anti-export bias" of the SA economy arising from exchange rate fluctuations, inflation and the additional cost to exporters of imported inputs due to tariffs. About R2bn is paid every year to beneficiaries, while the value of the subsidies can amount to 18% of the export value of the product concerned.

As all exporters are painfully aware, GEIS is due to be phased out by April 1 1998. The problems with GEIS include the following:

- The subsidy failed to motivate producers to reduce their input costs, to increase productivity or to improve their general competitiveness;
- The scheme was not targeted at small-to-medium enterprises (SMEs) attempting to break into the international market;
- The subsidy failed to provide a real economic incentive to increase the beneficiation of, or value added to, exports;
- The scheme lent itself to the lodging of fraudulent double claims;
- Most of the subsidy was paid to large conglomerates which would have exported anyway; and
- It is GATT-incompatible. The Uruguay Round Agreement on Subsidies and Countervailing Measures flatly prohibits subsidies which are contingent on export performance.

The withdrawal of GEIS benefits will have severe effects on South African exporters who have, under-

standably, come to rely on the export subsidy.

Exporters and government must explore alternatives to GEIS. As SA's export performance and trading activities will increasingly be monitored by its trading partners in terms of GATT, it is useful to begin the search for alternatives by establishing what is permissible in terms of the Uruguay Round Agreement on Subsidies and Countervailing Measures (the "Subsidies Code").

The Subsidies Code allows the following types of subsidies:

- General subsidies to all enterprises which meet certain objective economic criteria (eg number of employees) and which do not favour certain industries over others;
- Subsidies which are not general but which either assist research activities conducted by firms, or assist disadvantaged regions within the country, or assist in adapting plant and facilities to new environmental requirements.

The RDP's prescriptions for assistance to SMEs, assistance for disadvantaged regions from the centre and its support for research and development fit these exemptions. Thus exporters who plan projects consistent with the above will be in a strong position to claim government support.

The Subsidies Code also accepts

that there are many subsidies which may not explicitly be authorised by the code but which members of the World Trade Organisation (WTO) are not restricted from providing. Given the RDP's local and international legitimacy, it is more unlikely that any WTO dispute settlement forum would rule against a subsidy granted on the strength of industry's adherence to the RDP.

Aside from existing government support (technical and marketing assistance, tariff exemptions for imported inputs), new forms of government support being explored include export financing assistance to SMEs. This would consist of a scheme to provide working capital by way of government guarantees to commercial banks which would be obliged to lend short-term capital to SMEs approved by a suitable governmental vetting agency.

As regards supply-side measures, the RDP calls for the development of a "coherent human resource development policy" that will focus on "skill acquisition and adult basic education for the incumbent workforce". Exporters who wish for a productive workforce need to participate in and develop a support programme for firms to establish on the job training programmes.

GATT accepts government support for genuine research and development. In turn the RDP commits

government to promote a greater understanding of the importance of technology in economic growth; assist by identifying the role of technology in beneficiation, increasing productivity, the development of exports, and improving health and safety; support the identification and utilisation of technological and design competency.

Exporters should investigate ways in which the RDP incentives offered by government could have more immediate impact on their cash flow and competitiveness.

Regional development policy is an important element of the RDP that could be exploited by exporters. SA's inward orientation and neglect of the export market is reflected in the underdevelopment of the coastal regions and border regions. Exporters should influence regional development policy to ensure that a portion of government revenue flows to such regions and are tied to boosting export opportunities by improving transport infrastructure, reducing bottlenecks and red tape at the point of export and developing direct linkages between local industry and the export market.

**C**ompetition between government ministries for scarce government funding will be won or lost on the basis of relative contribution to the RDP. The RDP White Paper explicitly links the reduction of GEIS benefits to the need for increased RDP-based support for exporters. Exporters must ensure that this promise is fulfilled.

For exporters to motivate their claims for government support on the basis of consistency with the RDP should not entail adopting projects which are harmful to the bottom line. The success of the RDP and its call for industrial restructuring, productivity and competitiveness will accrue to the direct benefit of the exporter.

Exporters may come to be grateful to the Trade and Industry Department for presenting it with an opportunity to obtain clarity and commitments from government concerning its support for exporters.

Hope is a professional assistant with London and Cape Town-based attorneys Mallinicks.

# Govt proposals could spark row

(746)

BD 25/5/95

**John Dlodlu**

SPARKS are expected to fly today when government's proposals linking export benefits to the reconstruction and development programme are discussed at a National Economic, Development and Labour Council (Nedlac) meeting.

Business has rejected government's proposals to link benefits in terms of the general export incentive scheme (GEIS) to companies' RDP-related performance such as human resources development, research and development and technological development.

Sources speculated that government might be forced to back down, and push for the RDP-performance proposals to be included in future export incentives.

Government representatives first presented their proposals at last month's meeting of the Nedlac trade and industry chamber.

The proposals were rejected by business as adding "another unnecessary bureaucratic layer" to GEIS claims, and government was sent back to the drawing board.

A business source at Nedlac said accepting the government proposals in their original form would have contributed to more uncertainty about GEIS claims, which are notoriously slow to process. "Besides, the proposals would have harmed the SMMEs (small business sector) which government wants to develop."

At today's meeting of the chamber, government is expected to present its modified proposals.

In an interview yesterday, Nedlac's programme manager Debra Marsden indicated the trade and in-

dustry chamber could announce its first agreement next month.

Marsden said work on attracting foreign direct investors was at an advanced stage. A report with recommendations on the institutional framework to be created to attract investments to SA and liaise with the regions would probably be discussed at the chamber's next meeting on June 8, and agreement on the recommendations could be reached later in the month.

Agreement on the chamber's recommendations would then be tabled at Nedlac's executive council meeting scheduled for July 7.

The study was one of several undertaken by the chamber's Japanese Grant Fund subcommittee. The grant fund resulted from a R7,4m grant from the Japanese government to assist SA in carrying out policy studies to improve its international competitiveness.

An official of the Industrial Development Corporation said other studies currently being funded through the grant included financing mechanisms for training, enhancement of technical and marketing support for small business and an audit of export incentives aimed at eliminating anti-export bias from the SA economy.

Today's meeting is expected to consider a Japanese grant fund subcommittee briefing on economic restructuring to enhance SA's international competitiveness. The afternoon session will be devoted to a briefing by government on developments in its foreign trade relations.

The current talks between SA and the European Union — towards a long-term relationship — are expected to dominate the session.

# TECHNOLOGY

By ZILLA EFRAT

## Altron leads the way in SA's export drive

ST(BT)28/5/95 (745)

COMMODITIES exports are booming, but many SA producers of high-tech products have far to go before they take the foreign market by storm. Not so for the Altron group.

Its exports have jumped from less than R8-million in 1990 to R181-million in its financial year to February this year.

Its product range has grown from "commodities" like batteries to more sophisticated products such as electronic systems and telecommunications software.

It is now tendering for major turnkey telecommunications and electrical projects worth hundreds of millions of rands.

The group, last year's overall winner of the President's Award for Export Achievement, sells 17% of its manufactured output abroad.

Harold Serebro, chairman of the Altron Group's export council, says exports are running more than 200% ahead of budget in the current financial year. One of Altron's subsidiaries has its order books full for the next 18 months and another for the next 11 months.

In recent years Altron's engineers have developed 170 new products, some unique for niche markets.

The group, with annual local sales approaching R4-billion, has spent about R250-million developing products and services for the reconstruction and development programme.

These specialised products are suited to conditions in developing countries, a factor which has made Africa and Asia Altron's largest markets.

The group exports to 65



GOING PLACES . . . Harold Serebro and Peter Watt, deputy chairman of Altron Picture: HERBERT MABUZA

countries worldwide and broke into eight new markets over the past financial year. Its fastest growing markets are the Gulf states and Britain.

Altron budgets about R140-million a year on research and development. Technology development always takes place with a view to export.

Dr Serebro says its major European principals, Alcatel and Asea Brown Boveri, in recognition of its quality and expertise have provided subcontracting export work.

Altron subsidiary Powertech is making transformers for ABB, exported to the Philippines and Africa. Alcatel has also realised the telecommunications software design capabilities of associate Altech.

The two companies have formed a joint venture and have established a software development centre in Boksburg for global exports. In the past financial year the venture's exports were R60-million — up from about R18-million the previous year.

Subsidiary Fintech's successful export thrust of locally developed software packages for the coal- and gold-mining industries has created opportunities in Europe and the US.

The Altron group has benefited from being certified by the World Bank, the International Monetary Fund and departments of telecommunications across Africa. This means it can tender for any of their projects.

Recognition of its cable products in Britain have made that country its

second largest export market and has led to lucrative spinoffs in Hong Kong and other Asian markets. A flood of inquiries in the lighting, energy and instrumentation arena is boosting the value of Altron's forward export order book.

Dr Serebro says the foundations for Altron's export success was laid about five years ago when the group established a purchasing council to reduce the cost of goods sold by at least 3%.

Using its huge purchasing power, the group has

negotiated the supply of high quality raw materials, both locally and internationally, at competitive prices and with reliable delivery times.

This has helped it become a low cost producer of quality products and systems which have become globally acceptable. The strong focus on material price management helped control costs and wastage and enhanced productivity.

This resulted in the formation by Bill Venter, Altron's chairman, of an export council.

Altron has a freight company called Aeromartime International Management Services which further enhances its worldwide products delivery.

It is also strengthening its network of international agents and has published a 340-page manual of its products. It has a company rule that all export inquiries must be responded to within 24 hours.

Altron also looks at buying companies with export potential with a view to turning them into export entities.

Altron's target is to export 25% of its total manufactured output and its attention has turned to developing methods to overcome the loss in margin support from the gradual removal of the general export incentive scheme, or Geis. The plan is to improve quality, productivity and design and provide superior after-sales service.

# New turn in GEIS dispute

John Dlodlu

(74G)

BD 30/5/95

EXPORTERS' hopes that government would back off from a controversial move to link export incentives to the reconstruction and development programme (RDP) have failed to materialise.

Business representatives in the National Economic, Development and Labour Council (Nedlac) trade and industry chamber had expected government to soften its proposals at a meeting last week.

However, sources said government failed to modify its plan to link the general export incentive scheme (GEIS) to companies' RDP performance. Instead, government said it expected business to produce a written document detailing its

objections to the plan. A business source said there had been a misunderstanding.

A source said business was now drawing up its written response, including concerns that the delays in receiving GEIS payments would be aggravated if the proposals were implemented.

Government intended linking GEIS benefits to companies' spending on training, research and development and human resources development.

Nedlac spokesman Lomih Saayman said business's response would be discussed at the chamber's next sitting on June 8.

GEIS, which is now taxable, is to be terminated in 1997 in line with SA's GATT obligations, and savings will be used to finance suitable supply-side measures.

## Seams come apart on clothing plan

Yuri Thumbran

TRADE and Industry Minister Trevor Manuel's plan to link export assistance for clothing and textiles to productivity and training has come unravelled.

The plan was that exporting companies would qualify for exemption from import duties through the duty credit certificate scheme only if they met training and productivity criteria monitored by the National Productivity Institute.

However, the Clothing Federation (Clofed) and the SA Clothing and Textile Workers' Union (Sactwu) disagreed over implementation of training measures. The Textile Federation (Texfed) joined the fray, complaining about the lack of progress at the institute.

In a letter to Sactwu, Clofed executive director Hennie van Zyl said Trade and Industry's proposal was that a maximum of 10% of scheme benefits be spent on training until target expenditure of 4% of wages was achieved. However, Clofed wanted a maximum of 5% spent on training until target expenditure was achieved.

Van Zyl said reducing the maximum to 5% would give flexibility to companies to which marketing and technology would be a more appropriate strategy. The institute had a vital role to play in identifying the most appropriate strategies for individual companies, and these plans had to be

BD 31/5/95 Continued on Page 2

## Clothing

Continued from Page 1

lodge with the department.

"There is growing concern that instruments created to promote exports and international competitiveness are being turned into instruments to promote training," he said.

Texfed executive director Brian Brink expressed concern that with the export year already in its second month, the institute had not yet finalised guidelines. "Companies could go out of their way to meet the targets, yet at the end of the period the

NPI could still ~~die~~ ~~die~~ against them."

Institute consulting services head Jan-Henk Boer said scheme beneficiaries should, with the institute's help, formalise productivity plans for 1995/96 showing status of key productivity performance indicators and improvement targets. Later accredited management consultants would help with productivity plans.

The extent of spending on training, in cases where the target figure of 4% of the wage bill could not be met, was still being negotiated between Sactwu and Clofed. If consensus could not be reached, government would have to decide.

# Generating income for the

CT (MR) 1/12/95 (74G)

Export turnover approaching R400 000 – after R60 000 last year and only R2 000 the year before – tells the success story of Africa Trading (AT) of Cape Town. In July it became South Africa's first affiliate of the International Federation of ATOs, or Alternative Trade Organisations.

"Some 50 groups and individuals, mainly close to Cape Town but also in Soweto and the former Transkei, provide us with their craft products," says general manager and director Peter Hinton.

"For many of those products we now have markets in 10 countries, one being New Zealand and the others in the EU and North America."

AT was set up in 1988 by the job creation vehicle Triple Trust Organisation and initially focused on finding local markets for people trained in various crafts.

The political changes of the Nineties enabled it to start seeking export opportunities and to become a registered ATO.

Most of the world's 40 or so of these organisations are in Europe and the largest Germany's GEPA with a turnover of more than R100 million.

"AT aims to be the vital marketing



## **JOB CREATION THEIR AIM**

*Peter Hinton of Africa Trading says AT aims to be the marketing link between disadvantaged communities and formal market outlets*

link between producer groups in disadvantaged communities and formal market outlets, on the basis of fair trade.

Objective: to generate income from the First World for South Africa's Third World sector."



ET (MR) 1/12/95  
**Craft exporters  
by the thousand**

(746)

Some 2 500 individual craftspeople in KwaZulu-Natal, and others in KwaNdebele, are contributors to the country's export effort through the Craft Association in Gauteng, whose exports this year will run at around R250 000. That's a level four times higher than in 1993, which was the Association's 10th year of existence.

"The products concerned - mainly traditional beadwork and musical instruments - now go to Japan, New Zealand and nine other countries in Europe," says executive director Zampi Ngqobe. He was on a business trip to India last week.

"We represent some 65 groups and individuals across the country, the largest of the groups - basketweavers in KwaZulu - numbering as high as 1 600. Around half of the groups are in Gauteng and 13 are in Northern Province."

The Association describes itself as "a coalition of self-help projects in rural and urban South Africa which came together to help market their products".

Owned by its members, it came into being in 1983 through the SHADE (Self-help Associates for Development Economics) Programme of the Wilgespruit Fellowship Centre.

Its mission is "to render high quality product development, business and sales services to low-income communities engaged in micro and small to medium businesses at national level in order that they can be profitable and economically self-sustaining."

## Exports vital to economy

(74G) CT(BR) 1/12/95

A 14% decline in exports in September – and accompanying R1-billion deficit in the country's trade account – emphasised just how important exports are to South Africa ... and how vital is the role of entrepreneurial winners of the State President's Export Awards, such as the companies which sold chipcards and chocolate confectionery in Russia. Entries for the awards rose by a quarter this year, says the Department of Trade & Industry.

It feels the winners are broadly representative of the country's export effort – hence six awards to wine producers this year compared with only two last year (exports grew by two-thirds between 1993-94 and 1994-95).

A new category, "traders", has so far been disappointing "considering the number of potential entrants". The top award was withheld, but two companies won merit awards.

Other new categories introduced this year are for the creation of an export culture within companies, and for product innovation for the export market.

# Mbeki stresses importance of exports

CT(BR)1/12/95 (74G)

By ROY COKAYNE

Pretoria — It is imperative that South Africa increases the volume and value of its manufactured exports, says Deputy President Thabo Mbeki.

He also says competitiveness is essential for the global repositioning of the country.

"Companies will have to concentrate on developing their human resources (and) improve productivity, technology (and) marketing skills and modernise their work... processes," he told the President's Awards for Export Achievement banquet in Johannesburg last night.

The overall winner was Impro Technologies of Westmead.

He said South Africa's economic development would, to a large extent, depend on the development of a manufacturing sector that was internationally competitive.

He said this sector was very important because it had the potential to generate meaningful wealth.

□ See Page 22

## Ferrochrome exports booming

et (BR) 1/12/95 (74G) (159)

A two-thirds increase in the volume of ferrochrome exported to producers of stainless and special steels saw Consolidated Metallurgical Industries almost double its earnings in 1994-95.

"We regained market share in Europe by specifically targeting customers," says marketing director Allan Kuhnert. "And we spent time developing use of charge chrome in the Pacific Rim markets, also appointing a new agent there."

Overall, increased worldwide

production of stainless steel boosted the export market.

"Essentially, CMI is selling a commodity, to which value is added by providing a full service including quality assurance (ISO 9002), payment terms, technical support, material warehousing, packaging and agency support.

"These services differentiate CMI as a contractual supplier. This allows us to charge a premium to the spot price when the market is over-supplied."

# Altron betters a stunning performance

(74G) (RSD) CT (BR) 1/12/95  
The overall winner of the State President's Export Awards last year, Allied Electronics Corporation in the Altech group, improved its performance still further by:

- Exporting to 71 countries instead of only 53;
- Pushing up the rand value of exports to R194-million from R165-million and exporting 11,25% of manufactured output;
- Exporting I-Mine software for the coal mining industry to the US, Poland and Greece;
- Increasing expenditure on research to R175 million a year.

Says a spokesman for the company: "Altron offers a wide range of locally developed products and systems for exports in the fields of electronics, electrical engineering, telecommunications, information

technology and electronics for mining.

Products developed for the RDP have been in demand in Africa and the Pacific Rim.

They include:

- Rurtel radio-based point to multi-point telecommunications systems;
- Containerised GSM cellular phone shops;
- Low-cost, pre-payment stored value meters, or budget energy controllers, for electricity metering and payment;
- Mass-education training systems to address literacy and other challenges;
- Truck driver simulators;
- Low and intermediate power voltage power cables for reticulation of electricity to rural areas; and

- Low-cost street lighting.

During 1994-95, the company took on an additional 220 black employees, of whom 19 are now in senior management, 67 in middle management and the remainder in technical supportive, administrative or supervisory positions.

Three highly qualified black sales people are promoting exports of power transformers and switchgear into Africa.

The mining and technology division is current employing an additional 500 people in its new R60-million factory.

Not only did Altron win a merit award in the manufacturing sector (a previous overall winner has to wait four years to be in the reckoning again), but also an award for promoting an export culture.

# Exports surge for electronic goods

BD 4/12/95

(74G)

Jacqueline Zaina

EXPORTS of electronic goods had surged 74% to R4,5bn in the 10 months to October from R2,6bn the previous year after growing demand for a diverse range of products from markets in Europe and the Middle East, SA Foreign Trade Organisation GM Ann Moore said at the weekend.

She said the machinery, electronic and transport sectors in particular had seen exports increase. "It is significant that SA is exporting highly manufactured goods to sophisticated as well as developing markets."

Electronics Industries Federation executive director Keith Prins said exports in the telecommunications sector had jumped 45% this year compared with the previous year, and now accounted for 10% of the sector's total turnover.

The threat of foreign competition, and the scrapping of long-term contracts, had seen local manufacturers look beyond the country's borders to grow their markets and ensure profitability.

Grinaker Electronics MD Sybrand Grobbelaar said group exports, 90% of which were defence related, rose 60%-70% this year compared with last year. Ex-

ports were expected to contribute 50% to turnover within the next three to four years, and could grow 50%-60% in financial 1996.

Grinaker's primary markets for defence products were the Middle and Far East and South America, Grobbelaar said.

But SA was struggling to define its position as a reputable supplier in the world market. It was important that the country projected a profile of stability to ensure it became a preferred trading partner in the international market. The process of acquiring export licences had also hampered foreign trade, he said.

Reunert financial director David Rawlinson said exports had increased 15% this year, compared with the year before. Exports — excluding goods produced under licence — were currently worth about R170m or 8%-10% of turnover. Based on pending tender agreements they could increase as a percentage of turnover to well above 15% next year.

Most of the increase had come from the analogue decoder and pay phone markets. The group was looking at exporting to Canada, Australia and Italy and already supplied markets in Africa and western Europe, he said.

# Optimistic forecasts for SA fruit

Linda Ensor

BD 4/12/95 (74G) ~~OFFICE~~  
ny for ex-quay handling, processing, storage, quality control and delivery.

LONDON — European demand for SA fruit is projected to grow dramatically next year, and a radical restructuring exercise being undertaken by Capespan International plc to cut costs is also expected to contribute to farmers' bottom-line returns.

Capespan chairman John Stanbury said at the weekend that the aim of the reorganisation would be to enhance efficiency, eliminate handling operations which did not add value, and improve the quality of fruit by eliminating time, detour and handling delays.

In terms of the restructuring Capespan, with a number of other exporting organisations, mainly from Southern Africa, would establish their own dedicated distribution and service compa-

ny for ex-quay handling, processing, storage, quality control and delivery. As Capespan is the biggest single external supplier of fruit to the UK, this reorganisation would inevitably have repercussions for wholesalers, distributors and transporters.

Stanbury gave details of the restructuring at a Press conference. He also released the results of the group, which was formed last year to amalgamate the European operations of Outspan and Unifruco.

The group's five-year plan provided for dramatic growth of all products in European markets. New offices have been opened in Moscow, Vienna and Koper (Croatia).

To cope with this anticipated demand SA fruit farmers have significantly increased their new plantings.

# Capespan sales up 20 percent

□ 74 million boxes of fruit sold

Business Staff

CAPESPAN sold 74 million boxes of fresh fruit in its first full year of operation, up 20 percent on the individual performances of its principals in 1994.

Together with wine and fresh juice sales, which trebled in 1995, Capespan's European turnover amounted to £532 million, making it one of the major produce suppliers to Europe.

Capespan markets the produce in Europe of about 5 000 southern African growers, and is equally owned by South African deciduous and citrus growers. In addition it represents sub-tropical fruit growers and wine and juice producers.

In volume turnover terms, that of all major fruits except apples and

nectarines increased significantly, said chairman John Stanbury.

"While deciduous and sub-tropical fruits had a mixed season beginning with high expectations, but followed by difficult market conditions that stretched the logistical capacities and shelf life of many products, the citrus season was particularly successful, with excellent product and generally favourable market conditions," Mr Stanbury said.

Projections for sales in 1996 were 82 million boxes of fresh fruit, and a European turnover of £631 million when wine and fresh juice sales have been included.

Total sales value last year was £460 million on individual sales of deciduous, citrus and exotic fruit and wine and juice.



## Samcor wins Ford engine export deal

(74E) (74G)  
Michael Urquhart  
BD 6/12/95

SAMCOR had secured a contract worth R400m a year to become the sole world supplier of Ford's 1,4 PTE engines, the company said yesterday.

The local motor manufacturer, jointly owned by Ford and Anglo American, would invest R126m to install a new line at its Port Elizabeth engine plant, and would employ an additional 350 people to handle the order.

The contract called for the supply of 200 000 engines, would last for two-and-a-half years and could be renewed at the end of that period. The total value of the contract was R1bn.

The first engines, to be used in the new Ford Escort, would be shipped to various Ford plants overseas from February next year.

Ford Motor Company chairman and CE Alex Trotman said his group was looking at other components besides engines to be sourced from SA. Samcor already supplied catalytic converters and leather trim to Ford in Europe.

"The engine plant has the capacity of producing numerous other components," he said. "We are looking at SA to expand as an export base for Ford products to other countries. In fact, we are looking at SA as a supply base for the rest of Africa."

Trotman said Samcor, through its quality and improving productivity, was a good example of the type of manufacturing operation SA needed to be successful in world markets.

Samcor group MD Jim Miller said the company was looking at a range of Ford products from around the world for introduction to SA.

Our Port Elizabeth correspondent reports the contract will create at least 350 jobs at the Struandale plant.

Ford pulled out of Port Elizabeth 10 years ago.

## US slaps anti-dumping duty on SA steel pipe

Simon Barber

~~74G~~ (74G)  
BD 6/12/95

THE US commerce department has provisionally slapped 135% anti-dumping duties on imports of SA steel pipe in a bid to drive the SA product out of the US market.

The decision, which chiefly affects Robor Industrial Holdings, followed complaints by US producers that SA competition was eating into their margins and preventing them from modernising.

The department will issue a final ruling within six months, after obtaining more information from Robor. In the meantime, US importers of the SA products must pay the duties in escrow to the US customs service.

The six-member US' international trade commission, in a 4-2 ruling, declared last June that imports of SA pipe were "materially damaging" the US industry. The matter was then handed to the commerce department's international trade administration which had to decide whether, and, if so, by how much, SA pipe was being exported to the US at "less than fair market value".

The duty reflects calculations of the difference, after adjustments for freight and other costs, between the price Robor charges to non-affiliated resellers in SA and the dockside price paid by non-affiliated buyers in the US.

The calculations were based on transactions between April 1 last year and March 31 this year.

Imports of SA pipe surged after the lifting of sanctions in 1991 to 39 000 short tons, valued at \$18m last year. This caught the attention of the US industry, which has managed to have anti-dumping duties imposed on almost all foreign suppliers.

# Berg River Textiles in new export drive

BY MAGGIE ROWLEY

Cape Town - Paarl-based Berg River Textiles, part of the listed Romatex group, has made further capital investments aimed at lifting exports from the current 2 percent of turnover to 20 percent within the next three years.

Since Romatex bought the company in the mid-1980s, more than R86 million has been ploughed into upgrading and replacing plant and machinery, and the factory now has a replacement value of around R180 million.

The latest investment involves the installation of a R7,5 million computerised Stork colour kitchen which prepares colours for printed and dyed fabrics.

Managing director Andrew Sandison said the new machinery would enable the company not only to meet the growing demand for shorter production runs and reduced production time, but also placed it well within the stringent environmental criteria set down for imports by the European Community.

Sandison said the new technology would reduce by 85 percent the dumping of colour into effluent and would also allow for accurate reruns.

Over the past five years, the company has seen its workforce reduced from around 1 450 to 1 100 because of streamlined operations, improved technology and the outsourcing of certain non-core functions. The company, however, remains the largest employer in the Boland town.

He said when Romatex bought the company in the mid-1980s it was ailing and in need of intensive upgrading.

Ironically it was sanctions which assisted the company back into profitability.

Equally, the abolition of apartheid had been followed by a flood of cheap, particularly illegal, imports which had undermined its domestic market and put margins under increasing pressure.

The company's biggest defence against imports, said Sandison, was to deliver good quality products with short lead times and good reproducibility.

The company currently produces about 8 percent of the cotton textile output of South Africa — around one million metres of cotton and cotton/polyester fabric a month and sufficient yarn each week to circle the world 110 times.

The greatest growth areas in the domestic market, he said, lay in home furnishing and textiles which were not as threatened by the flood of cheap and illegal imports as the highly competitive fashion sector.

Increased competition in the domestic market, together with the highest cotton price faced by the industry in 125 years, was putting margins under increasing pressure.

However, the group was looking to real growth in turnover boosted in part by an increase in exports.

In the past couple of years, Berg River Textiles has grown its exports from zero and is currently exporting through the UK into six countries in Europe.

(74G) ET(BR) 7/12/95

# SA wines move from forbidden fruit to fastest-growing export

BY BRENDAN BOYLE

ET(BR) 12/12/95 (74G)

Paarl — Once the forbidden fruit of apartheid, South African wine has become the fastest-growing export from the country.

During National Party rule, the country's wine was a target of sanctions and boycotts. But wine exports have multiplied more than fivefold since Mandela's release in February 1990.

The demand is so great that South Africans are finding some of their favourite wines impossible to get and Australian, Chilean and Spanish imports are appearing on South African shelves.

"The market has exploded in our faces. No one really anticipated the growth in demand after the 1994 elections," said Kobus van Niekerk, the managing director of the country's main wine export agency, KWV International. "Our wines used to be sold from under the counter. Now everyone seems to want to drink a wine with South Africa on the label."

Van Niekerk said export sales rocketed from R80 million in 1989, to an estimated R480 million this year. Export quantities jumped from 24,6 million litres in 1993 to 50,6 million litres, or 5,6 million cases, last year. The total export for this year was expected to be about 7 million cases, Van Niekerk said.

The increase in wine exports has thrown South Africa into competition with the southern hemisphere's two other key producers of the light and fruity new world wines that are challenging the established dominance of European products.

"If I were a South Africa wine maker, I would be very worried about Chile. It's very export-orientated and they are responding to the new world style more quickly than South Africa," said Australian wine maker and writer John Halliday.

Halliday was in Cape Town as part of an international panel judging a wine competition between Australia and South Africa, which the visitors easily won.

He said: "South Africa is recognised as a serious wine producer with a longer history of wine making than any other producer in the new world. But the wines reflect the years of political isolation... there is nothing in South Africa yet to challenge the great wines of Australia."

South African wine writer Michael Fridjohn agreed that the country's wine makers needed to shift away from heavy and complex traditional wines towards the lighter new world style. "It's not a virtue to be so austere," he said.

"The message coming in from around the world is loud and clear: wines should be soft and sweet in

the mouth. We've got the weather for it, we're just harvesting too soon. We go on the chemistry of the grape and not enough on the taste."

Just two years ago, South Africa was selling most of the product of its vineyards as grape juice concentrate and the industry was nursing an oversupply, termed a wine lake.

"In the twinkling of two years, the export-led boom has left not even a puddle in place of a wine lake," said wine maker and writer John Platter.

Industry analysts say many of the country's 4 647 grape growers are heeding the international demand for simpler, easier wines from the range of cultivators they call the big six.

They are also changing the presentation of their wines, moving away from colonial labels with the names of historic Dutch estates like Allesverloren and Goede Hoop towards names like Nelson's Valley, Hippo Creek and Railroad Red on bright, modern labels.

Van Niekerk said KWV, the wine growers co-operative to which most farmers belong, was promoting a shift from chenin blanc, which accounts for more than 30 percent of the country's production, to the top-selling big six: cabernet sauvignon; merlot; pinotage and shiraz in the reds, and chardonnay and sauvignon blanc for the whites. — Reuter



that it will be... would continue to be buoyant

WINE EXPORTS ~~ESTIMATE~~

**Nuclear fallout** 74G

FM 15/12/95

France's insistence on going ahead with its nuclear test programme could mean a shortage of good SA wines on the local market and a hefty increase in prices next year.

The tests have already created strong resistance to French wines in many countries, including Sweden, the Netherlands and New Zealand, says KWV divisional marketing executive Piet Momberg. This has benefited other wine-producing countries such as SA, Australia and Chile, the so-called New World producers.

But, says Momberg, it's hard to quantify how much of SA's wine export increases can be attributed to increasing popularity abroad and how much to the growing boycott of French wines.

"We didn't really need any nuclear tests to boost our overseas wine sales; they have been growing dynamically on their own," he says. In 1990, SA exported 660 000 cases of wine. This rose to 1,12m in 1991, 2,3m in 1993 and 5,93m in 1994. This year, the industry expects to export 6,8m-7m cases.

This is good news for producers but not for lovers of local wines. Prices are not likely to remain at present levels. Momberg says: "There is already a shortage on the domestic market."

Distillers Corp export director Don Gallow says that, to show their opposition to the nuclear tests, several big department stores in the Netherlands which have been buying wines from French producers for decades want to replace the suppliers and have asked Distillers for a "submission."

Securing the business will see its exports rocket. In the year to June, exports hit R60m — 47% up on a year ago.

Gallow says Distillers tries to ensure there is always enough wine for the domestic market. It has invested large sums in developing the local market "and will not neglect it for exports."

**BUSINESS**

Distillers reports heavy demand for Pinotage and is allocating percentages of stocks for export and local sale. ■

Carvers  
ST (PR) 17/12/95  
master

## the craft of export

**(744)**  
CRAFT and curio traders Rural Craft are beginning to achieve considerable success in the export market, writes **THABO**

**KOBOKOANE.**

Rural Craft, the trading arm of the National Craft Association, a non-government organisation, lifted exports to R250 000 last year, an increase of over 500% from the R40 000 it earned in 1992.

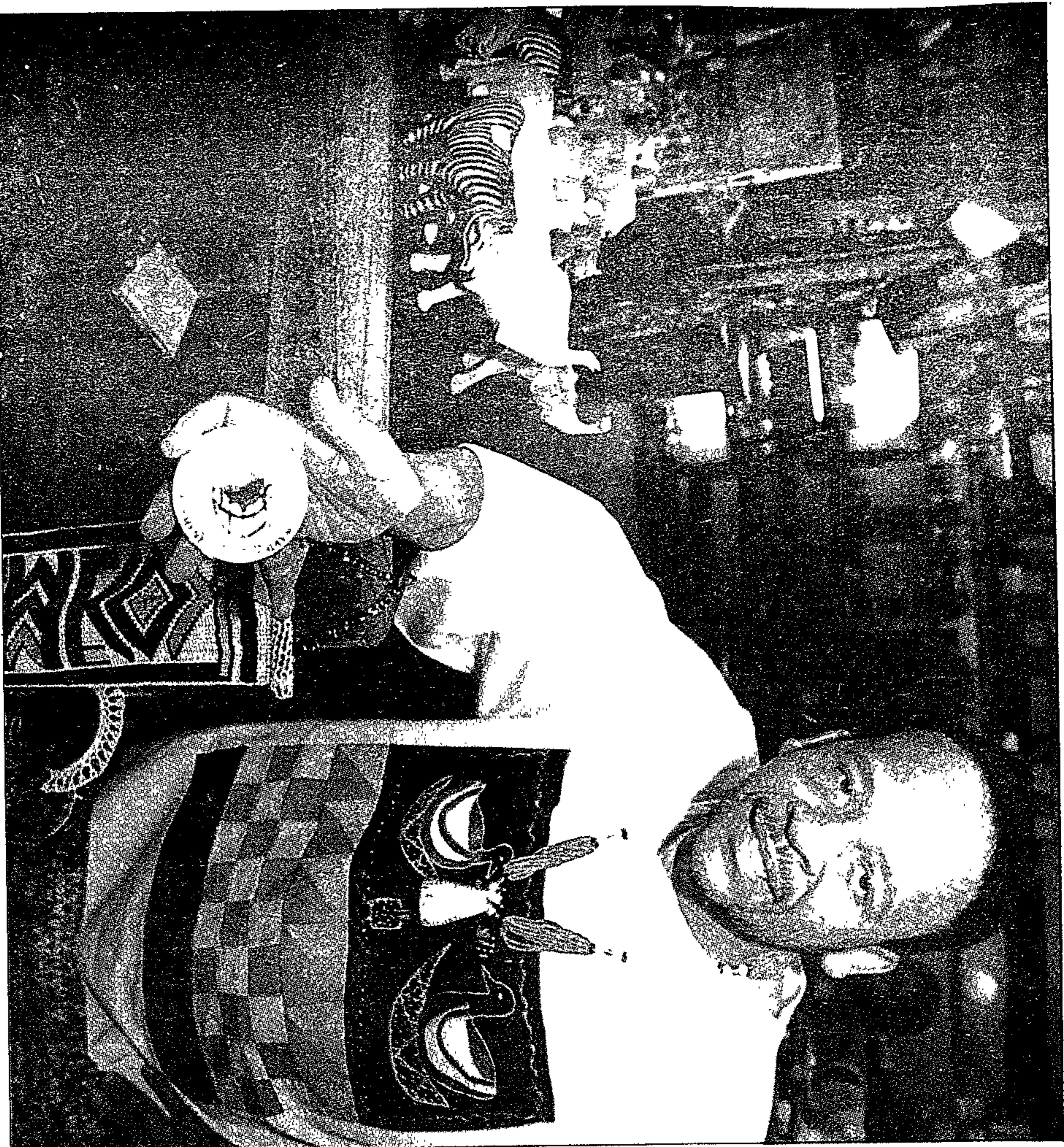
"We aim to grow even further," says Sampi Ngobe, the organisation's executive director, who expects export income to exceed R300 000 this year.

At the recent President's Award for Export Achievement, Rural Craft was rewarded with honours in the services sector and a merit award for creating an export culture in its business.

The organisation exports mostly to Europe, Japan and the US and exports account for about 21% of its turnover.

Started in 1981 by the SA Council of Churches, the primary objective of the National Crafts Association is to develop the skills of rural people.

"The NCA also hopes to achieve self-sufficiency as donor funds for NGOs are drying up," says Mr Ngobe. "We want to make people aware they have a business opportunity that can improve the quality of life."



CARVING A NICHE  
Cobus Bodenstein, Rural Craft, with his badge of success

Picture: COBUS BODENSTEIN

ST (M) 17/12/95  
~~ST (M) 17/12/95~~  
Clamour for Cape products  
(746)

**J**UST about every major industry in the Western Cape has been transformed from lacklustre to dazzling in the short bout of booms since the election.

Europeans, slumped into the greyness of a long, cold winter, cannot get enough of our Western Cape fruit. Ask Unifruco, who market and export our fruit to foreign markets.

Suddenly, countries who would not contemplate, or were not allowed by law, to "buy South African" on political grounds, are clamouring for our succulent Cape fruit.

The demand for seedless grapes for instance, is so insatiable, Unifruco have been operating a jumbo jet airlift out of Upington of grapes from along the banks of the Orange River for the last five weeks.

Exports of seedless grapes alone are set to double in the next five years, with farmers busily planting when they are not picking.

The wine industry is another example. For the first time in living memory South Africa has, in wholesale terms, run dry.

Now we import wine from Chile and other places to satisfy local demand.

But by far and away the biggest upside potential of any industry lies in tourism.

Right now, you cannot get a flight to Cape Town from overseas until next year. That's with some 54 direct flights into Cape Town a month. It used to be eight direct flights.

And for the lucky few with air tickets, hotel rooms are as rare as hen's teeth.

The tide of tourists set to surge into Cape Town this summer might well set some new tourism records.

But I believe, they will just be scratching the surface. Few places compare with the climate and beauty of the Cape, and we have our best weather when most of Europe is covered in snow.

Next year the Western Cape economy looks set to grow by at least four percent. Fasten your seat-belts for the economic ride of a lifetime.

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## Afrox, CSE deal tops R6m

Susan Russell

BD 18/12/95

(745)

AFROX has secured another export order from the CSE Corporation to supply components for body-worn emergency oxygen sets which will be assembled and sold to US mines.

The latest order brings the value of the two-year deal between CSE and Aprox to more than R6m, a company spokesman said yesterday.

Aprox export manager Roland Stone said his company's components were being incorporated into CSE's SR100 — a 60-minute emergency oxygen set used by more than 40 000 US miners.

Emergency oxygen sets, known to SA miners by the generic term resQpac, contain chemicals which generate breathable oxygen when activated by the wearer in the event of a fire, exposure to noxious gases or other underground emergencies.

Both CSE orders from Aprox were for 10 000 resQ-pac kits each. Aprox manufactures the AproxPac, an emergency oxygen set developed for SA conditions.

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## Wine exports to Canada set to top 200 000 cases

Chris Freimond

BD 19/12/95

VANCOUVER — SA wine exports to Canada are expected to increase 20% to 200 000 cases this year as producers continue an aggressive marketing campaign to make up ground lost during years of sanctions.

Canada is SA's third most important foreign market for wine after the UK and Germany. Sales last year, the first full year since sanctions were lifted, topped 167 000 cases. Before sanctions were imposed in 1986, SA's annual exports to Canada were about 50 000 cases, SA Wine and Spirit Exporters' Association chairman Jannie Retief said.

SA's share of Canada's bottled table wine market is about 1,5%. Canada leads this sector

with a 32% share, followed by France (25%), Italy (13%), South America and the US (8% each), Australia (3%), Germany (2%) and Eastern Europe and Spain (about 1,5% each). Retief says local exporters are confident about growth. But competition from other New World wine producers is stiff.

Canadian figures indicate South American producers, headed by Chile, are expected to sell nearly 900 000 cases this year, and US exporters, mainly Californian, will ship about 920 000 cases to Canada.

But good news for SA producers is that arch-rival Australia is apparently struggling to increase market share. Sales are expected to dip slightly below last year's level of 390 000 cases.

## Popcru claims may 'backfire'

Own Correspondent

BD 19/12/95

EAST LONDON — Popcru president Capt Mzingisi Moshara has come under severe criticism from the union's East London branch for making public statements on the alleged embezzlement of union money by his predecessor, Enoch Nelani.

Moshara confirmed at the weekend that Nelani and former national financial administrator Norman Lepere were facing criminal charges.

Nelani allegedly embezzled R20 000 for personal use.

Moshara's action was "totally unacceptable... These allegations are only distorted information aimed at discrediting an... individual, which would backfire against Popcru," said Popcru East London branch organiser Vukile Pambo.

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## COMPANIES

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### Industry fights tariff cuts by increasing its exports

CAPE TOWN — SA's automotive components industry is reacting to the latest round of tariff cuts by increasing investment and exports, although there are mixed signals on job creation, according to a University of Cape Town survey. <sup>(744) (P)</sup> <sup>BD 20/12/95</sup>

Researcher Anthony Black said sustainable growth in the industry would depend on the degree to which firms could improve production efficiencies and continue market growth.

In an article in Trade Monitor, Black said government's ability to implement its programme of supply side support for training, technology upgrading and investment would also be important.

The survey was undertaken in July, but the industry appeared to be more positive about the cuts due in September than about past tariff reductions and was preparing to meet the competition of increased imports.

"The industry is also experiencing a boom with vehicle sales growing rapidly and this may have produced more upbeat expectations regarding investment and employment," Black said.

The new programme has removed the protection provided to manufacturers through a local content scheme and will see the gradual phasing down of import duties from the present 49% to 30% by 2002.

Although 42% of the firms surveyed expected employment levels to fall over the next five years because of increased competition, 44% expected employment to rise.

"The overall impression is of a fairly stable employment scenario although some dislocation will result from the fact that there will be winners and losers and some closures are likely," Black said.

Several new investment projects were also in the pipeline, which should boost employment. — Reuter.

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# Growers' outrage leads to board probe

Edward West

BD 21/12/95

CAPE TOWN — The Competition Board has launched an investigation into Safmarine's plans to create a \$150m shipping venture with export marketing groups Outspan and Unifruco.

A board spokesman said yesterday the probe followed a barrage of complaints, some of which reached the board barely an hour after the deal was unveiled last Friday.

He said it was premature to release details of the probe, but it is understood to have been driven, in part, by a response to an outcry from independent fruit growers.

The deal would give Safmarine domination over refrigerated fruit exports, which account for a large slice of SA's R3,3bn annual fruit exports.

The newly formed Independent Fruit Growers/Exporters' Association

said its members would not benefit from the merger, nor would they have the opportunity to monitor the new company's performance.

Unifruco and Outspan were attempting to build a monopoly in fruit exports ahead of deregulation, using facilities that had been built with fruit growers' cash.

"Outspan and Unifruco ... have transformed themselves from (control) boards created to assist farmers into public companies operating for profit," the association said. "They now apparently operate without any of the constraints one would expect on a statutory body in its monopolist position."

The shipping deal would bring together Safmarine's Universal Reefers company and all the shipping interests of Unifruco and Outspan. The companies said the offshore venture would

Continued on Page 2

## Safmarine

Continued from Page 1

BD 21/12/95

bolster their profits and allow the shipping firm to use its SA product base to expand into foreign trade.

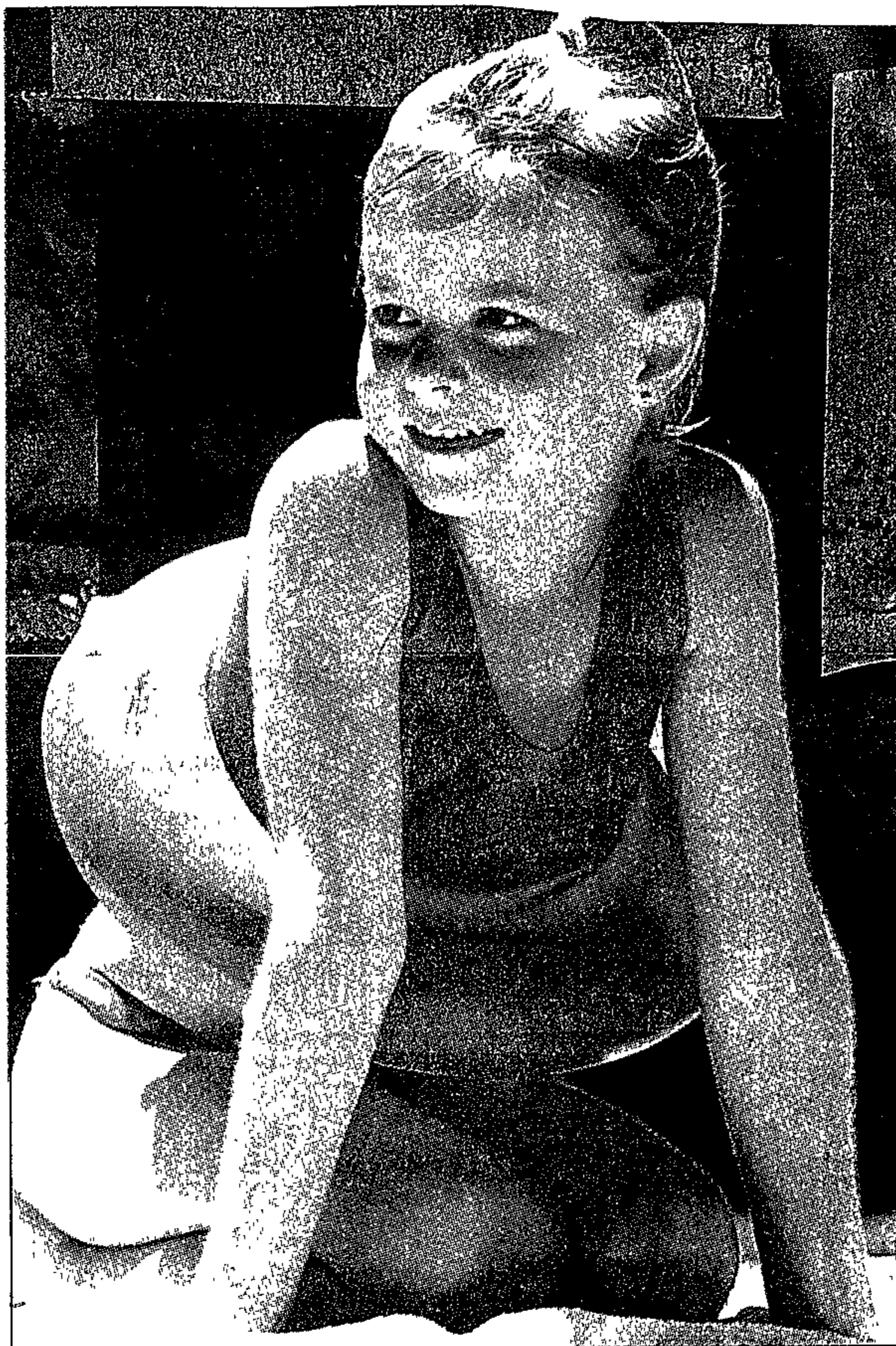
The growers' association said the merger meant farmers would be used as "a source of easy revenue to build up the ailing and obsolete fleet owned by Universal Reefers."

Safmarine dismissed this allegation,

saying its fleet was between two and 11 years old which meant it was "just being run in".

Unifruco MD Anton du Preez said the merger would obtain better shipping rates in the long term. "Nobody stopped any exporter from shipping their exports with any company."

It was obvious the association did not know how an international shipping operation worked. He claimed it had a "private agenda" to attack Unifruco in the Press. Outspan was unavailable for comment.



SAFE: Carmella Opie in a Bentley belt

Picture: RUVAN BOSHOFF

74G  
**Exports  
buoy SA**

**swimsuit**

ST (A) 24/12/95  
A FACTORY on KwaZulu-Natal's South Coast is causing ripples in the international swimming accessories market, writes **MARCIA KLEIN**.

Bentley Belts, swimming aids for children between six months and seven years, are being exported to Europe, Australia, New Zealand, the US and South America.

Two Ramsgate businessmen, Roger Rochat and John Crickmay, bought the business in 1992 from the Bentley family following the death of the founder. His wife, Mona Bentley, invented the belts 25 years ago.

Since then over 5-million belts have been sold on the local market. Mr Rochat and Mr Crickmay have expanded capacity at the company's Ramsgate factory to 1 000 units a day and the company exports many more units than it sells in South Africa.

It already has a standard order of 40 000 a year through a European agent. It will begin exporting to Uruguay and Brazil in the new year and will appear at a Paris show in January.

The belt, which cannot be removed without adult assistance, beat other swim aids from around the world to win a safety testing and design award in Sweden earlier this year. It has achieved a German TuV standard approval rating.



RASPBERRY HEAVEN: Sue and Chris Charter are leading growers of the fruit in Africa

Picture: CATHY PINNOCK

IN JUST three years a young couple have converted a derelict sunflower farm into one bursting with raspberries for local and international markets, writes TERRY BETTY.

Chris and Sue Charter, of Rubus Farm in Skeerpoort near Hartbeespoort Dam, produced 14 tons of raspberries last year and they expect to sell 60-70 tons this year.

A further 27 tons of raspberry pulp will be sold to flavour jams and yoghurts. The fruit is picked in the cool hours of the morning and loaded into refrigerated trucks parked in the fields. Half the berries are airfreighted to Europe in the afternoon to be on Marks & Spencer, Sainsbury and Safeway shelves the next morning.

The other half is sent to local chain stores and

## SA duo relish taste of success

~~FRUIT~~ (74G) ST(OT) 31/12/95

greengrocers. If the cold chain is not broken the fruit can last a week.

Mr Charter says there are a few other small raspberry farms in the Cape, but that Rubus Farm is now the largest grower in Africa. The 10,2ha farm has about 100 000 raspberry plants

He says few local farmers grow raspberries because the farming is capital and labour intensive. The fruit is also sensitive and perishes easily.

Mr Charter, an agricultural economist, was working for a Swazi sugar company when he was ap-

proached by a family friend, Ross Allan, who had been experimenting in his backyard with growing raspberries. They each put in 50% of capital.

Mr Charter travelled extensively to get information on market potential. He also studied refrigeration, picking, chemicals and spray programmes because he has to adhere to strict rules to sell his fruit in Europe.

He says it is ideal to export raspberries to Europe in late October and early November, between the European and Chilean fruit seasons.

# GEIS claim frauds drop — department

John Dlodlu

(744) AD 4/8/95

THE administrator of the general export incentive scheme (GEIS), the trade and industry department, has reported a drop in the number of fraudulent and unprocessed claims, indicating a significant improvement in administration of the controversial scheme.

The department attributed the decrease in fraud cases to the tightening of controls and the closing of loopholes in the scheme.

Twenty-nine cases were being investigated for possible fraud, and the department had deregistered 31 claimants during the past 12 months.

The department said there were about 3 500 outstanding claims, totalling about R722m, for the scheme's benefits. Figures on the claims backlog showed an improvement in the processing of claims. At one stage the backlog was 5 000.

The department said: "Finalisation of many claims is hampered through outstanding documentation or lack of information. Finalisation of many claims is dependent on the reaction of claimants."

The number of errors in claims had decreased as claimants became more aware of the department's requirements on GEIS, which has been dubbed an "exporter's nightmare" by business community members.

In another significant development, the department reported a saving of R88,9m had been made on 340 claims which contained errors. This achievement was attributed to the system of verification of GEIS claims.

GEIS, which swallows a huge chunk of the department's shrinking budgetary resources, is to be wound down in 1997. About R1,9bn has been set aside for GEIS on the current budget.

Trade and Industry Minister Trevor Manuel said GEIS payments had dropped to R1,5bn last year from R1,7bn in 1993, with steel giant Iscor the top beneficiary. Government has indicated its intention to use savings from GEIS, which is frowned upon by the World Trade Organisation, to finance alternative supplyside measures.

- (i) departmental transfer and 1 death).
- (iv) 1995—53 (46 resignations, 3 retirements, 2 conclusion of flying contracts, 1 medically unfit and 1 departmental transfer).
- (b) Reasons given by those pilots who resigned are:
  - (i) 1992—15: Better salary/career
    - 2: Emigrate
    - 1: Personal reasons
    - 1: Own business
    - 1: Study
  - (ii) 1993—20: Better salary/career
    - 2: Emigrate
  - (iii) 1994—58: Better salary/career
    - 2: Personal reasons
    - 1: Own business
  - (iv) 1995—44: Better salary/career
    - 1: Personal reasons
    - 1: Study
- (2) The loss of the services of these pilots has had the following effect on the operational ability of the Air Force:
  - (a) Large decrease in the strength of qualified pilots with no decrease in the operational responsibility of the Air Force with the result that an increased workload is placed on the remaining pilots.
  - (b) Forced utilisation of pilots in staff posts for flying duties over and above their duties and responsibilities as staff officers
  - (c) Increased utilisation of the Voluntary Air Squadrons, ie Part-Time Force pilots with privately owned aircraft for communication flights as well as ex-Permanent Force pilots serving as Citizen Force volunteers flying Air Force aircraft.
  - (d) Decline in level of flying expertise with accompanying flight safety implications.
  - (e) Withdrawal of pilots from development and promotion courses as a result of unavailability due to the increased workload and thus hampering promotional possibilities.
- (f) Disruption of serving pilots' personal and domestic circumstances due to the increased workload with an inevitably negative effect on morale.
- (g) Increased comparison of service benefits by serving pilots with those of their ex-colleagues serving in private airlines causing dissatisfaction and low morale with the distinct probability of further resignations.
- (3) Yes, remedial actions have and are being taken Air Force representation to increase the pilot's occupational allowance was submitted as early as 1991. Their request to implement a new and more beneficial medium term system was introduced in 1992 and their attempts to curb the eroding of service benefits commenced towards the end of 1993. Subsequently, an increased effort to introduce the new medium term system and improved occupational allowance was launched. In this respect representations have been made by the Air Force to the Public Service Commission on 16 February 1995.
 

As Minister of Defence I also made representation to the following members on the dates as indicated:

  - (a) 29 April 1995: The President.
  - (b) 15 May 1995: Minister of Finance.
  - (c) 19 May 1995: Minister for the Public Service and Administration.

**General Export Incentive Scheme**

364. Mr A H NEL asked the Minister of Trade and Industry:

- (1) Whether his Department has commissioned a study into the workings of the General Export Incentive Scheme (GEIS); if so, (a) who conducted the investigation and (b) what were the main findings flowing from this investigation;
- (2) (a) what were the amounts paid out in State subsidies to exporters under the scheme in each of the latest specified three calendar years for which information is available, (b) how many exporters received benefits under the scheme in each of these years, (c) what are the names of the 30 firms which received the largest amounts under

*7149*  
*HANSARD 8/8/95*

- the scheme and (d) what amount did each of these firms receive in each of these years;
- (3) whether the said scheme is in conflict with South Africa's commitment to the General Agreement on Tariffs and Trade (GATT); if so,
- (4) whether it is the intention to phase out the scheme, if not, why not; if so, when?

N764E

**THE MINISTER OF TRADE AND INDUSTRY.**

- (1) (a) and (b) Various studies were undertaken during the last few years. These included a study by Deloitte and Touché, a study by SAFTO and internal Work Study investigations. The studies revealed certain administrative deficiencies. As a result of the Deloitte and Touché study and Work Study Reports the Department introduced measures to improve the administration of the scheme. For example, problem areas such as concessions were eliminated from the Scheme, definitions such as export sales value were re-defined and unqualified audit statements were prescribed.

In 1994, the Department, in collaboration with Business and Labour, deliberated the future of the GEIS in the NEF (now NEDLAC). As a result of the deliberations a revised GEIS was approved by Cabinet. The revised GEIS came into effect on 1 April 1995.

- (2) (a) 1992/93 R1 668 million\*
- 1993/94 R1 335 million\*
- 1994/95 R1 469 million\*

\* The information is not available per calendar year, as was requested. It is therefore provided per financial year.

The declining trend is as a result of additional control measures which resulted in increased processing time and, as a result thereof, the backlog of claims unpaid at one stage increased to 5 000.

- (b) 1992/93 4 740 claims were paid.
- 1993/94 4 508 claims were paid.
- 1994/95 5 326 claims were paid.

There are 5 108 active exporters under the GEIS.

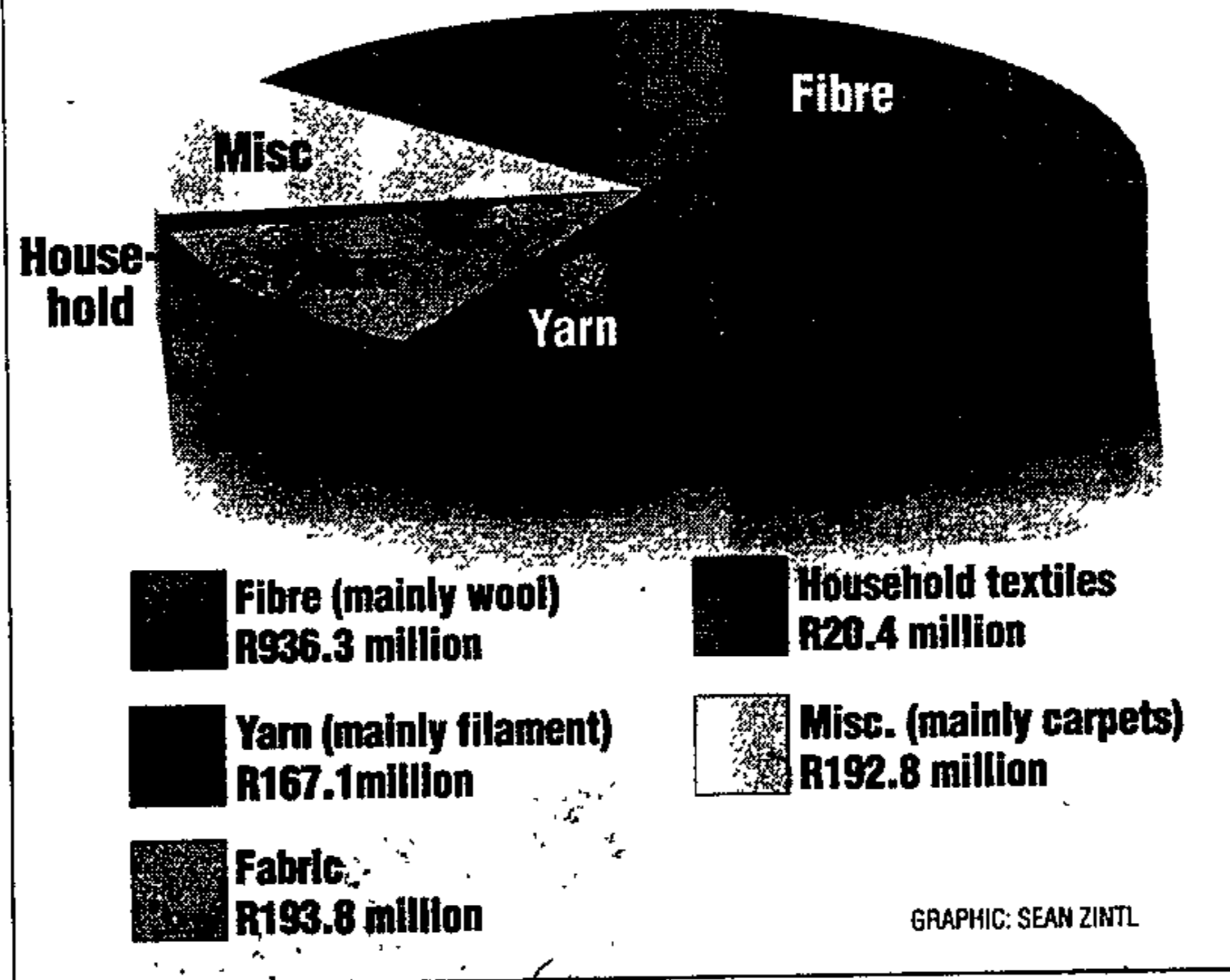
(c) and (d): The amounts given hereunder reflect actual payments made. Please note that the information is not necessarily up to date due to claims not finalised yet, claim disputes and consolidated payments. For example, not included in the figures for 1994/95 is an amount of R45,7 million paid to Ouspan International (Pty) Ltd on 6 April 1995. Claim disputes sometimes result in payment for multiple claim periods simultaneously—this may secure a position for a claimant amongst the top thirty in a particular year.

Furthermore, it should be noted that in several cases, divisions of companies register separately for GEIS benefits. Payments made to all the divisions together may secure a place for the company among the top thirty beneficiaries. However, as a result of the separate registrations, the company or some of its divisions may not even feature in the top thirty list.

Period: 1 April 1992 to 31 March 1993

	R (million)
Iscor Ltd	216,4
Denel (Pty) Ltd	112,9
Unifruco	76,8
Langenberg Foods Ltd	67,4
Dorbyl Marine (Pty) Ltd	44,1
Mondi Paper Company Ltd	44,1
Sappi Saiccor (Pty) Ltd	39,2
Columbus Stainless	25,7
Trencor Services (Pty) Ltd	21,9
SA Preserving Co (Pty) Ltd	20,0
Ouspan International	14,5
Koöperatieve Wijnbouwers Vereniging (K.W.V.)	14,1
Bell Equipment Co SA (Pty) Ltd	13,7
Ngodwana Mill Ltd	12,0
Vantini (Pty) Ltd	10,8
Tosa Exports—Division of Dorbyl Ltd	9,6
Scaw Metals Ltd	9,3
Highveld Steel and Vanadium Corporation (Pty) Ltd	9,2
Ashon Canning Company (Pty) Ltd	9,0
Donald Cooks (Pty) Ltd	8,1
SA Sugar Association	8,1
Bateman Project Holdings Ltd	7,8

## TEXTILE EXPORTS 1994



Fibres account for the lion's share of South African textile exports

# 1994 sees a surge in local textile exports

(746) (199) WM(BM) 8-14/95

Reg Rumney

**S**OUTH African textile exports last year surged by around 31 percent, compared to calendar 1993, to R1.5-billion.

Nonetheless, as the Textile Federation's August 1995 *Textile Watch* comments, textile export statistics are a microcosm of what is wrong with South Africa's foreign trade. Textile exports remain mostly commodity-based and, therefore, vulnerable to volatile price swings.

The improvement last year was due mainly to better terms of trade in the fibres market, notes *Textile Watch*.

"Even so, it's sobering to reflect that wool accounted for more than half of total exports of textiles: R840.3-million or a 37 percent increase in value terms on a two percent fall in the volume of wool exported."

Severe shortages of cotton sent man-made fibre prices up, so that

exports of these fibres rose 365 percent in volume terms and 334 percent in money terms, from R21-million to around R93-million.

"Fibres, however, accounted for the lion's share of exports in money terms — R963-million out of R1.5-billion — a grim reminder of how far the sector still has to climb up the value-added ladder."

Naturally, the Textile Federation mouthpiece uses the figures to argue that the industry needs at least a decade to modernise.

Trade and Industry Minister Trevor Manuel has proposed a seven-year phasing down of protection for the industry, which favoured 12 years.

The industry is also not happy with proposed "supply-side" measures to compensate for the reduction in tariff protection by some other form of assistance.

It feels these measures fall short of what had been promised.



manded ammunition and weapons. He fired several shots at the station commander. A constable from the station jumped on a chair and fired at the hostage taker through a window and the commander ran out as this happened. When the Special Task Force arrived at the scene, the hostage taker was already dead as a result of wounds he sustained.

14 October 1994. Mayville, Durban. A disturbed person threatened to shoot his colleagues. The situation resulted through a managerial decision, but was resolved and psychiatrists are treating the person.

20 October 1994. Quach's Neck, Matatiele. Transkei farmers took a South African farmer hostage. They demanded that their cattle that had crossed the border be returned to them. With the arrival of the Special Task Force, the hostages were released.

27 October 1994. University of Zululand, Ulundi. The rector was taken hostage by students. The students demanded that other students be allowed at the University. No operation took place.

28 October 1994. Kromdraai Mail Depot, Pretoria. A postal worker took his wife hostage and threatened to kill her and himself. The SA Police Special Task Force was summoned to the scene. While negotiations took place, the hostage-taker stepped out of the office. As he stepped out, the Task Force overpowered him.

7 February 1995. Umbumbulo College of Education, Pinetown. The rector was taken hostage by students. The students demanded that students who do not qualify for registration be registered. The

situation was resolved peacefully by the rector.

10 February 1995. KwaZulu Police, Mpumalanga Police Station. A police officer was overpowered by a prisoner in a cell. During the struggle, the prisoner took the officer's weapon and demanded the release of thirteen other prisoners, food and money. The hostage-taker shot and wounded one of his hostages. The hostage-taker was killed by a sniper of the Special Task Force.

22 February 1995 at St Albans Prison, Port Elizabeth. 102 Trial awaiting prisoners tried to escape. While escaping, the prisoners took a warder hostage. After three days of negotiations the SAP Special Task Force were called in to assist the Internal Stability Unit. On 26 February 1995, the Task Force penetrated the prison and rescued the warder. He sustained no injuries.

1 March 1995 at Bella Vista, Johannesburg. A mother and her 18 month old baby were taken hostage by her boyfriend. He was armed with a knife and did not want to negotiate at all. He was emotionally unstable and the child could have been hurt at any moment. A Task Force sniper shot the hostage-taker in the right shoulder, while the other members penetrated the house and rescued the woman and child.

- (2) Yes.
  - (a) 6.
  - (b) 60.
- (3) The South African Police Service is fully equipped and trained to handle any type of hostage-taking situations. When hostage situations occur at tertiary institutions or private premises, the South African Police Service only deploys if requested to do so. In many instances their involvement is not required.

**Export levies on flowers**

341. Mr M F CASSIM asked the Minister of Trade and Industry:

- (1) Whether any export levies on flowers are imposed in the Republic; if not, what is the position in this regard; if so, (a) why and (b) for how long is it envisaged that such levies will be imposed;
- (2) whether he or his Department has undertaken any investigation into the effect of the imposition of such levies on South African producers who are involved in the international market; if not, why not; if so, what are the relevant details;
- (3) whether he will make a statement on the matter?

*Ansard 8/8/95* N695E  
 The MINISTER OF TRADE AND INDUSTRY:

- (1) (a) No export levies on flowers were imposed by any Government Department. However, the protea and fynbos industry itself, as represented by the South African Protea Producers and Exporters Association (SAPPEX), imposed certain voluntary levies on protea and fynbos in order to provide funding for research as required by the Agricultural Research Council and for its own promotional programmes.
- (b) That is a decision which rests with the protea and fynbos industry.
- (2) As this is a voluntary levy introduced by the protea and fynbos industry, there is no need for the Department of Trade and Industry to investigate the effects of this levy on South African producers who are involved in international trade of these flowers.
- (3) No.

**ANC office-bearers/employees at Shell House: statements requested**

342. Mr D H M GIBSON asked the Minister for Safety and Security:

- (1) Whether the South African Police Service requested statements from all ANC office-bearers and employees at Shell House in connection with the Shell House

shootings; if not, why not; if so, (a) from how many persons were statements so requested and (b) what was the result of the request in each case;

- (2) whether statements were requested from any other persons apart from the 21 persons from whom statements were originally obtained; if not, why not; if so, (a) which persons and (b) what was the result of the request in each case;
- (3) how many persons from whom statements were obtained have been or are being considered for employment in or appointment to the SAPS?

N704E  
 The MINISTER FOR SAFETY AND SECURITY:

- (1) No. The South African Police identified 45 people, some by their MK names, who may possibly have been eyewitnesses to the incident. The legal representatives, Nicholls, Comanis and Associates were approached to assist in identifying them, so that their statements could be obtained. On 16 September 1994 the SA Police received a letter from the legal representatives informing them that 16 people whose names appeared on the list had been identified by the ANC.

On 7 November 1994 the legal representatives notified the SA Police as follows:

"Our instructions from the individuals concerned were that while they were prepared to present themselves to the police and provide their names and addresses, they wished to remain silent."

- (2) No. Fifteen people (IFP) who testified before a Commission of Enquiry into the incident were requested to assist to make them available so that the police could take statements from them. Repeated requests by the SA Police have met with very little success.
- (3) 2.

**Extent of land owned by SANDF**

347. Mr K M ANDI, N asked the Minister of Defence:

# Lack of port planning could thwart SA exports

(746) MD 8/8/95

FOR the sake of a nail the kingdom was lost. And for the sake of competent port facilities, a whole lot of international business could be lost.

The dockers' strikes earlier this year were only a contributing factor to backlogs and hold-ups at the nation's ports: indications are that there is a long-term structural deficiency in ports' ability to cope with growing traffic.

The total container movement in and out of SA in the 1994/95 financial year grew 20% more than 1993/94, and by more than 30% the year before that. The increase has gathered momentum in that time: in the first four months of this year, activity nationwide was up a full 32% up on the same period last year. Table Bay Harbour saw a 44% increase in activity this June compared to June last year.

Forward planning did not allow for such growth. Most ports hopelessly underprojected the increase

for 1994/95 at 7%. The result is congestion, both on the quay and among ships waiting to berth.

Delays substantially undermine SA's trading reputation. If, for example, a ship bringing imports is blocked at Cape Town harbour, it may elect to offload at Port Elizabeth — and tight schedules mean it may not come back to Cape Town to collect the load waiting for it there.

Goods can be delayed for weeks, leading to the cancellation of sales and a wariness abroad of SA exporters' ability to deliver on target. Albert Schuitmaker of the Cape Town Chamber of Commerce says "very strong signals" had been received from customers abroad that unless SA was predictable in its delivery, custom would go elsewhere.

Lawrie Tyrrell of the Johannesburg Chamber of Commerce and Industry makes the point that the world trend towards just-in-time

## HEATHER PARKER in Cape Town

management — in which manufacturers and wholesalers contain costs by storing minimal stocks and rely instead on timely deliveries — means unreliability could sound the death knell for SA exports. "The importance of this issue cannot be overstated," he says.

Port authority Portnet is aware of the issues but seemingly overwhelmed. It is coping with traffic at all ports at the moment, but is on a knife-edge: any external factor such as a patch of bad weather and a subsequent bunching of ships, labour disputes or a mechanical breakdown could push it back into the abyss of backlogs. It has instituted improvements in procedures: more consultation, better communications and customer service, streamlining of systems, and extracting a

higher level co-operation from importers and exporters regarding after-hours deliveries.

Portnet CEO Neil Oosthuizen says R368m will be spent on general port improvements in 1995/96, and a further R374m on container terminals over the next three years. But critics say this investment is reminiscent of the little Dutch boy with his finger in the dyke. Portnet has a long history of negligence in the area of labour; and in the years since terminals were set up has failed to reinvest in the facilities.

The effects of this negligence, says an industry observer, are "patently obvious, and to pretend that they have been caught by surprise by the turn-up in traffic is dishonest. They have been warned many times."

A spokesman from one of the shipping lines who asks to remain anonymous describes the plans as "too little, too late."

Especially in Cape Town, he says, which is the point of departure for the bulk of the country's fruit and vegetable exports, things were going to be critical. "If things go well for the country, and growth continues, then I foresee trouble all the way for the ports. Not enough provision is being made, and it is all happening too slowly."

This may become evident in October, when import surcharges will be dropped and a further surge in activity has been predicted. When the GATT provisions kick in fully, this will provide further impetus.

Schuitmaker says Portnet's short-term solutions have been effective, and investment planned now should give the ports a breathing space of two to four years. However, after the turn of the century, dramatic expansion will be necessary. Merely improving productivity is not enough to meet those long-term demands.

# SA fruit upsets French farmers

OWN CORRESPONDENT

746

~~FRUIT~~

PARIS: Angry farmers threw rotten pears at Agriculture Minister Mr Philippe Vasseur yesterday to protest against South African fruit imports. ET 10/8/95

He was making an early morning visit to Europe's largest fruit and vegetable market at Chateaurenard, near Avignon, in southern France.

About 600 fruit growers surrounded the minister, shouting at him to cut down South African fruit imports.

Mr Vasseur told them: "We plan to bring in stricter customs controls of fruit and vegetable imports from Third World countries, especially in the southern hemisphere."

He said a special budget of R166 million had been set aside to deal with compensation claims for losses and debts caused by imported South African fruit.

# JOBS

## Short cuts to high growth run across export processing zones

FRUSTRATIONS with the slow progress of the reconstruction and development programme, little or no growth in the jobs market and lacklustre foreign investment flows have sparked renewed interest in setting up special export zones in South Africa.

Terry Markman, co-author of *Export Facilitating Mechanisms*, a study for the National Special Economic Zone Forum, says some areas of the country are desperate to set up export zones to attract investment.

East London, municipalities on the East Rand, Pietersburg and Richards Bay are the keenest to set up export zones, but Vereeniging and Cape Town would also set up zones if the government gave the go-ahead by passing enabling legislation.

"Some of these areas are quite desperate and have already held talks with the unions," says Mr Markman.

Some zones — such as at the Johannesburg airport, Lanseria, Pietersburg and Vereeniging — could be linked to airports, while the others would be near harbours.

Industrial activity would vary from zone to zone. An export zone at the Johannesburg international airport, for instance, could be expected to manufacture high-value, low-weight items to be flown into Africa and abroad.

Mr Markman says export promotion options include free trade areas, export processing zones (a port), export processing units (a single "bonded

factory subject to customs control) and special economic zones (EPZ/EPU hybrids).

The study suggests export facilitating organisations, or EFPOs, be set up to administer the zones.

In the same way that commercial banks administer exchange control on behalf of the Reserve Bank, registered EFPOs would act as customs agents and be responsible for administering duties.

"The EFPO would be responsible to the government for administering incentive and exemption controls such as customs duty (and) cover the costs of its administration through fees charged to its exporting clients."

Mr Markman says legislation should preferably allow export zones to be set up throughout South Africa.

There should be no limitations on their size, location and number.

Rather the zones should compete with one another, with the market deciding which will succeed and which fail.

Investors in the zones, foreign and domestic, should get tax holidays for up to 25 years.

Ideally the zones should be structured so as not to cause any cost to the firms.

"EFPOs represent a no-cost policy which can be used to attract investment and create jobs."

Mr Markman says government should not try to create jobs "by throwing money at the problem".

Governments destroy jobs because they take funds away from the private sector, which is more efficient than the public sector in creating employment.

He says the government and the National Economic Development and Labour Council (Nedlac) have yet to take seriously special export zones as an investment and job-creation strategy.

But export zones present the possibility of creating jobs at minimal cost to the state. All or most costs can be recovered by the private sector bodies which manage them.

Mr Markman says it is difficult to estimate the number of jobs that could be created in export zones.

"But if fewer than 100 000 jobs are created in

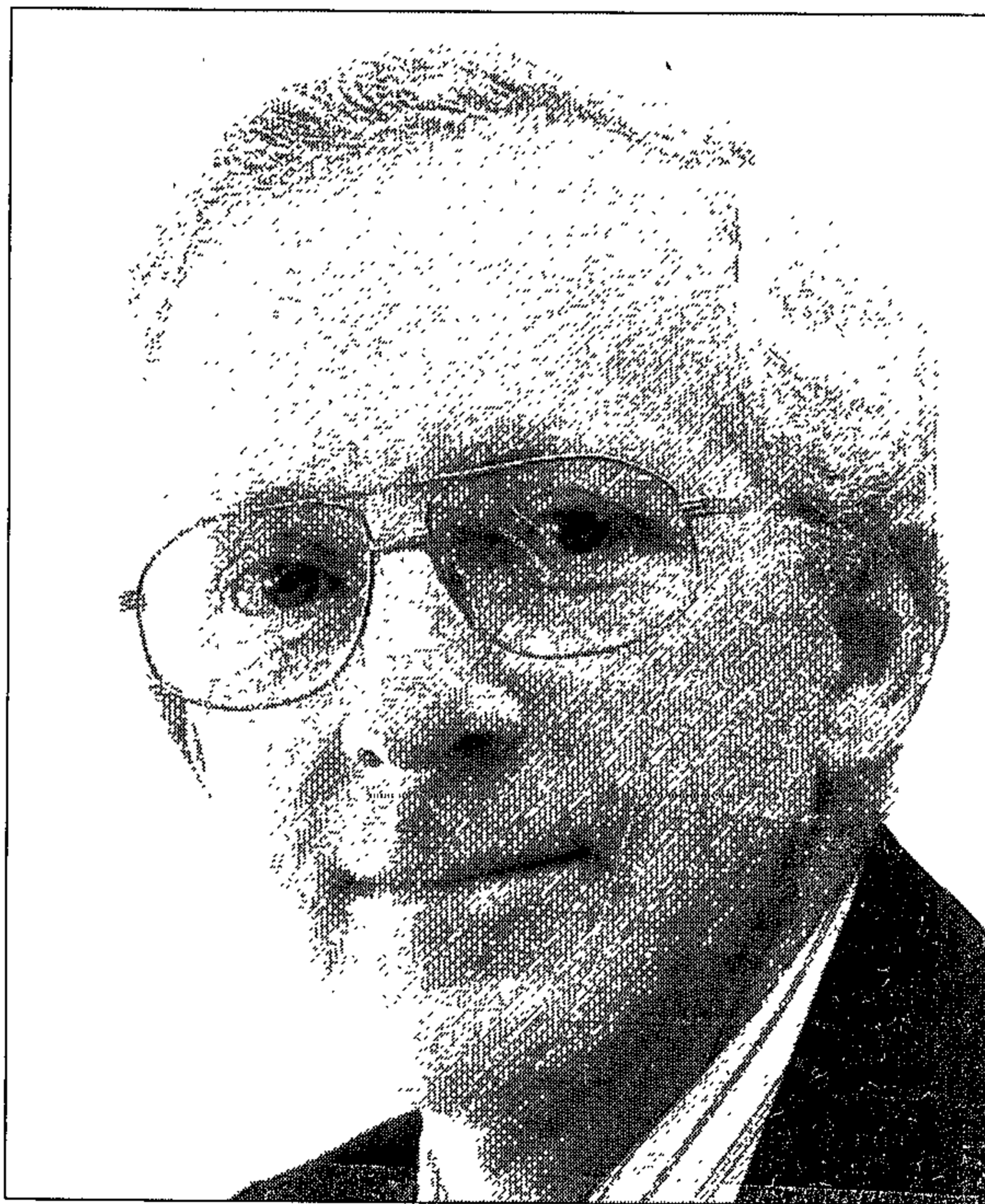
ports: "It protects industries without regard to their competitive capabilities, has no strategy for promoting new infant industries and fails to offset the effects of protection by forcing companies to invest in building export markets."

Export zones, the study says, should be devised to enable the rapid building of competitive advantages while the industrial sector is given time to acclimatise to global competition.

"Most transnational companies locating in EPZs bring an existing market with them. The 100% export clause is a deterrent to would-be competitors for existing local producers," the study says.

Export Facilitating Mechanisms, by Chris Proctor and Terry Markman, is available from P O Box 47012, Parklands, 2121. Telephone (011) 880-1715.

ST (M) 12/8/95 (746)



FACILITATING . . . Terry Markman, co-author of the report on export zones

# Exports bonanza for Cape fruit farmers

Staff Reporter

APPLE, pear and plum producers have had a difficult export season because of low prices and rising freight and packaging costs, but they have made significant breakthroughs in fruit exports to Eastern Europe.

Unifruco chairman David Gant said three million cases of fruit had been sold to Eastern Europe this season and a new office opened in Moscow.

"Russia holds great potential for us, but the question of credit terms and prices has to be managed very carefully."

Unifruco is the international marketing group of the deciduous fruit industry.

Apart from rising costs and low prices, fruit exporters had faced severe competition from southern and northern hemisphere producers, said Mr Gant.

This had eroded export margins during the 1995 season.

A worrying aspect was an indication that packaging and freight costs would increase sharply again next year, and labour costs would escalate without matching increases in productivity.

FRUIT  
7407  
ARLT 14/8/95  
Fruit farmers also had been affected by the government's removal of General Export Incentive Scheme (GEIS) benefits.

These had accounted for a substantial portion of net disposable income and had contributed to the dramatic growth in exports from South Africa.

Against this background, apple and pear farmers still paid "preposterous" duties in order to get fruit to the European Union, said Mr Gant.

Unifruco and the newly-formed Capespan International marketing organisation — a partnership between Outspan and Unifruco in Europe — were making a concerted effort to examine all costs to see whether these could be reduced by rationalisation or other means, said Mr Gant.

"It's vital that our deciduous fruit and citrus export industries remain healthy as they are such major employers of labour, have the potential to double their foreign exchange earnings for South Africa over the next five years and make a substantial contribution to the reconstruction and development programme (RDP) in rural areas."

# Agriculture's earnings set to increase further

CF (BR) 15/8/95

(74E)

By MAGGIE ROWLEY

Earnings from agricultural exports, which generated R8,3 billion in foreign exchange for South Africa last year, were set to increase further, said Francois Jansen, an economist at Boland Bank.

In his latest economic review, Jansen pointed out that South Africa was one of only six countries in the world which exported food on a regular basis.

Food exports accounted for about 9 percent of the country's total exports last year.

The increased accessibility of world markets enjoyed by South Africa since the early 1990s and the anticipated scaling down of international import restrictions on agricultural products, if properly managed, were bound to further increase South Africa's total agricultural export earnings, he said.

During the first quarter of this year South Africa's total agricultural production was 93 percent higher

than its low at end of 1992, although the seasonally adjusted growth rate for the first quarter was a negative 12,7 percent.

The agricultural sector was a vital swing factor in the South African economy but during the past year had produced a more steady performance relative to the rest of the economy.

However, Jansen pointed out that the profitability of the agricultural sector was only 55 percent of what it was in the 1970s due to rising input costs, a structural increase of interest rates and pressure on input prices.

"Considering research shows that, on the whole, large farming units continue to be the most profitable, it deserves to be stressed that the redistribution of land to small farmers should be undertaken with great care."

He also warned that farmers would, in future, have to exercise caution before deciding to take up foreign capital particularly in view

of the fact that market-related interest rates were in store for the commercial agricultural sector. Farmers would also have to take into account the Reserve Bank's intention not to dispense with high real interest rates as a financial stabilising mechanism.

Net farming income covers interest payments about three times while a desirable ratio is regarded as being between four and six. Last year interest expenditure was about 10 percent of gross farming income against 5,5 percent in 1980.

Jansen pointed out that over the past 10 years the relative importance of individual agricultural products and sectors had undergone a distinct structural change.

Horticulture, which includes fruit and vegetables, had gained ground at the cost of field crops. It accounted for 21 percent of total output against 14 percent in 1980/81 while field crops' contribution had dwindled to 36 percent from 49 percent over this period.

# Sasol's coal venture to cost R635m

BY ANDY DUFFY

STAFF WRITER

(744) CT(BR)16/8/95 (245)

Sasol's long-vaunted entry into the coal export market would cost it about R635 million, the group said yesterday.

The company said the upgrade at its Twistdraai colliery in Secunda would generate about \$100 million a year in foreign exchange and create 400 new jobs.

Sasol Mining produces 41 million tons of coal a year for the group's fuels and petrochemicals operations and plans to begin

exporting steam coal by 1997.

Most of the R635 million investment would be used to increase Twistdraai's annual capacity to 8,5 million tons from 4,5 million tons.

The coal division plans to export 960 000 tons of coal in 1997, rising to three million tons by 1999. The extra costs include a beneficiation plant and buying a three-million-ton annual export capacity at Richards Bay Coal Terminal. Managing director Chris Cloete said the company had also talked to Indonesian and

Australian producers about exporting coal to Japan. Sasol has been keen to develop a coal export operation for some time and had pushed for the construction of a second coal export terminal.

Steam coal spot prices have risen sharply over the past year, and are pitched at about \$35 a ton.

Sasol Mining is expected to be among the lowest cost coal exporters in South Africa.

It already has a locked-in market for Twistdraai's output which should allow it to pursue higher yields from the mine



- Exporters would have to satisfy the board that there is a willing supplier and "recognised" buyer — a condition that suggests the board would retain some sort of a veto over sales;
- The granting of a permit should not lead to the rest of the industry being "negatively prejudiced" — a condition, of course, that's wide open to interpretation, particularly since Unifruco states that the present single-channel marketing system alone can maximise returns; and
- A statutory single desk — that would co-ordinate all exports — is also envisaged to protect the industry.

Unifruco indicates that access to the southern hemisphere markets would be attached to a broader issuing of permits by the Deciduous Fruit Board (Unifruco's principal or holding company) geared to "preserve discipline and equity among shareholders."

Hoekstra says a permit system for exports is unacceptable to farmers. Permits are granted now, for one-year periods, in limited and uncertain circumstances. She points out that the board recently allowed exporters Quick, Louw & Moore to export deciduous fruit to Poland for two years — a venture that apparently succeeded. The board, however, refused to grant Quick, Louw & Moore a permit for a third year and now exports to Poland directly. "The fear is that once a market has been established by an independent exporter, the board will always withdraw the permit and export to that market itself."



Manuel

Citrus farmers and exporters of subtropical fruit H L Hall & Sons MD Robert Snaddon says there's growing concern among farmers and exporters that Unifruco and Outspan (the Citrus Board's exporting agent), through their joint European marketing arm Capespan, are extending their monopoly and control of resources and port facilities to manipulate exports of subtropical fruit, wine and fruit juice — all deregulated export commodities.

He points out that independent exporters of avocados fetch selling prices that are among the highest in the world. "The industry is totally unregulated and relies on the free market which proves that a State monopoly is not a prerequisite for achieving good prices on the international market." Exporters of subtropical fruit have persistently rejected attempts to control the

industry through marketing boards.

Meanwhile, the Independent Citrus Growers' Association, challenging Outspan's hold on exports, has been joined by farmers of deciduous fruit, table grapes, subtropical and dried fruit under the banner of the "Independent Fruit Growers' Association."

FRUIT EXPORTS

**Not-so-plum offer**

*57/18/95*  
*749*  
*FM 18/8/95*  
Unifruco, desperate to retain its statutory monopoly of SA deciduous fruit exports, appears ready to offer disgruntled farmers limited, direct access to southern hemisphere markets.

The offer follows growing opposition from farmers to the single-channel marketing system for deciduous and citrus exports, barring them from exporting their produce directly. Trade & Industry Minister Trevor Manuel is believed to have voiced concern that the current system restricts individual enterprise and foreign investment.

But the concession could be meaningless. Farmer Marlene Hoekstra explains: "We would be allowed to export mainly to our strongest competitors. The lucrative markets are in the northern hemisphere — countries unable to produce fruit for a month period when SA fruit is available."

The terms of Unifruco's offer are vague. Confidential documents reveal certain conditions would apply to would-be exporters:

- Prescriptive quality standards would have to be observed;
- Exporters would have to pay all existing levies and contributions;

# Sasol details its coal export plan

WIM (AMM) 18-24/18/95

7/11/95

**Karen Harverson** reports on the details of Sasol's plan to enter the coal export market

**S**ASOL'S mining division this week released details of its R635-million plan to enter the coal export market through the expansion of capacity at its Twistdraai Colliery and its recent acquisition of a shareholding in the Richards Bay Coal Terminal (RBCT).

The coal export project, announced last year, was delayed until the company could tie in a harbour terminal to handle its coal. In June this year, Sasol signed an agreement to buy 5,2 percent of Shell's shareholding in the RBCT. Shell, along with coal producers Ingwe, Amcoal, Gold Fields, Total

Exploration, the Kangra Group, JCI and Dulker Exploration are the shareholders in the RBCT.

The RBCT is the largest coal terminal in the world and one of the most efficient. It has a design capacity of 60-million tons a year and expects to handle between 56-million and 58-million tons of coal this year.

Without a share in the terminal, Sasol has effectively been excluded from exporting.

In 1991, along with other coal producers such as Anglovaal and Iscor, Sasol investigated the possibility of setting up a new terminal next to the RBCT but dropped the idea last year. The potential project, known as Coalex or South Dunes, has since been abandoned by the other players.

Besides the purchase of its RBCT shareholding, Sasol's multi-million-rand plan also includes the expansion of capacity at its Twistdraai Col-

liery and the construction of a beneficiation plant.

Twistdraai contributes 4,5-million tons of coal a year to Sasol's total coal production of 41-million tons, all of which is consumed by its synthetic plants. By expanding Twistdraai's production to 8,5-million tons an additional three million tons of high-quality coal will be available for export. About one million tons will be discarded as waste.

The expansion of Twistdraai is due for commissioning at the end of 1996 and an initial one million tons of coal will be exported in 1997. This will increase to three million by 1999.

Twistdraai, 520 kilometres from Richards Bay, is adjacent to Sasol's Secunda coal deposits — the largest underground coal mining complex in the world, with a lifespan of more than 65 years.

Besides export markets, coal divestition general manager Johan de Vos says Sasol will also look to supply the domestic market.

"We have vast reserves which we plan to exploit if the markets are available," says De Vos. He says possible supply contracts could emerge from the Majuba project as well as from the potential demothballing of power stations.

The export project will create 400 new jobs, earn R370-million in foreign exchange and contribute about R130-million to the gross geographic product of the Eastern Transvaal," he says.

Of the 185-million tons of coal produced in South Africa, Amcoal produces about 24 percent, Ingwe (an amalgamation of Rand Coal and Trans Natal) produces 37 percent, Sasol produces 22 percent and the rest is supplied by small producers such as Iscor, Goldfields, Dulker, JCI and others.

MALAYSIANS SPEND 'HUNDREDS OF MILLIONS' IN SA

# Fruit boost for W Cape

(74G)

CT 25/8/95

(3) FRIHT

**THE** Western Cape will benefit from improved ties with Malaysia as its businessmen go on a spending spree in SA. **ANTHONY JOHNSON** reports.

**T**HE Western Cape can expect a boost as a result of the ever-improving ties with Malaysia after that country's government decided to buy more fruit from South Africa.

Speaking at a news conference after addressing Parliament yesterday, Malaysian Prime Minister Mr Mahathir bin Mohamad said the 150-strong business delegation accompanying him to SA had already started investing "hundreds of millions of rand" in this country.

The investments would be concentrated in the city, Johannesburg and Durban areas.

A Malaysian corporation this week bought 100 acres of land in the Point area close to Durban harbour and several other investments in the area of hotels, food industries and educational projects were in the pipeline, he said.

Mr Mohamad said it was vital that air traffic between the two

countries be increased to allow Malaysian businessmen to travel to South Africa on any day of the week to enable them to keep an eye on their investments and seek new business opportunities.

There are currently two flights a week between the two countries. An extra flight would be added soon, he said.

During his address to Parliament, which ended in a rousing standing ovation for him, Mr Mohamad told MPs the new South Africa could become the "lion" or first economic powerhouse in Africa.

"You are well-placed to take off, to be an engine of growth for the entire Southern African region."

Mr Mohamad added that while

Malaysia would continue to look towards developed nations, "there is great potential for economic co-operation between developing countries in this region and those in the Asia-Pacific region".

Earlier, Mr Mohamad planted a

tree in Guguletu and saw the handing over of a R2,5 million Malaysian-funded housing project in the township.

Malaysia donated R20m to the ANC in 1991 for housing projects in the city, Durban and Pretoria.



**SHAKE ON IT:** Malaysian Prime Minister Mr Mahathir bin Mohamad (left) shakes hands with Premier Mr Hemus Kriel after their talks yesterday. **PICTURE: ALAN TAYLOR**

# Gatt signing ends export incentive scheme

CT(BA) 31/8/95 (749)

BY JON BEVERLEY

11E

SPECIAL WRITER

Prospects for government encouragement of exporters look grim, the Durban Chamber of Commerce and Industry said in its latest digest.

The country's decision to sign the General Agreement of Trade and Tariffs accord has brought to an end the financial help enjoyed through the general export incentive scheme and exporters

are left only with the export marketing assistance scheme.

The chamber said the export marketing assistance scheme would continue, with some minor administrative changes, but the "focus appears to be moving away from formal big business to a concentration on (helping) smaller operations.

"Although this is in itself not bad, the present scheme does not necessarily assist the smaller organisations whose

affordability and understanding is somewhat limited and, as such, require more direct assistance."

The chamber said this problem was being tackled with help from the EU. David Jones, a Welsh consultant to the EU, is researching a scheme similar to that offered in Kenya, which would assist South African exporters.

The chamber does not expect the scheme to get under way before at least the end of this year.

**International shipping conference**

# SA told to expand foreign economic ties

By JON BEVERLEY

SPECIAL WRITER

(74G) CT(BR) 19/9/95

Export prospects for South African coal were better than those for iron ore, Ben Hackett, a director of the DRI-McGraw-Hill group in the US, said in Durban yesterday.

Speaking at the Lloyd's of London Press international conference on shipping, Hackett said South Africa needed to invest in its industry and ports to be positioned to benefit from increased trade.

He cautioned South Africa to be mindful of international risk assessments and said that investment was needed in building economic relationships abroad and in developing better labour relations.

Pithead capacity was strained at present and DRI risk ratings needed to be improved if customers were to view South Africa

as a safe country to export from. South Africa's DRI ratings for three to five years "out" were all below 50, with zero the least favourable level and 100 the most favourable.

In macroeconomic terms, South Africa was ahead of Brazil, India and Russia, but behind China, India and Japan.

Positive factors for iron ore and coal exports were that South Africa was price competitive, geographically well located for Europe and southeast Asia and offered high quality.

Austria and Turkey were new areas for iron ore exports and South Africa was already providing a large proportion of their needs. Italy (11 percent) and the UK (12 percent) were strong importers, while more attention needed to be paid to China.

Estimated Chinese growth in iron ore demand was set at 10,1 percent until 1999.

# Panasonic wins R850m export deal

(744) ~~750~~  
Edward West

BD 20/9/95

CAPE TOWN — Panasonic's decoder manufacturing operation in Parow, Western Cape, has been awarded two export deals worth more than R850m by international pay-television group Nethold, it was announced yesterday.

One of the contracts, to span three years, is for the R100m export of a new, cheaper, common technology analog decoder, a redesign of the original M-Net workhorse decoder, the Delta 9000, to consumers in Italy, Cyprus, Greece, Belgium, Holland and potentially Poland.

In addition to this contract, the Holland-based Nethold, jointly owned by MultiChoice and M-Net in SA and Richemont, signed a contract yesterday with Panasonic for the manufacture of R750m of integrated receiver decoders for the export market.

Nethold spokesman Antonie Roux said this contract was part of a Nethold order for 1,1-million integrated receiver decoders, the biggest order in the world for this type of equipment. Philips in France and Pace in the UK had

been awarded part of the contract.

Panasonic manufacturing MD Mike Tiffin said that to accommodate the growth of the company a second manufacturing plant would be built adjacent to the existing Parow site over the next year at a cost of about R15m. This plant would be dedicated to the manufacture of digital and analog decoders, he said.

The company, which celebrated production of its 1-millionth decoder yesterday, had the capacity to produce about 30 000 Comcrypt decoders a month and 12 000 digital decoders. Production and staffing levels would increase significantly in the near future, Tiffin said.

Trade and Industry Minister Trevor Manuel said at the signing of the export agreements yesterday that SA could not grow its economy on the farming and mining sectors alone, as had happened in the past.

Government and private investment in research and development was "appalling" and licensing agreements were generally characterised by restrictive trade clauses, he said.

## Lion Match exporting move 'wildly' successful

Nicola Jenvey (749) BD 22/9/95

DURBAN — Industrial holding company Lion Match would continue concentrating on exports to South America and Africa, having experienced "substantial" growth in export markets over the past few years, MD Terry Turner said.

Turner said that although growth in the company's export sector had come off "a very low base", the decision in 1992 to move more aggressively into exports was paying dividends.

"The domestic match market — still Lion Match's major domain despite moves into the shaving and home and garden markets — is mature in world terms and future growth will be modest rather than incremental. Moving into exporting was the logical solution," he said.

During 1993 the company undertook its first foray into the South American market, a move which had proved "successful beyond our wildest dreams". Turner said there was a possibility the company would establish a manufacturing plant in South America within the next few years.

The Durban factory had a surplus capacity of about 20%, which would have to be accommodated before major investments were made in new plants.

Lion Match had R200,7m in liquid resources at the year ended March — currently being held in short-term preference shares — but no decision on how to invest the money had been made, he said.

"We are still exploring all the options and only time will tell which one will prove the best for shareholders," he said.

Although Lion Match could pay out a special dividend to shareholders, this would be "very expensive" with the inclusion of secondary tax on companies. It is due to publish interim results in November.

## Clothing exports' rise seen as just 'a temporary surge'

Yuri Thumbran

2026/9/95

THE amendment of the general export incentive scheme (GEIS) has helped the clothing industry to report a 37% jump in exports to R101,2m during the first quarter of the year.

But the Clothing Federation (Clofed) said the jump was seen as a "temporary surge" rather than a significant long-term trend.

Imports on a year-on-year basis were 19% down, falling to R112,3m from the previous period's R138,6m. Clofed said the slump in imports could have been partly in response to the industry waiting for government's long-term plan for the clothing and textile industries.

Total clothing output

increased by 26% on a year-on-year basis for May, while textiles production rose 13%. During the corresponding period a year ago, clothing output rose 22% and textile production 15%.

However, Clofed said that on a month-on-month basis, there were signs that volumes in both industries, especially in textiles, were slowing down.

Clothing production inflation during May was 8% compared with 6% a year ago.

Textile production inflation for May was 11% compared with 4% a year ago. Clofed said textiles represented more than 50% of clothing manufacturers input costs. As the figure was above the inflation rate, this could mean price hikes.



## Sugar exports to US cut 15%

Simon Barber

WASHINGTON — The quantity of raw sugar SA will be permitted to export to the US at minimal tariff levels is to fall in the year beginning October 1 by 15% from this year's figure, under allocations announced by the office of the US Trade Representative.

SA's 1994/95 quota was 28 672 metric tons. This drops for the coming year to 24 220 tons. The tariff on imports within the quota ceiling is \$0,06 a pound, but \$0,17c/lb on imports above it, a trade official said.

However, if past experience is a guide, SA's effective quota may increase as a result of the trade office reallocating the unused quotas of other producers.

Since June, SA has received three separate reallocations totalling more than 5 000 tons. These, including one of 2 967 announced just last week, will lapse if not used before September 30.

The office has made the reallocations at the request of US refiners whose demand has been outstripping actual imports. Countries whose unused quotas were shared out in the latest round included Haiti (21 840 tons) and the Philippines (15 400).

The unused quotas are given to producers the office and agriculture department believe will be best able to fill them.

BD 27/9/95

# 'Inflation psychosis' harms exporters

746

Star 28/9/95

■ BY AUDREY D'ANGELO

Companies which push up prices unnecessarily in the domestic market are fuelling inflation and making South African exporters uncompetitive, said Colin Boyes, the assistant director of the Cape Chamber of Commerce and Industry.

"Exporters tell me they cannot pass on rising wage and raw material costs to overseas customers and it is only the depreciation of the rand that enables them to hang on in these markets.

"Some companies or small groups of companies which are exclusive suppliers of basic material inputs seem to suffer from an inflation psychosis and push their prices up in line with our inflation rate — which is higher than that of our major trading partners — whether they need to do so or not.

"That does not happen overseas. Other countries have brought their inflation rate down and are maintaining it. We must do the same if we are to export to them."

Boyes said Cape Town-based group Irvin and Johnson was among exporters hit by rising costs. Irvin and Johnson had writ-

ten to Trevor Manuel, the minister of trade and industry, asking him to use his influence to limit an impending 40 percent rise in the cost of paper used for corrugated cartons and containers.

"The chamber has established that the reason for the increase is a worldwide shortage of paper and pulp that has caused a dramatic escalation in prices and local manufacturers are now adjusting prices to meet world price parity," said Boyes.

He said companies still benefiting from "the protected environment inherited from the old South Africa have a duty to keep cost increases within reasonable bounds.

"Companies which enjoy a commanding position in supplying basic raw materials have an obligation to exercise restraint in passing on price increases.

"The endemic inflation which has persisted for so long has put South Africa out of step with all developed and most developing countries.

"In South Africa there is a tendency to continue to float up prices, based on the argument that this is to adjust for inflation," said Boyes.

# Tough competition in the new world order

(746) ST(PA) 4/6/95

SOUTH Africa will have to increase its international competitiveness if it wishes to become a serious contender in the newly emerging export markets.

Gerrit Breyl, the Department of Trade and Industry's deputy director-general for Trade, says success will depend on the development of an internationally competitive manufacturing sector.

He says the department — in close collaboration with Nedlac — is instituting a range of measures aimed at encouraging the private sector to become more competitive.

Areas being addressed are the upgrading of technology, human resource development and promotion of fixed investment. The role to be played by small, medium and micro enterprises is also being strongly emphasised, says

Mr Breyl.

He says tariff reform will gradually remove the anti-export bias.

"This together with the duty preferences granted on a large number of SA products by the US, the European Union, Canada, Norway, Japan, Switzerland and Hungary, opens the door to possible greater market penetration for SA products in these markets, as well as in southern Africa." (All South Africa's neighbours being beneficiaries of these preferences.)

Mr Breyl adds that although the General Export Incentive Scheme will be phased out within two years, the government will continue to provide other forms of financial assistance to exporters.

"But assistance can only be granted up to a certain point. Success in export

markets will be achieved only through the efforts of the exporters themselves," says Mr Breyl.

He says South Africa needs to create a "co-operation triad" between the public and private sectors and organised labour and that, in order to achieve this, the roles and responsibilities of the three parties should be clearly defined and understood.

Mr Breyl says the resumption of international trade links has also brought the need for a revision of the Department's foreign trade promotion strategy and a reprioritising of foreign economic service markets, in order to put limited resources to more effective use. This strategy is currently being finalised, he says.

Due to the growing importance of the Middle East region (where South Africa is represented only in Israel) it has been decided to open economic offices and to appoint economic representatives in Abu Dhabi in the United Arab Emirates as well as Riyadh in Saudi Arabia in the second half of this year.

The department recently closed its office in Karachi, Pakistan, and will in future cover this market from its office in Abu Dhabi.

In addition, the depart-

ment is to reopen an office in Australia and will open an office in Jakarta, Indonesia.

Mr Breyl says it is possible that the department's new strategy will lead to the closure of certain offices and the opening of others.

The department will also be targeting four international regions through high-level trade and investment campaigns this year, to be led by Trade and Industry Minister Trevor Manuel. This kicks off with three seminars in Germany later this month followed by the Far East, India, the US and the Caribbean.

With South Africa's reacceptance into the United Nations and its various agencies, the department will also be playing a leading role in interfacing with these organisations and facilitating trade.

Linked to South Africa's relationship with these international agencies, the Government is to establish a Trade Point in South Africa. This will be driven, managed and co-ordinated by the department — with certain services being provided by organisations outside the department, including consultants wherever necessary, says Mr Breyl.

## National pavilions have room to grow

SOUTH Africa's participation in the Zimbabwe International Trade Fair in April this year was the country's largest national pavilion in Africa to date, with 65 companies participating.

The Department of Trade and Industry will also make use of national pavilions for the first time at upcoming exhibitions this year in Thailand, Ivory Coast and Egypt. Special efforts are to be made to ensure that more small exporters take part in the department's national pavilion programme.

The department's export marketing assistance schemes comprise primary export market research; outward selling missions; inward buying missions and exhibition assistance.

Some R29,25-million was budgeted for these schemes during 1994 (compared with R20,5-million in 1993). The budget for 1995 is R31,7-million.

Gerrit Breyl, the department's deputy director-general for trade, says export marketing assistance schemes are being amended to provide more benefit to small, micro and medium-sized companies.

Exports generated by the department's financial assistance (R17,8-million) to companies taking part in foreign exhibitions amounted to R129-million in 1994.

Mr Breyl says department financial assistance to outward selling and inward buying missions — and primary market research — also contributes to finding new export markets.

# RTUNITIES

# BANKS A CREDIT TO TRADE

SOUTH Africa desperately needs to address unemployment — and can do this by establishing manufacturing operations geared not only to meet local needs, but to generate much-needed foreign exchange.

Frank Dunlop, First National Bank's senior manager for trade, says: "To compete successfully in the global arena, local manufacturers need to identify and exploit niche markets."

FNB provides an export finance scheme which helps promote exports by making finance available to approved exporters — who would not normally qualify for commercial bank facilities.

To qualify for the scheme, the exporter must be resident in South Africa, be registered as an exporter with the Department of Trade and Industry and be in possession of a confirmed export order.

"The scheme is of advantage to the exporter as it provides him with the required working capital to manufacture the goods for export without affecting his normal bank credit facilities," says Mr Dunlop.

"He also obtains the balance of the monies on shipment of the goods, which further assists his cash flow and he is able to

offer the overseas buyer extended credit terms."

Mr Dunlop says the rest of Africa could well become the stamping ground for local exporters as local technology and products tend to be better suited to the African continent than to the rest of the developed world.

Mr Dunlop says one of the factors overlooked by potential importers and exporters is the risk element associated with the financing of goods.

He says the most prominent service provided by banks in the import/export area is the assumption of payment risk. This allows the exporter to transfer the risk of payment for the sale of goods to the bank.

To be most effective, Mr Dunlop says, this should take the form of a confirmed letter of credit, which guarantees payment and also provides a base from which the exporter can access non-recourse financing — with resultant cash flow benefits.

When a bank confirms a letter of credit it is guaranteeing against three main risk categories: sovereign risk, commercial risk and transaction risk.  
Hugh McTaggart, Standard Bank's re-

gional manager for international business, says clients need to assess the risks inherent in maintaining foreign exchange exposures and to decide on a course of action to minimise these risks.

"Today's international environment is complex and volatile and companies involved in international transactions can call upon our treasury, international and economic divisions to furnish information on the latest developments and trends. This provides a sound analysis on which to base decisions," says Mr McTaggart.

The bank's treasury maintains a foreign exchange dealing room regarded as one of the largest and most sophisticated in southern Africa. The operations are fully computerised and backed by modern communication equipment. The dealing room is active in the spot, forward exchange and derivatives market (currency futures, options and swaps). The bank has teams of specialists available to help and advise customers with problems.

Other services include a weekly publication *International Comment* and a bi-monthly *Standard Bank Review* — which takes an in-depth look at current events and provides essential statistical and graphical analysis.

Standard Bank has a comprehensive foreign trade promotions section.

Mr McTaggart says the principal role of this department is to provide information relating to potential or existing importers and exporters and to identify those organisations which may be interested in joint venture schemes.

There is a reciprocal flow of trade inquiries between the bank and its correspondents which includes overseas trade organisations and consulate offices.

The section produces and circulates a monthly *Foreign Trade Bulletin* which advertises local and overseas business inquiries.

Through the use of overseas representatives and correspondent banks, the foreign trade promotion section can provide information, status reports and other background information to enable merchants to take advantage of the business opportunities on offer.

Specialist trade centres have also been introduced where personnel are professionally trained to deal with cross-border business, with specific emphasis on currency transfers, documentary credits and collections, bid/performance/advance payment bonds and standby credits.

# EXPORT OPPORTUNITIES

# SOUTH AFRICA LOOKS EAST FOR EXPANSION

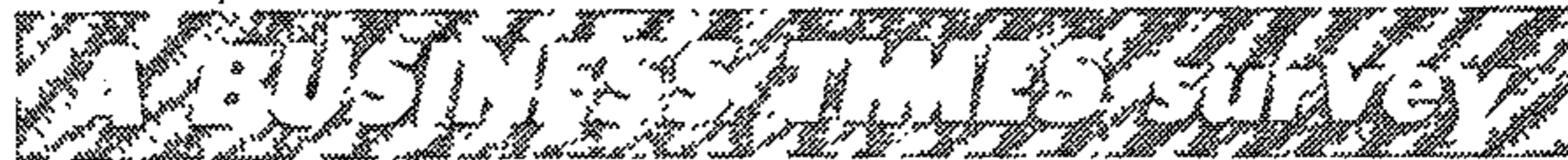
ASIA presents "a formidable challenge and opportunity" for SA exporters, says Gerrit Breyl, the Department of Trade and Industry's deputy director-general for Trade.

Mr Breyl believes that the Far Eastern countries, with their high rates of productivity and growth, and the Middle East (a 90% import region) offer the best opportunities for SA exporters in a wide range of consumer products.

"There is a global swing towards Asia because of the trade and business opportunities it offers. India and the People's Republic of China would also appear to offer substantial long-term opportunities."

Mr Breyl points out that South Africa is increasingly becoming an exporter of value-added products and

As South Africa edges its way on to the stage of international trade, so its players in the fields of exports and export services have swung into action. **DAVID JACKSON** reports on the new set of challenges.



says South Africa's capability in mining, security, construction and transport in particular, has attracted the attention of foreign buyers.

Exports currently represent about 30% of South Africa's gross domestic product — a clear indication of the importance of exports to the country's economy.

In 1994, South Africa exported goods to the value of R90,328-billion — an increase of nearly 12% on 1993 (R80,937-billion).

The European Union, the US, Africa and the Far

East remain South Africa's most important export destinations.

New markets such as Singapore, the People's Republic of China, India, Malaysia, Egypt, the United Arab Emirates, Saudi Arabia, Mexico, Thailand and South Korea have all opened their doors to South Africa following the normalisation of international trade relations.

In most instances, says the DTI, exports have flourished.

Exports from the manufacturing sector — includ-

ing construction — represent about 47% of South Africa's total exports.

This is followed by exports of minerals and products from the mining industry — historically pivotal to the SA economy but whose importance has decreased in recent decades, in the DTI's view.

Agriculture — including forestry and fishing — is another key export sector. The services sector's export contribution is still relatively small.

Mr Breyl says that with the prevailing internation-

(746) ST (BT) 4/6/95  
al tendency towards multi-lateral trade relations, the need for bilateral trade agreements has largely been obviated.

South Africa recently signed and ratified the Uruguay round of the General Agreement on Tariffs and Trade and as such is a member of the World Trade Organisation.

Nevertheless, Mr Breyl contends, trade agreements could still play a significant role in fostering goodwill and promoting bilateral trade relations.

A trade agreement was signed with India last August and the DTI is currently negotiating bilateral trade agreements with eight countries - including Thailand, the Philippines, Malaysia, Cuba and Saudi Arabia.

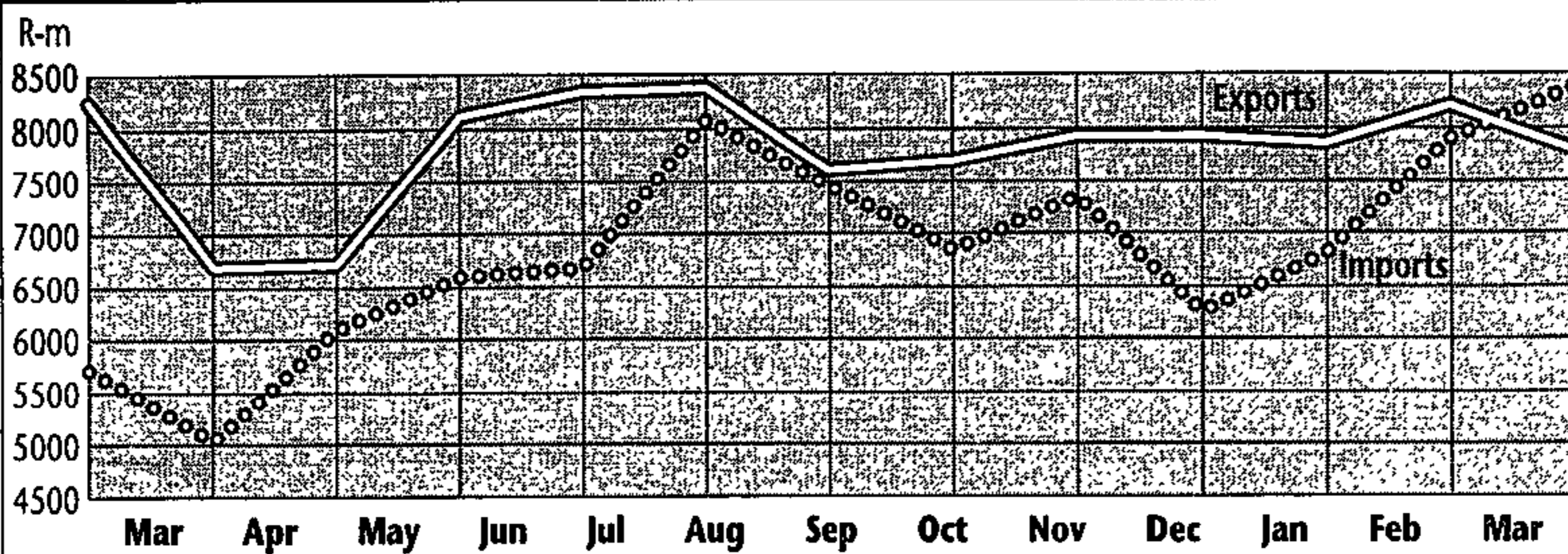
Negotiations will also shortly commence with the EU on a comprehensive trade agreement, which, says Mr Breyl, "will be of the utmost importance for South Africa."

Exports could also have a vital influence on the government's reconstruction and development programme.

Mr Breyl says the benefits of exports — such as foreign exchange, increased employment, heightened productivity and improved competitiveness — are vital to the RDP.

"These benefits impact directly and dramatically on the economy — and hence on the success of the RDP."

SOUTH AFRICA'S TRADE PERFORMANCE: Mar '94 - Mar '95



Graphic: FIONA KRISCH

Source: SAFTO

# Outspan streamlines terminal for exports

By CLARE GEBHARDT  
ECONOMICS EDITOR

CT (E&R) 5/6/95

Outspan International has upgraded its computerised fruit recording system at the Outspan fruit terminal in Port Elizabeth to streamline the expected increase in exports from the Eastern Cape.

Last year, Outspan exported 40 million cartons of citrus to 50 countries from five ports in southern Africa.

Of those, 8 million citrus cartons were shipped via Port Elizabeth, representing 20 percent of the entire Southern African export citrus crop.

This year, Outspan expects to export 9,1 million cartons of citrus through its terminal.

Roelf Pienaar, Outspan's general manager of shipping and distribution, says this represents 21 percent of the total export citrus crop projected for this season.

"Total throughput at the Port Elizabeth fruit terminal for 1995 will therefore be up by 59 percent on that of 1994."

The Paltrack computerised fruit tracking system, implemented in February, makes use of hand-held remote scanners to capture pallet information. Bar codes are scanned into the system while pallet information is keyed or scanned into a hand-held terminal. The information is then transmitted to a central computer and stocks are updated immediately.



**FAMOUS EXPORT** All fruit boxes leaving the Outspan terminal in Port Elizabeth are scanned on the quayside before being loaded on board ship for export

PHOTO: OUTSPAN

7467

Limmark did not only buy for manufacturing sector.

they lacked the capacity to com- establish itself.

# Japanese dispensation boosts citrus exports

By Roy COKAYNE

PRETORIA BUSINESS EDITOR

The southern African citrus industry export prospects have been boosted by a Japanese government dispensation granting it the right to export citrus which is sterilised en route to Japan.

John McClashan, Outspan's senior manager of operations research said southern Africa's cold storage dockside facilities were a limiting factor on citrus export volumes to Japan.

Exports by Outspan to Japan represent 3,3 percent of this year's expected export citrus crop.

But McClashan said the Japanese dispensation meant increased exports to that country were possible with the existing facilities.

He said the previous provisions in terms of which citrus for the Japanese market had to be sterilised in South Africa for two weeks — meant fruit going to other markets was blocked out.

"We hope to export 5 million cartons to Japan in the foreseeable future, compared to the current 1,5 million cartons.

"This will take place in an about a five to six-year time span and go hand in hand with the develop-

ment of the Japanese market," he said.

McClashan said Japan had very strict quarantine restrictions.

The Japanese authorities must ensure fruit diseases and pests, which are widely distributed throughout the tropical regions of the world, are not imported into Japan. Hence the need to sterilise the fruit at sub-zero temperatures for 12 days, he said.

Previous regulations required that quarantine treatment supervised by the South African plant quarantine officials had to be undertaken in South Africa.

Treatment is now permitted

while the vessel carrying the fruit sails for Japan. The phytosanitary certificate, which releases the fruit for import into Japan, will be issued by a South African plant quarantine official in Japan after successful completion of in-transit sterilisation.

The responsibility for successful completion of the process therefore rests entirely in South African hands and requires strict adherence to the new Japanese regulations, McClashan said.

McClashan said the dispensation granted by the Japanese government would definitely lead to cost saving.

# Citrus export future boosted

~~3/17/77~~ (746)

■ BY ROY COKAYNE

The Southern African citrus industry export prospects have been boosted by a Japanese government dispensation granting it the right to export citrus which is sterilised en route to Japan.

Outspan senior manager of research operations John McGlashan said the limited Southern African cold storage dockside facilities were a limiting factor on citrus export volumes to Japan.

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carrying the fruit sails for Japan. The phytosanitary certificate, which releases the fruit for import into Japan, will be issued by a South African plant quarantine official in Japan after successful completion of in transit sterilisation.

The responsibility for successful completion of the process therefore rests entirely in South African hands and requires strict adherence to the new Japanese regulations, McGlashan said.

Parties to the negotiations for in transit fruit sterilisation included Outspan, the Directorate of Plant and Quality Control of the South African Department of Agriculture, the Perishable Products Exports Control Board and Gold Reef, Outspan's agent in Japan.



# Investors pin hopes on Walvis Bay

Walvis Bay boasts that the Trans-Kalahari and Trans-Caprivi highways will position exporters a week closer to Europe's markets than going through Durban

By Duncan Giv

ARGUS FORGEMAN SERVICE

Walvis Bay, the enclave that South Africa clung to in a tangled dispute for the first four years of Namibia's independence, has been earmarked as a saviour for Namibia's biggest headache: unemployment.

Hopes are pinned on jobs being created in the town's Economic Processing Zone (EPZ), for which legislation has already been promulgated in parliament in Windhoek.

A handful of investors who will manufacture goods for export have already pledged to establish themselves in the desert port, attracted by the processing zone's

tax and labour incentives. "Investors will pay zero corporate tax and be exempt from import duties on capital goods," says Ken Kwaku, advisor to the Namibian ministry of trade and industry.

There will also be certain exemptions from Namibia's Labour Act, which the National Union of Namibian Workers is contesting in the Windhoek High Court.

"But we support the idea in principle," says acting secretary-general Ranga Halka.

Urban unemployment in Namibia is estimated at 45 percent, with Windhoek receiving 250 new job-seekers from rural areas every week. Kwaku insists the processing

zone will have labour controls and codes. "We have deeply healed labour regulations. It won't be an 'anything goes' situation."

He adds that in several countries, processing zones offer workers better conditions than local factories bound by national labour legislation.

The next step for the ministry of trade and industry is to request around R4 million from the government to "jump-start" the EPZ initiative. The management company will be 70 percent privately owned, with the remaining share going to the Walvis Bay Municipality.

Another company, the Oshana Development Corporation (ODC), which will implement the processing zone, will be responsible for promoting, marketing and co-ordinating all approved activities, such as export processing.

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The ODC will be 15 percent government-owned, with the private sector owning the remaining 85 percent.

Kwaku stresses that the concept will not, ultimately, be confined to Walvis Bay. "Any company manufacturing for export may apply for EPZ status."

Oshana, in the far north of the country, is the largest labour pool, with little in the way of manufacturing industries, but close proximity to an increasing market in neighbouring Angola.

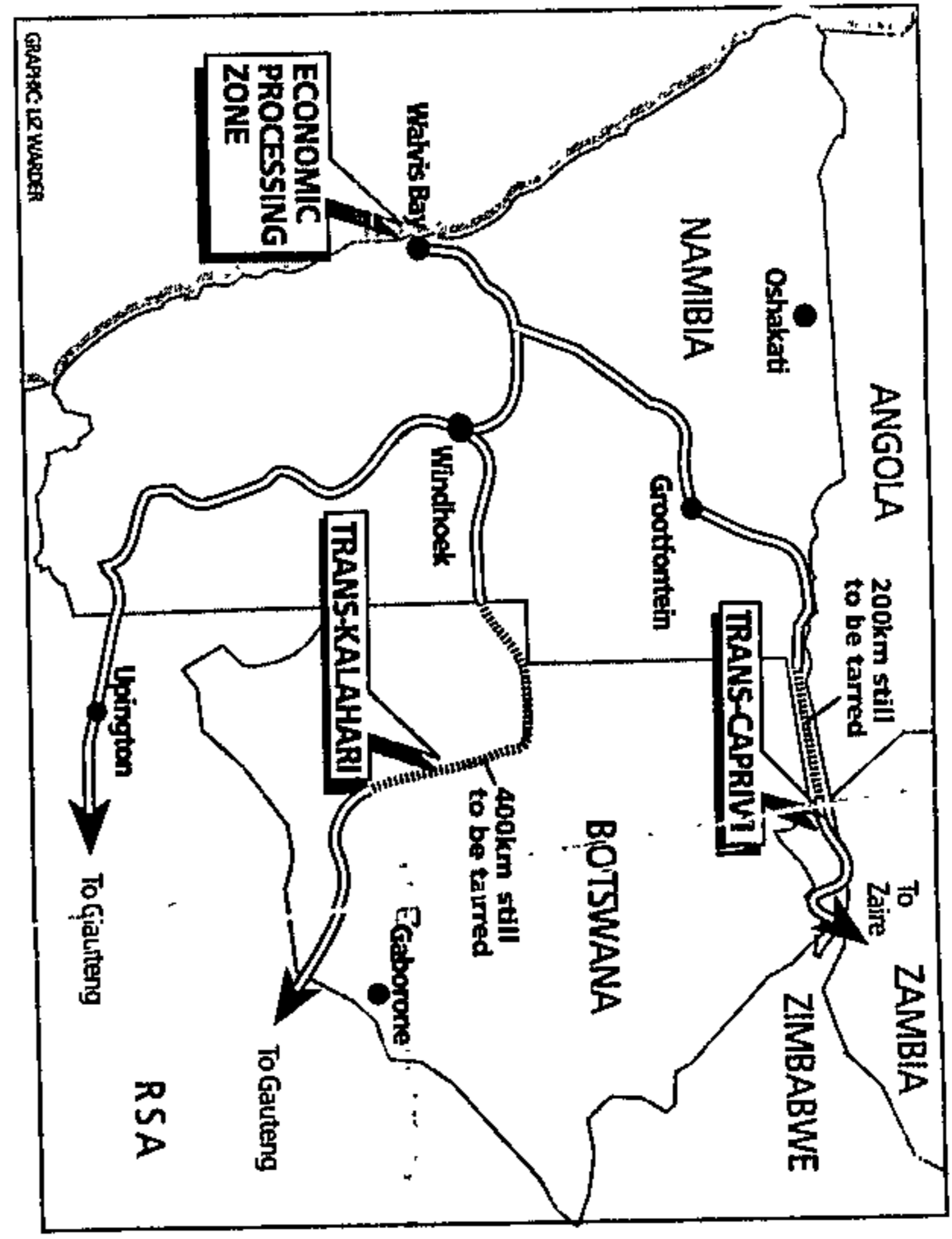
"We have had a lot of interest from there," says Kwaku. Walvis Bay, meanwhile, will also be the end-point of a far route across Botswana from Gauteng once the tarring of the Trans-Kalahari highway is complete in 1998. This will cut off more than

400km from the present dog-leg route via Upington.

Along with the almost-completed Trans-Caprivi highway, along which Zambian copper already comes to Walvis Bay, the Trans-Kalahari is expected to open up a hinterland as far as southern Zaire and Zimbabwe.

Increased traffic, along with the establishment of the EPZ, will add to the port's hopes of balancing its exports against its imports. In the 1993/4 financial year, 1003 million tons of imports were handled at the harbour, compared with only 613 million tons of exports.

"Once these highways are complete, exporters presently using Durban will save a week in transport time for goods going to Europe," says Johannes Gaomab, marketing-manager for Namport, Namibia's port parastatal.



# Cheap SA vodka finds a new market — in Russia

By AUDREY D'ANGELO  
CAPE BUSINESS EDITOR

Vodka made in South Africa is among growing quantity of goods being exported to Russia, says Ronnie Frick, owner's representative of shipping company Deutsche Afrika Liniën (DAL) in southern Africa.

But, he cautioned yesterday, many Russian buyers who tried to import goods had difficulty in making satisfactory arrangements for payment.

Much of the goods exported through DAL are going to outlets set up by South African and other foreign companies.

Hamburg-based DAL Transport, a DAL subsidiary established 10 years ago, delivers goods from all over the world to Russia and other parts of the former Soviet Union.

Its trade manager, Juergen Glissman, says in the newsletter distributed to South African customers: "We have arranged for reliable truckers to give door-to-door delivery from St Petersburg or Kotka to most destinations west of the Ural mountains."

Glissman says his company manages to make deliveries "despite the many bureaucratic laws that still exist in the Commonwealth of Independent States that obstruct direct trade" because of its connections with reliable local carriers.

Frick said South Africa exported vodka to Poland as well as Russia. "They buy it because it is cheaper than their own."

He said container loads of consumer goods were sent from this country by distributors or companies which had set up their own selling operations there.

Metro Cash and Carry is among the South African companies now doing business in the former Soviet Union. It has three outlets there.

# Sasol's protection is slated

By DEREK TOMMEY

Private oil refinery operators are highly critical of the Arthur Andersen report apparently recommending continued protection for Sasol's synthetic fuel division.

The report has not been released to the public, but Sasol has indicated that it recommends the protection it has received should be continued at a reduced level, dropping from the current \$21,40 a barrel to \$17 a barrel by July 1999.

Sasol maintains that by that time the international oil price will be above the \$17 a barrel mark and therefore the protection it will receive from that date will be effectively zero.

Sapia, which represents the major oil companies, says they are

reserving their position to take appropriate action at an appropriate time.

They maintain that the report and its recommendations are an entirely inappropriate basis for formulating future policy on a number of issues affecting the oil industry, including Sasol's subsidies.

It is understood that in their submission to Arthur Andersen, the oil companies claimed that any subsidy to Sasol creates a distorted uncompetitive environment. The subsidy not only affects the South African oil industry, but also the chemical industry and, in a general sense discourages foreign investment and foreign trade in South Africa as the wrong signal is given to investors.

Sasol claimed that as a result of

the subsidy, its synthetic fuels division made a huge contribution to the South African economy, adding value to the amount of R6,1 billion, saving about R5,6 billion a year in foreign exchange directly and indirectly employing nearly 59 000 people which is many times greater than the cost of its protection.

A Sasol spokesman said that it was hoped that the other oil companies would also demonstrate their transparency by inviting Arthur Andersen to conduct a similar scrutiny of their businesses.

An official of the National Economic Development and Labour Council said the report is to be submitted to its Liquid Fuels Industry Task Force for formal consideration, after which it would be released to the public.

# Illovo loses dumping case

By JOHN SHERROCKS

KWAZULU NATAL BUSINESS EDITOR

South Africa's largest sugar producer, Illovo Sugar has lost a long-running battle against an anti-dumping duty being imposed on its furfuryl alcohol exports to the United States.

The US-based International Trade Commission this week confirmed that furfuryl alcohol imported from South Africa and Taiwan had "caused material injury" to the domestic industry.

"That is, it upheld that we have been dumping," said Bernard Ravno, production director at Illovo Sugar.

He said the Federal Regulator was only due to set the level of the import duty on June 21 which he believed would be 11,55 percent.

Illovo, formerly CG Smith Sugar is a subsidiary of the CG Smith Group.

Furfuryl is an agricultural by-product which is used in metal casting manufacture.

South Africa is the second biggest supplier to the United States after China.

## Inconvenient

Illovo said the duty would have no effect on their exports to the United States.

"If they had achieved the 68 percent they were aiming for it would have effectively closed down our exports... at 11,5 percent it will be somewhat of an inconvenience," a spokesman said.

In July last year, the Inter-

national Trade Commission ruled that QC Chemicals of Indiana had made a "reasonable" case that it was being hurt from imports from South Africa, China and Thailand.

QC Chemicals brought the anti-dumping suit.

The complaint became the subject of an official inquiry by the commerce department in Washington.

Illovo contested that QC Chemicals was seeking protection because its own poor management made it uncompetitive.

QC Chemicals maintained its situation would worsen because Illovo would now be in the position to take advantage of the American general system of preference which gave South African exporters of about 4 000 products duty-free access to America.

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# Off the board and on the desk

Why can't farmers just sell their fruit to whoever wants to pay their price?

**Will farmers** finally be able to sell their goods freely on the international markets as independent exporters?

No-one seems to know for sure, least of all Agriculture Minister Kraai van Niekerk. Addressing last week's public workshop on the draft Marketing of Agricultural Products Bill, Van Niekerk suggested that the single-channel marketing system for agricultural exports probably needed an overhaul to foster some form of competition on the powerful marketing boards who are, by statute, entitled to monopolise all exports.

Of course, it's a hot issue for the multi-billion rand citrus and deciduous fruit industries — the last agricultural products still exclusively exported through the single-channel systems imposed through Outspan (citrus) and Unifruco (deciduous).

Says Van Niekerk: "If a company becomes too big, inefficiency is inevitable. The only way to contain this is to expose it to competition — to someone who can do it better. Single-channel marketing for exports should not protect an inefficient monopoly."

But Van Niekerk stopped short of endorsing full deregulation that would allow farmers to sell their wares to whom they please, though he claims that the draft Bill is intended to move agriculture closer to a free-market approach. "We need to be careful to avoid a situation where South Africans compete with one another abroad

without maximising revenue returns to SA. We need to ensure that we are expanding markets rather than merely shifting profits from one individual to another. The debate is not over."

All the same, the draft Bill does confer on the Minister wide powers to force farmers to sell their produce to or through a statutory marketing authority (SMA) — the envisaged structure that would replace the boards — controlled by an all-powerful National Agricultural Marketing Council. According to the Bill, the Minister can give farmers the go-ahead to supply a particular export market — but subject to the dictates of the marketing authority. The Minister can also prohibit anyone from purchasing, selling, supplying, delivering or conveying a specified agricultural product — far-reaching powers that could be used to perpetuate a single-channel marketing system indefinitely.

There's also a parachute clause in the draft Bill that allows the Cabinet to restrict exports along with imports, though Depart-

ment of Agriculture chief director Attie Swart says this is intended only for exceptional circumstances and is in line with the requirements of the General Agreement on Tariffs & Trade.



Moolman

Will the Bill become law? Janet Love, ANC MP and chairman of the parliamentary standing committee on agriculture, has already indicated publicly that the draft Bill is unpopular with her party since it seems to entrench vested interests.

Whether parts of the Bill are constitutional is another matter. Section 28 of the 1993 constitution specifically guarantees the right to property, including the right to dispose of that property. Section 28 (2), however, permits deprivation of these rights if the deprivation is "reasonable" and "justifiable in an open and democratic society based on free-

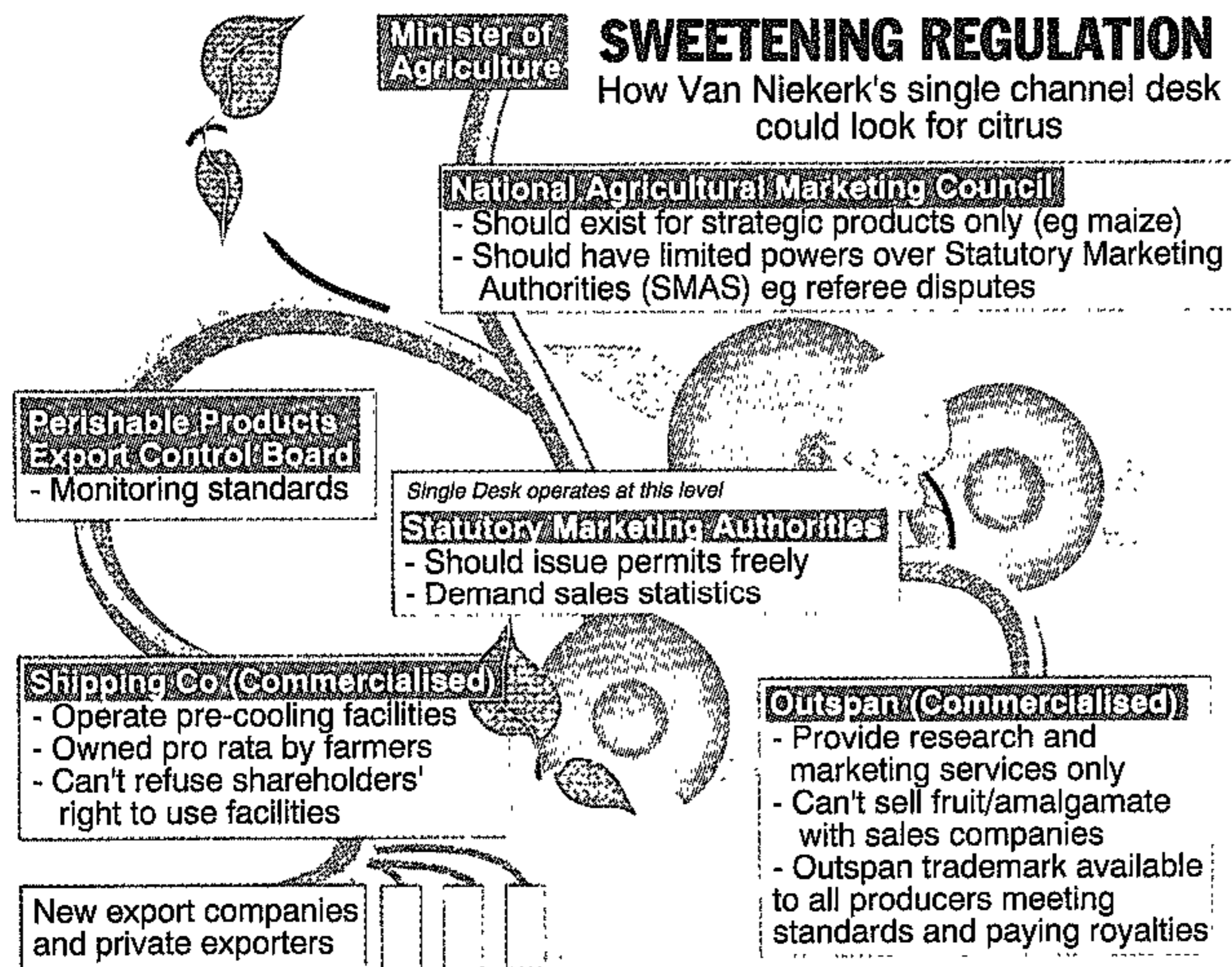
dom of equality." Certainly, SA's return to the international arena has precipitated much of the present debate. The agricultural boards have used a single-channel marketing system to bypass sanctions. Farmers would pool their fruit and hand it over to the boards, which would then dispose of it in bulk.

Farmers are increasingly questioning the system, especially now that farmers and international traders are receiving potentially lucrative offers to sell their products directly to foreign buyers. The independent Citrus Growers' Association — formed last year to challenge Outspan's refusal to grant growers even limited export permits — says research indicates that citrus farmers are now receiving yields of only 6% on retail prices. Indications are that yields should be closer to 25%.

Association chairman Valdy Jensen says the board won't grant permits for Europe, Japan, Canada and the US — markets which it describes as its traditional outlets — even where the board itself is unable to meet demand. "We know that some buyers have had to source fruit from South America, while we could readily have met their needs," says Jensen.

It's a claim that's also been levelled against Unifruco. Middle Eastern buyers have apparently bought fruit from South America at higher prices because the Deciduous Fruit Board and Unifruco won't grant producers export permits.

The practice is probably chasing away



## LEADING ARTICLES

millions of rand in foreign investment. For example, a number of Saudi Arabian investors have in recent years purchased large fruit farms, intending to export their produce directly to their home markets. According to the constitution, this is not an unreasonable expectation, since Section 28 also apparently applies to foreigners owning property.

One investor, MA Sharbatly Corp, after a bitter four-year struggle with Unifruco, is considering relocating an estimated R100m investment to Chile. Unifruco also rejected Sharbatly's application to operate in Saudi Arabia as an official agent. Unifruco has only one agent in Saudi Arabia and claims the sole agency arrangement maximises market penetration for this vast region. Says Deciduous Fruit Board CE Marthinus Strauss: "Saudi Arabia is not a limitless market and the appointment of more agents would not necessarily improve efficiency. It would result in more discounting and lower returns to growers." Unifruco also has only one agent respectively for the Gulf States and Dubai.

For the citrus industry, there's also a great deal of unhappiness about the relationship between the agents, known as panellists, and the board. Says Theo Moolman, an Eastern Cape citrus farmer and member of the Independent Citrus Growers' Association: "The panellists appear to be raking in huge profits. They have also become powerful enough to influence supply and demand — often to the detriment of growers." Moolman claims that their market manipulations in Europe arguably destroyed the grapefruit industry in the Eastern Cape.

The potentially restrictive and uncompetitive nature of these arrangements has long been a concern for the Competition Board, which would readily question whether these marketing structures serve the public interest — but the marketing boards are exempt from Competition Board scrutiny.

The working group which drafted the Bill says interested parties argue that collusion in the export market is acceptable with a view to optimise export earnings if it is acceptable to directly affected groups. The group suggests that "substantial approval" of the directly affected parties should be sought before single-channel exporting is enshrined in law. Measures also won't be implemented unless they are



Stanbury

in the "public interest," claims the working group in a memorandum handed to delegates last week. Van Niekerk suggests that "public interest" could amount to the system that maximises foreign earnings for SA.

The boards, understandably, continue to argue that single-channel exporting — through the creation of economies of scale and bulk negotiating clout (particularly for shipping) — continues to provide the greatest financial security and protection for all producer participants. Says Outspan MD John Stanbury: "The Marketing Act protects us in a hostile international envi-

ronment — giving us some competitive advantage in markets that enjoy vast domestic protection. It would be sad if the fruit industry was placed in jeopardy by deregulation that was later proved to be a mistake. Thousands of jobs could be lost."

The board also argues that single-channel exporting protects against currency flight. But Moolman says the Citrus Board would do better to manage existing operations efficiently. The board last year forfeited a R44m Geis claim because it failed to apply for an extension.

Of course, critics of single-channel exporting argue that a voluntary arrangement would yield the same benefits, while not excluding freedom of choice and initiative to grow new markets. Says Jensen: "Centralised control stifles initiative and limits employment opportunities and income-earning potential. We are ready to accept the losses with profits."

The boards ignored government directives to deregulate and become voluntary associations. Jensen points out that two reports — one conducted by Deloitte Management Services and another by a special team appointed by the board — confirmed these recommendations. The board indicated that it was willing to deregulate in three years' time — a promise it appears to have withdrawn.

But, while Van Niekerk may be reluctant to deregulate exports immediately (domestic sales have been

successfully deregulated for several years), he appears willing to introduce a "single-desk" system which, he indicates, could operate as an interim measure before full deregulation becomes a reality. Put simply, a "single-desk" system would still see all exports channelled through to the SMA — geared to replace the present boards. But the new authority or SMA would not be the only seller. Multiple agents would be able to operate subject to certain rules.

Says Van Niekerk: "I think we will move into a transitional stage where exports are co-ordinated in terms of a 'single-desk' system with different role players who would have to serve the interests of SA ahead of their personal interests." Van Niekerk cites the New Zealand system as an example. He claims it still retains an element of single-channel marketing while co-ordinating the actions of producers to participate and compete effectively.

Such a structure would do little to foster competition if the number of selling or exporting agents is capped. Says Moolman: "Producers should be free to act as exporting agents for the SMAs." He stresses that existing control boards should be precluded from selling or exporting fruit if the field is to be fair for all. "They should concentrate on research and marketing for the industry. Their assets — pre-cooling and port facilities — must be commercialised into a company owned by farmers. Concomitantly, such a company would be unable to refuse shareholders the right to use its facilities."



Van Niekerk

Jensen, while welcoming Van Niekerk's apparent move towards a phased opening of export marketing warns that similar regulation for mining, manufacturing, construction or other industries would result in an outcry locally and internationally, coupled with threats to disinvest. "No investor would welcome the permanent threat of intervention contained in the draft Bill. It's also a great concern that farmers appear to have been formally excluded since the SA Agricultural Union has failed to call for opinions through its farmers' associations." A group of citrus and deciduous growers and other interested groups are contemplating court action to challenge the boards' stranglehold.

Jensen claims that fears that South Africans would undercut each other in the open market are unfounded. "The timing of the SA crop, its quality and limited volume has allowed Outspan to limit deliveries to selected clients only, while the less privileged distributors have relied on other sources. Indications are that greater accessibility of SA fruit would stimulate competition for that fruit."



Jensen

# Export incentive 'failed'

CT(BR)15/6/96 (74G)

By BRUCE CAMERON

POLITICAL EDITOR

The millions of rands paid out to exporters under the General Export Incentive Scheme (Geis) never achieved their purpose, said Zaverh Rustomjee, director-general of trade and industry.

The scheme, which had been significantly revised, was in the process of being phased out. It was introduced in the 1980s to promote exports and has been subject to fraud and incorrect claims involving about R300 million.

In a written reply to questions

from the parliamentary public accounts committee yesterday, Rustomjee said the original scheme had been too open-ended and "increasingly became an unaffordable drain on the fiscus".

Rustomjee said Geis had been introduced to support fully manufactured or semi-manufactured goods.

The scheme had benefited the export of non-traditional manufactured goods, he said.

Audits were being held into past claims and amounts incorrectly claimed were being recovered, Rustomjee said.

# Why our wines are making a big splash

## The Argus Foreign Service

BORDEAUX. — South African wines have made a major breakthrough into the world market over the past two years, official trade sources said here.

They are being exhibited, with wines from 42 countries at the celebrated biennale World Wine Salon *Vinexpo* which opened here yesterday.

The world's acknowledged leading wine expert, Philippe Faure-Brac, lists two South African wines in his Top Ten which he serves in his elegant restaurant, the Bistrot, in the swank Boulevard Hausmann.

One is a white Hamilton Russell 1993, priced at R32 a bottle, and should be drunk with roast poultry or veal. The other is also a white, Vin de Constance from Klein Constan-tia 1989 priced at R62 a bottle, and drunk with foie gras or alone.

The other wines on his list come from Argentine, Australia and Chile which together with South Africa "represent the New World in this domain as a spectacular new phenomenon."

"Figaro-Economique" noted that: "Within a few years these emerging wine producing countries have become serious competitors for France, Italy and Spain."

"This competition really started 15 years ago when Cali-

fornian wines hit European exports which in the '80s averaged 40 million crates annually, compared with 15 millions today.

"Canada, which traditionally imported French and Italian wines, has turned to the New World wines which have taken 16 percent of the market."

South African wines obtained 1.1 percent of the world market in the two-year period 1991-1993, compared to New Zealand (1.4 percent) and Australia (7.9 percent).

Their wines hit European producers, with France's market share slipping from 49 percent to 46.5 percent.

Bernard Magrez, France's leading wine importer, noted: "These New World wines have several trump cards in their favour. Their wines are very good and show a great improvement in former years. They are cheaper at R6 to R7 a bottle because labour costs are lower. In France, vineyards pay a labourer R4 000 monthly, compared with R350 to R400 in Brazil, Argentine and South Africa and even less in Chile.

"They have the advantage of using aggressive and highly successful sales methods backed by such powerful organisations as South Africa's "KWV" and California's "Gallo". While in France our wine trade is split up into 400 dealers, most of them too small to be active overseas."

# Littlewoods to help boost local clothing exports

(1854)  
(745)

ET(BE) 20/6/95

By AUDREY D'ANGELO

CAPE BUSINESS EDITOR

The British Littlewoods group — with mail order companies and chain stores in Britain and retail operations in Russia — will source as much of its clothing as possible in South Africa, John Moores, the chairman, announced yesterday.

He said at a news conference in the Cape Town factory of TEJ (Towles Edgar Jacobs), which will become a major supplier, that this was due partly to a wish to help provide jobs in South Africa and partly because of the high quality of the goods.

## Preferential

A major disadvantage to importing clothes from South Africa was that, even with the preferential rebates granted by the European Union, 12 percent import duty had to be paid. But now that South Africa was again in the Commonwealth he hoped this would be lifted soon.

Littlewoods would also buy clothing from the PALS factory in Cape Town. Moores said he was looking for other suppliers in this country.

He could not give an amount for the quantity of clothing his group would buy from South Africa, except to say that they would be "substantial."

But a spokesman for the group said only 19 percent of Littlewoods' annual income of

\$2,7 billion came from football pools.

The bulk of its income came from its retail and catalogue shopping operations which employed 30 000 people.

Moores said he had been a frequent visitor to South Africa, but his company's strict code of practice had prevented it from doing any business with South Africa in the past.

It had asked Cosatu to recommend companies where conditions of employment were satisfactory.

Discussing the competitiveness of South African-made clothing, Moores said it could not compete with the Far East on "cheap sewing items like blouses."

But it had niche market skills in tailoring and fully fashioned knitwear. He said there was a world shortage of fully fashioned knitwear of the sort made by TEJ.

Littlewoods' main source of supply at the moment was Scotland, said Moores.

Tony Owen, TEJ managing director, said South African clothing manufacturers needed big overseas customers like Littlewoods to provide them with a large enough market to achieve economies of scale.

"Orders from companies like Littlewoods are vital to us. We have to grow our business internationally."

TEJ started exporting only two years ago. Exports already accounted for 10 percent of turnover.

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# Halt arms exports — expert

~~234~~ (74G) ARG 21/6/95  
SOUTH AFRICA should stop arms exports since it had only insignificant short-term benefits and could harm the country's economy in the longer term, a British defence economist said in Cape Town.

"Once the subsidies and hidden costs are taken into account, the economic benefits which accrue from arms exports are relatively insignificant and ... those benefits that do exist are usually only realised in the short term," said Susan Willett of the Centre for Defence Studies at London University yesterday.

"In the long term arms exports may have a detrimental effect on South Africa's industrial development and economic performance.

"We therefore suggest that the current strategy of arms export promotion should be halted," Ms Willett said.

She was testifying to the Cameron Commission of inquiry into Armscor's weapons sales abroad.

The judicial commission was appointed by President Nelson Mandela after an abortive sale of AK-47 rifles to a Middle East arms dealer by Armscor last year.

Ms Willett said: "The defence sector's contribution to South Africa's economy is far less significant than is claimed by its proponents.

"Furthermore, the economic benefits of arms exports, especially in terms of foreign exchange earnings — \$237 million (R853 million) — balance of payments considerations and jobs appear to be relatively marginal."

She said the industry had also absorbed a disproportionate number of the country's scarce scientific and technological graduates, with little obvious benefits to the civilian economy.

# Middleman gets the squeeze

CT(MR) 21/6/95

74CT

Professional traders can smooth the path for exporters — provided they are not squeezed out of existence by unrealistic profit expectations.

"Local manufacturers have developed the attitude that a profit of less than 150 percent simply isn't worth the effort involved in selling the product," says Gail Clarke of Alternative Traders.

"Given our generally poor levels of productivity, our high inflation rate and our tradition of unreliability in export markets, this makes it very difficult to market local products competitively."

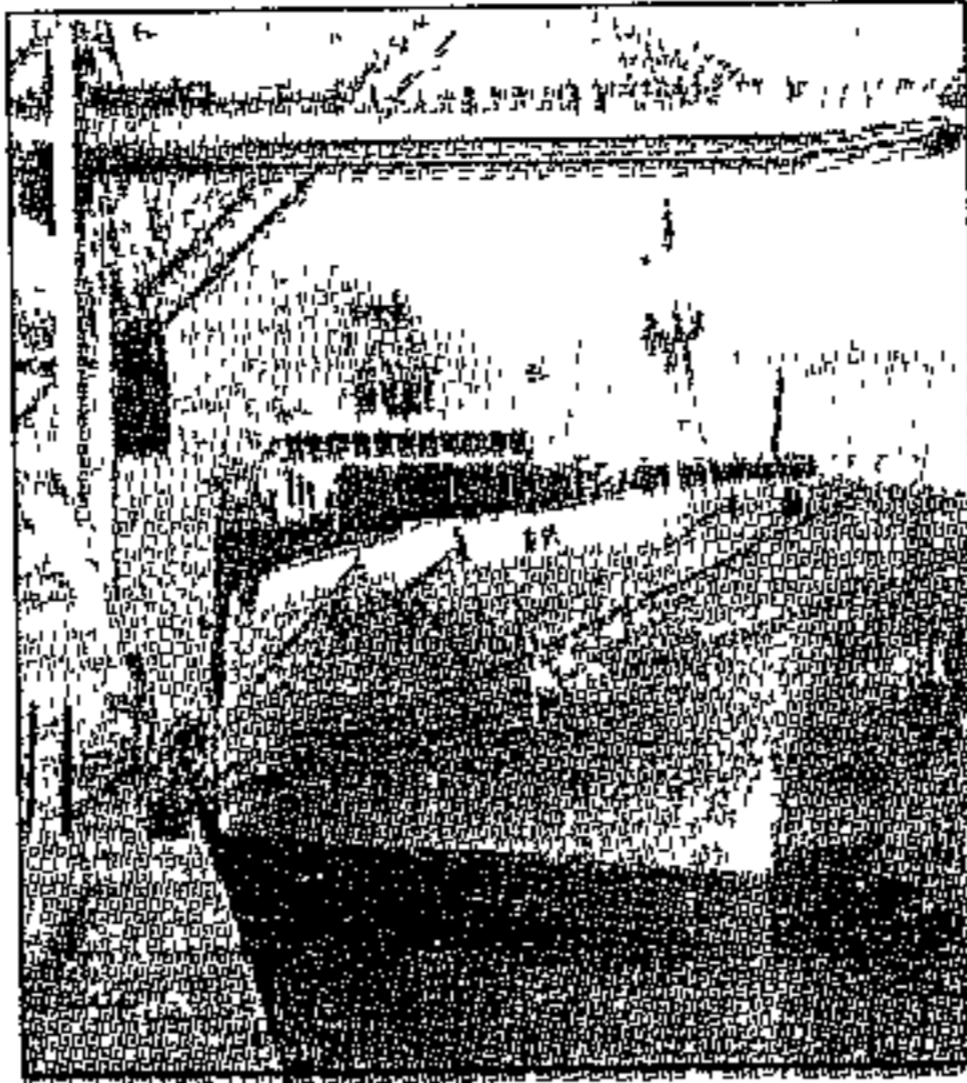
One effect of this is to squeeze out the middleman, who can often not achieve more than 5 percent on the deal. Professional traders have a valuable role to play in linking exporters with their markets, but they are finding it more lucrative to deal in imports than exports — a trend which can contribute to the downfall of local manufacturers.

At the same time an inability to compete and a lack of export orientation is cutting the lifelines of many local manufacturers.

"South Africa has become very expensive, especially when competing against producers in the Far East and the Pacific Rim.

"The weak rand gives us some advantage against countries with a strong currency, although this is constantly being whittled away by inflation.

"With some products local manu-



## A SHIP IN PORT, READY TO EXPORT LOCAL PRODUCTS

facturers still enjoy exclusivity — but big buyers are looking for other sources of all products in other parts of Africa," she says.

When Nelson Mandela was released from prison and later elected president, market observers predicted a five-year boom for local exporters.

This is under way, she says. But she predicts a rude awakening for local manufacturers as the new terms of Gatt, aimed at reducing protection against imports, come into force.

Clarke's business specialises in identifying the needs of foreign buyers and finding local products suitable for export. However, this process demands expertise and commitment which most

manufacturers do not have.

"Many local manufacturers — especially small businesses — aren't aware of the export potential of their products," she says.

"And if they are aware, they don't know how to go about marketing, pricing or getting it to the buyer on time, or ensuring they are paid promptly.

"The trader's role is to knock on doors all over the world. We identify local goods with export potential and spot markets which local producers have the potential to serve — and then we provide a bridge between the buyer and the seller."

Having closed a deal, it becomes the trader's responsibility to ensure the goods reach the buyer on deadline.

"We must know where the goods are at every stage of the journey and we must recognise potential trouble before it can disrupt the supply line.

"If production is interrupted by industrial action, we must keep the buyer informed and, if possible, find an alternative source of supply," she says.

She is confident of South Africa's potential role as the trade mecca of Africa — if local manufacturers and government adopt a more export oriented philosophy.

Local manufacturers must become more competitive and the government must act faster in the phasing out of foreign exchange control, she says.

# Forecast expects lasting growth in SA exports

(74G) CT(BR) 21/6/95

BY NEIL BEHRMANN

LONDON CORRESPONDENT

London — South African exports will continue to grow this year if forecasts of the Organisation for Economic Co-operation and Development are correct.

In its latest bi-annual forecast, the organisation expects a "soft landing" in America and says economic prospects for most industrialised nations "remain good".

The organisation is expecting a slight decline in real growth of the 24 member nations to 2,7 percent this year from 2,9 percent last year.

Expansion of output, with the exception of Japan, is well estab-

lished and world trade is "growing robustly", the organisation says.

Inflation has dropped to rates not seen since the 1960s but will rise to an organisation average of 4,1 percent this year from 3,9 percent last year and decline to 3,7 percent next year, according to the forecast.

As an indicator for the South African mining sector, business investment in factories and equipment is expected to remain buoyant in North America.

Unemployment will remain serious in Europe where the rate is forecast to drop to 10,6 percent next year from the present levels of 11 percent.

# IMPORT & EXPORT

## Ports face a problem

(74G) (2/2)

Recent and ongoing blockages in South Africa's ports threaten the future of local exporters and importers who cannot meet their commitments on time.

And, says Albert Schuitmaker, deputy director of the Cape Chamber of Commerce and Industry, the cost to business of these blockages is astronomical.

Various factors account for the congestion — ranging from labour disputes to inefficiency on the part of port authorities. But the underlying cause, says Schuitmaker, is that the ports could not keep pace with the dramatic increase in container movement over the past year.

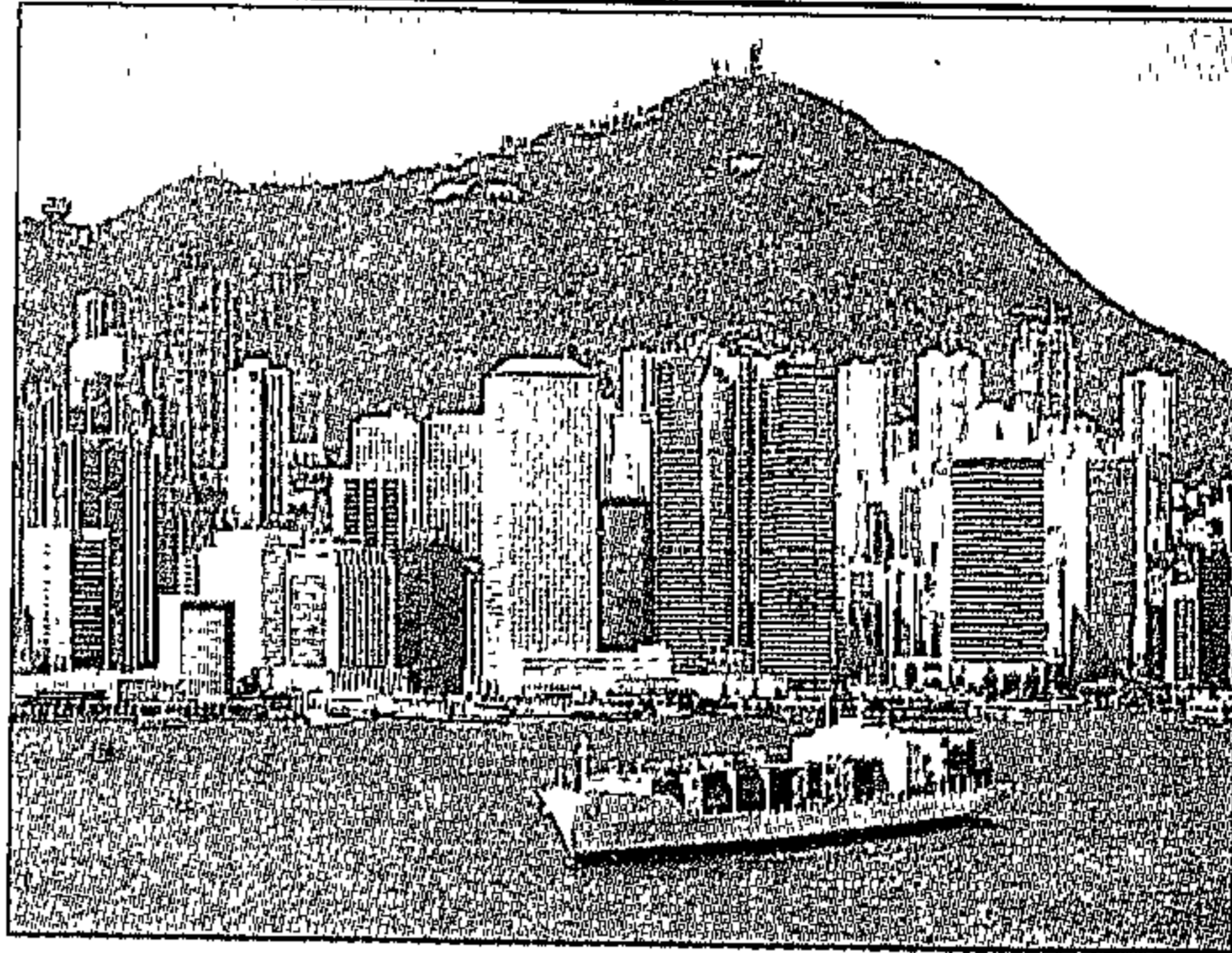
"The industry anticipated around 5 percent growth following the last national elections. In fact, we have seen growth of around 25 to 28 percent over a very short period of time," he says.

Cape Town business representatives responded by setting up a Port Liaison Forum, on which all the stakeholders in container movement through the city's port were represented.

"Our first step was to assess the damage done to business by the delays — and we found it to be vast. In one case, a company was losing R2 million a day; another company lost a six-month contract in the Far East when a single consignment failed to arrive on time.

"Meeting deadlines are crucial for exporters. In some cases businesses literally come to a standstill if they don't receive goods on time; while in others major marketing campaigns can hinge on the arrival of products at a certain time.

"Some small contractors who depended on the timeous delivery of materials or equipment actually had



### TIME IS ALL IMPORTANT IN THE EXPORT BUSINESS

their livelihood threatened when the port couldn't process them in time," he says.

Once aware of the magnitude of the crisis, the forum moved into high gear. Work groups were set up to identify and work through short-term

solutions to the problem. At the same time it drew up detailed plans for long-term changes.

"Everyone had to co-operate. By co-operating we cleared the back-log within six weeks of our first meeting," Schuitmaker says.

CT (PR) 21/6/95

# Clothing industry seeks support for joint export initiative

ALIDE DASNOIS  
Business Editor



THE clothing industry, slated for poor export performance in the report of the Industrial Strategy Project this week, is looking for support from the Department of Trade and Industries for a joint export initiative with textile producers.

*ART 22/6/95*  
Clothing Federation (Clofed) director Hennie van Zyl said the federation was hoping for a formal meeting soon with the department to introduce the South African Clothing and Textile Export Council (Sactec).

Sactec would be open to all clothing and textile manufacturers with an interest in exports.

It would be independent of Clofed and the Textile Federation (Textfed), with its own board of directors and its own budget.

Mr van Zyl said manufacturers were hoping for seed money of about R1 million from the Department of Trade and Industry. Thereafter Sactec would be funded through an export turnover levy on manufacturers, probably of 0.5 percent or less. Small and medium enterprises

would be charged a nominal fee for membership.

The Council would be headed by a director and would probably have two deputy directors, one in charge of export promotion and the other in charge of administration.

Its mission would be to improve the export performance of the clothing and textile industries with a view to creating new jobs.

In a study by UCT's Industrial Strategy Project released this week, researcher Miriam Altman slammed the clothing industry's lack of productivity.

"The bottom line is that the clothing industry is unlikely to ever be wildly successful in export markets and is so unproductive that it is not the sort of industry that government should substantially support in the long-run."

South African manufacturers did have a short-term competitive advantage on world markets, Ms Altman said, because South Africa was not a member of the Multifibre Agreement and so did not have to face quota barriers. But the Multifibre Agreement was due to be scrapped in terms of

the General Agreement on Tariffs and Trade (Gatt).

Other competitive advantages included good communications and transport links with global markets and willingness on the part of producers to accept shorter orders, which Asian manufacturers could not accept.

Disadvantages included distance from main export markets, a weak domestic textile industry and slow throughput times.

South African clothing manufacturers should not try to compete at the lower end of the export market, dominated by suppliers in the Far East; they should concentrate on middle-of-the-range seasonal, fashion or basic items.

The government should use a "carrot and stick" approach to the industry, offering better export incentives and some import protection, Ms Altman said.

Mr van Zyl said he disagreed with "sweeping statements" on the industry as a whole.

"In any case, other studies, such as the Monitor Report, have found large sections of the clothing industry to be competitive. Competitiveness on world markets depends on competition within the industry and in South Africa there's strong competition. Barriers to entry are low and abnormal profits in any area soon attract a surge of new entrants."

"But I agree that our niche will be in small batch, quick response manufacturing, which is a vast market, in world terms."

He said one obstacle to competitiveness for the South African clothing industry was the high cost of inputs. In this respect the proposals on



Hennie van Zyl

tariff cuts for textiles put forward by Trade and Industry minister Trevor Manuel last week were "disappointing".

Mr Manuel suggested slashing import tariffs on clothing and textiles by about half over a period of eight years.

Clofed's executive committee would meet in Johannesburg next week to consider reactions from members to Mr Manuel's suggestions.

"But I can say right now that we're disappointed. It looks as though, once again, labour-intensive industry has lost out," Mr van Zyl said.

## SA wine exports increase

~~WINE~~ (74G)

BY FRANCOISE BOTHA

STAFF WRITER

CT(AR) 23/6/95

Bordeaux — South African wine exports are expected to increase significantly on the back of extensive interest from the international wine trade. But a shortage of certain varieties is likely to hamper supply.

John Sheppard, International Marketing Manager of Stellenbosch Farmer's Winery said at Vinexpo, the international showcase of world wines held in Bordeaux, France, that producers would have to hold back some wines because they do not have enough to meet the increase in demand.

"Export expectations are very positive. In light of the more than doubling of South African wine exports since the elections last year, there seems to be greater acceptance of our products on foreign markets. The export trend could continue if we had more wine available," he said.

Andries van Tonder, co-ordinator of South Africa's presence at Vinexpo and spokesman for the South African Wine and Spirit Exporters Association, said: "Year on year to April, we have seen an increase in exports of 20 percent to the UK markets and an average of 17 percent globally, and the main buying period hasn't even started yet.

"We expect an increase in exports later this year as the new vintage becomes available and wines are bought for the Christmas season.

"I don't think we will be able to double our exports again because of the wine shortage and the fact that we have entered most markets already.

"But we should be able to increase them by at least 20 percent or 1,2 million cases," he said.

"This gives us an opportunity to refocus our products. We are trying to move away from bulk wines and further into the branded products market," he said.

Julius Laszlo, winemaker of Montestell Wines for the export market and consultant to L'Ormarins said: "While there have been firm export orders, the market is consolidating."

# Cape manufacturer doubles exports

**COLIN DOUGLAS**  
Business Reporter

VERTICAL blind component manufacturer Louvreflex International, a finalist in the Weekend Argus/Cape Chamber of Commerce & Industry Exporter of the Year competition, doubled its exports last year and has taken full advantage of South Africa's preferential trade agreements with developed countries.

The Montague Gardens firm, which exports to 16 countries, had increased its production capacity, staff numbers and plant size to keep up with surging demand, said managing director Asher Saban.

Louvreflex now employs nearly 100 people in an operation whose export sales form nearly half its total turnover.

The Generalised System of Preferences, a trade agreement between developed and developing countries to which South Africa was admitted af-



AR 14 24/6/95  
(746)

ter last year's election, had already yielded benefits for Louvreflex, Mr Saban said.

In European Union countries — the company exports heavily to Germany, Britain, Italy and the Netherlands — customers had enjoyed the benefit of an 8,25 percent import tariff reduction, while United States customers would receive a 5,3 percent tariff cut.

Louvreflex had become a world leader in its niche of chains for vertical blinds, Mr Saban said, producing 20 million metres of the product per year.

The firm had upgraded its production process and developed its own technology.

"We can do things faster and better than they can overseas," Mr Saban said.

Louvreflex had also made maximum use of its contacts and connections with foreign firms, designing its components to conform closely to the demands of the German market.

The only serious obstacle facing the company was the dramatic increase in raw material costs in the plastics industry.

"The price increases have shocked some people, specially in the last nine months," Mr Saban said.

"We have had to increase our prices every two or three months."

But the price hikes, which Mr Saban ascribed partly to supplier monopolies in South Africa and abroad, had affected all manufacturers equally.

Commenting on the exchange rate, Mr Saban said the rand was at its correct value and enabled Louvreflex to export competitively to the major markets.

It was not true that a devaluation of the currency would automatically benefit exporters, he said, because a firm such as Louvreflex imported a substantial amount of its materials.

■ This is the first in a series of six profiles of finalists in the Weekend Argus/Cape Chamber of Commerce Exporter of the Year competition.

The winner will be announced at a gala dinner to be held on August 15 at the Mount Nelson Hotel, where the guest speaker will be deputy finance minister Alec Erwin.

Readers wishing to attend the dinner, at a cost of R98 a person, should call Carol Shroobee (021) 418 4300.

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# Maize, fruit head <sup>(74G)</sup> SA's R3 000-m <sup>② MAIZE</sup> annual food exports <sup>③ ECUIT</sup>

AR 426/6/95

□ *Gold, minerals lead the way*

## Staff Reporter

NEXT to gold and minerals, food remains South Africa's third largest export product, with food to the value of R3 000 million exported annually to other countries.

This is according to a statement from the Directorate of Agricultural Economic Tendencies in the Department of Agriculture.

The statement says that last year agriculture represented eight percent of the total South African export market, and agricultural products 6,2 percent of the total import market.

But Hennie Davel, executive director of Sentraalwes Co-operatives, warned that the general expectation of an economic revival in South Africa would create a greater domestic demand for food, resulting in a decrease in the export of agricultural products.

Figures supplied by the department show the first sharp

increase in exports was in 1988, after which it levelled out before rising sharply again last year.

The main export products in 1994 included maize and maize products, preserved fruit and jam, citrus, deciduous fruit and table grapes.

Vegetables were among the smallest export products.

Dry land agriculture, notably maize and wheat, depended on seasonal conditions and in some years drought reduced the crop to a point where products had to be imported.

"South Africa has certain contractual obligations towards other African countries with regard to the exportation of maize and maize products. These obligations must be met even in years when South Africa experiences a shortage of such products."

In 1994, maize and maize products were the leaders in export volume, 39 percent greater than deciduous fruit.

In 1993, however, it was only ninth on the list.

Although South Africa's total trade with African countries had increased by 18 percent between 1992 and 1993, total exports of agricultural products had declined by two percent.

Future trade in agricultural products was, however, expected to improve.

South Africa was still the cheapest supplier of agricultural products to Africa, according to Koos du Toit, chief economist of the South African Agricultural Union.

Dr Du Toit said greater agricultural trade co-operation between South Africa and Africa had to be achieved, especially with regard to stock and meat production.

South Africa also had to import an extensive range of agricultural products, including rice, dried beans, coffee, cocoa beans, sisal, bananas, tea, cotton, oilseeds, vegetable oils, maize and wheat.



CT (BR) 27/6/95

# KwaZulu Natal exporters lose millions to inefficiency

~~(#90)~~ (74 CT)

BY SHIRLEY JONES

STAFF WRITER

Exporters in KwaZulu Natal are losing millions in European Union General System of Preference (GSP) tariff rebates thanks to administrative bungling by the department of trade and industry.

Mark Lowe, recently appointed head of the KwaZulu Natal Exporters Association and regional general manager of Safto, said the grossly understaffed office of the trade department in Durban could not shoulder the additional workload of issuing European Union GSP certificates.

Offers of assistance from the Durban Chamber of Business had been ignored, he said.

Because the resulting delays exceeded the actual benefits to exporters, many were forced to refrain from applying for their rightful rebates in the first place. "The handling of the European Union GSP administration



Mark Lowe

has resulted in additional bottlenecks and frustrations for already hard-pressed exporters," Lowe said.

Another issue over which Lowe intends taking the department to task is the lack of a definitive statement on Reconstruction and Development Programme links to General Export Incentive Scheme (GEIS) repayments.

Lowe said GEIS payments could be reduced by 25 percent should the department question the programme initiatives employed by companies.

# Atlantis Diesel logs up the export miles

**MAUREN MARUD**  
Business Reporter

EXPORTS are a major part of Atlantis Diesel Engines' life.

A dramatic increase in export orders for the next financial year was one of the reasons behind the company's decision to introduce a third shift in its machining and foundry operations to allow the plant to run six days a week, 24 hours a day, said Ron Shires, ADE managing director.

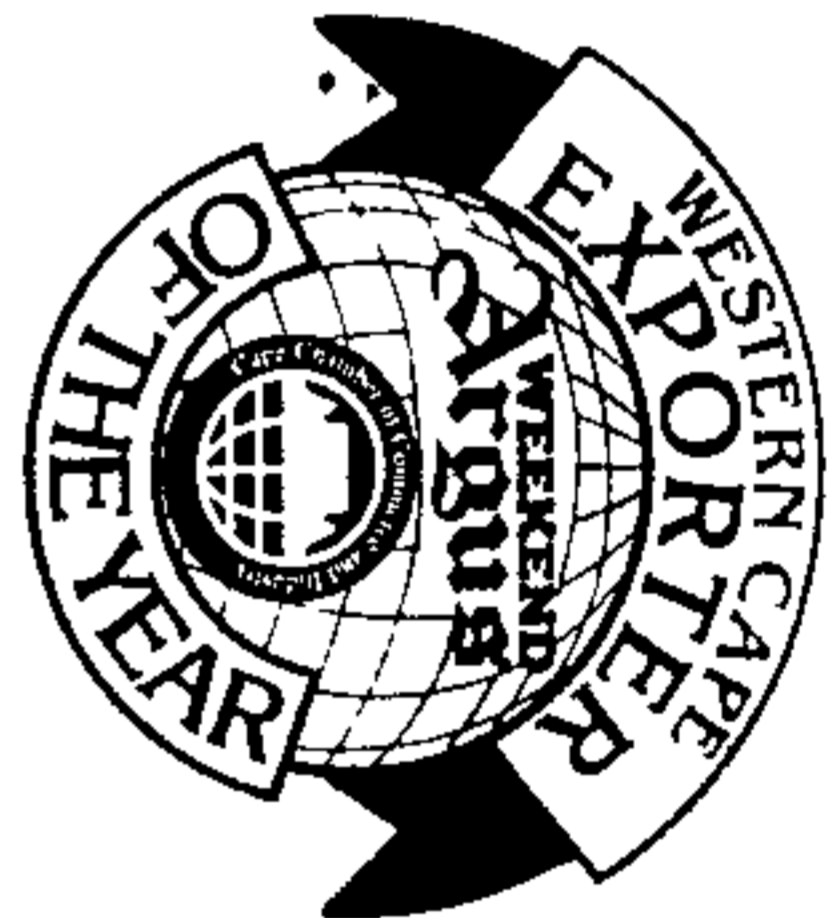
"This extra shift has created over 200 new jobs and 80 promotions and these have been filled primarily from the Atlantis community," said Mr Shires.  
Export orders would be 55 percent higher in the next fi-

ancial year, he said.

"The future of ADE depends on the growth and development of our export business. The additional shifts are a milestone in achieving our vision of becoming a major automotive component exporter."

Recent export deals ADE have signed include:

- A R100 million agreement with German truck manufacturer MAN and MAN's South African subsidiary, MAN Trucks and Bus (SA), for the supply of key components for heavy truck diesel engines;
- A R70 million contract with Daewoo Heavy Engineering of South Korea to supply V8 and V10 cylinder blocks, heads and conrods for three years;
- A R63 million deal with



North American engine manufacturer Detroit Diesel Corporation to supply crankshafts and exhaust manifolds for the next five years;

- A contract to export R30 million of components annually for the next three years to Perkins Engines of England, one of ADE's two international

ARRC 1/7/95

744

about R140 million for the

licensees.

"ADE's export order book for the current year stands at nearly R120 million. Recently finalised contracts with companies in the Far East, North America and Germany — on top of current contracts in Europe, the UK, the Far East and South America — will take ADE to within reach of its annual export target of R250 million," Mr Shires said.

ADE would invest R96 million in new plant equipment to enable it to meet increasing export and local demand, he added.

The manufacturing of components for export markets has become a primary focus of the company.  
"We are currently investing

THE gala celebration dinner honouring the finalists, of which ADE is one, in the Weekend Argus/CCC Western Cape Exporter of the Year competition will take place in the Ballroom, Mount Pleasant Hotel, Gardens, Cape Town, on Tuesday, August 15.

The name of the winning company will be announced at the dinner, which will be addressed by Mr Alec Erwin, Deputy Minister of Finance.

Readers wishing to attend the dinner, at a charge of R98 a person, may contact Carol Shroobree at Cape Town 418-4300 to make a booking.

# Footwear exports grow 50%

ET (NR) 3/7/95

~~787~~

(749)

BY FRANÇOISE BOTHA

STAFF WRITER

Footwear exports had increased by almost 50 percent over the last year and the trend was set to continue, said the Footwear Manufacturers' Federation (FMF).

"Exports have shown quite remarkable growth over the last year, both in value and volume terms," said FMF executive director Dennis Linde.

Last year 3 million pairs of shoes were exported, compared with 2,05 million pairs in 1993.

Exports of predominantly leather shoes totalled R90,22 million last year, a 45 percent increase in value terms over

such exports in 1993.

Average unit prices were, however, lower last year at R30,10, compared with R30,30 in 1993, owing to producer pricing to keep market share in the highly competitive UK market, which imports more than 1 million pairs of shoes a year.

"There are also negative affects in terms of the Geis tax situation," said Linde. "We would like to be put in the same position as clothing exporters and be offered the same credits that they get on exports."

Robert Feinblum, chief executive of Conshu Holdings and FMF president, added: "This would further encourage exports and assist in our pricing."

# US protectionist moves hit SA pipe exports

745

80 6/7/95

Simon Barber

WASHINGTON — US makers of standard steel pipe don't like foreign competition. Most countries that have not entered into voluntary restraint agreements to curtail their exports to the US have either been hit with anti-dumping or countervailing duties.

Because of the Comprehensive Anti-Apartheid Act's ban on imports of SA steel, SA did not until recently have to worry about such things. Now that it is back in the market, the American industry is begging Washington for protection.

Two SA firms, TOSA and Brolo, both divisions of Robor Industrial Holdings Group are in the cross-hairs, and the hunt is on. On June 12, the six-member US International Trade Commission (ITC) voted 4 to 2 to launch a formal anti-dumping investigation. The majority concluded there were "reasonable" grounds to believe that the US industry faced "material injury by reason of allegedly less-than-fair-value imports".

The seven US petitioners have also taken the opportunity to have another go at Romanian pipe, which was spared by the ITC in 1992 as being of insufficient quality and volume to have any impact on the US market. The commission agreed to "cumulate" or lump together the offending imports from SA and Romania, thereby magnifying their potential harm.

The commission's findings, and the minority dissents, are worth considering in some detail because they demonstrate just how low is the threshold that petitioners have to cross in order to get foreign rivals tangled in protracted proceedings that are the trade equivalent of Gradgrind vs Gradgrind in Dickens' Bleak House.

US trade law is hog heaven for lawyers. The case has generated a stack of filing half a metre thick, and it's been running only since April 26.

The petitioners are seeking anti-dumping duties of up to 128% on SA pipe and 40% on Romania's. For now evidence that dumping is actually occurring, let alone on the scale alleged, is not pertinent. All US firms must do is show they are or might in future be hurt by the imports.

The data on which the commission based its judgment suggests the US industry as a whole is not in real pain. Both the volume and value of its shipments rose steadily between 1992 and 1994, the period studied by the ITC, from 1.2-million to 1.4-million short tons, and from \$680m to \$865m.

Capacity utilisation improved over the same time from 57% to 65%. Inventories declined as a proportion of sales from 14.4% to 12.2%. Industry employment rose from 2 045 to 2 638, while unit labour costs declined 2.2%.

Profits and operating income remained flat, however, at about \$93m and \$42m respectively. This was mainly attributable to a substantial Cost of Goods Sold (COGS) increase from \$496 a ton in 1992 to \$554 a ton last year, exceeding the increase in average unit sales value over the period by \$12 a ton. The reason: rising raw materials prices.

At all events, the US industry did

not feel it was reaping the full benefit of rising domestic demand, which went from 1.7-million short tons in 1992 to 2.1-million in 1994. Gross profit to net sales margins sagged from 13.8% to 10.9%. Capex also declined from \$42m to \$5.7m, and only a few firms invested in R&D.

What, if anything, did SA and Romanian pipe have to do with this?

The commission found that cumulated imports from the two countries tripled between 1992 and 1994 from 17 854 tonnes to 61 823 tons to the point where they accounted for 2.9%, by volume, of pipe consumed in the US last year. SA's own share was 1.8%, up from 1% in 1992. Not exactly an annexation of the market.

True, the US industry's share for domestic consumption did fall from 69.6% to 63.8%. But well over half of that loss was accounted for by rising imports from other countries whose shares went from 29.3% to 33.3%. More important as far as the ITC was concerned were SA's and Romania's prices. The average value of US pipe shipped last year was \$627 a short ton; of other imports, \$569; of SA and Romanian products, \$462 and \$398.

The commission split 3-3 on whether this was enough to show SA and Romania were causing the US industry present injury. Commission chairman Peter Watson and colleagues Carol Crawford and Lynn Bragg argued that these countries' market share was so small that their underselling could not have been a serious factor in preventing the US industry from raising its own prices to keep pace with rising COGS.

Bragg, however, switched sides on whether SA and Romanian imports posed a future threat to the petitioners and joined Commissioners Janet Nuzum, David Rohr and Don Newquist in the final adverse ruling.

Both countries had excess capacity, they reasoned, and both would use it to increase low-price sales in the US. Romania had little choice, since it was already subject to Canadian anti-dumping duties and a price agreement with the EU. As for SA, the commissioners were not convinced by its companies' claims that they had merely increased their exports to pre-sanctions levels and that the reconstruction and development programme would be stretching their capacity with domestic demand.

Also rejected were arguments that SA pipe did not compete directly with the petitioners' product since it was of inferior quality and was sold to customers in parts of the US, especially the southeast, outside the petitioners' normal marketing areas.

The majority instead decided the domestic industry needed a chance to increase prices to help cover raw material costs and reverse declining capital expenditures in order to stay competitive with the rest of the world.

Now comes the fun part in which the commerce department attempts to establish whether Brolo and TOSA really are dumping, which is to say charging foreign customers less than they charge at home. This will likely take several months plus some truly gross, illable hours for the lawyers.

# EU gives green light to some SA agricultural exporters

By JOHN FRASER

INDEPENDENT NEWS SERVICE

The European Commission (EU) proposed yesterday to allow South Africa to export more fresh fruit and fruit juice to the EU.

The plan, to be examined by EU foreign ministers, would benefit about two-thirds of the total value of South African farm exports to the 15 nation bloc covered by the Generalised System of Preferences. However, a third of the South African agricultural exports which might have benefited from the low-

tariff system are still excluded.

The decision to extend South Africa's benefits from the system — from 24.2 percent off relevant trade to 66.1 percent — was taken after a fierce battle within the commission. Joao de Deus Pinheiro, the EU commissioner for South Africa, was forced to support the plan as he was told it was the best that would be offered.

However, some EU commissioners from France and Spain voted against any improvements in the system for South Africa. They are worried about the

effect a surge in South African exports would have on European farmers.

The proposal from the EU commission will cover the second half of this year, because a revised system is expected to be introduced at the beginning of next year in which South Africa will be comprehensively covered.

However, there is a chance of a delay by EU governments in agreeing to the revised system — and so the terms of the new EU proposal could spill over into next year. Pinheiro said the establishment

of new relations with South Africa had been one of his priorities since assuming his post in January.

He said his approach towards South Africa amounted to "a revitalisation of the policy of co-operation and development".

He said: "The challenge for the coming months and years is to help South Africa to become a true axis of growth, dynamism and stability for southern Africa and then for the whole of Africa."

Pinheiro said that the EU had adopted "an unprecedented" approach to South Africa with the

launch of trade talks and parallel negotiations on South Africa's partial membership of the Lomé Convention.

Niel van Heerden, South Africa's ambassador to the EU, yesterday condemned the EU approach as "restrictive."

He said that instead of starting with a full list and knocking off sensitive products, the EU had taken the opposite approach.

"South Africa is not being put on equal footing with EU products, as some of the most sensitive products are still high," he said.

ST(EA) 6/7/79

(445)

# Europe opening up to SA's farmers

606/7/95

Debra Percival (745)

BRUSSELS — The European Commission approved a plan yesterday to grant SA's agricultural products easier access to its markets, but it fell far short of an earlier, more generous proposal by EU commissioner Joao de Deus Pinheiro.

In terms of the proposal, 66% of SA products — worth a total of \$126m — will receive the maximum benefits available for agricultural exporting; developing countries in terms of the generalised system of preferences (GSP) for the rest of this year.

That compares with just 24%, with a value of \$46.6m, at present. Pinheiro had been seeking full coverage, which would have benefited trade worth \$192m.

The package could be delayed when it comes up for approval by EU foreign ministers later this month.

Opposition to the extended list is expected from France, Spain, Portugal, Greece and Italy, which fear the effect of high quality SA produce on their markets.

The new additions to the GSP list include clementines, satsumas and tangerines at 18% duty, compared with 22% currently; limes at 9.6%; and duty-free access for

pistachio nuts.

SA ambassador to the EU Neil van Heerden said he was pleased coverage had been extended, but added: "SA will still be treated differently from other recipients (of GSP)."

In addition, SA exporters had to pay transport costs which exceeded tariffs and were far from being on an equal footing with EU producers.

At the independent European Research Office, official Paul Goodison said the EU proposals had failed to offer better access to some of SA's biggest farm exports.

Avocados — 18% of SA produce sales in the EU, which are shipped between June 1 and November 30 — were on the new list with a 6% tariff. Pineapple juice, accounting for about 3.5% of exports, with a duty of 17%, was also on the list. However, canned pineapples and other tinned fruits were not down to receive any preferences.

"Even litchi and guava juice, not produced in the EU, have been excluded," Goodison said.

"As they stand, the European Commission's proposals would mean that the legacy of discrimination in agricultural trade which was inherited by the new SA will still exist in large part."

# EU block on fruit exports draws ire

Business Editor

FRUIT marketer Unifruco has hit out at the European Union's continued reluctance to open up markets to South African agricultural exports.

Public Affairs manager Fred Meintjies said Unifruco was still studying the proposal by the EU Commission this week to lengthen the list of products which benefit from the Generalised System of Preferences (GSP).

But it seemed that, once again, the EU had not made any significant concessions.

"We are paying 25 percent duty on apricots, though we don't sell a single apricot when fresh European apricots are on the market," he said. We pay 18 percent duties on grapes, but our grapes are not marketed in Europe at the same time as European grapes."

Mr Meintjies said Unifruco could understand that some products such as apples and pears, which were widely produced in Europe, were sensitive.

"But what we don't understand is why all these other exports, which don't compete with European production, are not being allowed into Europe."

The Commission has suggested that the list of exports which benefit from GSP be lengthened to cover about 66 percent of South Africa's agricultural exports (by value), instead of 24 percent now.

The Department of Trade and Industry has also expressed disappointment with the proposal, which "discriminates against South Africa".

# SA exporters face delay by EU

(74G)

BY JOHN FRASER

INDEPENDENT NEWS SERVICE

CT(BR) 11/7/95  
Brussels — South African exporters face a further month's delay before they will be able to take advantage of a European Union package of tariff reductions.

This was disclosed yesterday by EU diplomats in Brussels and met with great disappointment in the South African mission to the EU.

"If it is true that a decision on the generalised system of preferences is going to be postponed, that is very distressing news," said ambassador Neil van Heerden, who had not yet been able to confirm the bad tidings.

EU commissioners proposed last week that the range of South African goods which presently benefit from the generalised system of preferences tariff cuts should be expanded.

From January, 24 percent of agricultural exports have been covered by the system and EU commissioners proposed increasing this to 66 percent.

But the proposal came too late to be discussed at next Monday's meeting of European foreign ministers, which is the last gathering before the summer break.



# THE CAPE

## Technology boost for wine, fruit exports

~~FRUIT~~  
~~WINE~~  
Staff Reporter

(74G)

WINE and fruit farmers have launched their fourth Wine Farmers' and Fruit Growers' Exhibition at the Good Hope Centre.

The exhibition, aimed at the wine and fruit farmer, wine-maker, fruit processors and exporters, was opened by the managing director of KWV, Willem Barnard.

Speaking at the official opening, Dr Barnard said the wine and fruit markets were strongly influenced by South Africa's geographical position and the country's technology.

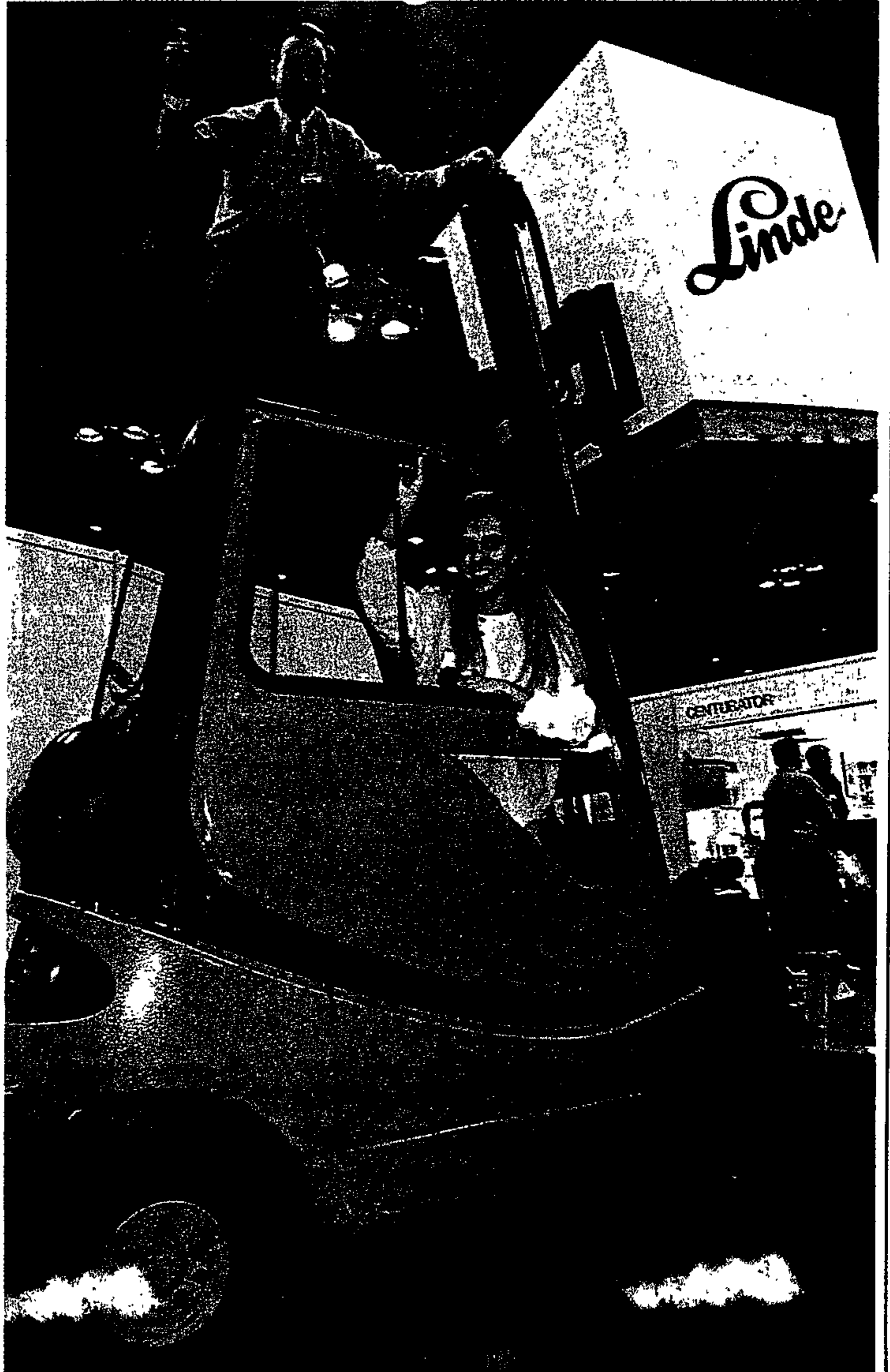
South Africa's geographical position was an advantage because in certain instances, it eliminated severe competition from developed countries in the Northern Hemisphere. It was also closer to European markets than most countries in the Southern Hemisphere.

To best exploit the geographical position a technological push was required. The farmer needed a techno-partner that provided him with the latest technology and the best international standards and practices.

Dr Barnard said technological improvements invariably meant automation, mechanisation and informed decision-making. On the surface this seemed like a threat to job opportunities, but in reality quite the opposite was true.

South Africa desperately needed these employment opportunities. "therefore we must ensure that the market remains successful".

The exhibition features new technology, products and services with 135 companies taking part in this year's event and is open between 10 am and 6 pm.



**NEW TECHNOLOGY:** The new diesel forklift truck shown at this year's Wine Farmers' and Fruit Growers' Exhibition. Rita Du Toit tries out the new machine while Jim McCarthy gives it the thumbs up.

Picture: HANNES THIART, The Argus.

# Demand for manufactured exports falls

SPAN 21/7/95

(746) (80)

■ BY AUDREY D'ANGELO  
CAPE BUSINESS EDITOR

Demand for manufactured exports has fallen, the tempo of production has slowed, jobs have become scarcer and retrenchments are predicted, according to the latest survey carried out by the Stellenbosch Bureau for Economic Research.

The report warned that

shorter working hours and fewer orders would mean rising unit costs and higher inflation.

However, manufacturing confidence had declined by only five percentage points to 67 on a scale from zero to 100.

Bureau director Ockie Stuart said: "The net majority expect growth to continue in the next 12 months, but at a slower pace than previously."

He said the bureau's recent

consumer survey implied that imports would continue to rise, but the combination with falling exports was "bad news for the trade account".

The report said the volume of second quarter sales was well down on previous expectations and no rise was expected.

"The longer-term outlook is also bleak with a decline in the ratio of unfilled orders relative to sales for the third quarter.

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BY AUDREY D'ANGELO

(746)

CAPE BUSINESS EDITOR

CT(MR) 21/7/95  
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"The longer-term outlook is also bleak with a decline in the ratio of unfilled orders relative to sales forecast for the third quarter."



Foreign demand drains ~~SA wine~~ SA wine  
 (74G)  
 ST(BT) 30/7/95  
 By JEREMY WOODS

STRONG overseas demand for SA wine has forced wholesalers to import to satisfy local demand.

"From a producers' point of view we are sold out," said Danie de Wet, chairman of the Cape Estate Wine Producers.

"There is no unsold wine lying in cellars, it is all allocated. If you have any wine you can sell it before the sun goes down."

Mr de Wet says retailers still have plenty of stock.

But Cape Town wine wholesaler and retailer Oscar Foulkes says shortages are forcing him to import.

"There are major shortages and I cannot buy sufficient quantities to supply Makro and Shoprite-Checkers stores. This has forced me to look abroad and Chile has remarkable cabernets at prices and quality that are unheard of in this country.

"My retailers are selling top quality Chilean cabernet for R9,99 which is almost half what you would pay for a similar quality SA cabernet."

A statement from KWV on Friday said: "There is an industry-wide shortage of quality Savignon Blanc, Chardonnay, Shiraz, Cabernet Sauvignon and Merlot, while there is an acute shortage of Pinotage. This is due to the above average growth in the domestic and export markets."

KWV says it is considering "importing" distilling wine to supplement a portion of next year's stock requirements of natural wine spirit".

SOLD OUT . . . wholesaler Oscar Foulkes of Cape Town with his stocks of Chilean wine Picture: TERRY SHEAN

## Atomic organisation in export drive

Business Day Reporter

(74G) (S)  
THE Atomic Energy Corporation is poised to export to Australia hydrogen fluoride, which used to be part of its uranium enrichment process.

It said the hydrogen fluoride would be bought by oil refineries and stainless steel refineries.

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The corporation's uranium enrichment plant at Pelindaba was shut down on April 1 — a move which Minerals and Energy Affairs Minister Pik Botha said would save the corporation up to R210m. Now that the US ban on uranium exports to SA was over, Eskom would be able to import enriched uranium more cheaply for its Koeberg power station. Pelindaba's closure resulted in the loss of 500 jobs.

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The corporation said hydrogen fluoride could be used in surface finishing of stainless steel, in petrol refining and detergent production and for production of inorganic fluoride salts used in the steel and aluminium industries.

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It had also exported inorganic salt to an aluminium producer in Britain, and was preparing its products for export to Norway, the US and Brazil.

It said the first exports to Australia would reach clients in November. The product would be distributed by Australian company Incitec.

BD 2/10/95

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# Forward cover change for exporters

Mungo Soggot

(74G) BD 4/10/95

THE Reserve Bank has scrapped the rule forcing exporters using offshore credit to take forward cover — a major step in its withdrawal from the forward foreign exchange market and its reform of foreign exchange controls.

Economists said this meant exporters would be able to hold on to their export proceeds for longer and could tap their credit without covering the exchange risk. It also signalled that SA was enjoying healthy capital inflows.

Charles Jonker of Absa's treasury department said this would probably weaken the rand as it would no longer be propped up by exporters' foreign currency proceeds from trade transactions. Another economist said the move could be a deliberate attempt to weaken what many believed was an over-

valued rand. There was a danger that the overvalued currency could exacerbate the deficit on the current account of the balance of payments by encouraging imports and harming exports.

Reserve Bank exchange controls GM John Posthumus said to balance its forward cover books the Bank had made exporters take forward cover.

Earlier this year the Bank said it would partially withdraw from the forward cover market, which has seen it pay heavily for subsidising the depreciating rand.

Reuter reports that a circular to banks said the move, effective immediately, did not absolve exporters of having to sell their forex proceeds within seven days of receipt. Economists said the abolition of this rule would be a pivotal step in the Bank's foreign exchange programme.

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# Export forward cover revoked

CT(BR)4/10/84G)

BY ANDREW GILL

REUTERS

The Reserve Bank said it had decided to revoke the need for exporters to take obligatory forward cover on credit transactions.

A circular to banks said the move was in keeping with changes to the forward cover market now being undertaken.

John Posthumus, the Bank foreign exchange control general manager, confirmed the move, and said it was effective immediately.

The circular said the move did not absolve exporters of having to sell their foreign currency proceeds within seven days of receipt. In

terms of South African regulations, export credit terms should not run longer than six months. The Bank said in July it was reducing its role in the forward foreign exchange market, leaving import and export cover for goods and services to the private market, but continuing to quote rates for foreign financing.

He said that the Bank's move out of that market had reduced the need for it to balance its forward cover book.

"As it was the importers tended to cover forward. . . . However, we found to a great extent that exporters did not necessarily cover forward and therefore . . . one wanted to see the book for the coun-

try as close to balanced as can be.

"If we now will be placing the import and export transactions in the hands of the banks then obviously the need to balance that book from our point of view falls away," he said.

There had been no obligation for importers to obtain forward cover, although they had tended to do so in the past given the risk of rand weakness. He said the move should not lead to increased lags in foreign exchange accrual as the legal obligation was for proceeds to be brought in within six months from the date of export, and to be sold within seven days of the date of accrual.

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# Quality barriers hamstringing SA

South African exporters, long accustomed to trade barriers during the apartheid era, may now be running into barriers of a different kind where recognised quality assurance systems, or the lack of them, are creating hurdles.

That's the warning from Klaus Eickelmann, MD of TÜV Rheinland Quality Services, local subsidiary of the TÜV Rheinland Group, which has 35 subsidiaries in 30 countries.

The South African operation provides statutory inspection services, auditing and certification of quality management systems and a product approval service.

TÜV Rheinland Quality Services represents in South Africa, on behalf

of its parent company in Cologne, a certification body known as TÜV CERT, which is the common framework for the various TÜV organisations in Germany and abroad for the certification of quality systems, products and personnel.

TÜV CERT sees to it that the certification bodies associated with it carry out the procedures uniformly, thus ensuring that certifications granted anywhere in the world are truly comparable and of the highest standard.

The company's present structure emerged from the original TÜV Rheinland involvement in South Africa, which began primarily during the intensive phase of Eskom's

power station construction programme.

The original association with Eskom continues to today and the company handles statutory inspection services for a number of power stations - it is listed by the Department of Manpower and the SABS in terms of Code of Practice SABS 0227 as an inspection authority for vessels under pressure.

Comments Mr Eickelmann:

"In many of the markets South African manufacturers are trying to penetrate, such as the European Union, quality is taken for granted. As far as local companies are concerned it is not even an issue.

"However, exporters from other

Is your business operating under an

## ISO 9000

### Quality Management System?

If you are thinking of successfully marketing your products and services beyond the borders of South Africa it is essential that you obtain the internationally renowned certification of



For further details contact:

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countries, particularly from Africa, have to prove their bona fides before the door is even opened for discussion.

"A TÜV CERT certificate of quality management systems provides that initial credibility, reflecting the integrity of the TÜV organisation itself, which has a history extending back to the last century when it was formed to set standards and controls necessary for steam plants.

"Quality manage-

ment is of course important in another sense. Competition from international suppliers on local markets has intensified drastically and many such suppliers have TÜV certification which could give them an edge over South African manufacturers who lack such certification.

"Moreover, to be cost-competitive internationally, local companies have to manufacture cost effectively and quality costs are part of that equation.

"In many companies it's estimated that up to 50% of such costs are made up of so-called failure costs, that is, costs caused by rejection, rework and follow-up - problems

which are still commonplace in much of South African industry.

"During the apartheid era, South African companies were shielded from the most intense competition by tariff barriers and quality control was not a major issue.

"Those barriers are now being dismantled under recent GATT accords and a properly functioning quality management system has to be in place and regularly monitored and certified if local companies are to survive, not to say thrive, via exports.

"We provide up-to-date information and advice on legislation and directives and standards

applicable to the 'GS' and 'CE' marks which allow exporters to cross borders within the European Union without further inspection, thus obviating the need for many individual approval procedures in all member countries.

"These marks are also gaining increasing importance for South African exporters."

"TÜV Rheinland also has sophisticated lab test facilities in Germany and among its worldwide network of subsidiaries, primarily in Asia and North America, to render necessary support to South African exporters."

■ FOR FURTHER INFORMATION CONTACT (011) 465-7704.

# exporters

(746) CT(BR) 5/10/95



# Exporters have yet to deliver the goods

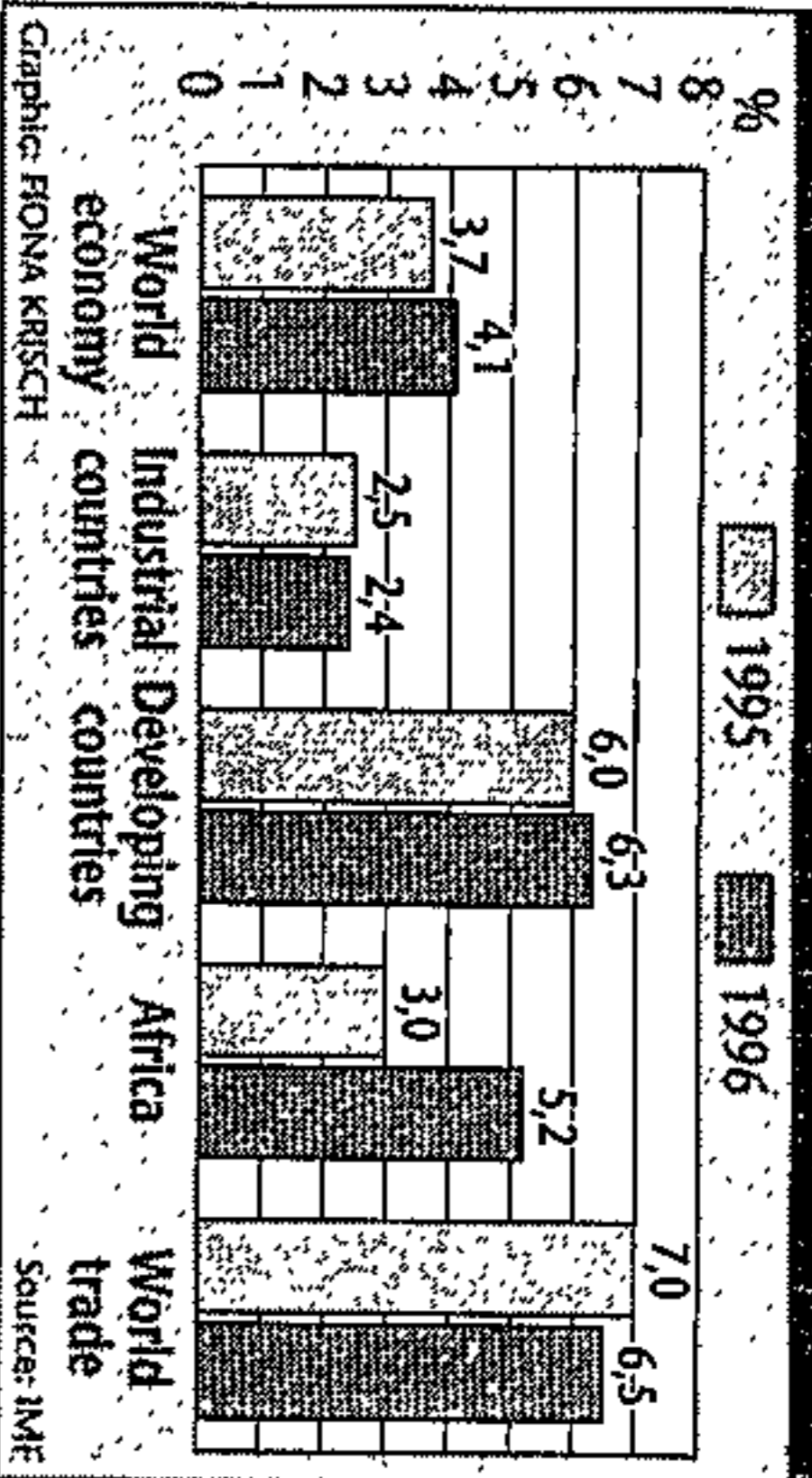
SOUTH Africa's exporters have yet to make the most of the opportunities provided by their increased access to a resurging world economy.

In the first eight months of the year exports were up by 14.6% to R67.5-billion on the same period last year. This is not a poor achievement but well below the 20%-plus growth achieved in the early 1990s.

More significantly, export volumes are barely exceeding the value of imports, which in the year to date have risen by 36.5% to R66.2-billion amid soaring demand for capital goods by local companies.

This week the International Monetary Fund warned South Africa that the deficit on its current account could quadruple to 2% of GDP this year from 0.5% last year on a growth rate of only 3%.

## IMF GROWTH FORECASTS



A major export push is therefore required if South Africa wants to avoid falling further into a current account deficit.

The latest world economic growth forecasts by the IMF point the way. Although the IMF has become more pessimistic about the outlook for the industrialised economies, it has upgraded growth

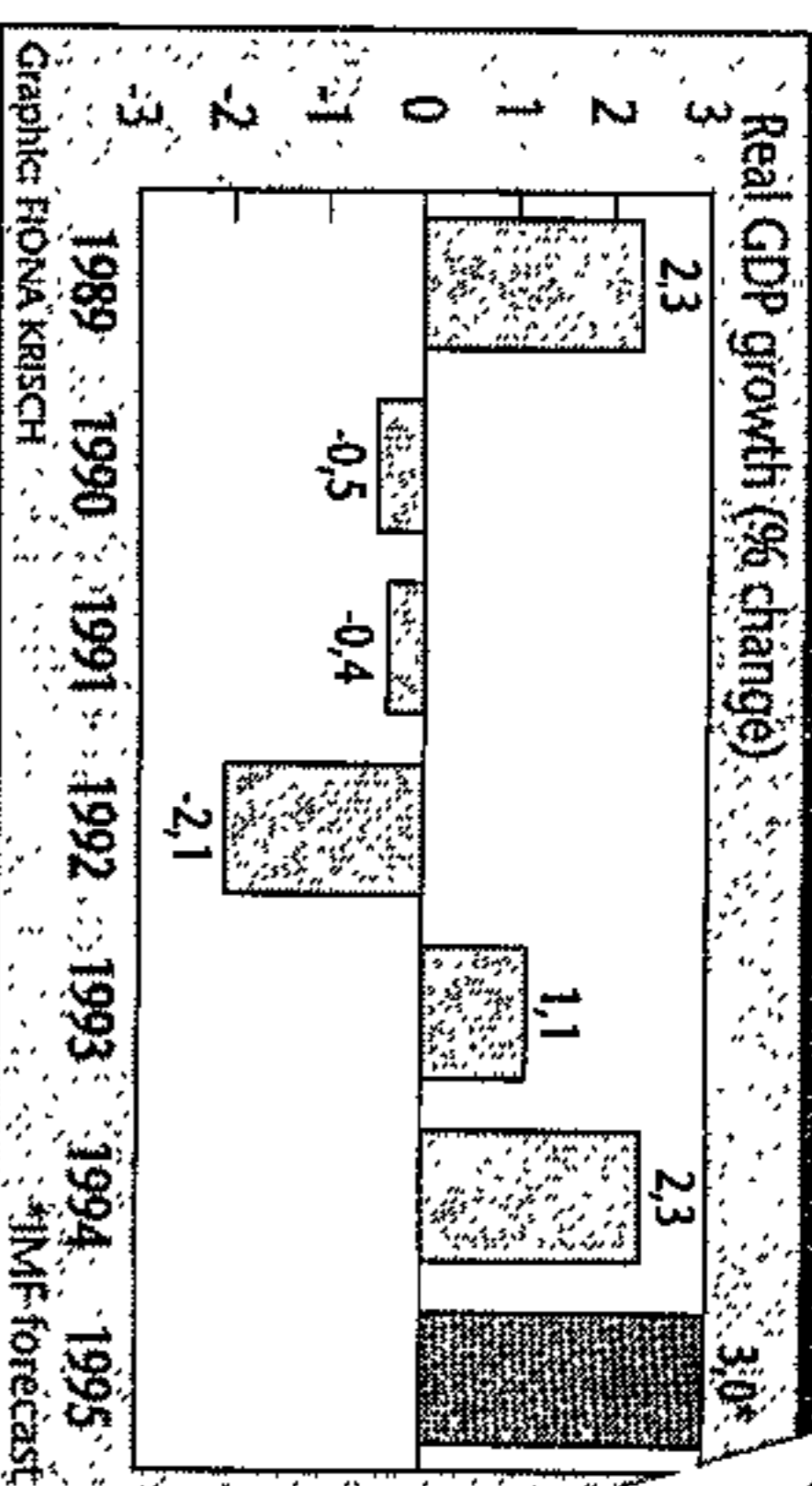
forecasts for many developing countries — countries where SA exporters have as yet only limited exposure.

The world economy is expected to grow by 3.7% this year and 4.1% in 1996. These growth rates are a little above the average recorded since the 1970s and would take the value of global output to more than

## THE ECONOMY

With strong recoveries under way in the global economy — particularly among developing countries — 1996 could provide good export opportunities for South African companies, writes **SVEN LUNSCHÉ**.

## SA'S ECONOMIC GROWTH



trend that should accelerate next year.

The IMF says economic prospects now look brighter in Africa as an increasing number of countries adopt market-oriented reforms. Growth in Africa is likely to accelerate from 3% this year to 5.2% in 1996.

The IMF points out, though, that significantly

higher growth will be needed to improve living standards, with many countries in the region still suffering from falling or stagnant per capita incomes, widespread poverty and unsustainable debt levels.

In the wake of Mexico's financial crisis, capital inflows to developing countries have weakened from

\$30 000-billion at market exchange rates for the first time next year, according to the Financial Times. Developing countries are forecast to enjoy economic growth of 6% plus this year and next, outstripping the less-than-3% expansion of the industrialised economies as they have done for 25 years.

Developing nations pro-

duce about 40% of world output, compared with the 55% accounted for by industrial countries and the 5% produced by those in transition. On present trends the developing countries should overtake the industrialised ones in less than a decade.

Africa has developed into one of South Africa's major growth markets, a

the record levels recorded in the first half of the decade. Net inflows are predicted to run at a little under \$120-billion this year and next, down from an average of nearly \$150-billion a year over the previous four years.

Trade is expected to remain an engine of global growth, having expanded at almost twice the pace of world output over the last 35 years. Growth of world trade in goods and services is predicted to grow by 6.5% in 1996.

The IMF says that its relatively optimistic forecast is clouded by weaknesses in the industrialised countries, which threaten to provoke renewed turbulence in financial markets. Many developing countries risk overheating because of rapid growth or difficulties in managing capital inflows.



**NO GLITTER** Alan Munnro, left, at yesterday's announcement of Gold Fields' quarterly results  
PHOTO JOHN WOODROOF

## SA exporters 'need help' to stay globally competitive

*(746) CT (BR) 10/10/95*

By Audrey D'Angelo  
CAPE BUSINESS EDITOR

South African exporters need some help in competing with foreign companies which "receive a meaningful array of assistance" from their governments, said Neil Jowell, the executive chairman of Tencor.

He also called for the implementation of road transport regulations intended to stop problems such as dangerous overloading and for better road maintenance.

And he pointed out that parastatals allowed to operate with huge losses, such as those reported by the PX division of Transnet, were undermining attempts by Trevor Manuel, the minister of trade and industry, to promote a competitive market. Discussing the improved

conditions in the container leasing industry, Jowell said there would be further growth "if we remain internationally competitive and maintain an edge over manufacturers in other countries".

In the country's long-term interest, he said, "we urge the government to promote a climate that encourages export development. It should recognise the variations in demand cycles in many sectors of industry and it has to remember that a climate of uncertainty is not conducive to capital investments".

Jowell said he understood the reluctance to grant protection on demand to exporters. "But it bears repeating that exporters are competing with foreign manufacturers who often receive a meaningful array of assistance."

# Record-breaking fruit exports

CT(BR) 11/10/95

(74G)

(2) 11/10/95

BY AUDREY D'ANGELO

CAPE BUSINESS EDITOR

Exports of deciduous fruit from South Africa broke records this year, both in volume and turnover, Unifruco chairman David Gant said.

But "difficult marketing conditions, delays and strikes, and a disappointing apple crop means that the payment of R1,16 billion to be divided among growers is no higher than last year.

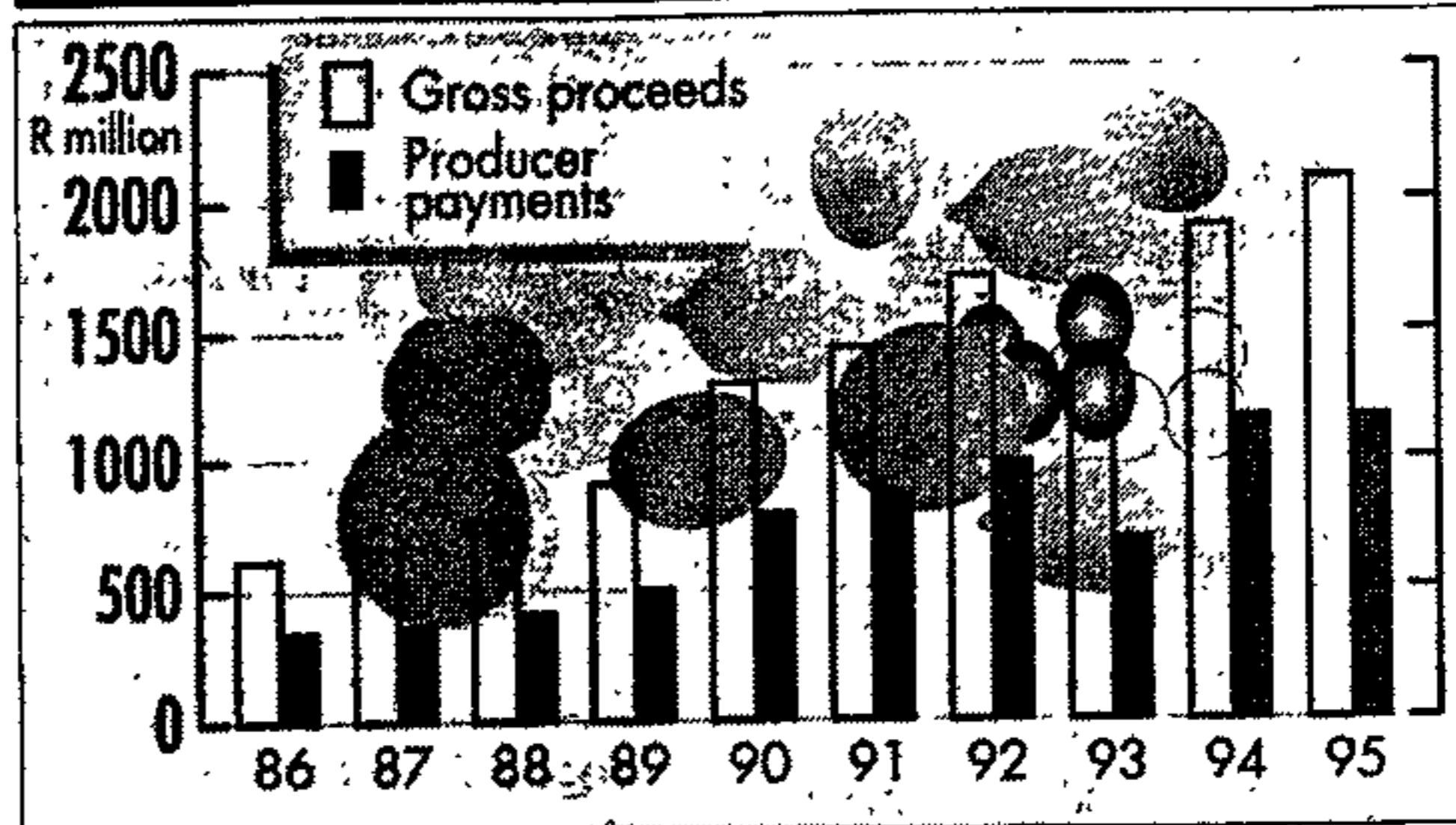
This is going to have a negative effect on growers' net farm income since they had also encountered the steepest production, packaging and logistical costs in decades, he said.

Gant said export turnover of R2,07 billion broke through the R2 billion mark for the first time and a record 51,2 million cartons of fruit were shipped out compared with 49 million last year.

Delays and strikes by a few hundred Portnet employees in South Africa, however, cost more than R35 million in lost income for growers of stone and subtropical fruit.

It was incomprehensible, Gant

Deciduous Fruit: Gross income & gross producer payments 1986 - 1995



said, that "the actions of a few people in the ports could affect the livelihoods of hundreds of thousands of employees in the production areas".

However, Gant said: "We are pleased with the progress of our market development programme, which now extends to 65 countries.

"It is of vital importance to accommodate the industry's rapid growth, which is expected over the next five years."

Russia had become a major market for South African fruit. Exports to North America had risen by 107 percent and to the far east by 29 percent.

Gant said Unifruco's associated wine and fresh fruit juice markets had shown significant development.

Unifruco's managing director, Louis Kriel, said the group's five-year plan provided for an increase in exports of all products it handled.

# Van Heerden blasts EU for cutbacks in SA farm exports

BRUSSELS. — Mediterranean European Union governments have been slammed by South Africa's Ambassador in Brussels, Neil van Heerden, for cutting back export benefits for the country.

The attack came as the EU and South Africa concluded the latest round of negotiations in Brussels on a long-term relationship.

Mr Van Heerden was reacting to the news that EU ambassadors had cut from 66 percent to 59 percent the proportion of eligible local farm exports which qualify for a low-tariff scheme.

The scheme is the Generalised System of Preferences (GSP) and every other country benefiting for it has 100 percent of eligible trade covered.

The cuts were made at Italy's insistence, supported by France, Spain and Greece.

In contrast, Denmark, Sweden, Finland and Britain urged generosity to South Africa.

The revised GSP list is due to be rubber stamped by EU ministers next week.

(74G) ARG 14/10/95  
"We are disappointed," said Mr Van Heerden.

He added that he hoped a long-term deal with the EU would improve on the "very little South Africa is getting from GSP".

He said South Africa had received a "very small package".

"The GSP only covers about a quarter of our agricultural exports, and we are now getting GSP on just 59 percent of that one quarter."

Mr Van Heerden was just as worried that the protectionist stance of the EU over GSP may be echoed in future negotiations on a wider relationship.

"I hope in the long-term negotiations we can negotiate and improve on this very limited GSP package."

EU Director of Development Stefan Smidt refused to comment directly on the setback.

He suggested that he had hopes for a long-term relationship with South Africa which would improve on the current GSP set-up. — Foreign Service

**MAUREEN MARUD**

Business Reporter

DISMAY greeted the news from Brussels that the European Union (EU) has cut back rather than extended trade concessions being sought by South Africa.

The agricultural sector here was hoping for an extension of the list of products that enter EU markets under the Generalised System of Preferences (GSP).

But EU ambassadors have instead cut 15 items from a proposal covering 66 percent of South African products eligible for agricultural GSP.

The cuts announced yesterday affect potential trade worth R25 million, according to a report from the Independent Foreign Service.

Products which were struck off the list include fruit juices such as lychee and mixed fruits, and citrus fruits such as clementines and mandarines.

Bokkie Strauss, chief executive of the Deciduous Fruit Board, said only 20 percent of all farm products that could potentially have been on the GSP list were included on the first EU list.

That benefited only five percent of South African agricultural exports to the EU.

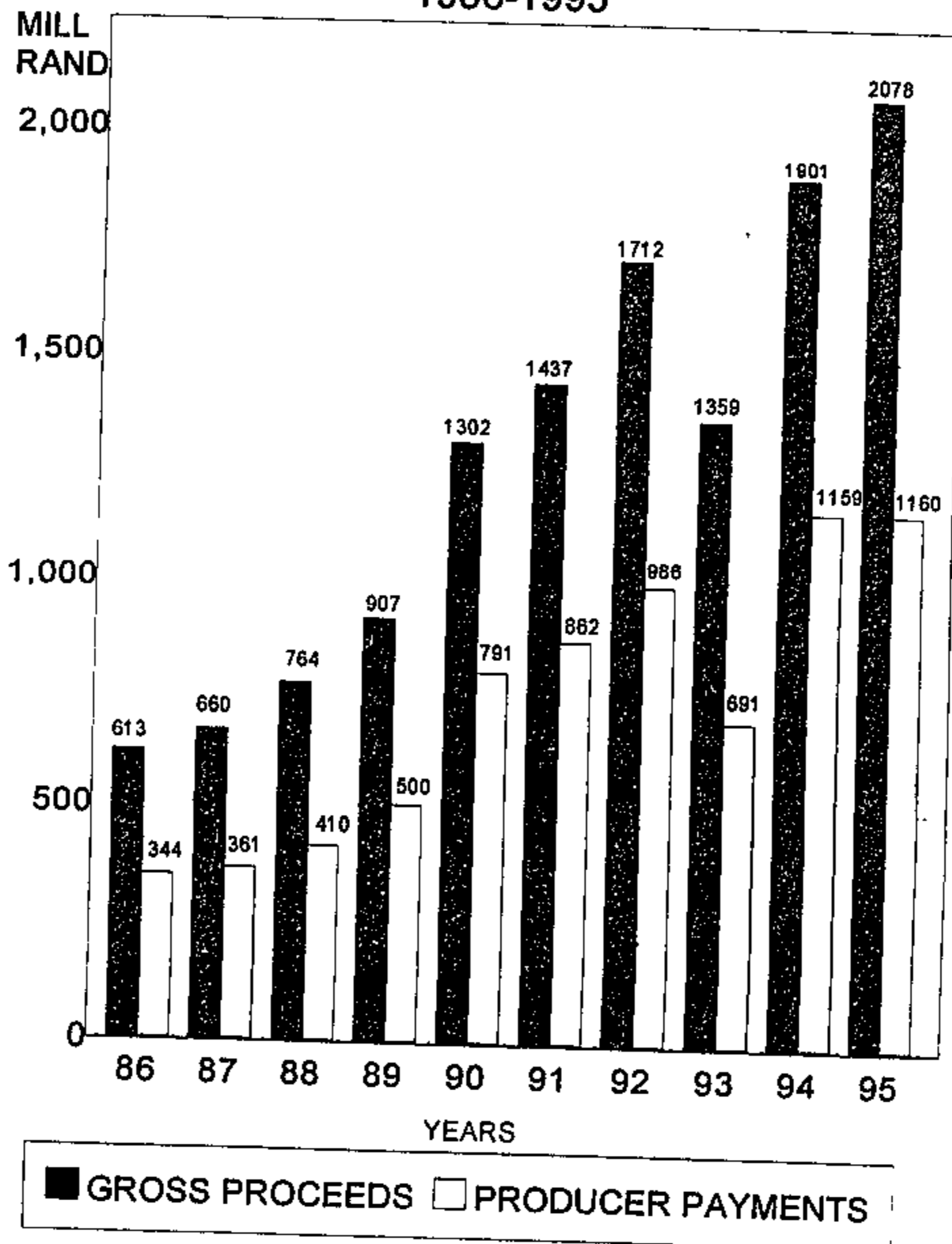
The proposal to include 66 percent of products would have benefited 17 percent of SA exports to Europe.

Deciduous fruit from South Africa has never been included on the GSP list, along with the bulk of South African trade to EU, despite many promises when South Africa's political leadership changed.

Apart from deciduous fruit not being on the GSP list, the fruit industry in South Africa would this year again have to pay up to R250 million in EU duties.

"Preferential treatment is always a gift. It is a gesture of good will, making it something very difficult to negotiate. You can only express disappointment that the EU, with all the promises made to

**DECIDUOUS FRUIT**  
**GROSS EXPORT INCOME & GROSS PRODUCER PAYMENTS**  
**1986-1995**



□ **SPELLING IT OUT:** The graph shows how gross export income has compared with gross producer payments since 1986. For instance, in 1995 export turnover was a record R2,07 billion, while payments to growers remained at last year's level of R1,16 billion.

South Africa and the needs of the country to develop and to grow economically, should have offered less than they could have done."

The latest EU decision amounted to partial treatment for South African products, Mr Strauss said.

"Up till now the GSP benefited five percent of trade. The new agreement is a considerable extension. But it is still a cutback from what was proposed."

Morrie Morrison, managing director of Ceres Fruit Juices, said the South African fruit juice industry was at a disadvantage in Europe thanks to

high import duties that varied from 18 percent to 30 percent.

If trade barriers were lifted or even halved, fruit juice from this country could compete and win.

"We have a lot to offer in quality and variety that Europe doesn't have."

Arend Venter, general manager of marketing at Outspan International, said he would wait for official notification of the decision before studying the implications and then deciding on action.

He said Outspan had asked for a reduction in the 20 percent duty it pays to export clementines and satsumas.

**Disappointment  
as EU further**

**cuts concessions  
to SA exports**

RAY 14/10/95

749

## COMPANIES

# SA coal exporters snub govt plans for Maputo port

BD 18/10/95

(746) ~~245~~

Nicola Jenvey

DURBAN — SA's two major coal exporters, Amcoal and Ingwe, have turned their backs on the SA government's plans to expand the Gauteng-Maputo railway line, claiming government had still to "greatly improve" coal export facilities in Maputo.

Amcoal and Richards Bay Coal Terminal chairman David Rankin said yesterday that there were Mpumalanga coal deposits which would benefit from exporting through Maputo. However, the company already had "very good" facilities at Richards Bay.

Amcoal had made significant investments in the terminal and had developed the facility to meet its needs. This included developing the mines en route as well as developing the railway line itself and expanding the Richards Bay

coal terminal.

"Richards Bay is an efficient, competent terminal and Maputo would have to be significantly upgraded before we considered transferring exports through that port," Rankin said.

He said the port currently lacked the ability to stock necessary tonnages or to cater for the size ships required. Amcoal loaded 150 000-ton ships.

Ingwe international marketing manager Johan Strydom said the company had "no real interest" in Maputo as it had sunk a vast investment into Richards Bay.

"It will be years before the governments (of SA and Mozambique) can develop Maputo to the level required and we are not paying much attention to the rumours," Strydom said.

Profitable exporting required volume movements and Strydom

said the 150km difference between exporting out of Richards Bay versus Maputo would take a long time to pay off against the investment already sunk into Richards Bay.

However, he did believe smaller coal mining companies that had not invested in Richards Bay would make use of the upgraded railway link.

Department of trade and industry spokesman Ismail Lagardien said the plans to upgrade the railway link were twofold. Besides offering a shorter exporting distance, Maputo could ease pressure on Durban.

"Expanding Maputo forms part of an overall regional industrial and developmental policy. If we do not develop regionally and create jobs elsewhere at the same time as in SA, controlling illegal immigration becomes difficult," he said.

# Yellow maize exports put at 500 000 tons

(746) ~~MAIZE~~ ARG 18/10/95  
JOHANNESBURG. — South Africa, facing a white maize deficit of about 1 million tons this season, could see yellow maize exports rise to around 500 000 tons, according to the Maize Board.

Maize Board general manager Leon du Plessis said yesterday the board had already received 361 000 tons of yellow maize from farmers this season.

Of this some 265 000 tons had been put to tender and sold for export, with the last 66 000 tons due to be delivered in two shipments during November, said Mr Du Plessis.

He said the exports included a 100 000 ton tender directed specifically for Zimbabwean delivery.

He said no further export tenders were scheduled in the very near future, although tenders would be made up to the end of April, 1996, as and when farmers delivered to the board.

Although some 2,29 million tons of

yellow maize was harvested this season, there had been unusually high retentions by farmers, and: "Retentions have been high this season because a lot of yellow maize is being used for consumption as a result of the white maize deficit," Mr Du Plessis said.

"At the very maximum I would expect 500 000 tons of yellow maize to be delivered into our export pool this season," he added.

Meanwhile the country's final white and yellow maize harvest for 1995/96 has been set at 4,23 million tons, dramatically down on the near-record 12,03 million tons harvested last season.

And with the white maize harvest at just 1,94 million tons, compared with 5,73 million tons last year, a shortfall of around 1 million tons of this staple food is forecast.

White maize imports had to date already totalled 211 000 tons, said Mr Du Plessis. — Sapa.

# SA wines welcomed in Scandinavia

**JOHN VILJOEN**  
Business Staff

SCANDINAVIA has emerged as a particularly favourable export market for South African wines, according to Stellenbosch Farmers Winery managing director Frans Stroebel.

He said after the AGM yesterday that Scandinavian countries were making a special effort to support South African products after boycotting them during the apartheid era, and that wines should also gain from negative sentiment in Scandinavia — and elsewhere — about French wine since that country's southern Pacific nuclear testing programme.

SFW's exports grew by 63 percent over the past year, but the company's priority was supplying South African outlets, he said.

SFW increased turnover 17 percent in the year ended June, reaping after-tax profits of R58,6 million, up 57 percent on the previous year's R37,2 million.

■ Chrysler is to return to South Africa after nearly 13 years' absence with two jeeps, to be sold

through a direct dealer network in all the major urban areas. The Jeep Cherokee will be sourced out of the assembly plant in Toledo, Ohio; the Jeep Grand Cherokee will come out of the Graz, Austria plant.

Over the next two years, the Neon compact car, the Wrangler sport utility vehicle and the minivan will be introduced. Initially, Chrysler plans to sell about 3 000 units a year, but that could grow to nearly 10 000 vehicles by the end of the decade.

■ UAL Merchant Bank will set up its own equity and bond stockbroking operation on November 8, managing director Chris Pearce said.

A wholly owned subsidiary, called UAL Securities and headed by the chief of UAL's bond trading division, Adolf Potgieter, is to be formed to house bond trading, futures trading and share trading operations.

■ Chemical group Sentrachem lifted shareholders' profits 75 percent to R210 million in the year ended August, on the back of a 34 percent rise in turnover. Exports increased 62 percent to R750 million.



# SA companies start their economic scramble for Africa

CT(MA) 20/10/95 (746)

By SAMANTHA SHARPE

REUTERS

South African companies, like the 19th century explorers that preceded them, are starting an economic scramble for the wealth that Africa has to offer.

Exports to Africa soared 55 percent in two years to R8,63 billion last year, while imports from Africa almost doubled to R2,35 billion — an indication of the continent's growing market size.

The country's post-apartheid welcome into Africa means that mining houses are sinking new shafts in west Africa, its banks are opening doors in central Africa and food chains are offering products to markets hungry for new goods.

Observers would be hard pressed to find a major company that has not yet embarked on an entrepreneurial journey of discovery north of the Limpopo.

Mining conglomerate Anglo American, for example, is active in Mali, Senegal, Burkina Faso, Ghana, Tanzania and Zambia, and is close to signing a gold-mining deal with Ivory Coast. But the mining houses are not the only players crossing the border.

Banks are rapidly expanding into Africa — a move given some impetus by the collapse of pan-African bank Meridien Biao earlier this year. The bank's downfall saw the Standard Bank Investment Corporation seize its Tanzanian operations and First National Bank acquire a Swazi bank.

The banking industry says it will continue to increase its presence in Africa where its customer base needs it.

Its expansion thus reflects the growing demand for sophisticated financial services throughout Africa.

South African Breweries has half the state-run brewing companies in Tanzania and Zambia, as well as operations in Botswana,

Lesotho and Swaziland and a 70 percent stake in Mozambique's national brewer.

Ask the average beer drinker in Zimbabwe about their favourite beverage and chances are it is a South African Breweries brand.

The leisure industry is also aware of the profit potential in venturing into Africa.

City Lodge Hotel says it will expand into southern Africa this financial year and that it has the rest of Africa in its sights in the next five years. The group has management contracts with 85 African hotels and is negotiating to acquire new contracts in Nigeria and Zanzibar.

Casino licences in Botswana for leisure company Global Resorts bode well for the company, especially given the confusion governing the gambling industry.

The country's largest retailer, Pepkor, is taking its subsidiary Shoprite Checkers to Zambia where it says it will open three new stores by year end. It is also opening a store in Mozambique. Competitor Pick 'n Pay plans to open stores in Namibia, Botswana, Zimbabwe and Kenya.

Electricity company Eskom is rehabilitating the power grids of several southern African countries, with plans to integrate them with South Africa's electric network.

Trade and Industry Minister Trevor Manuel says there is a wealth of opportunity among developing countries in the south.

"In southern Africa, especially, we could begin to look at our port, rail and road networks as well as the possibility of expanding the electricity grid into the region."

The transportation sector offers additional scope for African ventures.

SAA is negotiating alliances with Malawi, Kenya and Congo. A joint venture between the airline, Tanzania and Uganda has created a new company, Alliance, and industry sources say SAA is poised to take a stake in troubled Kenyan Airways.

# Extend export scheme — plea

John Dlad'lu

THE Clothing Federation has called on government to extend the current duty credit certificate — an export incentive scheme — to value-added activities.

In its current form the DCC scheme allows manufacturers to claim up to 30% of the value of exports, provided they use fabric on which a full

duty has been paid.

Executive director Hennie van Zyl said extending the scheme to value-added activities would see local manufacturers benefiting fabrics from European suppliers into garments and then exporting the finished product to overseas markets.

"Valued-added clothing manufacturing is the fastest growing segment

in the international clothing trade and covers those instances where the overseas customer sends his own fabric to SA for making into garments, and the garment is later returned to the customer.

"More than 40% of all retailers around the world are now using this system," Van Zyl said.

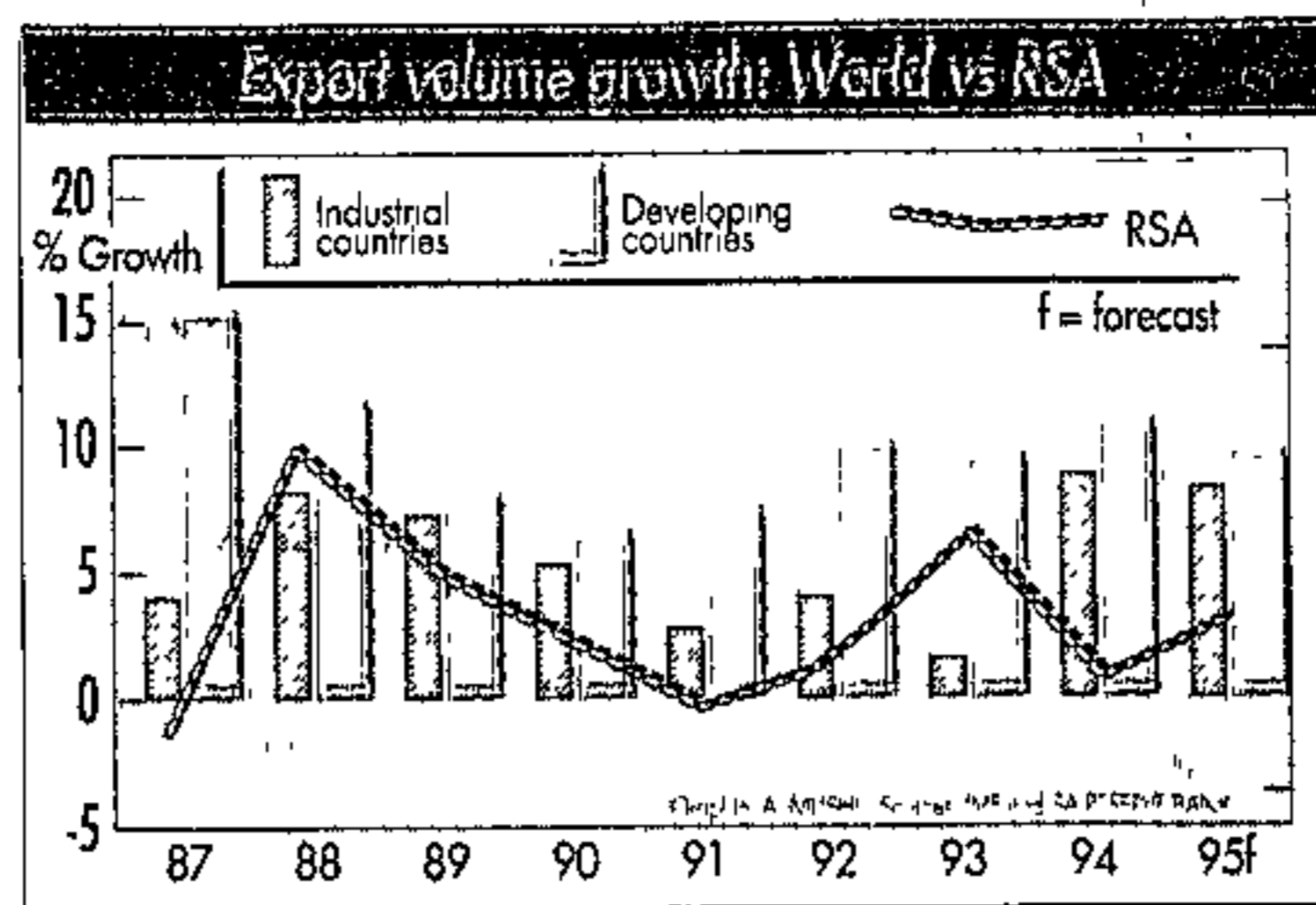
Such a measure would increase SA's

share of the \$170bn global clothing trade — currently less than one-tenth of one percent.

If the scheme were extended, many jobs would be created.

Informal discussions on extending the scheme had already been held with President Nelson Mandela and his deputy FW de Klerk. "Both were very sympathetic to the proposal," he said.

(746) 30 23/10/75



## SA exporters 'not up to world standards'

(749) CT(BR) 23/10/95

By LLEWELLYN JONES

STAFF WRITER

South African exporters were still under-performing against international standards despite the normalisation of trade relations with the rest of the world, according to Chris Leisowitz, the managing director of Credit Guarantee.

Credit Guarantee's major business is in the insurance of domestic and export credit risks and the acceptance as re-insurers of credit, bond and guarantee risks underwritten by South African and foreign insurance companies.

Leisowitz said in the company's latest annual report for the year to June, that the slow growth of South African exports, only 5 percent in volume terms over the past year, was particularly disappointing when seen against a world trade volume gain of 9 percent during the same period. This highlighted the need for improving the export culture within the country and the competitiveness of local businesses on international markets.

"We believe the government could do more to support South African exports by promoting our goods and services in foreign countries, among other things, through visits by government ministers and senior civil servants."

Considerable new business was generated by rising exports to high-risk markets in Africa and elsewhere, while claims were substantially lower at R14,2 million (R72,4 million) — due mainly to reduced political risk.

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# Clothing export slump feared

Business Editor *ARL 26/10/95*  
EXPORTS in the first four months of Rex Trueform's new financial year are down on year-ago levels and are unlikely to recover this year, according to chairman Stewart Shub.

But, Mr Shub told the annual meeting in Salt River yesterday, strong domestic demand had more than compensated for the fall in exports and total sales for the year so far were up 23 percent.

He attributed the clothing group's poor export performance to the over-hasty removal of export incentives.

"I'm not against the phasing down of benefits, but it must be done at the same pace as reducing the anti-export bias in the economy, which these incentives were designed to compensate. The results of that are not through yet," Mr Shub said, accusing the government of "putting the cart before the horse".

He said Rex Trueform, like most other clothing manufacturers, was suffering from competition from illegal imports.

On clothing imports from Zimbabwe, Mr Shub he was in favour of special tariffs, provided Zimbabwe also opened its market to South African exports and provided there were strict quantitative controls.

"Zimbabwe has bilateral agreements with other countries so without proper controls it could be a conduit for volumes of goods from other places, especially at the lower end of the market.

"There could be a flood of imports. We must be careful."

He said only goods with "at least 75 percent" value added in Zimbabwe should qualify for the lower tariffs.

"We must help Zimbabwe, but we can't help the whole of Africa," Mr Shub said.

■ Seeff Holdings has expanded its auction business with the acquisition of Levco Auctions, a month after buying Boland Bank's auction division. Chief executive Errol Finkelstein said the two businesses would dovetail neatly, each operating independently but under the Seeff Auctions name.

■ Networker Datatec's attributable profits shot up 81 percent to R1,4 million in the six months ended August. Newly established Internet services provider Pipex, set up in March this year in partnership with listed British group unipalm Pipex, showed a loss of R443 000. Further losses of R2 million were expected in the current year as Pipex invests heavily in infrastructure, but the division should contribute to profits the year after, Datatec said.

■ Malbak raised shareholders' profits 23 percent to R510 million for the year ended August, in spite of slower growth in consumer spending in the second half-year.

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# SA exports to Hungary up 563%

■ BY FRANCOISE BOTHA

South Africa's exports to Hungary increased by 563 percent over the eight month period to the end of August, figures released by the Hungarian Consulate reveal.

This represents a swing in trade that has resulted in a South African trade surplus with Hungary of \$400 000 compared to the trade deficit for 1994 of \$3,8 million.

Hungarian Commercial Coun-

Nov 31/10/95  
cillor, Istvan Várhegyi, said South African exports to Hungary increased from \$1,6 million for the first eight months of 1994 to \$10,6 million in the same period this year.

By comparison, Hungarian exports to South Africa had increased by 88 percent over the same period — from \$5,4 million in 1994 to \$10,2 million this year.

Várhegyi said Hungary had been looking to the South African market for increased trade since the signing

(746)  
of a trade agreement in August 1990. "The increase in trade since then has been rapid and continuous," he said, adding that in the four months after the signing of the agreement total trade was only \$1 million. The figure currently stands at close to \$21 million for the first eight months of 1995.

South Africa's exports to Hungary are represented largely by iron ore, which accounts for 42 percent of exports and 21 percent of bilateral trade.

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CT(MR) 31/10/95 (74G)

By FRANÇOISE BOTHA

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Hungarian exports to SA (US\$ millions)	Hungarian imports from SA	
Polyethylene granules	Iron ore	4,5
Pork meat	Telephone equipment and spare parts	2,0
Green peas	Kitchen appliances	0,7
Hygienic paper products	Fruit juice	0,39
Electricity meters	Hops	0,35
Light bulbs	Canned fruit	0,29
Car components	Grapes	0,25
Tractor spare parts and components	Raw iron	0,24
Geophysical instruments	Unprepared goat hides	0,18
	Rifle	0,18
	Ladies pantyhose	0,16

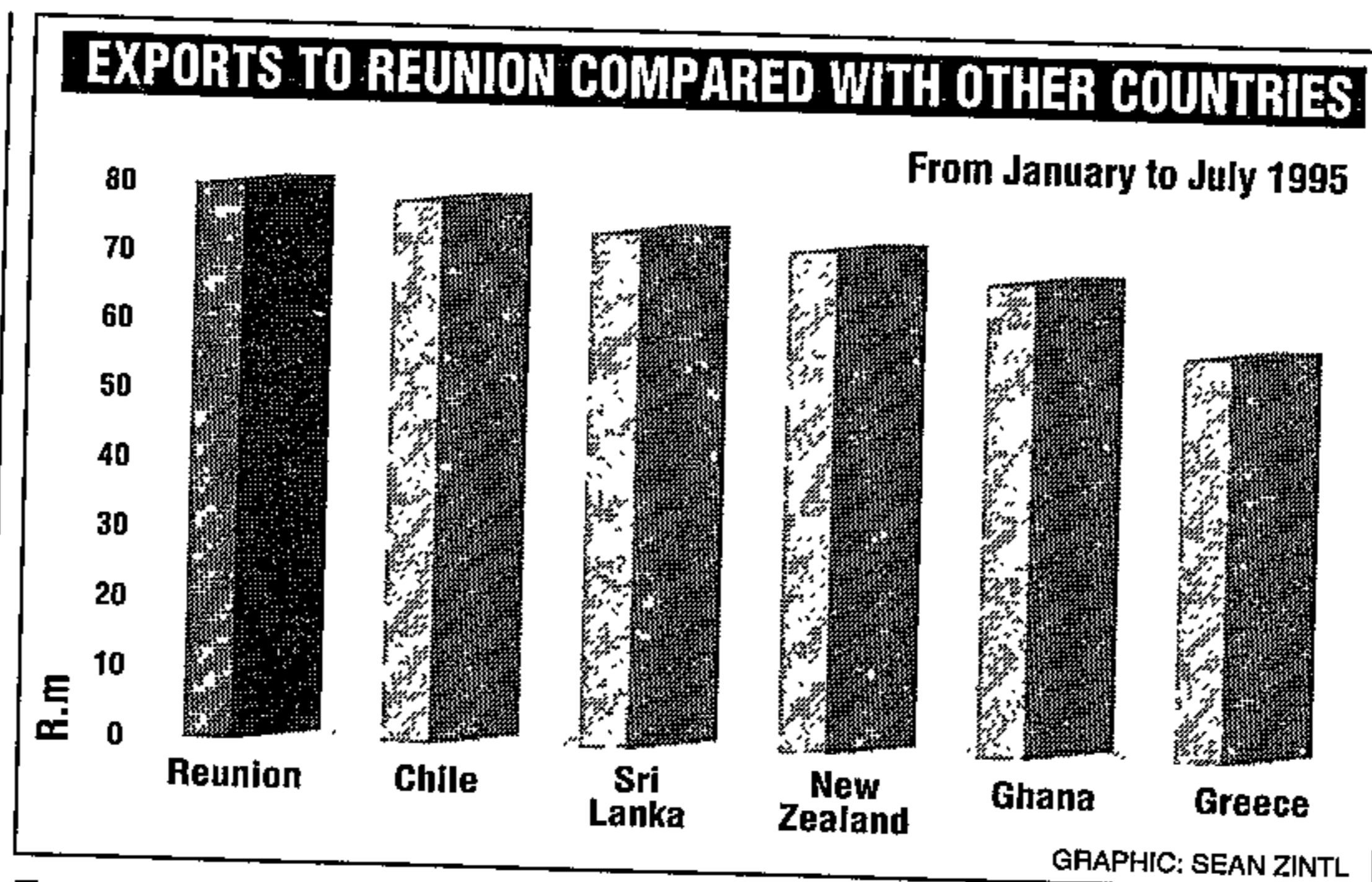
signing of a trade agreement in August 1990.

"The increase in trade since then has been rapid and continuous," he said, adding that in the four months after the signing of the agreement total trade was only \$1 million.

The figure currently stands at close to \$21 million for the first eight months of 1995. "Further growth of

at least 10 percent is expected for the next year," he said.

South Africa's exports to Hungary are represented largely by iron ore, which accounts for 42 percent of exports and 21 percent of bilateral trade. He added that South African Breweries now controlled approximately 40 percent of the Hungarian beer market.



Export statistics: The target is to export R179-million to Reunion

## Neighbourly trade

(146) (146) (146) MG(BM) 3-9/11/95

**Karen Harverson**

**S**OUTH AFRICA exports more to the French island Reunion than it does to other developing markets such as Chile, Sri Lanka, New Zealand and Ghana.

"We have a logistical advantage over European countries in the supply of goods to Reunion which is only 2 820km away from South Africa," says South African Foreign Trade Organisation director Martin Smith.

Last year, South Africa exported some R147-million to Reunion and this year is on target to export R170-million.

The biggest export is animal products and livestock at about 25 percent of the total exports. "We expect exports in wood products, pulp and paper, glass and glassware, and machinery and appliances to increase by more than 50 percent this year," adds Smith.

In comparison, South African imports from Reunion were less than R1-million last year. "It doesn't have the right mix of products to increase its exports to South Africa," says Smith.

Instead, Reunion is encouraging foreign investment in the island to reduce

its 37 percent unemployment rate.

Incentives include a 10 year tax holiday for new investors and subsidies of up to 70 percent of the cost of investment for key industries such as tourism, manufacturing and agro-industry. The state also provides up to a 50 percent subsidy on minimum wages, phasing down over 10 years, for export-oriented industries.

Other advantages include a market of 640 000 people and the island's duty-free access to the European market. Manufacturers can stamp their finished or semi-processed products with the 'Made in France' label.

Reunion has the highest standard of living of all Indian Ocean islands and African countries. Its minimum monthly wage is about R3 500. Its gross domestic product (GDP) per capita is about R32 387 compared to South Africa's R10 150 and inflation is two percent to South Africa's 6,4 percent.

On exchange control regulations, Smith says South Africa is more lenient to applications to invest in African and Indian Ocean Islands. Reunion has no exchange control and currency is the French franc.

# Far East seen as future market for coal exports

 (749)  
Michael Urquhart

BD 7/11/95

RAPID industrial growth in the Far East and subsequent demand for power would see this market surpass Europe as the most important destination for SA's export coal, industry sources said yesterday.

This was despite a collapsing European coal industry, which meant European countries would have to increase imports as production from their heavily subsidised industries fell.

Shell Minerals MD John Drayer said the SA coal market was known to supply the greater portion of its export production to the European market, but improved economic growth and demand for power generation in the Far East was shifting the balance of exports to that market.

But an industry source said exports to the Far East would exceed those to Europe only over the long term.

The fact that the coal industry in Europe was running down meant there would be calls for more imports, he said. But while this would slow down the shift of the balance of exports, it would not reverse it.

Mathison & Hollidge analyst Mark Chivers said the world seaborne steam

coal market amounted to 220-million tons last year, and this was likely to increase to 320-million tons by the turn of the century.

Adding to the increase in exports was the dropping of coal industry subsidies in Germany, where about 40-million tons of annual production was subsidised. A similar trend in other European countries would see them also having to increase imports.

The UK had changed its laws governing the coal industry to allow its power generator to start importing coal from the cheapest source.

Growth areas in the Pacific Rim included countries such as Malaysia, Korea, India and possibly China.

Chivers said SA was ideally placed to service both the Pacific Rim and European markets, while the rapid growth in steam coal trade, combined with relatively low stock levels, would benefit the coal price.

The past two years had seen the spot coal price move from a low of \$19/ton to more than \$35/ton.

The market's strength could mean further price increases, although it was generally accepted that a level of \$40/ton would bring in new production, which could put a cap on prices.



# Columbus confident of big rise in steel exports

CT(BR)8/11/95 (749)

By DEREK TOMMEY

Johannesburg — Stainless steel exports should soon start rising strongly as Columbus, the country's new producer, overcomes teething problems and starts to run in its R3,5 billion worth of new equipment and builds up production.

The newly commissioned twin-stand hot mill is performing better than expected, says chief executive Fred Boshoff.

Fine tuning and optimisation runs are progressing well and the final acceptance tests are scheduled for the first quarter next year.

The new mill will boost capacity at Columbus from 150 000 tons to more than 600 000 tons a year.

Since the mill was commissioned on September 24, it processed 24 000 tons of stainless steel. The target is to roll 1 000 tons of a high-quality product before the end of the year, says hot-mill manager, Johan Nyschen.

It usually takes 12 to 18 months to commission a mill of this size, he said. Columbus has done this in only 10 months.

The new steel melting plant, the first major new component to be commissioned, initially did not per-

form as well as forecast owing to problems with the refractory lining. However, its performance is in line with guaranteed figures.

The cold mill also did not initially deliver the expected output. But in the past two weeks it has achieved its daily target.

Boshoff says despite commissioning problems Columbus has increased production and its sales to the local market.

Demand in South Africa is still quite strong, but prices and demand have softened in the international markets owing to stock adjustments.

# Permanent SA ban on export of landmines

ALIDE DASNOIS, Business Editor

SOUTH Africa has banned the export of landmines. (254) (74G)

Kader Asmal, who chairs the cabinet committee charged with deciding on arms exports, said the moratorium on the export had now become a permanent ban.

Professor Asmal, Minister of Water Affairs and chairman of the National Conventional Arms Control Committee, was addressing a conference on human rights and economic development organised by the University of the Western Cape's Community Law Centre in Sea Point yesterday. ARG 9/11/95

The export of mercenaries was also attracting the government's critical attention, he warned.

No more landmines would be exported from South Africa, "ever", Professor Asmal said, to applause from delegates.

The cabinet committee was drawing up criteria for exports of other arms.

"We will not sell to governments which violate human rights. We will not sell arms where the balance of power in the country could be affected. We will not sell arms where the balance of power in the region could be affected because we don't want to become part of the arms race."

But it was not possible, Professor As-

● Turn to page 5

## Permanent ban on landmine exports

ARG 9/11/95

● From page 1

mal said in reply to a question, to ban arms exports completely.

This would leave democratic governments in the region at the mercy of the world's other arms producers.

Also, the arms industry employed 30 000 people and experience in other countries had shown conversion of arms pro-

duction to civil use was difficult.

On mercenaries, Professor Asmal said the export of people should be dealt with in the same way as arms exports.

Professor Asmal said civilian control over the arms trade was an imperative.

"Asking the generals to determine arms policy is like asking the cats to determine pigeon policy." (254) (74G)

Arms policy could be driven by humanist goals.

The transformation of the country's military-industrial complex to serve new moral and political values was ambitious but "utterly realistic", he said.

Apparently naive political and legal objections to particular wars or military tactics had saved millions of lives by creating new standards for war.

## SA firm to supply 50% of Cuba sugar sector's herbicides

(746) (183) ARG 1/1/95

HAVANA. — South African agro-chemicals firm Sanachem will increase its sales of herbicides to Cuba's sugar cane sector to \$17 million (R61 million) in value terms this year from \$11 million (R39 million) in 1994, its representative in Cuba said.

Armando Fernandez, deputy general manager of Edme Company SA, which represents Sanachem on the island, said the growth in sales responded to an improvement in cane cultivation in Cuba ahead of the 1995/96 harvest, due to start in November.

"The consumption of herbicides is higher," Mr Fernandez told Reuters at the Havana International Trade Fair. He said Sanachem's sales to Cuba had also been boosted by foreign financing, estimated at more than \$100 million (R360 million) obtained by the Caribbean island this year to pay for essential sugar harvest inputs like fertilisers and herbicides.

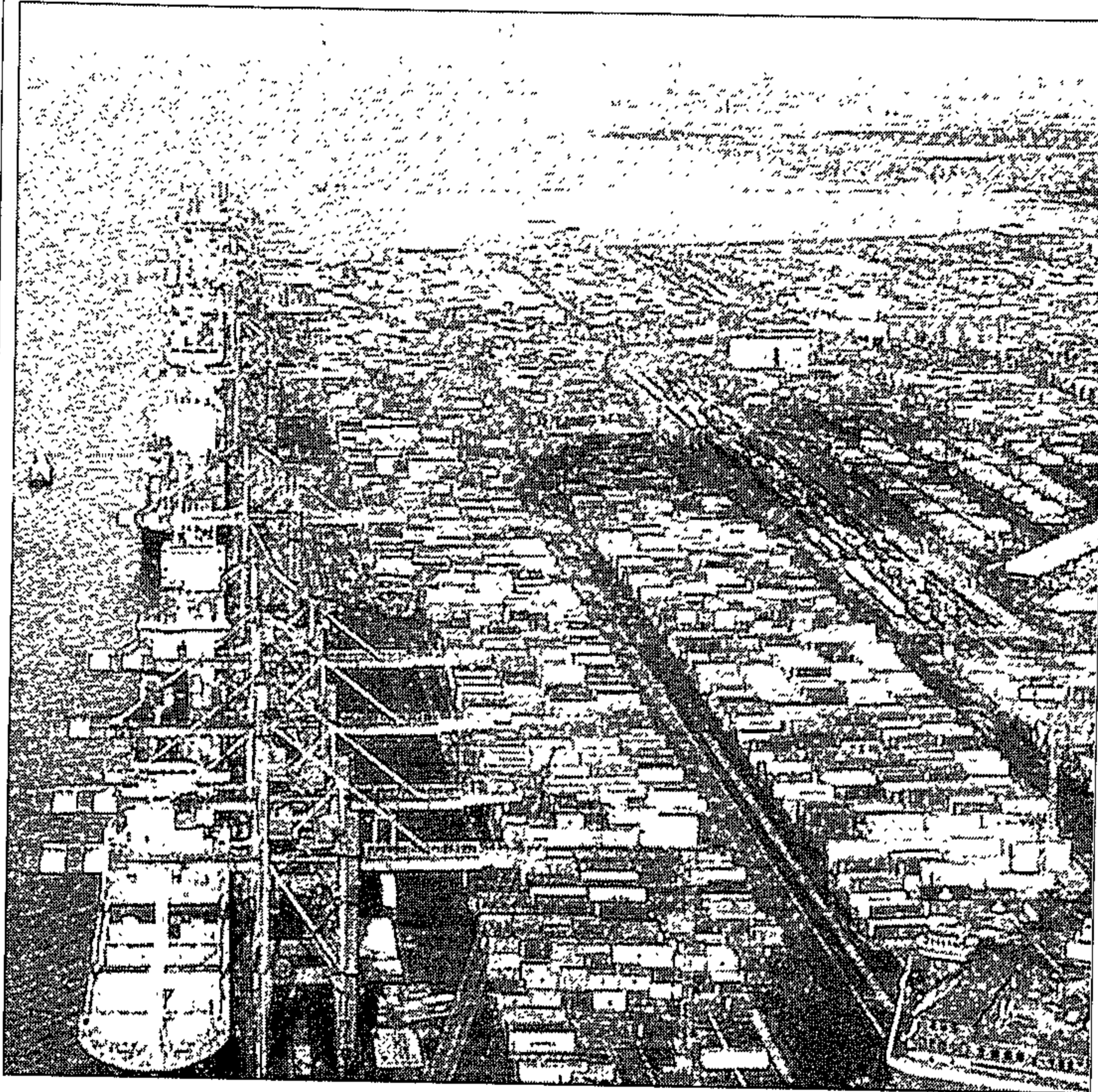
Mr Fernandez said cultiva-

tion techniques for the sugar cane had also improved as a result of a campaign by the Cuban government to boost sugar production after the disastrous 1994/95 sugar crop of 3,3 million tonnes, the lowest in more than 50 years.

More cane was available for the harvest this year, Mr Fernandez said. He predicted an increase in sugar output in the 1995/96 harvest of "between half a million and one million tonnes" over past year.

Sanachem would supply 50 percent of the herbicide needs of the Cuban sugar sector this year, with the rest of the market business divided up between Britain's Zeneca, Germany's Bayer and Switzerland's Ciba-Geigy. Sanachem's deliveries under this year's agreement would be completed by February, Mr Fernandez said.

Sanachem and Zeneca also had an agreement to provide joint technical assistance to the Cuban sugar sector. — Reuter.



**PORT OF CALL** Bremerhaven is Europe's largest transit port for motor cars and one of its largest container terminals. A high-powered delegation from the port and the city of Bremen met South African businessmen and members of the government on a visit to this country last week.

## Bremen offers help to exporters

AUDREY D'ANGELO

Cape Town — South African exporters will be given help and advice on how to get into the European market if they visit Bremen's World Trade Centre, Uwe Beckmeyer, the city's minister for ports, transport and foreign trade, said at a presentation last week.

Those who want to set up a company under German law, which will provide jobs in the industrial area near the port, will qualify for incentives.

Beckmeyer was a member of a delegation from the twin ports of

Bremer and Bremerhaven that visited South Africa last week.

He said foreign exporters were offered logistic and marketing support to penetrate the huge European Union market at Bremen's World Trade Centre.

"In Bremerhaven there is also a trade centre for east and north European countries, so that close interlacing of your interests with those of many European partners can be achieved.

"Bremen Business International, the state-owned foreign economic development corporation, runs both centres. Its main task is to provide a

range of services for all forms of international co-operation. It helps foreign companies to find the right partners for mutual projects."

Heinrich Frick of the Bremen Chamber of Commerce said the city's industrial companies exported 42 percent of production. They included Mercedes-Benz and the Vulkan ship-building and marine technology group.

Bremerhaven is Europe's largest transport port for cars and has been exporting an increasing number to South Africa. It has a huge container terminal covering 1,6 million m<sup>2</sup> with 19 gantry cranes.

CT (BR) 13/11/95

# Delta leads the export race into sub-Saharan Africa

(749) (152)

By LLEWELLYN JONES

Johannesburg — Delta Motor Corporation established itself as the leading exporter of one-ton light commercial vehicles into sub-Saharan Africa in the first eight months of this year.

Andre van Rooyen, Delta's director of industrial and commercial holdings, said the Isuzu KB one-ton line-up had captured 37 percent of the market, four percentage points ahead of its nearest rival.

In the passenger vehicle category, the Opel Astra and Kadett are in second place with 22 percent, behind the front-runner Toyota.

"It has been our policy to pursue the export of automotive components on a worldwide basis, and to focus on the penetration of our Opel passenger and Isuzu commercial vehicles in Africa," he said.

"Since being granted the rights to export vehicles into sub-Saharan Africa two years ago by Isuzu Motors of Japan and Adam Opel of Germany, Delta has progressively expanded its dealer network in Zimbabwe, Zambia, Malawi, Mauritius and Mozambique. These facilitate the regular supply of new vehicles, as well as high-quality parts and service back-up," Van Rooyen said.

He said this had paid off for Delta, with one in four products now exported into African territories being supplied by the motor corporation.

"In the first eight months of the year, 25 percent, or 5 784 units, of all the vehicles sold in these countries were either Opel or Isuzu vehicles. This is an impressive three percentage point growth over last year's sales," Van Rooyen said.

## Gauteng to explore zones

Nomavenda Mathiane

(746)  
FOUR members of the Gauteng economic affairs standing committee are to explore whether export processing zones are the appropriate mechanism for economic stimulation.

Brian Goodall (DP), Vusi Mavuso (ANC), Ann Lion-Cachet (NP) and Audrey Coleman are to investigate and report back to the committee.

The investigation follows submissions to the economic committee by Terry Markman and Keith Naicker of the National Special Economic Zone Forum about the advantages of export zoning, citing the example of countries such as Korea and Malaysia as having achieved their "economic miracle success" through zoning.

Several provinces have expressed interest in the idea of such zones.

BD 14/11/95

# Setback in drive to export SA's weapons

By PETER De IONNO

ST 19/11/95  
SOUTH AFRICAN arms industry officials claim that a R4-million drive to increase exports to the Middle East was stymied by the cancellation of a visit by a delegation to be led by the Minister of Defence, Joe Modise, to the Dubai 95 Aerospace Exhibition.

Last-minute attempts by industry leaders to get just one member of the delegation to attend failed, and officials waited in vain at Abu Dhabi airport for the arrival of Mr Modise's deputy, Ronnie Kasrils.

A spokesman for the ministry said Mr Modise and Mr Kasrils had other "matters of state" to attend to.

Industry officials familiar with the Middle East said it was impossible for marketing managers to meet decision makers without the support of senior politicians.

Rafique Gangat, South Africa's chargé d'affaires to the United Arab Emirates, said the failure to send high-level political and military representatives to the exhibition put South Africa's industry at a severe disadvantage.

He was also scathing about outdated information from Armscor that had confused Gulf officials — such as stating that Armscor chairman Johan Moolman and chief executive Tielmann de Waal would be at the show.

Both men left the corporation at the end of August.

## Clothing exports set to increase

BD 28/11/95  
CAPE TOWN — SA clothing exports are expected to total R600m in 1995 from R430m in 1994, Clothing Federation executive director Hennie van Zyl says.

"Clothing industry production volumes increased by a healthy 3% in 1994, and are expected to increase by a further 6% to 7% in calendar 1995," Van Zyl says in his annual report for the year to September 30 1995 (749)

"The outlook for the industry for 1996 is equally bullish, provided the SA government manages to effectively control the increased incidence of illegal imports."

Van Zyl says exports can be even higher if government provides certainty about export incentives and the opening up of the domestic market. — Reuter.



# US maize setback could boost local export price

Louise Cook

~~749~~ (749)

THE worst US crop failure in seven years would probably see sharp rises in local export maize prices in the short term, National Maize Producers Organisation (Nampo) director Kit le Clus said.

The US could cut exports by 7-million tons, with prices expected to increase \$20/ton to \$160/ton over the next two months. This could encourage local producers to hold back stocks to benefit from higher prices, aggravating shortages for SA exports.

Maize Board prices of R364/ton could rise to R510/ton for deliveries to the board within two months. But price hikes should not be regarded as the norm, as the world price could drop again and push local prices down significantly after a good US crop next year, Le Clus said. Conditions favoured a good crop next year in SA and the US and local export prices could decrease to R380/ton by February.

"We don't have the El Nino phenomenon to contend with. In fact, La Nina conditions — the opposite of El Nino — have taken over.

"However, it seems many SA farmers are still holding back stocks in anticipation of further price hikes. Buyers are reluctant to take out forward contracts in the hope of prices dropping."

The US would release its Stocks and All Positions report in January which would set the stage for future international and local price movements.

Maize Board GM Leon du Plessis said the international price hike would not have a significant effect on the local free market price which had discounted the increase. White maize imports could be necessary from February, but supplies were sufficient till then.

BD 28/11/95

FOREIGN TRADE (74 G)

1996

JANUARY — JULY

# Financial loss over fish flight muddle

Staff Reporter

(74G) ARG 6/1/96  
CONFUSION over an application for the correct air licence to export 80 tons of Namibian fish from Cape Town to Spain has caused substantial financial losses for the exporters and South African business.

The fish, worth about R500 000, was impounded at Cape Town airport after the South African Perishable Export Products Control Board invoked a law which stipulates that most perishable produce on South African cargo flights must be local in origin.

Dave Schreuder, chief executive of the control board, said the fault lay with the forwarding agent, who had failed to apply for the correct air licence.

The agent, he said, had been negligent in applying for the wrong licence, even although the authorities had allowed exporters concessions in this regard over the Christmas season, when there was a general shortage of airspace.

Until now, he said, exporters had been allowed to fly cargoes from South Africa with licences which provided special concessions for South African perishable products, because the forwarding agent had led the board to believe that a large proportion of the cargoes were South African produce.

This, the board had recently discovered, was not the case.

After impounding the fish, Mr Schreuder said, the board had recommended that the civil aviation authorities allow the flight from Cape Town to Spain — provided the forwarding agents applied for the correct licence.

"For some reason, the agents have refused to re-apply."

Mr Schreuder denied that the board was implementing the legislation for the first time and emphasised that it was in South Africa's interest to allow exports.

Meanwhile, Spanish exporter Jan Nordensoe is taking his 40 tons of fish back to Namibia and says he will think twice about exporting big volumes from South Africa again.

Mr Nordensoe's fish was stored in freezing trucks and could be saved, but there was a question mark over another 40 tons, which had apparently started to rot at the airport.

"I'll fly the fish from Windhoek to Spain this weekend, but I lost a market there because I couldn't get it today," said Mr Nordensoe yesterday.

"The South African authorities have shown no understanding in the matter and are trying to create the impression that our forwarding agent made a procedural error.

"But the same procedure was followed this time as for the last 10 cargoes.

"There seems to be a political decision behind this. I have lost a fortune in the process and the problem has seriously jeopardized South African interest and business.

"I will now consider spreading the risk and I'll try to avoid exporting great volumes from South Africa."

Piet Louw, a spokesman for forwarding agent Berry and Donaldson, said he could not comment because decisions taken now were being backed by legislation.

He said he understood that permission might be given to fly the second 40 tons of fish to Spain this weekend.

## Rains raise sugar exporters' hopes

~~SUGAR~~ (74G)  
GOOD rains should boost the country's sugar output by 25% to 2,1-million tons next season, doubling the amount available for export after the 1996/97 crop.

Hans Hackmann, industrial affairs manager of the SA Cane Growers' Association, said that the industry looked set to show a strong recovery after four years of drought. ST 7/11/96

The country could have between 700 000 and 800 000 tons of sugar available next year, up from 350 000 to 400 000 tons after this year's crop.

"But we still rely on good rainfall throughout the growing period up to April," Mr Hackmann said.

"If we get that further rain, we should be in for a pretty good crop."

Mr Hackmann said there had been no significant damage to the cane crop after heavy flooding in the Kwazulu-Natal producing area late last month.

Approximately 1,3-million tons of the annual sugar production is consumed domestically, with the balance being for export.

Mr Hackmann said around 80% of 1995/96 sugar cane crop had been processed, although some mills would not finish crushing until the end of February.

All sugar for export from this year's crop has already been sold.

It is still too early to measure the 1996/97 crop sales. However, about 200 000 tons of the crop is committed, under long-term supply agreements, to the Far East countries, including Japan and Korea. — Reuter

## Green Charcoal attracts investors

Edward West

(749) 2083 BD 9/1/96

A NEW company planning to export charcoal derived from invasive non-indigenous vegetation — Green Charcoal — has attracted investor interest from Ireland, the UK, Zimbabwe and the US.

MD Patrick Frampton said yesterday that the Industrial Development Corporation had been approached to help finance the venture with a R4m loan. The company planned a private placing of 202 ordinary shares at R1 each and an interest-bearing loan of R20 000 a share.

The private placement had so far been "reasonably successful" in spite of the company having to attract investors over the holiday period from December 22 to the January 12 cut-off date stipulated by the corporation.

Green Charcoal said it planned to produce 6 000 tons of charcoal and 2 100 tons of extrudate logs a year. Production was expected to begin in June once a plant had been built near Humansdorp and once shareholder approval had been given.

Frampton said Green Charcoal might have to establish its own alien vegetation plantations.

## Sasol, Omnia merger rules laid down

Edward West

BD 9/1/96

THE Competition Board has set down ground rules for the proposed merger of Sasol and Omnia Holdings' fertiliser and explosives interests.

Board chairman Pierre Brookes said yesterday there would be no formal investigation into the merger but that the companies had undertaken to ensure other companies would not be prejudiced by the link-up.

"We spoke to a number of parties and there appeared to be a general acceptance that some sort of rationalisation in the industry was necessary," Brookes said.

Since SA's market opened up to the

world, a number of international fertiliser companies had set up agencies in SA and one of the parties was likely to have gone out of business had the merger not taken place, he said.

Sasol and Omnia recently cautioned shareholders that the deal was still being negotiated.

Omnia MD Neville Crosse said the hurdle which the Competition Board might have presented appeared to have been crossed. However, negotiations were still under way, he said.

Omnia's share price was untraded at its 12-month high of R12 on the JSE yesterday after rising steadily from an 18-month low of 840c since the announcement of the merger.

## Cape Town harbour's exports increase

Samantha Sharpe

11/11/96  
CAPE Town harbour saw its total share of exports to Indian Ocean Islands increase 45,2% to more than 2-million tons for the nine months to November, latest Portnet figures show.

Portnet export and import figures are calculated in terms of volume and not rand values. Portnet manager, market research, Annerine Smith said the increase indicated shifting trade patterns.

SA's reacceptance by the international community and the lifting of trade restrictions were starting to change traditional shipping patterns. However, it

(74.5)  
was difficult to forecast whether or not current trends would continue, Smith said.

South American shipping activity had also increased significantly, securing a 16,1% share of imports through Cape Town harbour compared with 8,6% in the previous year. The European share of imports through the harbour fell to 25,1% from 27,4%, while total export share from Cape Town to Europe slumped from 32,7% to 16,8%, Portnet said.

Europe was no longer the largest net importer and exporter through Cape Town to the Indian Ocean Islands, which now accounted for 28,3% of net trade.

FRUIT EXPORTS (749)

**Out in the cold** (749)

FM 12/1/96

The merger between Serva Ship, owned by Unifruco and Outspan, and Universal Reefers, owned by Safmarine, could provide fruit growers with yet another indication of the consequences in store for them of the new dispensation being implemented under their noses.

It might deprive them of any benefits which may accrue through the future deregulation of the agricultural sector.

The Competition Board has announced it is to probe the US\$150m deal.

The announcement, made over the festive season, which is holiday time for the citrus growers but coincides with the frantic harvest season of the deciduous fruit growers, could seem intended to escape the notice of the fruit farmers.

They have not been kept informed, or even consulted on the move which will see their produce used to underpin the new company. Details of the merger which must impact on Outspan and Unifruco fruit producers (and shareholders) have not been made available to them.

Outspan and Unifruco, both enjoy the enormous power base provided by a government decree that fruit producers lose ownership of their produce if it is intended for export. They have transformed themselves from the boards created to assist the farmers, into public companies operating for profit, and now operate apparently without any of the constraints one would expect from a statutory body in its monopolist position.

Though the merger of the fruit companies' shipping management operations with Safmarine's Universal Reefer company apparently creates a new profit opportunity, Unifruco MD Anton du Preez makes it

clear in his announcement that the farmers will not enjoy any special benefit or advantage through this acquisition. Deprived by legislation of the right to distribute or market their own produce, and to choose their shipper, farmers could easily find themselves used as a source of easy revenue to build up the ailing and obsolete fleet previously owned by Universal Reefers.

Particularly since the new operation, openly stated as being underpinned by SA fruit growers, will still be based offshore, along with a host of other offshore companies (Unifruco alone has about 24) and performance monitoring by the fruit producers will be impossible.

The Independent Fruit Growers & Export Association says while other sectors in agriculture have deregulated speedily with spectacular benefits to producers, the pattern emerging in this industry seems to be one of alienating the assets (and control thereof) of the fruit farmers while restricting their options through retention of statutory control until the new order has been established.

The apparent objective being to create an organisation so powerful it will totally dominate the export mechanism and make it very difficult for individual or small groups of growers to target and develop speciality markets even in the event of formal deregulation of the citrus and deciduous fruit industry. And this in spite of the fact the infrastructure has been built up by contribution from all growers over many years.

The part played by the Department of Agriculture in this cannot be overlooked, as it alone stands between the fruit producers and the freedom many of them seek to market and distribute their own produce, say the independents. While espousing free market principles, the department under Kraai van Niekerk finds excuses to delay the inevitable deregulation of all agriculture and not just some of it.

Representatives of European fruit distribution companies who visited SA last month confirmed that this country would be "flooded" with fruit buyers within days of any deregulation and that producers of good quality fruit would benefit considerably.

The independent's association membership now represents over 25 000 hectares of fruit production and has members ranging from very large corporate production units to privately farmed units of less than 10 hectare, all of whom support the ideal of freedom to export their fruit. The organisation does not seek the demise of the existing structures, only the right for its members to have a choice, and if they wish to compete against it.

Some of the members feel that merely having the freedom to move if they wished would make the two fruit bodies sufficiently accountable, and such a move would not be necessary. ■

# SA's fruit exports get <sup>(749)</sup> a top rating ~~ST (BT)~~

ST (BT) 21/1/96

TESCO, the massive British retail chain, is one of South Africa's biggest clients for consumer products and is the single biggest client of South African fruit exporters.

Unifruco, the international marketing group of the deciduous fruit industry, says Tesco is Unifruco's largest customer with sales running to more than £30-million annually.

Sir Ian MacLaurin, Tesco's chairman, was in South Africa last week to cement relationships with farmers and exporters. He says Tesco has always bought canned fruit from South Africa.

Tesco was mainly an importer of canned fruit from Langeberg. But with a change in consumer preferences, it now imports more fresh fruit.

Tesco imports grapes, citrus, plums, apples, pears and exotic fruits and is "a huge importer of South African wine".

It still sells canned products but this is now a small part of its business. Canned fruit sales are on the decline, whereas fresh fruit sales have increased by 25% a year over the last few years.

Sir Ian says South African fresh fruit exporters are tops "when looking at value, continuity of supply and quality".

"I have been around the farms and seen the husbandry which is on a par, if not better than the rest of the world."

Another reason for importing from South Africa is the need to have a good chill chain, where products are kept in an almost chilled state. From the chill store, products are loaded onto ships and unloaded in Britain 14 days later.

South African products are in Tesco

By **MARCIA KLEIN**

stores within 16 days. Sir Ian says that at this time of year South Africa has a huge advantage over the rest of the world. Fruit imports from Chile take 21 to 24 days, and New Zealand is a month away.

"With the quicker rate of supply, coupled with the integrity of the product, South Africa is a leader in the field", he says.

His cursory glance at the South African retail market seems to indicate that stores are eight to 10 years behind those in Britain, particularly in terms of logistics, distribution systems and efficiencies.

"There is a huge opportunity to do the fresh side of the business better here. We are successful in the food chain because we all work together, from the grower right the way through".

Tesco sends people to South African so they can plan their respective needs together. "This is very much a combined operation. It is in our interest that everyone along the chain understands our problems and needs and that each section is profitable," he says.

He says the tradition of squeezing manufacturers is not the right way to go.

Tesco pays its suppliers in 30 days. "To keep manufacturers waiting gives them a problem and they have to cut training and innovation budgets, and inefficiencies flow back along the supply chain."

Tesco has 500 stores in Britain, 130 in France, 65 in Hungary and 45 in Poland. Its own brand makes up 45% of sales while branded goods make up 55%.



# Motor industry exports revving up

Edward West  
and Lukanyo Mnyanda

MOTOR industry exports grew by 51% to about R3,4bn last year, with the trend likely to continue this year as vehicle and component makers pump up exports to benefit from the motor industry development programme.

A National Association of Automobile Manufacturers of SA spokesman said that R830m represented the sale of about 9 000 fully built cars and 8 500 commercial vehicles. Of the fully built cars sold overseas, 6 221 were Jettas exported by Volkswagen SA (VW) to China in terms of a three-year export contract which ended the middle of last year.

A VW spokesman said the company would be launching a major effort this year to maintain the

rand value of last year's exports. The value of the contract amounted to about R300m in sales last year, while the export of components lifted its foreign sales by an additional R140m. Further details about VW's export strategy would be unveiled later this week.

In terms of the development programme, foreign exchange credits from export earnings can be used to offset imports on a rand-for-rand basis.

Delta Motor Corporation predicted 32% growth in its export business this year, with a total sales value in excess of R500m. The company exports catalytic converters, leather seating, metal components, glass, tooling, stainless steel stampings and electronic components to all continents.

BMW SA was expected to announce a major capital injection

from its German parent today to help the local company become a world production centre for right-hand drive 3-series BMWs, while Mercedes-Benz SA was expecting its overseas sales to increase by 20% this year to about R850m.

Toyota SA said it intended to introduce diesel engines to certain light commercial vehicle models to boost its African exports of fully-built vehicles to 3 500 units this year from last year's 2 709. The inclusion of Uganda and Tanzania to Toyota SA's existing markets — Zimbabwe, Zambia, Mozambique, Malawi and Kenya — would also boost exports.

A Nissan SA spokesman said the company would be embarking on an export drive this year, but it was too early in the year to disclose details. Samcor also did not want to disclose its export plans.

PD 23/1/96 (746) 748

(746)

# Mercedes-Benz SA reports 400% increase in export market

CT(BR)25/1/96

By ROY COKAYNE

Pretoria — Mercedes-Benz of SA's exports have grown 400 percent in the past two years and it anticipates exporting products worth R650 million this year.

The company's marketing manager for passenger cars, Eric Scoble, said the group's exports were mainly to the passenger car division of Mercedes-Benz in Germany and included leather, alloy wheels, catalytic converters, glass and some smaller components.

The company was supplying leather and catalytic converters for the original equipment market and the remainder of the products to the after market.

However, he said the strength of the rand was making it increasingly difficult for motor manufacturers to export, although it was good news

for the pricing of vehicles.

Scoble doubted completely built-up vehicles would be exported from South Africa. He said there was not one manufacturer in South Africa that could produce vehicles cheaper than its parent company.

However, he said that any company that wanted to be a major player in the vehicle market would have to be an exporter.

Scoble said the company's passenger car market share grew for the fifth consecutive year, reaching 11,3 percent at the end of last year from 10,9 percent in 1994.

In the light commercial vehicle sector, the company achieved a 5,5 percent market share with the Colt range after only a year in this market. The bakkie range captured 8,1 percent of the one-ton pickup segment, he said.

Scoble said the company fore-

saw a marginal increase in its market share this year, and hoped to attain 12 percent of the market after the launch of the new E-class and Honda Ballade. The company did not expect growth in the industry this year to match that of last year, but Scoble said that total vehicle sales could grow between 5 to 10 percent if the economy grew 4 percent as predicted.

Scoble said two factors could make the market do better this year than forecast — a drop in interest rates, which were expected to be reduced by 2 percentage points during the year, and pricing, which was dependent on the rand exchange rate "holding up".

Scoble predicted the cheaper segment of the car market would be the biggest sector by 1998 — with the two bottom segments accounting for 80 percent of sales.

# R3bn mineral exports bonanza

Greta Steyn

(74G) (240)  
NEW export revenue from large minerals beneficiation projects should give SA's balance of payments a R3bn boost this year, Nedcor said in its latest Guide to the Economy.

Higher export volumes were also expected from other commodities such as ferrochrome, manganese ore, iron ore and ferromanganese. Coal exports should remain strong, while the BoP would benefit further from the improvement in the gold price, if it was sustained.

Prospects for higher agricultural output and exports also looked promising. Although import growth was high, the annual rate of increase had slowed from about 50% at the beginning of last year to about 20% by year-end.

BD 26/1/96  
However, Nedcor still forecast a sizeable current account deficit of about R15bn for the year. It said the correct stance of the monetary policy authorities was difficult to determine, as the central bank had to assess normal business cycle pressures as well as the success of structural changes in the economy. In previous cycles, interest rates peaked well into the economic downturn and rose well into the upturn. But current expectations were based on predictions of higher growth of about 4%.

Meanwhile, the Board of Executors said lower inflation had resulted in real interest rates moving out of line with the underlying macroeconomic fundamentals. The BoE said rates would be cut twice within the next six to nine months, resulting in a prime rate of about 16,5% by year-end.

# The 500 000th ton of klinker cement

IAN SHIFFMAN  
Shipping Reporter

74G 18 ARG 27/1/96  
bour.  
THE 500 000th ton of klinker cement was exported from Cape Town's harbour this week, making it the largest bulk commodity currently exported through Cape Town.

The half-million tons was loaded in 14 ships over 2½ years, earning the country R60 million in foreign exchange.

The scope for export of the product was realised by PPC Cement when they found spare capacity to produce klinker for export.

It was not easy to break into the export market, according to Razaak Hassim, PPC's director, logistics. A high-quality product was required for export and fierce competition from other foreign suppliers was encountered.

However, the De Hoek factory managed to succeed in securing the contract, which initially faced loading problems in Cape Town har-

A primitive conveyer-belt system was installed. However, loading was painfully slow and quantities were being blown away.

Greystones of Durban put together an efficient loading system which boosted loading rates from 3 000 tons a day to 8 000 tons, significant by international standards.

Louis Du Toit of Spoornet said it was one of the most innovative projects yet tackled. Spoornet was also required to assist as 900 trucks were required for each shipload.

Portnet assisted with the provision and installation of certain facilities, and besides the docking and undocking of each ship, each vessel had to be warped up and down the quay, loading each hold individually.

In a further boost to get the product on the export market, Safmarine supplied the first two ships at a special price.

# COMPANIES

## Car makers geared up for R5bn export drive

By DON ROBERTSON

MOTOR manufacturers plan to spend more than R5-billion over the next four to five years to boost export production.

Capital spending will involve tooling for new vehicles, upgrading facilities and increasing component manufacture. BMW finalised its capital programme this week with the announcement of a R1-billion injection to lift production to 25 000 units a year from the current 16 000 on a single shift. By adding a second shift, output could double to 50 000 units annually.

BMW's spending programme, announced by chairman Bernd Pischetsrieder, had the proviso that crime in South Africa needed to be addressed. "Should crime continue to escalate as it has in the past year, this will undoubtedly force us to reassess the considerable invest-

ment we intend making over the next four years," he said. With BMW SA now a member of the BMW global network, the capital commitment will be used to increase production levels for the domestic and export markets including those in Australia, Pakistan and south-east Asia. It is hoped that the value of exports will increase to about R900-million in 1996.

Toyota has committed R1,4-billion for new models, parts systems and factory improvement, of which R450-million will be spent this year. Exports are likely to reach R180-million this year. Delta Motor Corporation, which sells Opel and Isuzu, began its investment programme last year and has confirmed spending of

R600-million to the year 1998. About R260-million of this will be on model facelifts and the commissioning of the Strandale plant, which was recently bought from Samcor. A further R280-million will be committed to new products and updates. Exports this year should top R300-million.

Mercedes-Benz has a "special project" costing R230-million this year and has allocated R540-million until 2000. Exports are expected to reach R850-million this year. Samcor, which recently introduced the Ford Escort, has trimmed its spending programme for the current year, with only R126-million earmarked for the engine plant. Expenditure in following years will be at "normal" levels. Volkswagen, which launched a new Audi A4 last year, will also

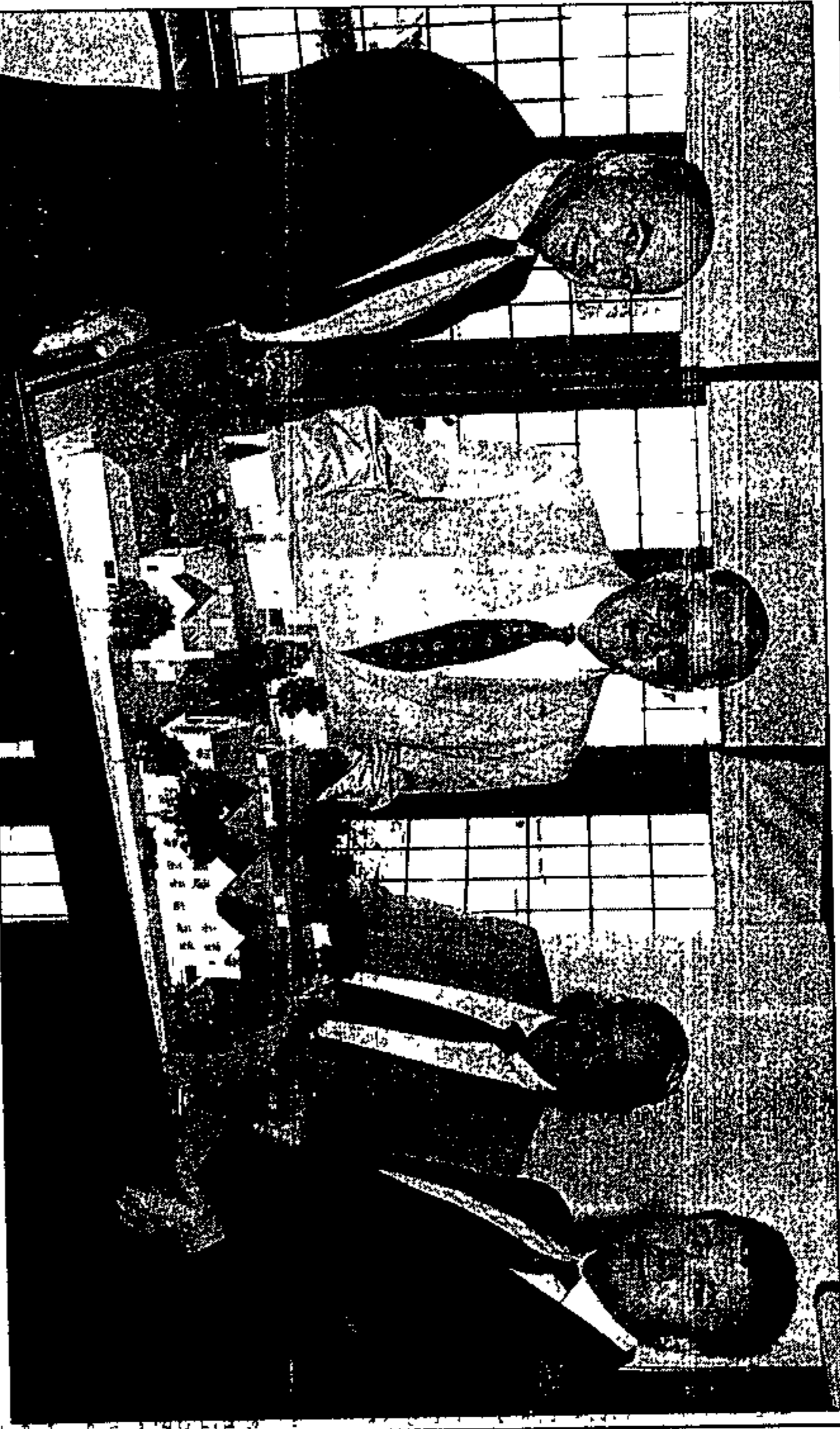
keep spending down in the current year at about R200-million. Exports, forecast at R426-million in 1996, are expected to grow to R1-billion by 1997.

Nissan has embarked on a R170-million programme to boost production, productivity and quality at its Rosslyn plant and will spend a further R400-million over the next three financial years on new models and facilities. Dealers such as McCarthy Motor Holdings and Imperial Motors will also commit large sums for establishing of dealer networks. Chrysler this week announced it would be establishing a dealer network at a total cost of no less than \$20-million (R72-million). Chrysler will sell a range of fully imported cars from mid-year onwards, including the Grand Cherokee, the Jeep Wrangler and the Chrysler Neon.

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(744)

ACCOMMODATING INVESTORS: Norvest members Tom Davies, Keeve Steyn, Max Silverman and Kevin de Villiers



# NEWS

## Citrus exports spurt ahead

ROY COKAYNE

Pretoria — Southern African citrus exports through Outspan International are expected to grow at least 5 percent this year to 44 million cartons worth R1,8 billion.

But Outspan International managing director, John Stanbury, said this export estimate was conservative and the group hoped to export close to 50 million cartons, which would boost gross sales to about R2 billion.

Last year a record 41,7 million cartons were exported to 60 countries, compared with 39,6 million cartons in 1994.

"From a marketing viewpoint, the outlook for the increased export citrus crop is positive. Indications are that the northern hemisphere citrus season will end early, which will open the

market for Outspan in Europe in particular.

"Exports to new markets such as Canada and eastern Europe, developed by Outspan since the early 1990s, will also be substantially higher than those of 1995," he said.

### Reasonable

Stanbury said the early end to the northern citrus season meant Outspan would be able to enter the market at more reasonable levels instead of waiting for an increase in demand to push up prices.

He said western Europe accounted for between 50 and 55 percent of Outspan's exports and the Middle East about 30 percent.

Stanbury attributed the expected increase in exports to the widespread

recent rains and the number of new citrus trees coming into production.

"The Northern Province and Mpumalanga, two of the largest citrus production areas, have in particular been severely affected in recent years by the ongoing drought.

"However, the good rains received over the past month or two bode well for citrus production from those areas.

"The fact that major dam levels are still rising and that farm dams are full will ensure the success of this year's crop and enable a good crop to be set for the 1997 season," he said.

The condition of trees had improved markedly since the breaking of the drought and fruit size was expected to be good. But Stanbury said that the potential export crop in some areas had been affected by heavy winds and hail damage.

# Port delays build as imports, fruit exports grow

Shipping Reporter

DELAYS to vessels waiting for berths at the container terminal have increased steadily over the past weeks with most ships having to wait at the outer anchorage for 60 hours or more.

The Spevda Vraedos had only 10 containers to discharge and seven to load, yet she had to remain at anchor for 57 hours,

while Cosco's Tao He had 20 boxes to discharge and 11 to load, and was delayed before berthing for 52 hours. NKY's container ship, Ise, worked her containers with her own deck cranes at the combi terminal, until the stradlers broke down, forcing the vessel to wait four days for a berth.

The fruit berths are also under pressure with exports in full swing. A number of

vessels have had to anchor in the roadstead until their berths became available. With a steady flow of imports expected as well, delays in Cape Town are expected to continue for the next few months.

■ **MAKING** her first visit to Cape Town this week is the Japanese cruise ship Nippon Maru.

The 21 903-ton ship is on a special voyage carrying students from various nations

# More opposition to EU trade agreement

By JOHN FRASER

Brussels — The head of the European Union's (EU) farming lobby, Sir David Naish, has warned against "one-sided" trade deals between Europe and countries such as South Africa.

Naish presides over the EU farmers' group and is also head of Britain's National Farmers' Union.

He expressed deep fears about planned trade accords between the EU and countries in North Africa and South America, as well as with South Africa.

He warned that trade accords could lead to a flood of imports into Europe from these countries. They would be cheap because the supplying states did not have to meet Europe's strict environmental and food safety regulations, he said.

Naish said the trade "will inevitably put our agriculture

under a lot of new stress unless it's done under sensible trading arrangements.

"The trade deals always seem to be one-sided because so many of these countries have no other exportable product than food," he said. The remark was not aimed directly at South Africa, but at other countries that sought access to the European market.

"The consumers should have absolute trust that what they're given to eat is 100 percent safe.

"We know the structures of some of these countries. They haven't got the policing mechanisms — never mind the laws — to make some of those warranties."

The EU was expected to agree to a trade offer with South Africa at a meeting of European foreign ministers later this month.

France has delayed the process, demanding that a comprehensive study of the implications be under-

taken before a free-trade area was offered to South Africa.

Union officials were working on a report for the ministers. They hoped to secure French backing for the negotiations.

The negotiations would consider the impact of the planned trade deal with South Africa on the union itself and also on Europe's other trading partners. They would also analyse the compatibility of such a deal with world trade rules.

Whatever the union called its trade offer to South Africa, it would be far from a free-trade accord in the purest sense.

Protectionist pressures from the French, Spanish, Italians, Greeks and others were likely to tie the hands of EU negotiators.

Diplomats in Brussels said efforts were being made to reduce a long list of South African farm products that would not receive

the benefits of a free-trade deal with the European Union.

Though the list had been cut considerably, there was still no final agreement.

Products such as wine, canned and fresh fruits, and fruit juices were likely to be affected.

"We have powerful farming interests, putting pressure on powerful governments," said an EU official. "The result is that South Africa will be fighting an uphill battle in attempting to win better access for its agricultural exports to the EU market."

South Africa has not yet said whether it would be interested in a free-trade agreement with Europe. It was waiting to study the details.

The aim was to conclude negotiations before the second half of this year. But many observers believed that the process would take far longer than that. — Independent Foreign Service.

## Marseilles draws more SA exports

By DEAN-JACOUS CORNISH

Johannesburg — The volume of South African exports entering Europe through Marseilles increased by more than 150 percent last year, said Francois van der Merwe, South Africa's consul general in the port city.

Van der Merwe was speaking at the opening of the French-South African Association of Marseilles, which has been established to promote social and cultural exchanges between that region in the south of France and South Africa.

He said provisional figures showed 1 280 000 tons of South African goods were shipped into Marseilles last year, compared with 499 500 tons the previous year.

In the same period France exported 87 900 tons of goods through Marseilles to South Africa, a slight decrease on 1994.

OLYMPIA



# Benoni may pilot export expansion

(746) Sowetan 8/2/96

By Isaac Moledi

**T**HE BENONI CHAMBER of Commerce and Industries proposes that Benoni be used as a pilot scheme for Export Processing Zones because of the area's inherent advantages and extensive infrastructure.

The chamber's foreign trade representative, Mr Mike Cornwell, says as the government has been looking into putting EPZ in place in South Africa, Benoni's existing infrastructure can be used to pilot the scheme.

He says the infrastructure in the area offers 20 minutes' access to Johannesburg International Airport, rail sidings to factories, the Sentrarrand Marshalling yard on its border and highway access to Durban and Maputo.

"We have sent an application to the government to consider using Benoni for its EPZ because of the area's infrastructure and its geographic position on the East Rand," says Cornwell.

Cornwell says the chamber offers a "certificate of origin" service to exporters either at its own offices or at the exporter's office.

"The available labour force is stable and peaceful, relative to most other towns on the East Rand.

So with all these positive benefits, Benoni is the ideal city to start a pilot

## Many people will benefit from this

scheme," says Cornwell.

For a company to qualify for EPZ status it should export most of its produce with preference given to processors that earn hard currency.

An EPZ enterprise may also be granted "non-resident" status, allowing it to operate foreign currency bank accounts and freeing it from exchange control regulations.

The chamber also proposes that EPZ enterprises be allowed to operate as single factory units operating anywhere in the Greater Benoni municipal area, essentially an extension of the "bonded warehouse" system.

"Obviously additional administration will be needed to monitor the EPZ enterprises and the chamber is offering its available infrastructure to cooperate with the relevant government departments to provide this service," says Cornwell.

"Export-Processing Zones offer a real opportunity to create new jobs, invite investment and if this proposal is approved, factory floor jobs will be provided, alleviating the job situation in Benoni," he says.

## Call for more export incentives

David McKay

BD 9/2/96

(749)

COLUMBUS joint venture chairman Leslie Boyd urged government to introduce further export incentives to stimulate industrial development in SA.

Speaking at the opening of the expanded R3,5bn Columbus Stainless steel plant yesterday — opened by President Nelson Mandela — Boyd said there had been a paucity of major projects due to a lack of investment incentives.

"Government needs to look at investment incentives with more urgency, similar to section 37E of the Income Tax Act," Boyd said.

This incentive allowed the accelerated write-off of capital spending during construction rather than after the projects were commissioned. Boyd said this tax allowance had been a vital facet in giving the project the go-ahead by the joint Samancor and Highveld board during the early 1990s.

Boyd criticised the high level of

corporate tax and warned government not to tamper with the Industrial Development Corporation (IDC) because it helped generate investment in the country. The IDC had poured R970m into the Columbus project.

Boyd said the large availability of local chrome reserves, the predicted 5% to 6% growth rate in world consumption of stainless steel and Highveld's proven expertise in the production of carbon steels were also integral to the project's viability.

Mandela said the potential the Columbus expansion offered in downstreaming and job creation was enormous. "We should see the completion of this project as just a beginning. The process of value-adding should not stop here but be passed on to other stainless steel manufacturing companies."

By 2000, Columbus aimed to sell about 100 000 tons into the local market — almost double last year's local sales of 60 000 tons.

# Steel plant to boost exports

□ *Good potential for job creation, says Mandela*

MIDDELBURG - President Nelson Mandela on Thursday opened Columbus Stainless, one of the largest stainless steel plants in the world, and urged the industry to use its metal to create 100 000 new jobs.

Columbus plans to lift annual production of stainless steel to nearly 450 000 tons this year from some 250 000 tons in 1995, after investing R3.5 billion on a 32-month expansion project.

The plant in Mpumalanga will reach peak production of 600 000 tons in 1997.

"The realisation of this mammoth project gives our country a strategic asset and challenges us all to ensure that as a nation we derive the maximum benefit from it," Mr Mandela said.

"Columbus could provide the basis for massive job creation."

Stainless steel produced from local iron-ore, chromite and nickel could provide feed-

stock for a host of new factories making everything from pots, pans and cutlery to car components, construction materials and industrial tanks.

But realising that potential would require close partnering between Columbus and local consumers, Mr Mandela said.

Department of Trade and Industry studies suggested there was a possible employment creation potential in 10 years of 100 000 jobs, he added.

Columbus and its three shareholders Highveld Steel and Vanadium Corp Ltd, Samancor Ltd, and the state's Industrial Development Corp had already set an action plan to boost local use of stainless steel.

But South African consumption is still likely to lag well behind production for the foreseeable future.

Columbus expects to sell only 15 percent of its output locally by the time it reaches full production, with 85 percent going for export. That will make it one of South Africa's leading exporters and a major contributor to foreign exchange earnings.

But the capital-intensive plant in itself will do little to dent South Africa's chronic unemployment, estimated to afflict one third of the economically-active population.

Columbus's turnover this year is expected to reach about R3 billion, up from an estimated R1.3 billion in 1995.

"Stainless steel fabrication offers immense potential for small and medium enterprises that tend to be labour intensive. Columbus has made some progress in this field, but the possibilities are enormous," Mr Mandela said. - Reuter.

(746)

ARG 9/2/96

# SA firm to export to Land Rover UK

BD 14/2/96 (1992)

(74G)

Edward West

LAND Rover SA, which started its first local assembly last month, has clinched a R90m UK export order — the first in string of export deals being negotiated which could include the locally made Defender model.

The deal, with Land Rover's main plant in Solihull, involves leather seat covers made by independent local vehicle trimmings and leather company SA Trim.

The contract was for a year, but spokesman Braam van der Vyfer

said he expected it to be renewed for several years.

The company also planned to implement a range of export initiatives. Negotiations were under way. Other contracts would include engine components and possibly the locally assembled Defender 90 series. These cars would be introduced to the SA market on March 1.

Land Rovers were previously assembled in Cape Town by Associated Automotive Distributors, but the operations closed when BMW AG took over Rover in the

UK in 1994.

Land Rover SA opened as a national sales company on January 2 last year.

In its first year 2 287 fully built imported Land Rovers were sold. The 1 009 Land Rover Discovery units sold pushed the company to number one spot in the luxury 4x4 market with a 45% market share.

The seat covers to be exported would be used in Land Rover's Discovery model. The contract enabled leather manufacturer SA Trim to invest R6m in a plant and create 100 new jobs.

# Land Rover wins R90m export order

BY ROY CORAYNE

~~1992~~ (74G)  
CT (OR) 14/2/96  
Pretoria - Land Rover South  
Africa had secured a contract worth  
R90 million a year for the export of  
leather seat covers to the Land  
Rover plant in Solihull in Britain,  
the company said.

The contract will create 100 new jobs at leather manufacturer SA Trim, BMW South Africa's wholly owned leather export subsidiary, and has resulted in a R6 million investment in SA Trim's manufacturing plant in Ga-Rankuwa, near Pretoria.

Rover International entered an agreement with BMW South Africa in November 1994. Earlier that year, BMW in Germany bought British-based Rover Group.

Rover subsequently invested R60 million in a new production facility at Rosslyn and a new sales and marketing centre in Midrand.

The leather export contract will boost the outside customer business of SA Trim.

Last year, Kryn Hogendoorn, the senior manager of SA Trim, said he expected customers other than BMW to constitute 40 percent of the company's business this year and next year if a deal with Land Rover SA could be worked out.

Piet Rademeyer, the managing director of Land Rover SA, said the contract was the first in a range of export initiatives Land Rover SA planned to implement.

He said the seat covers would be used in Land Rover's Discovery model, and 36 000 sets of covers would be delivered.

Braam van der Vyver, the public relations manager of Land Rover SA, said the contract was renewable on an annual basis.

He said that the company expected the contract to be a long-term venture.

Van der Vyver said the leather export contract and impending export contracts, involving some other components, would help Land Rover SA to earn export credits in terms of the Motor Industry Development Plan and balance its books.

The implementation of the plan on September 1 last year resulted in Land Rover SA losing its import permit for semi-knocked-down vehicles, causing import tariffs on the Discovery model to rise.

But Rademeyer said Land Rover SA was still committed to keeping its vehicles affordable and, despite the negative financial implications, it had decided to bear the brunt of the increased tariffs to the benefit of the purchaser.

# Export boost could see deficit shrink

Mungo Soggot

BS 14/2/96 (746)  
EDEY Rogers economic consultant Edward Osborn has stuck his neck out and predicted SA's current account deficit could shrink to R5bn this year from R12bn last year, far lower than even Reserve Bank governor Chris Stals is banking on.

Despite Stals's comments in Davos that the deficit could widen to R15bn this year, Osborn said exports could improve and imports subside sufficiently to provide huge relief for the current account. The deficit could end up even lower than R5bn, he said.

SA's exports could grow as much as 15% to 20% this year, with new stainless steel and aluminium exports — from Columbus Stainless Steel and Alusaf — and a much higher gold price lifting gross export values to R120bn. "Prospects for exports are very good indeed. Exports should provide the basic support to economic growth this year."

On the import side, Osborn said the economy would probably soon run out of room to absorb the

recent explosion of imports which had largely found its way to fixed investment, particularly in mega-projects and the communications industry.

Osborn warned SA could soon be faced with another "profligate burst of import demand" if the local manufacturing sector deteriorated badly.

He expressed fear that widespread downsizing to meet foreign competition was damaging the sector's potential future contribution to growth. "Given the way manufacturing is going, 4% is not on the cards." He expected last year's growth to end up at 3%.

Although the Central Statistical Service had published contradictory information on the state of the manufacturing sector, it appeared the sector had taken a bad knock.

According to the service's third-quarter GDP figures, manufacturing's contribution to GDP rose 10,5%. However, the seasonally adjusted index of manufacturing activity dropped 1,8% and it appeared the GDP figures had not yet reflected fully various revisions to manufacturing figures.

# Samcor increases exports

By ROY COKAYNE

Pretoria — Samcor under-estimated the increased volume from an export order clinched by its engine plant in Port Elizabeth late last year by up to 50 percent, Jim Miller, the managing director of the group, said recently.

The export order from Ford Motors made Samcor's engine plant the sole worldwide supplier of Ford Escort 1,4 PTE engines and required an investment of R126 million.

The order was expected to generate R400 million in export revenue a year.

Miller said the Ford contract called for 200 000 PTE engines to be delivered over 30 months.

The company had expected to employ an additional 350 people because of the export deal, and for its suppliers to have to add jobs — to cope with additional orders.

Miller said that it was conservatively estimated that the export

order would represent about 400 engines a day.

"The volumes are conservative by up to 50 percent and there will be a commensurate increase in export revenue," he said.

Miller said Samcor had also secured other export orders from Ford Motor for castings and sheet metal.

"Samcor's export revenue has the potential to grow considerably. There are a lot of other markets we haven't worked on which have a lot of potential," he said.

Miller was not prepared to put a figure on the size of Samcor's export revenue but it involved "several hundred million rand — and growing — and is a significant piece of our business".

"Samcor is not a publicly traded company and we don't put investment and export orders in the public domain unless it is an unusual event such as the Ford Escort 1,4 PTE engine export contract."

ET (BR) 16/2/76 (74G)  
He said Samcor's engine plant had the physical capacity to cope with increased export orders.

Miller said he was disappointed about the execution of the motor industry development plan.

He said not only did it take almost three years from the establishment of the motor industry task group to get the development plan launched, but it had taken another couple of months to get the ad valorem duties gazetted.

Miller said elements of this were still being discussed. He said these discussions could result in further alterations involving retrospective and retroactive legislation.

He stressed that a predictable investment environment was important to international investors.

But Miller said the development plan was long overdue. It was important to the industry to improve cost and quality.

One way to achieve this was to expose the industry to imports of

built-up vehicles, he said.

He said it appeared the government believed the South African motor industry would be able to compete on the same basis as many countries in the Western world, with a small margin between the duties payable on completely built-up and semi knocked-down vehicles.

Miller believed the small gap between these duties and the pace at which they had been reduced would put the local motor industry under more pressure than was expected.

He expected that vehicle imports would increase dramatically and said that those expecting vehicle imports to grow only to 30 000 to 40 000 this year "were dreaming".

Miller said the automotive trade deficit would move from a small negative to a significant deficit and drive government policy decisions in the next two to three years.

# Gauteng initiates its own talks on export zones

(744)

BD 21/2/96

Ingrid Salgado

CENTRAL government's slow progress on finalising industrial development policy has led to at least one province initiating its own preliminary discussions on export processing zones and units, a move which could ruffle the feathers of labour and business.

Gauteng economic affairs standing committee chairman Andrew Feinstein said yesterday the committee would discuss over the next few weeks on the viability of putting in place the zones and units. However, these should form part of a broader industrial development strategy emanating from central government.

Committee member and DP Gauteng MP Brian Goodall said such zones were normally driven by tax and customs duty incentives, but provinces had no jurisdiction over these functions. This was the "fundamental problem" with Gauteng forging ahead with its own plans.

The province would meet labour and the National Special Economic Zone Forum and would liaise with the national trade and industry standing committee on the matter. Other provinces should take part in discussions.

Export facilitating mechanisms had been on the agenda of the National Economic, Develop-

ment and Labour Council (Nedlac) "for some time" but it was not clear what progress had been made there, Feinstein said.

It was also being discussed in conjunction with the trade and industry department's re-evaluation of its regional industrial development programme.

"We are unclear about exactly where the process is at nationally. I have the impression it's going nowhere. If nothing happens, we (Gauteng) will begin discussions but this is difficult because we do not have the appropriate powers."

Renee Grawitzky reports that labour and business have expressed concern about implementing the zones.

## Policy formulators

National Union of Metalworkers general secretary Enoch Godongwana said he had no problem with providing incentives such as the zones as long as they complied with existing labour standards. Traditionally such zones were excluded from complying with labour standards. However, such a move would be unconstitutional in SA. "The strength of the labour movement cannot be wished away," he said.

Business SA spokesman Stef Naude said no final position on zones had been adopted within

BSA's ranks. However, policy formulators would have to consider whether they would be made available to SA companies as well as foreign companies.

Feinstein said the committee would hear soon a report on Namibia's zones. SA had to exercise caution in creating possible competition with Namibia, since too many zones in the region could lead to a "fiscal war".

Johannesburg Chamber of Commerce and Industry trade promotion manager Gordon Griffiths said zones were "a good idea" for developing economies where manufacturing was in the process of taking off. However, SA's manufacturing processes were more advanced than countries such as Malaysia and Cameroon which had put zones in place.

Major problems with zones included difficulty in policing the zones, local industry fears that it would be prejudiced in favour of foreign investors, labour's concern that the zones would fall outside its ambit, and possible competition between the nine provinces.

Zones should not be in the jurisdiction of provinces, Griffiths said. Incentives for foreign investors had to be determined nationally since they had far-reaching implications. SA needed "urgently" a revised list of incentives, which could include zones.



## Export zones talks on hold

Ingrid Salgado

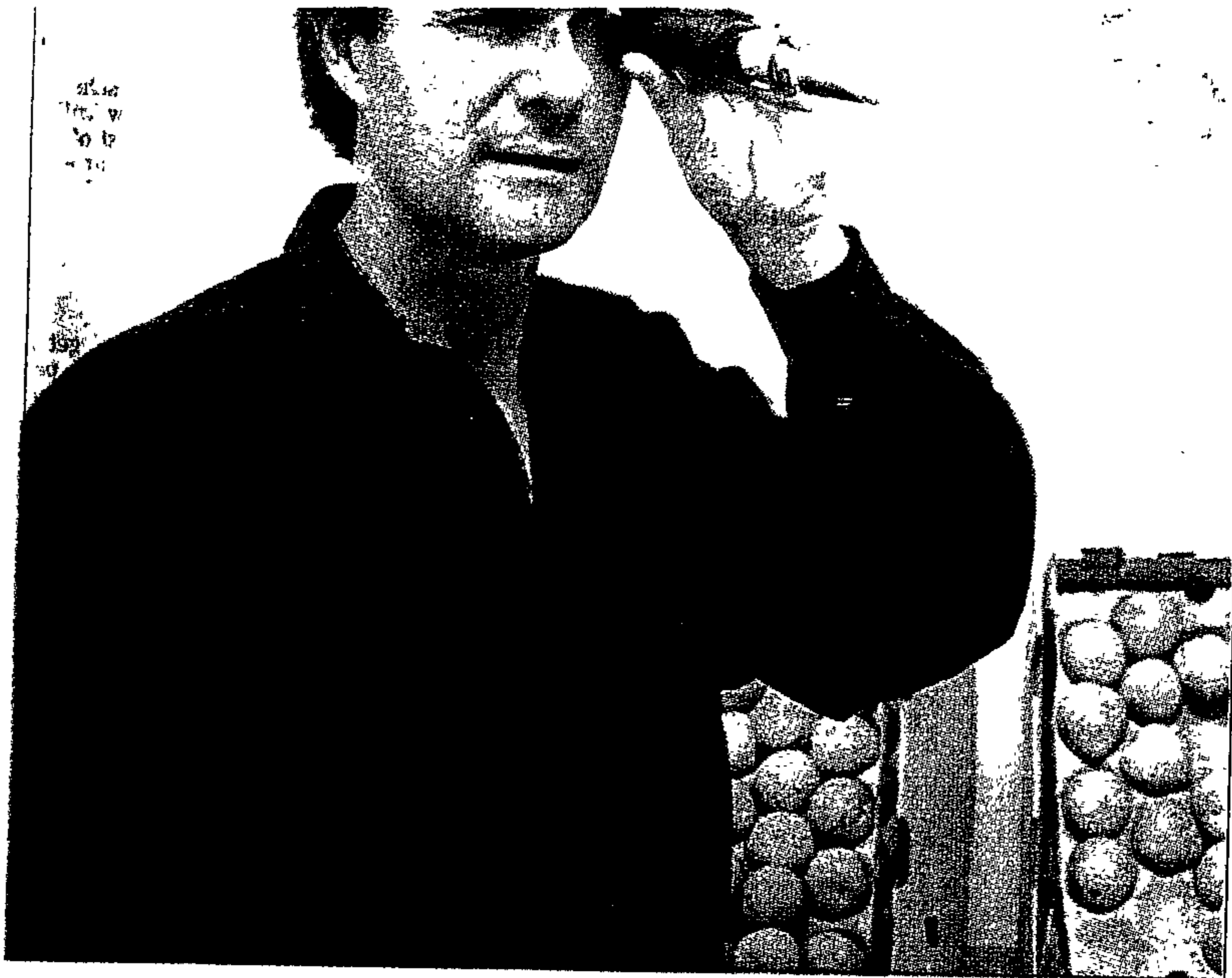
(74G)

BD 22/2/96

GAUTENG's economic affairs standing committee would ascertain from central government whether there was anything to be gained from provinces discussing the issue of export processing zones, committee chairman Andrew Feinstein said yesterday.

The committee would decide to take the matter forward only once these discussions had taken place.

It had decided to "slow down" discussions on the zones because of the issue's complexity. The investment and export promotion subcommittee would take the matter up with central government.



KEEPING IT SWEET . . . Dr Malcolm Dodd checks the sweetness of the fruit with his "sweetometer" at the Trans-Fresh laboratory at Cape Town's harbour  
Picture: AMBROSE PETERS

## Sweet future for fruit and vegetable exports

By Jeremy Woods

A LEADING American corporation, Trans-Fresh, who specialise in making rarified air to keep perishable fruit fresh during transportation, is making a major impact on Western Cape agricultural exports.

Trans-Fresh came to the Western Cape a year ago and targeted deciduous fruit and vegetable shippers as likely users of their technology, which involves controlling the temperature and atmosphere levels inside a container.

And the move into the local agricultural market is beginning to pay off.

"In the first year of business we have easily beaten our budgets and now that exporters have experienced the improved quality our air control systems bring to their fruit during

transportation, the business looks set for an exciting future," says Dr Malcolm Dodd, managing director of Trans-Fresh in Cape Town.

The key to the Trans-Fresh operation is its preservation of fruit and vegetables during a long export journey.

This is done by sealing a container with plastic sheeting and installing a portable computer with a specially developed software programme to regulate the flow of oxygen through the container during the voyage.

"When fresh fruit and vegetables are harvested they continue to breathe, consuming oxygen and emitting carbon dioxide. By using our computerised Tectrol system to control the atmospheric components, the respiration rate is lowered and the product maintains its quality over longer periods of time," says Dr

Dodd.

An important factor in this operation is finding the right rate of respiration for the right product.

One hurdle to installing the Trans-Fresh system is its cost.

"It increases shipping costs by about 25 percent a container of goods and this is obviously a significant added cost that shippers have to contemplate," says Dr Dodd.

"However, the significant growth of the business over the last year suggests local exporters are prepared to pay this price so long as using our system allows better prices to be obtained for the goods transported."

But there is another interesting facet to the use of Trans-Fresh, who operate in a number of other food-exporting countries.

"So long as the system is being used by competing countries to their advantage, major fruit and vegetable exporting countries like South Africa will be forced to look at it."

There has been such a range of inquiries from growers that Trans-Fresh has now opened a small laboratory close to Cape Town harbour.

"We are running a series of tests on various products to see how they respond to our air control systems. Once growers see the effect of our methods on their produce here, they feel more confident about using them during export," says Dr Dodd.

# SA to export sports cars to US

Edward West *BD 25/3/96*

A PRETORIA company is to begin exporting SA's first fully home-designed sports car to the US.

Advanced Automotive Design said at the weekend that 500 of the cars — dubbed the Shaka — would be produced for the US market and each would cost R100 000.

Partner Brian Glover said the first prototypes would be on the street in about three months, once the SA Bureau of Standards had cleared the design.

Most of the components would be outsourced, with the vehicles assembled in Pretoria.

Components such as the rear axle, wheels, seats and body would be manufactured locally,

though the cars would be powered by a V8 Chevrolet engine. A Buick V6 engine would be introduced from 1998 when global emission laws required all vehicles to have on-board electronic engine diagnostic systems in place.

"The car will be grossly over-powered," Glover said.

The two-seater would be manufactured to the latest mechanical technology. The total investment in the project so far amounted to R1m. The Shaka would be marketed in the US through Internet and through specialised automotive publications. The vehicle would also be displayed at the Detroit Auto Show in February and the Birmingham Automotive show in the UK later this year.

742

# Exporters unable to increase coal prices

749  
David McKay

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BD 25/3/96

SA STEAM coal exporters have failed to push through a price increase for contracts into Japan, despite earlier hopes of a rise on last year's level.

Ingwe Coal Corporation, the country's largest coal producer, said at the weekend that this year's prices into Japan would remain at last year's level, after Australian producers set last year's level as the benchmark price.

Analysts said this would leave steam coal prices at around \$35 a ton, despite previous hopes of a \$1,50 a ton rise.

Ingwe MD David Murray said negotiations were close to complete, but prices had been reined in by an increase in coal production and the higher number of sellers into Japan.

Australian and Indonesian suppliers had both lifted export production last year, with their respective export outputs to Asia ahead 12% and 25% for the year to October last year. It is understood that the Japanese had even pushed for price cuts.

Amcoal declined to comment, saying only that negotiations were still under way.

Though Japan is the secondary market for SA steam coal exports — Europe accounts for 55% of Ingwe's 12,7-million export tonnage — the settlement could still come as a blow. Analysts believe this year's European contract prices were set around 4,5% above last year's \$32,25 average.

Ingwe said price settlements had slowed compared with last year. However the outlook for the second half of this year remained positive.

European industry sources said Ingwe and Amcoal had achieved a marginal increase for prices into Korea. Local electricity company Kepko had bought 200 000 tons of steam coal from Ingwe and 100 000 tons from Amcoal for \$34,15 a ton, 15c above last year's price.

The softer state of the export market has been reflected in the coal sector's rating on the JSE. It stood at 7214,2 on Friday, midway between its year high and low.



# Small firms slipping up in exports stakes

**MAUREEN MARUD**  
Business Reporter

SMALL business in South Africa is not ready for global competition, a seminar on joint ventures and international business co-operation was told.

Most South African small and medium-size businesses "generally want things on a plate" when it comes to international trade, said Brennan Nelson, senior equity fund manager with NedEnterprise in Johannesburg, speaking in Cape Town yesterday at a Wesgro workshop on challenges facing Western Cape businesses.

"They don't want to do their homework.

"They want to spend as little money as possible in getting magnificent results in the short term."

Most small and medium enterprises hadn't yet realised that they had to invest in taking "industrial safaris" to Europe and

ARG 26/3/96

the United States, Dr Nelson said. "The costs can't be underestimated.

"If you are serious about the international market you must be prepared to invest time and very scarce financial resources to find (joint venture and other business co-operation) partners."

A speaker from the floor argued that it wasn't easy to be globally competitive when labour and input costs were higher than in many other countries.

A lampshade manufacturer, he said he was investigating the feasibility of having his product manufactured offshore and marketing it here.

Brian Johnston, Western Cape chairperson of the Foundation for African Business & Consumer Services, said that instead of moving production offshore, South African companies should begin to put money into human resource development.

(74G)

"Historically black people have been used as cheap labour.

"The apartheid era produced the mindset with black people that no matter how hard they worked, at the end of the day they got their pay and there was no prospect for promotion."

In the new South Africa productivity would improve considerably if the labour force was treated more fairly and company profits were ploughed back into staff development.

"Don't write off our workforce.

"Instead, educate not just from grassroots level, but also management, and we will become globally competitive."

Wolfgang Thomas of Wesgro replied that many firms were discouraged from improving productivity when their local production costs were R40 a unit and the price of products imported from China was R5,60 at the harbour.

# Budget cuts could force government to slash export

John Diudlu

GOVERNMENT could reduce benefits of the general export incentive scheme (GEIS) by almost half after severe cuts in the trade and industry department's budget allocations for the 1996/97 fiscal year.

In terms of the government timetable, the GEIS subsidy, to cease at the end of 1997, would be slashed to 12% from the present 14% next month.

However, sources close to the trade and industry department, which ad-

ministered the scheme, said the budget cuts could force government to reduce benefits to 6%.

The department's budget, of which a huge chunk was swallowed by GEIS, was reduced to R3,2bn from the 1995/96 year's R3,5bn.

"One option the government has is to retain the 12% subsidy for two months, before halving it."

During the 1995/96 financial year, GEIS was allocated about R1,9bn. In 1996/97 export trade promotion (which included GEIS) and foreign

trade relations were allocated a combined R1,9bn, representing a 12% decrease, according to the Budget Review. The decrease was attributed to the phasing out of GEIS.

SA Foreign Trade Organisation economist Anne Moore said the organisation's clients had expressed concern at the uncertainty surrounding GEIS. Safto was handling complaints from members, which included SA's exporting community.

The organisation, now part of the Industrial Development Corporation,

had urged members to make representations to the trade department to discuss their concerns.

Business sources said concerned exporters had requested a meeting with the trade and industry department.

Comment could not be obtained from the trade and industry department late yesterday.

Sources said government had planned to speed up the processing of claims ahead of next year's termination of the scheme.

Government's obligation to GEIS

'depended on available budgetary resources and any sudden change in the scheme's administration could harm its relations with industry.

"It will be a setback to the understanding that we have with government, that business needs to be warned in good time of any changes to GEIS," a source said.

Government has said GEIS savings would be used to finance a GATT-friendly set of supply-side measures. About R181m has been set aside for this in the 1996/97 financial year.

746  
Scheme benefits  
20 27 13/96

# Subsidy reductions a fiasco, says business

John Dlodlu

BUSINESS has accused government of renegeing on its promise not to introduce hasty changes to export subsidies received by SA firms under the general export incentive scheme (GEIS), describing the about-face as a "fiasco".

The accusation followed news that the trade and industry department, which faces budget cuts in the coming financial year, was considering drastic reductions to the scheme which would be terminated in December 1997.

At present, the subsidy amounted to 14% and was to be decreased to 12% next month. However, according to sources close to government, the scheme's benefits might have to be reduced further to 6% this year because of financial constraints.

An informal understanding existed between business and the state, that business be warned in

advance of any changes in GEIS.

There was lack of transparency in the trade department's handling of the issue, said a senior business source who did not want to be named.

The department's budget for the coming financial year was slashed to R3,2bn from 1995/96's R3,5bn, due to the phasing out of GEIS. The scheme, which was allocated R1,9bn last year, will share R1,9bn with foreign trade relations in this year's allocation.

About R181m has been set aside to finance supply-side measures as GEIS is being wound down. This was just a "drop in the ocean and the measures were not specifically targeted at export-orientated businesses".

Business offered to convene at short notice a meeting of exporters at which government could inform them of the mooted changes to GEIS. The department had so far ignored this facility, sources said.

BD 28/3/96

746

## GEIS is to be scaled down

Tim Cohen

74G  
20 29/3/96

CAPE TOWN — Trade and Industry Minister Trevor Manuel announced yesterday that the general export incentive scheme (GEIS) would be slashed, primarily because of budgetary constraints.

Manuel said that category four payouts to GEIS would be reduced from 12% to 6% from July 1, and category three would be reduced from 2% to zero.

Category four exports would still be reduced from 12% to 10% and category three from 3% to 2% on April 1. GEIS would be phased out completely, as scheduled, by the end of next year.

Trade and Industry director-general Zav Rustomjee said GEIS, which was already on the way out because it was incompatible with GATT, was also incompatible with government's policy of shifting away from demand-side to supply-side schemes.

He denied the move would have a dramatic effect on companies, saying the department's analysis showed that the average contribution of total GEIS payments to listed companies was of the order of 3%-5% of net profit before tax.

John Dluđu reports, however, that business reacted with shock to the news that GEIS would be scaled back faster than scheduled. The Afrikaanse Handelsinstituut called on trade and industry — which administers the cash-based export subsidy — to reverse the decision, as it would harm exporters.



# Cutback in Geis a threat to jobs

(746) ST (MT) 7/4/96

By CIARAN RYAN

THOUSANDS of jobs are currently at risk following the government's decision to halve export incentives to 6% from July this year.

Several furniture exporters say they will lose vast amounts of money in export orders, making them close down factories or move to Swaziland or Zimbabwe.

The General Export Incentive Scheme was reduced from 14% to 12% this month, but the Government plans to slash Geis to 6% in July. Many exporters now fear Geis will be phased out altogether in 1997, a year earlier than originally announced.

"All exporters have built their costing around a Geis level of 12%," says Dennis Jones, managing director of Prime Pine Products, a furniture export company. "Many of us have entered into contractual obligations and we cannot renegotiate prices. I have told some of my customers that I will have to go in breach of contract and suffer the consequences. We have no problem with Geis being phased out, but object to the lack of notice."

The Department of Trade and Industry has been inundated with protests from business warning of job losses, company closures and loss of export revenue. The DTI's budget was cut to R3,2-billion last month from R3,5-billion the year before.

Direct export incentives are outlawed under World Trade Organisation rules.

The Government has yet to announce alternative "supply side" incentives, which are not illegal, for training, research and development, and technology upgrades. An amount of R180 million was allocated in the Budget.

"This is like trying to spread a tub of butter over 1 000 loaves of bread," says Mr Jones. "It will do no good at all."

Two years ago, exporters of manufactured goods received tax-free Geis benefits equal to 19% of the export value. The benefits were later taxed and reduced in phases to 12%. Some of the major beneficiaries in the past were Iscor, Sappi, and canned fruit and vegetable producer,

Langeberg. Geis accounted for 41% of Langeberg's after-tax profits in 1995. Exporters of manufactured items stand to lose most by the reduction in Geis.

"We expected the government to stick to its commitments," says Johan Cilliers, Langeberg's financial director.

"Nevertheless, we have been preparing ourselves for the phasing out of Geis and it will have only a small impact on our bottom line this year, which ends three months after the phase-down to 6%. The DTI could have adopted a more structured approach to the free trade negotiations with Europe, dangling the carrot of a phase-down in Geis for more generous import terms."

Langeberg also stands to lose out should certain categories of fruit and vegetable products be excluded from the European free trade deal under negotiation with the DTI. Mr Cilliers says powerful farming lobbies in Greece, Spain and France are fighting to exclude a wide range of SA agricultural products from entering Europe free of duty.

Appliance manufacturer Nu-World, a major exporter of appliances to Europe and the Middle East, says the recent devaluation of the rand has largely compensated for the reduction in Geis benefits.

David Lermer, an international tax consultant with Coopers and Lybrand, says the loss of Geis benefits could be made up through the use of more efficient tax planning.

"Companies wishing to maintain and improve profitability in the absence of Geis would be well advised to step in line with the worldwide trend towards globalisation, which involves use of double tax treaties, identifying local and regional incentives or reliefs and making decisions for the most appropriate offshore structure for their particular business."

# Iscor-Macsteel get the nod for export

(746) (184) (232) ST (BT) 7/4/96

By DON ROBERTSON

THE joint export company between Iscor and R12-billion-a-year steel trader Macsteel has been given the go-ahead by the Competition Board after an extensive investigation.

The new company, Macsteel International, in which each company has a 50% stake, will now export all of Iscor's export production through its international trading network.

Iscor paid R60-million for its interest in Macsteel International.

In agreeing to the formation of Macsteel International, the Competition Board has laid down several conditions for implementation over the next two years.

If, during this period, Macsteel International "has not had any dis-

cernible negative impact on competition in South Africa, the joint venture company shall be allowed to continue indefinitely, provided Iscor continues to adhere to the (other) terms of this agreement", says the Board.

The Iscor-Macsteel proposal, first mooted last year, drew fierce opposition from smaller steel merchants who claimed they would lose business at the expense of Macsteel. Chief among these was Durban-based MacDonald International, which submitted a 67-page document to the Competition Board.

In approving the joint venture, the board has insisted that Iscor offer steel

for sale to all domestic steel merchants at the same price and conditions, subject to volume discounts. It must also provide the board, once a year, with information on all sales and certify that it has complied with the first condition.

Iscor will not be allowed to use its market position to prevent any merchant from importing steel by refusing to supply products for the domestic market or to penalise or discriminate against the importer. It may, however, react on a price basis to these imports.

Iscor is also prohibited from giving the local Macsteel operation information on domestic sales which is not available to other merchants.

# Fraud investigation shifts offshore

Edward West

(74G) (102)

50 9/4/96  
manufacturers had ceded export rebates to motor assembly companies.

GOVERNMENT legal experts are to move offshore in their investigation into hundreds of millions of rands in export incentive fraud by certain motor component manufacturers.

"The red lights should have gone on for the motor manufacturers ... when SA started exporting R600m worth of nuts and bolts to Europe," a spokesman from the state attorney's office said last week.

Several parts manufacturers are alleged to have fraudulently claimed export rebates under the defunct phase VI local content programme. The suspected frauds have also led to civil action following a dispute between the trade and industry department and local vehicle assemblers.

The office also confirmed the customs department would begin issuing letters of demand this week to assemblers involved. Customs has indicated its claims could amount to R480m. If disputed, the claims will be dealt with in separate civil proceedings.

Trade and industry has claimed up to R120m from certain local assemblers because it says the component

Advocate Rachel van der Walt of the

Continued on Page 2

## Investigation

Continued from Page 1

Pretoria attorney-general's office said the criminal proceedings against Superior Bolts & Nuts and ASA Fasteners — owned by Aubrey, Israel and Michael Diamond and involving alleged frauds amounting to R54m-R56m — would move overseas this year for evidence from witnesses who had bought parts from the companies.

The case follows investigations by the Office of Serious Economic Offences into parts manufacturers CET, ASA and BTM.

(102) (74G)

A state attorney said discovery documents were being prepared in the civil case involving Toyota SA and evidence would be heard on commission in Germany and the UK this year in the matter involving Nissan SA, while other manufacturers implicated were filing pleadings.

Two years ago, the trade and industry department sent letters of demand to Toyota, Associated Automotive Distributors, Nissan, Samcor and Delta.

The manufacturers have denied export fraud, claiming they were innocent parties. Samcor has said that the R5m claimed from it by government was actually an export rebate bought from another vehicle assembler.

# Govt faces threat of GEIS lawsuits

(74G) # BD 9/4/96

John Dlodlu

GOVERNMENT could face a barrage of lawsuits from business over its plans to phase out its general exports incentive scheme (GEIS) much faster than previously agreed to.

Industry sources said at the weekend a string of GEIS beneficiaries were taking legal advice over the revised programme, and were planning to target the trade and industry department, which administers the scheme, with writs for potential loss of revenue.

Several business associations have also recommended their members seek specialist legal advice on the issue.

The SA Chamber of Business, which counts exporters among its ranks, has called an urgent meeting next Tuesday "to discuss the financial and legal implications" of the revised programme.

The GEIS benefit had stood at 14% of export value, and was cut to 12% from April 1, as government had pre-

viously indicated. But the trade and industry department said two weeks ago that budget cuts would force it to slash benefits to 6% in July as part of its phase-out programme.

The department's budget was cut to R3,2bn this financial year from last year's R3,5bn. GEIS was allocated R1,9bn last year, and R1,9bn has been set aside for the scheme and for foreign trade relations this year.

The decision was condemned by business, which said that government was reneging on the understanding it had with business to inform industries well in advance of any changes to the incentive scheme.

The cuts are likely to hurt companies that have negotiated pricing in advance of delivery, particularly those going in on thin margins.

A department official said last week the GEIS guidelines did not constitute

Continued on Page 2

## GEIS (74G)

Continued from Page 1

"any binding contract between government and business" and gave director-general Zavareh Rustomjee "discretionary powers" depending on available budgetary resources.

But recent correspondence between Rustomjee and GEIS claimants announcing the phase-out suggested his department was proceeding cautiously with its plans. "They are getting cold

feet," one senior business source said.

Rustomjee's first letter, dated April 1 — which the department's official said was "never official and never went out" — told exporters that GEIS benefits would be cut to 6% from July until the scheme ended in December 1997.

But a second letter, also dated April 1, said it was merely the department's "intention to scale down benefits from July 1 1996".

The second letter is understood to have been penned after the department received several threats of legal action from business.

## GEIS move approved

744  
John Dladu

BD 10/4/96

THE major labour federations, Cosatu and the National Council of Trade Unions (Nactu), threw their weight yesterday behind government plans to cut export subsidies available under the controversial general export incentive scheme (GEIS).

Reacting to government's recent plans to slash the GEIS subsidy to 6% in July from the present 12% because of severe budget cuts, Nactu's secretary-general Cunningham Ngcukana called for the complete scrapping of GEIS. The scheme, which is to be officially terminated next year, had been abused by big business, he said.

Cosatu backed the trade and industry department, which administers the scheme. "We have no sympathy at all for business," it said.

Business has threatened to sue the department for loss of export revenue and profits, saying the department undertook to give prior warnings of any GEIS changes.

Comment: Page 8

**B**usiness Day's comment of April 10 accuses the trade and industry department and myself, personally, of being thoughtless, of failing to provide advance warning of the GEIS cut and neglecting to discuss the matter with business. These accusations are provocative, factually incorrect and grossly misleading.

On September 13 1995, the department met the private sector advisory committee and informed it of the status of the budgeting process, expressed our concern over the fiscal deficit and discussed the possibility of a GEIS cut.

We specifically asked the committee to share these issues and our concerns with its members. We explained, also, that the magnitude of the cut would be determined by state expenditure's allocation to the department for fiscal 1996/97.

In October 1995, the department met a Sacob delegation and, through discussion, conveyed a similar message.

**T**his was reinforced at a meeting Sacob had with Trevor Manuel, then trade and industry minister, and myself on December 7 1995.

On January 18 1996, at a meeting to discuss co-operation between government and the private sector in the area of export promotion, I conveyed the same message to board members of the SA Foreign Trade Organisation.

On February 5, the department again met Sacob to explain that the final stages of the national budgeting process indicated that our fears of a significant cut were real and that this would necessitate a cut in GEIS to about 6% for category 4 products. Sacob undertook to convene a meeting of its key members once the budget was final, so that the department could formally convey the budget constraints that had forced this move.

Due, however, to a media report late last month which fuelled speculation, the department decided to provide certainty to the market by making the announcement. Therefore, Business Day's assertion that the department had mishandled the matter through the lack of discussion was incorrect and misleading.

# Trade and industry did give advance warning of GEIS cut

BD 12/4/96

(749)

ZAVAREH RUSTOMJEE

Business Day's comment creates the misleading impression that the department has reneged on past "collaborative relations". As discussed with the representative organisations I have mentioned, GEIS is an open-ended scheme that is always subject to the funding capacity of the fiscus. This was reinforced by the tripartite task group that made the original phase-out proposals in September 1994.

Business, through its participation in this tripartite task group and Nedlac, has no basis to feel that government has misled it or reneged in any way on the GEIS scheme.

Likewise, Business Day's accusations of thoughtlessness are groundless. The contribution of GEIS to growth and employment creation has recently been brought into question due to the selected nature of its beneficiaries. Analyses of GEIS payouts for 1994 highlight the extent to which a few firms appropriate the bulk of GEIS payments. With the exception of the machinery sector, in every other sector of manufacturing the top 50 firms received more than 82% of GEIS.

In many sectors, the top five received more than 50% of GEIS.

GEIS was originally applied in 1990 to compensate for a perceived anti-export bias, many elements of which have been alleviated considerably since the inception of GEIS.

While the anti-export bias is con-

siderably diminished, the main impediments to exports today are a lack of competitiveness across industry due to a failure to focus on human resource development, work organisation and technology upgrading. These areas require greater attention by firms and those who work in them.

Government seeks to facilitate and fund investigations which lead to specific programmes to remove impediments to competitiveness, particularly these impediments.

**C**onsiderable debate and thought has taken place over the past year within Nedlac on how to shift resources away from World Trade Organisation-illegal demand-side measures like GEIS to more sustainable supply-side programmes which address the above impediments.

To date, a number of measures have been put in place and sectoral research is under way within Nedlac to develop supply-side programmes for almost all the main industry subsectors.

Provided there is sufficient support and attention given to these studies by the affected sectors and clusters, there is no reason why the expected completion dates would not be achieved within fiscal 1996/97.

Unfortunately, in some cases, business has not given sufficient attention to addressing the impediments to competitiveness in its sectors and this is one of the reasons that supply-side programmes are being delayed. This poses a danger to future budget allocations to trade and industry department programmes for, if the programmes do not exist or are not sustainable and affordable, it is unlikely that funding will be forthcoming. There is very little left for any other meaningful industrial support measures after deducting GEIS, RIDP and CSIR and SABS transfer payments.

The department's budget has been cut by about 17%; the bulk of which must be made on the GEIS budget. Of the R1,59bn allocated to GEIS in the next budget year, only R636m will actually be available to pay out claims lodged in fiscal 1996/97. In the past, due to the open-ended nature of GEIS, the department issued promissory notes when it exceeded its cash allocation. These notes were then redeemed in the following budget year.

In the past also, a claims backlog built up due to the required processes of checking and verification. Cash payment for this backlog was often made in the following budget year, thereby also deferring payment on the basis that GEIS was open-ended. Clearly, because of its open-ended nature, the GEIS scheme has

been living beyond its means and no responsible accounting officer can allow such a situation to continue.

In fiscal 1996/97, the state expenditure department has ruled out the issuing of promissory notes. Fortunately, trade and industry has managed to reduce the number of backlogged claims from about 5 000 in 1994 to a present 2 500, with an estimated value of R530m. It is expected that improvements in the efficiency of processing claims will reduce this backlog very considerably during fiscal 1995/96.

Trade and industry therefore has no choice but to state its intention to reduce the GEIS category 4 payout from 12% to 6% and the GEIS category 3 payout from 2% to 0% from July 1. This allows for a three-month notice period to exporters from April 1 to June 30.

It should be noted that this projection does not account for a worst case scenario of a very significant devaluation of the rand, leading to category 4 export growth.

**S**ensitivity analysis suggests that the average contribution of total GEIS payments to listed company profit is of the order of 3%-5% of net profit before tax.

If a medium-term approach was adopted by industrial sectors, it is conceivable that the funds that would have been allocated to individual industry clusters through GEIS in future budget years, might be allocated towards supply-side measures specific to those clusters. This would require that such sustainable programmes be identified in this budget year.

Given the above, the reports of possible court action would therefore seem to be premature. Trade and industry would, instead, urge firms to participate in the listed cluster and sector studies through their industry associations, together with the relevant trade unions within the respective clusters.

Where industry clusters and sector studies are not being carried out, it is suggested that serious consideration be given by the respective industries to initiate such studies.

□ Rustomjee is trade and industry director-general.

# Ministry likely to limit maize exports

Louise Cook

THE agriculture ministry is likely to cap maize exports this year to 1,8-million tons, a move which could deny the maize industry millions of rands.

The Maize Advisory Committee said at the weekend the ministry would be asked to cap exports to 1,8-million tons. Industry sources have estimated that available exports could reach 3,5-million tons, depending on the size of the local crop.

Limiting the export volumes while the rand was depressed would see maize producers lose significantly as SA could gain about R60m in foreign earnings

for every 20c the rand dropped.

On Friday, maize futures contracts on the SA Futures Exchange agricultural markets division closed at record highs of R740/ton for July white maize.

Dealers said this followed the rand's fall and the increase in maize spot prices on the world market to \$204,34/ton.

Friday's activity also followed a vital maize industry meeting last week at which trade rules for the new season were spelled out.

A First National Bank trader said volumes and prices on the maize futures market had picked up dramatically. There was active trade on Friday in futures contracts for 2 800 tons of July white

maize, with farmers coming to the market for the first time.

"Harvesting was a month late due to the fields being waterlogged. Farmers opting for July contracts were limiting storage costs and heading to clear between R600/ton and R630/ton compared with the R565/ton floor price," he said.

Another dealer said futures prices spiralled as the Gulf maize price overtook \$200/ton while the rand was plummeting. September and December futures contracts were expected to level off and shed \$131/ton on year-end contracts.

A dealer said volumes also improved as maize futures contracts were a hedge against the rand.

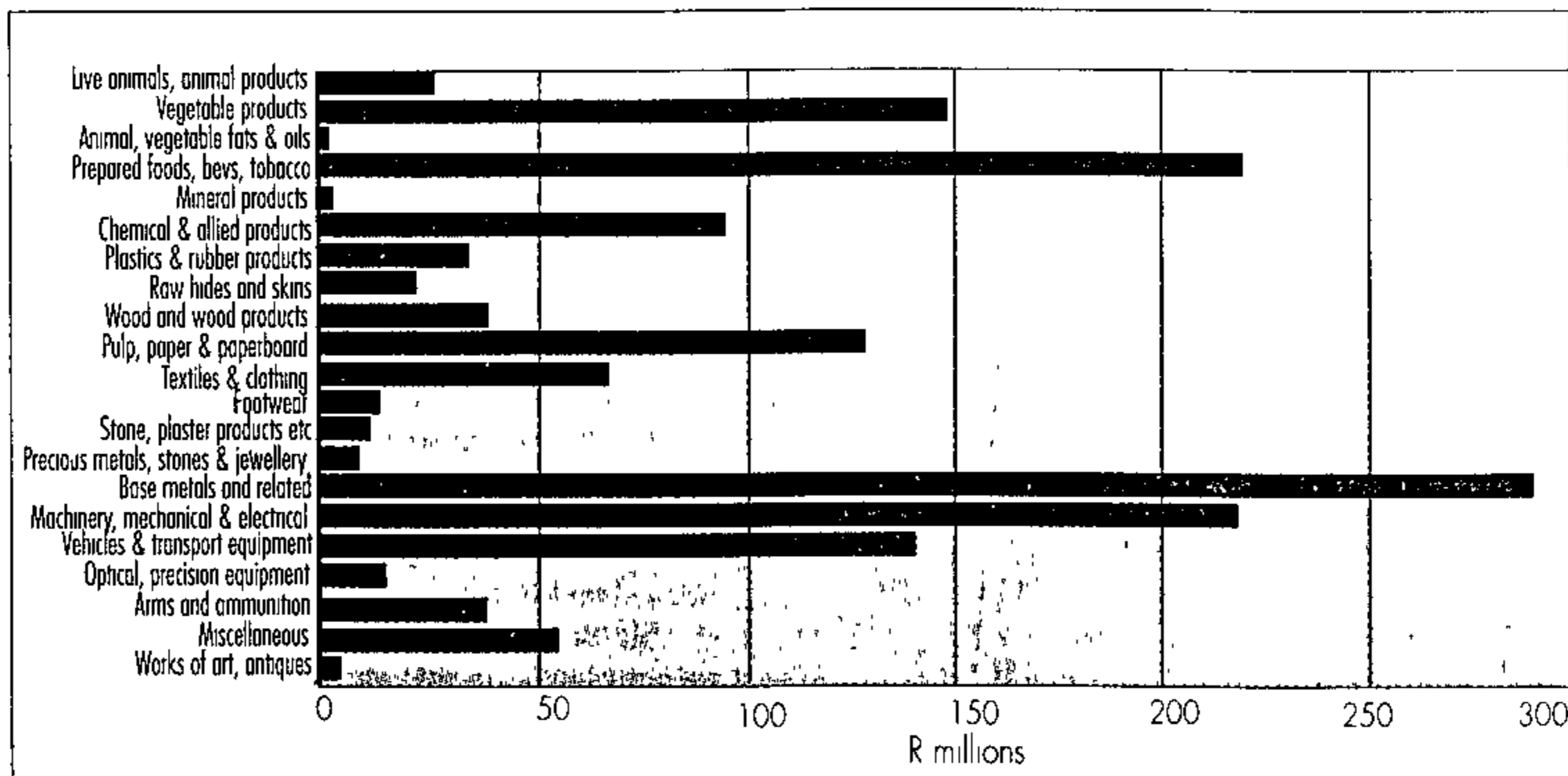
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## 1994 Geis payout by sector (R million)



# The hidden hand of Geis

ANN CROTTY

So far there has been little response from the JSE to news that the trade and industry department intends to reduce the general export incentive scheme (Geis) allowances.

There is a host of reasons why this should be, chief of which is that investors are distracted by the more dramatic developments on the exchange rate front that are compounded by the general weakness in the market.

It seems likely that many investors are focusing on the long-term benefits that exporters will enjoy from a considerably weaker rand rather than the short- to medium-term negative effect on earnings from the cutback in Geis.

Most companies that benefit from Geis have been secretive about how much of an allowance they receive. The only time Geis receipts were mentioned by corporate executives was when the government talked about reducing them.

At present, exporters of category four products receive an allowance equivalent to 12 percent of the value of their exports. Previously, this allowance was tax-free; since the 1985 Budget it has been taxable.

Category three products receive a 2 percent allowance. The original plan was to reduce the category four allowance to 10 percent in next year's Budget and scrap it at the end of that calendar year, with category three allowances being scrapped in next year's Budget.

Two weeks ago, the department said it intended to reduce the category four payout from 12 percent to 6 percent and the category three payout from 2 percent to zero from July.

Analysts know of no company that has announced details of the size of the allowance it receives. The closest any has come are estimates about Langeberg's reliance on Geis.

Last financial year, Geis accounted for 40 percent of the after-tax profit of the deciduous fruit exporter. In 1994 the percentage was even higher.

The reluctance to reveal this information may just be part of corporate South Africa's generally closed approach to information disclosure, particularly when it comes to revealing the extent to which the so-called free-market operators were reliant on government hand-outs.

The way Geis is administered makes it easy for companies to fudge the issue. The party that receives the payment could be the manufacturer, an exporter or an agent.

Frequently, a manufacturer will export at cost or at a low margin and will rely on the Geis payment for his profit. The agreement between the manufacturer and his exporter or agent will reflect details of the pricing strategy and the allocation of the Geis payment.

In the absence of details from companies, the department's statement that "sensitivity analysis suggests that the average contribution of total Geis payments to listed company profit is of the order of 3 to 5 percent of net profit before tax" is difficult to refute convincingly.

Jimmy McQueen, the financial director of Trenchor, would not be drawn on details. "Geis has always been important to us, but over the years as the rate was reduced and the allowance became taxable, it has become less important," he said.

Though the average was only 3 to 5 percent, the department did note the

variation between firms. "Analysis of Geis payouts for 1994 highlights the extent to which a few firms appropriate the bulk of Geis payments."

In all sectors of manufacturing, with the exception of machinery, the top 50 firms received more than 82 percent of Geis.

As the South African public considers the decimation of its currency there is unlikely to be much sympathy for an interest group that stands to reap enormous long-term gains from the slump in the exchange rate. There is little doubt that the benefits of this slump, if sustained, will outweigh the cutbacks in Geis.

Unfortunately for exporters, though international acceptability helps considerably, the benefits of the recent weakness in the rand are likely to take some time to flow through. Most exporters of manufactured goods lock into long-term contracts of six months and upwards. These contracts include pricing structures that would have allowed for Geis payments at the originally planned level.

If the payments are cut back in July, exporters will be left in a squeeze. Cancelling contracts was described by McQueen as a "draconian solution", which would result in considerable damage with international buyers.

Exporters emphasise that their gripe is not the cutting back on Geis, but the suddenness of the decision, which makes the necessary planning impossible. But they do point out that in terms of what is available to exporters in most of the countries with which they compete, South African allowances are very weak.

They also have little faith in the supply-side measures the government seems keen to push.

ET (BR) 12/4/96 (74G)



ST (PT) 14/4/96

# US fruit importers get 'cold shoulder'

~~FRUIT~~ (745)

By CIARAN RYAN

A CONSORTIUM of US fruit importers, which says it could double SA fruit exports to the US "at a stroke", claims it has been given the cold shoulder by Unifruco, the sole exporter of deciduous fruit.

Requests to buy SA fruit have been directed to Fisher Brothers of Canada, Unifruco's US agent.

Mandela Dlamini and Associates, representing a consortium of US buyers in South Africa, claims that Fisher Brothers has been unsuccessful in penetrating the huge east and west coast markets. Colm Allen, who represents a consortium of US buyers which includes Dandrea Produce Inc, one of the largest food distributors on the US east coast, says he is surprised at the treatment meted out to potential buyers.

"We would be willing to place an order for millions of cartons of fruit immediately if we could — but we can't," says Mr Allen. "Nor can we

put in a counter-bid to market SA fruit in America against Fisher Brothers. We are effectively locked out of the SA market."

Mr Allen adds that attempts to establish the volume of SA fruit sold into the US each year have been stonewalled by Unifruco.

"Before we can place an order, we need to know the quality and cultivar of the fruit, but Unifruco will not tell us. We believe in free markets and our real gripe is with the Deciduous Fruit Board, not Unifruco."

Unifruco is appointed as the country's sole export agent by the Deciduous Fruit Board.

Unifruco's manager in charge of the American market, Andrew Southwood, says the company is willing to look at all business proposals. "No one is precluded from doing

business with Unifruco. Mandela Dlamini and Associates is just one of several interested buyers. I am surprised they make these claims after one preliminary meeting, particularly in view of the fact that they were due to come back to us."

Mr Southwood says Fisher Brothers' contract with Unifruco is subject to annual review and he rejects charges that it has been unsuccessful in penetrating the US market.

The war of words between Unifruco and independent fruit growers intensified this week with Unifruco's claim that 90%-95% of fruit growers rejected the implementation of an Agricultural Marketing Act similar to that proposed by the ANC.

Valdy Jensen, head of the Independent Fruit Growers and Exporters Association, says "it is this sort of arrogant and unsubstantiated claim" which highlights the need for an open market.

LETTER

# GEIS move breaks govt's word

*(448) BA 16/4/96*

Dear Sir,  
FOLLOWING publication of an article by trade and industry director-general Dr Zavareh Rustomjee (Business Day, April 12), Sacob believes it is necessary to respond to a number of points.

□ According to the summary record of proceedings of the private sector export advisory committee, the accelerated phasing out of GEIS was not on the agenda of the meeting on September 13 1995, nor does it contain reference to such a possibility. This record was approved by the trade and industry department (DTI) representative at the following meeting of the committee;

□ Sacob has numerous meetings with government departments and agencies at which sensitive issues are discussed and debated.

Representatives of the chamber at such meetings clearly have to maintain a fine balance between keeping our members informed and observing any confidences that are

shared at such meetings. All members of the Sacob delegation who participated in the meeting with Dr Rustomjee and senior representatives of his department on February 5 were under no illusion that the discussions were of a confidential nature and that, in the absence of a firm proposal from the DTI, it would not be possible to inform our members of the details.

It was also made clear to DTI officials at that meeting that, in spite of an understanding of the difficult budgetary constraints facing the department, the Sacob delegation did not have a mandate to give its support to a proposal to phase out GEIS benefits more rapidly than government had previously committed itself to. It was against this backdrop that we made the proposal that Dr

Rustomjee personally address a meeting convened by ourselves at which the issue could be discussed with the firms that would be most directly affected by such a decision;

□ While the trade and industry department's sensitivity analysis has concluded that the average contribution to listed company profits of GEIS payments is in the order of 3% to 5%, it was acknowledged at the meeting of February 5 1996 that in the case of many companies, GEIS payments constituted a considerably greater share of profits, and that the viability of some companies could be threatened by a more rapid phase-down.

The fact that the nature of GEIS benefits and of SA export activity has changed markedly since 1994 also suggests that the sectoral

spread to which reference was made in the article could well have changed quite dramatically;

□ Dr Rustomjee's concerns about rapid export growth arising from a significant devaluation of the rand fails to take account of the fact that, if the department had continued to operate GEIS on the basis of its earlier undertaking, the E-factor adjustments would have reduced the benefits received by exporters, and hence the DTI's liability. This should largely offset the impact of any growth in export volumes; and

□ Detailed discussions of the proposal to phase down GEIS more rapidly were not held in Nedlac until after the DTI's intention had been made public.

In conclusion, Sacob would like to reiterate that it is committed to as-

sisting SA to meet its obligations to the World Trade Organisation, and its constituents, in addressing existing impediments to competitive-ness, and has accepted the need to phase out GEIS benefits.

However, the decision to accelerate the phasing-down process runs counter to the earlier government undertaking and creates additional uncertainty, which could seriously jeopardise the viability of many firms, and the confidence which the business community has in any future "incentives" offered by government — within the framework of supply-side measures or elsewhere.

Furthermore, the confidential nature of the discussions held with representative business organisations up until now has meant that the effect of the accelerated phase-down on exporters has not been adequately canvassed or assessed.

**RWK PARSONS**  
Director-general, Sacob

REVIEW

## Sacob in bid to stall GEIS cuts

Patrick Wadula

(74G) BD 18/4/96

THE SA Chamber of Business has called on the private sector export advisory committee — representing government and business — to meet Trade and Industry Minister Alec Erwin in a bid to stop plans to cut the general export incentive scheme (GEIS).

Sacob said yesterday that the decision followed a chamber meeting earlier this week to discuss the financial and legal implications of plans to cut the GEIS subsidy to 6% in July from the current 12%.

A Sacob spokesman said it wanted to persuade Erwin to continue with the 12% subsidy until next April in terms of an earlier plan.

The department has argued that the cuts in the subsidy, which have generated a barrage of criticism and threats of lawsuits from business, were prompted by a sharp decline in its own

allocation from state expenditure.

Department director-general Zavareh Rustomjee said this week he was not prepared to overspend his budget — a move which would result from adherence to an earlier phase-down timetable of the GEIS scheme.

The department's budget for the current financial year has been reduced to R3,2bn from 1995/96's R3,5bn because of the phasing out of GEIS.

Business has conceded that GEIS has to be terminated, but sees the revised timetable violating an undertaking by government to give advance warnings to exporters on any changes.

Some Sacob members were concerned that they would be unable to fulfil contractual obligations to overseas importers if the cuts were effected in July.

Supporters of the cuts argue that the negative effects would be cushioned by the rand's recent plunge.

Most sub-Saharan countries were unprepared for the rush of new imports

# SA's export drive causes havoc in Africa

By JOE KHANISI

Nairobi — Is South Africa using its trade policy to balkanise the rest of the continent? This question is becoming increasingly common as the country's commercial tentacles penetrate poverty-stricken sub-Saharan nations.

From the tiny islands of Mauritius and Réunion to Nigeria, Africa's most populous nation, South African exports are causing havoc among local industries.

Oduor Ong'wen, a Kenyan analyst, says that "within a period of just two years of acceptability, South Africa has managed to expand far beyond its traditional captive markets of Botswana, Lesotho, Namibia and Swaziland."

Critics say this expansion has not been entirely fair. South Africa is

accused of providing subsidies for its export industries, imposing high tariff rates and trade controls for imports and "generally behaving like a spoilt child", as one Kenyan put it.

"It appears that the South Africanisation of sub-Saharan Africa is complete," one Tanzanian businessman said.

Statistics provided by the South African trade ministry show a pattern of trade imbalances.

Between January and May last year, South Africa's exports to Tanzania were 50 times greater than its imports; to Uganda, 30 times; to Kenya, 20 times; to Zambia, 11 times; to Nigeria, seven times; and to Zimbabwe, five times.

Most African countries exported mainly mineral products, plastic articles and textiles to South Africa.

South Africa in turn sold base metals, machinery and mechanical appliances, aircraft, vehicles and a wide range of equipment and manufactured articles.

In hotel lounges throughout the continent, briefcase-carrying South African entrepreneurs have replaced Europeans.

One Kenyan described them as aggressive and uncompromising when it comes to business.

The re-emergence of the country into the world arena came at the start of painful efforts at economic liberalisation in most African countries.

For more than 30 years, many African nations toyed with state-

controlled monopolies that left little room for competition.

Poor labour conditions led to low morale and shoddy quality. Sub-Saharan countries were consequently unable to compete beyond their borders.

Most countries felt they were not given enough time to prepare for reforms, and the influx of high quality South African goods caught many manufacturers by surprise.

In Zambia, manufacturing production has shrunk by one third in the past four years.

In Kenya, BMWs and Volkswagen Golfs from South Africa have become status symbols.

"We are not opposed to competing but there must be some basic

rules in the game to be observed by everybody," Manna Karituki, of Coca Cola Northern Africa, says.

Both Kenya and Zimbabwe have asked South Africa to provide a more level playing field by not impeding imports from the rest of the continent.

Frustrated by South Africa's supposed protectionism, Kenyan officials say that its canned products do not meet required standards. They say they are packed in 340ml cans whereas Kenyan regulations require them to be in quantities of 300ml, 355ml, 500ml or 750ml.

To top it all, the Protea Group is reported to be planning eight tourist lodges in Kenya and Eskom intends buying into the Kenya Power and Lighting Company, a parastatal awaiting privatisation. — Independent Foreign Service

## Consumers

unused to

unlimited

product choice

abandoned  
local brands

consumers, rushed to buy attractively packaged imports and abandoned local brands. Shelves that had been dominated by local and European

# Arms exports earn millions for S Africa

~~(24)~~ (74G)  
Kuala Lumpur - The South African defence industry was a top currency earner, and equipment to the value of US\$272-million (about R1,1-billion) had been exported in the past financial year, Defence Minister Joe Modise said yesterday.

He told a defence exhibition in Kuala Lumpur, Malaysia, that imports over the same period came to about US\$28-million (about R118-million).

Modise said the Government's commitment to maintaining a healthy defence industry was confirmed when the national conventional arms control committee approved exports.

Although conflict in SA had been reduced, the country still needed to sustain a defence force capable of dealing with any eventuality. *Star 25/4/96*

"South Africa realises the crucial role it has to play in Africa and the southern hemisphere generally," Modise said.

He added that SA's participation in the Defence Service Asia exhibition underlined the special relationship it had developed with Malaysia. Trade between the two countries had risen from R678-million in 1994 to more than R1-billion last year.

Modise said the country's policy of regional confidence building would be pursued by developing an Indian Ocean alliance. "Hence our relations with Malaysia and other south-east Asian countries will continue enjoying prominence."

Defence Service Asia '96 boasted 30 companies and 504 products, of which the SA exhibition was the largest.

Modise said South Africa was still waiting for the world to invent an alternative to its G5 and G6 field artillery.

He invited all exhibitors to take part in the Defence Exposition of SA, Dexsa '96, at the Waterkloof Air Force in November. - Sapa.

# □ Gains and losses ahead for exporters

BY NANCY MYBURGH & JAMES LAMONT

(746)  
ET(BR) 26/4/96  
Johannesburg—Major exporters had a mixed reaction to the rand's nearly 4 percent decline to R4,43 to the dollar late yesterday.

They said gains from the weaker currency, which meant lower prices for their products overseas, could be eroded by the rise in costs of imported inputs and the expected rise in inflation.

In addition to making imports more expensive, a weakening currency typically augurs inflation, as all local products manufactured with imported components become more expensive to produce.

"The majority of our inputs have to be imported," said Walter Simeoni, the managing director of Frame Textiles. "There will be major inflationary prices internally immediately." He said the company might not see an increase in exports for months.

The weaker rand was expected to be more of a boon to companies such as Nampak, the paper and packaging manufacturer, the bulk of whose inputs came from South Africa. "The four months of this year have been awful from a trading point of view. Hopefully, this will liven things up a little," a Nampak senior executive said. He said Nampak exported about 15 to 20 percent of turnover.

Trencor, the transport container manufacturer, exported "virtually all" of the container division's turnover, said Neil Jowell, the executive chairman of the Trencor group. "We don't have any significant dollar liabilities. Other than local costs going up by virtue of inflation, there are only benefits to Trencor (from the rand's fall)".

The expected rise in inflation could affect South Africa's credit rating abroad. According to Outi Homanen, an adviser for the Finnish Export Guarantee Board, South Africa now ranked in the same category as Columbia and Indonesia, and the rand's volatility could cause the rating to fall further.

## Export prices upset maize farmers

~~STAFF~~ (74G) CT(BR) 1/5/96  
Johannesburg — South Africa's National Maize Producers' Organisation (Nampo) said yesterday the export price set by the Maize Board was "ultra-conservative" and encouraged producers to take advantage of surging world prices.

"The board's target price of R565 a ton is conservative and world prices have risen further in the past couple of weeks," said Japie Grobler, the chairman of Nampo.

On Monday the board passed a delivery price for the first export pool in the 1996/97 marketing season of R510 a ton, with a final target price of R565, as recommended

by the Maize Advisory Committee.

Though world prices were at record levels, Grobler warned producers against speculating as prices would fall once the United States began harvesting its maize crop.

### Crops

Grobler said producers should have contracted 30 to 50 percent of their crop to the export market or to traders at reasonable prices.

The 1996/97 season marks the debut of South African private traders in the export market. Until now, the board has acted as the sole exporter of maize. — Reuter

Reserve Bank forecasts 45 000 new jobs

# Rising exports 'could create jobs boom'

CT(BR) 3/5/96  
(74G) (198)

By Sean Feely

INDUSTRIAL SERVICES EDITOR

Johannesburg — The rand's depreciation over the past 10 weeks was likely to spur exporters' earnings, fuelling a boon for the economy in the long term if excessive wage increases were resisted, Reserve Bank and private sector economists said yesterday.

They were speaking at a Wits Business School forum on the exchange-rate crisis.

The rand's fall could add as much as 0,75 of a percentage point to the rate of growth in gross domestic product, spurring the creation of about 45 000 jobs, said Bernie de Jager, the deputy head of economics at the Reserve Bank.

These gains, calculated on the Bank's economic model, could be sustained if the rand averaged R4,25 to the dollar this year, he said. "There is life after depreciation. The economy is very much alive and capable of growing."

Speaking at the same forum, Dennis Dykes, the chief economist at Nedcor, said this required that the rand's fall be kept "as a competitive depreciation rather than an inflation-boosting one".

De Jager said the rand's plunge could add about 2,5 percentage points to consumer price inflation. The impact could be diluted if nominal wage rates rose slowly, ensuring that productivity growth and competitive gains were consolidated.

"Significantly, slow wage growth will prevent the cost-raising effects of a currency depre-

ciation from spilling over into higher and rising prices," he said.

Dykes said GDP growth could be considerably higher by the end of 1998 if the benefits of the currency depreciation and wage restraint flowed through the economy.

He expected the rand to reach R4,10 against the dollar by the end of the year.

André Cilliers, the treasurer at Commerzbank's Johannesburg office, said "the rocky road is far from over and foreign investors are building these uncertainties into their feasibility studies".

He said the rand would probably weaken further against the dollar because the confidence of foreign investors in South African securities had been damaged.

Some analysts have calculated that global investors who bought South African bonds a year ago have had their total returns wiped out by the rand's depreciation and rising interest rates.

De Jager said inflows of foreign funds were likely to be more subdued this year, placing pressure on the capital account of the balance of payments.

"The speculative and more volatile inflows, seeking a higher return in the short term, may be shaken out to a large extent. This may not altogether be a bad thing."

He said the current account on the balance of payments was likely to improve by about R6 billion this year and R7 billion next year, assuming that the rand traded at an average of R4,25 to the dollar.



# Richards Bay will miss 60-million-ton target

~~745~~  
Nicola Jenvey

(745)

BD 15/5/96

DURBAN — Richards Bay coal terminal would miss its 60-million-ton throughput target this year, held back by production problems and lower international demand, industry sources said yesterday.

The terminal, SA's largest coal export conduit, was on track for just 52-million tons at the end of last month, and coal industry sources said expectations were now being scaled back to around 57-million tons.

Ingwe Coal Corporation, SA's largest coal producer, blamed the shortfall on heavy SA rainfall denting supplies, while European demand had softened. South American suppliers were making headway in Europe at SA producers' expense.

Lonrho-owned Duiker Mining & Exploration said the heavy rainfall had reduced total output by 2-million tons over last year.

Consortium sources said the terminal would have to operate at the equiv-

alent of 63-million tons a year for the rest of this year to make up the shortfall, which was impossible, given terminal and infrastructure capacity.

One source said the consortium partners were not concerned about the drop this year as most of the tonnage due through the terminal this year had already been contracted out.

Exports through the terminal hit 58,12-million tons last year, up 8,6% on the previous year, as producers had striven to exploit burgeoning world markets. Expectations in January were that exports through the terminal would have risen 4% for 1996.

The terminal company has approved expansion plans to extend terminal capacity to 63-million tons and a decision was expected within a month on a R250m extension to expand to 67,5-million tons.

Given the two-year lead time and the several years of growth experienced through Richards Bay, a source said poor first quarter tonnages were not expected to affect decision-making.

THE SA maize export market, which opened its doors to private traders for the first time this season, has run into teething problems with traders complaining about bureaucratic bungling and hefty fees. Traders said yesterday they were given only two days to complete applications for export permits from the Maize Board, resulting in many

## Market 'racked by bureaucratic bungling'

ED 21/5/96

Industry players speculated that applications had been made to export a total of 740 000 tons of maize in the period June to end-August. The total would have been higher, reflecting strong world demand for SA maize, this season,

but for problems associated with submitting applications, they said. The Maize Board had set a limit of 1,8-million tons for private exports in the current season. The Maize Board refused comment. It said it would announce the results of export applications later yesterday.

The 1996/97 season, which started at the beginning of May and runs to April next year, marks the debut of private traders in the export market, which was previously a single-channel market controlled by the Maize Board. Another thorn in exporters' flesh is the pay-

ment of levies to the board at last season's rate, which was more than double the levy proposed for this season.

The new levy, usually in place by the beginning of the season, was still awaiting approval from new Agriculture Minister Derek Hanekom.

The Maize Board has proposed a R29,21-a-ton levy (including VAT) for the 1996/97 season compared to last season's charge of R63,23.

"Our biggest complaint is having to pay levies ahead of the harvest and at last year's rates. It is the minister's fault," said the chief trader at another commodity trading business.

The agricultural ministry was not available for comment.

All export applications must be accompanied by levies, used to smooth over price fluctuations in the maize export market. — Reuter.

*Paying board a levy and a bond adds about R130 a ton and 'rules out the small guys'*

# Maize export market hits teething problems

By Nicole Mordant

Johannesburg — South Africa's maize export market, which opened its doors to private traders for the first time this season, has run into teething problems.

Traders complain about bureaucratic bunglings and hefty fees.

They said yesterday they had had only two days to complete their applications for export permits from the maize board, resulting in many missing the May 15 deadline.

"It was a real rush to get our application in on time. We got all the information on Monday (last week) and it had to be in on Wednesday," said a grain dealer at a large international

commodity trading house.

"We and others did try to get the maize board to extend the deadline and relax the requirements. It was a hectic week as the rules of the game kept on changing," he said.

Industry players speculated that applications had been made to export a total of 740 000 tons of maize in the period between June and the end of August.

They said the total would have been higher, reflecting strong world demand for South African maize this season, if there had been no problems associated with submitting applications.

The maize board had set a limit of 1.8 million tons for private exports this season.

The board declined to comment. It said it would give results of export applications at a later stage.

The 1996-97 season, which started at the beginning of this month and runs to next April, marked the debut of private traders in the export market. It was previously a single-channel market controlled by the board.

Another thorn in exporters' flesh was the payment of levies to the board at last season's rate, which was more than double the levy proposed for this season.

The new levy, usually in place by the beginning of the season, was still awaiting approval from Derek Hanekom, the new agriculture minister.

The board last month proposed a levy of R29,21 a ton including VAT for the 1996-97 season, compared with last season's charge of R63,23.

"Our biggest complaint is having to pay levies ahead of the harvest and at last year's rates. It is the minister's fault," said the chief trader at another commodity trading business.

The agricultural ministry was not available for comment.

All export applications had to be accompanied by levies, used to smooth over price fluctuations in the maize export market and to finance administration and research costs.

In addition to the levy, exporters were required to put up a performance

bond of R65 a ton as insurance that maize would be exported.

"Paying the levy and the bond slaps about R130 on for every ton of maize exported. It basically rules out the small guys," the trader said.

He said a number of industry players had been lobbying for the maize board to pay interest on the bond monies.

"So far we have only had negative responses," he said.

South Africa was expected to harvest a maize crop of 9.5 million tons this year, more than double last season's 4.4 million, of which 2.2 million to 2.5 million tons should be available for export. — Reuter

# Citrus Board calls for export protection to squeeze competition

By Ann Croby  
CONSUMER INDUSTRIES EDITOR

Johannesburg — South Africa needs a single-channel export marketing system for the citrus industry because "we don't want people messing around in our playing fields", Charles van Veijeren, the chairman of the South African Citrus Board, said yesterday.

Van Veijeren was speaking at a press conference called to release the results of a survey commissioned by the Citrus Board and carried out by the chartered accountants KPMG.

The board said the results of the survey showed that 89 percent of southern African citrus growers supported the continuation of a single-channel export marketing system similar to that which has been in operation in operation since 1926.

The system has been managed by Outspan, which is the Board's sole export agent.

Of the 1 230 growers who were sent questionnaires a total of 830 responded.

Asked why, given this support, legislation was needed to enforce Outspan's privileged position, Van Veijeren said that while Europe was a stable and mature market, prospects for the South African industry pointed to future growth that would require the costly development of new markets.

"If we get individuals exporting to our stable markets, our position there would be disrupted," Van Veijeren said.

For this reason he said the legislative backing for the single export system had to be kept in place with no individuals allowed to operate outside it.

Valdy Jensen, the chairman of the Independent Fruit Growers' and Exporters Association, said

that the board and KPMG's interpretation of the poll's results were far too lax.

"The reality is that the Citrus Board does not have the support it claims and is desperate to retain privileges for its agent Outspan, while the rest of the world has already either completely or partially deregulated."

Industry sources said the poll was carried out in an attempt to provide Outspan with ammunition to deal with an agricultural department that might become more hostile towards some long-standing institutions and particularly single-channel marketing systems.

Opponents of regulated marketing systems said that such systems resulted in a lack of choice by the producers.

They also caused a lack of accountability by the agent and these two factors led to inefficiencies.

746

CT 22/15/96 (BR)

## 'Regulated' citrus exports favoured

APR 23/5/96  
JOHANNESBURG. - An overwhelming majority of South African citrus growers were in favour of the retention of a regulated export marketing system, such as the South African Citrus Board, a KPMG survey has shown.

The survey, commissioned by the Citrus Board and administered by international audit and consulting firm KPMG, showed that 89.2 percent of the respondents voted in favour of a regulated export system.

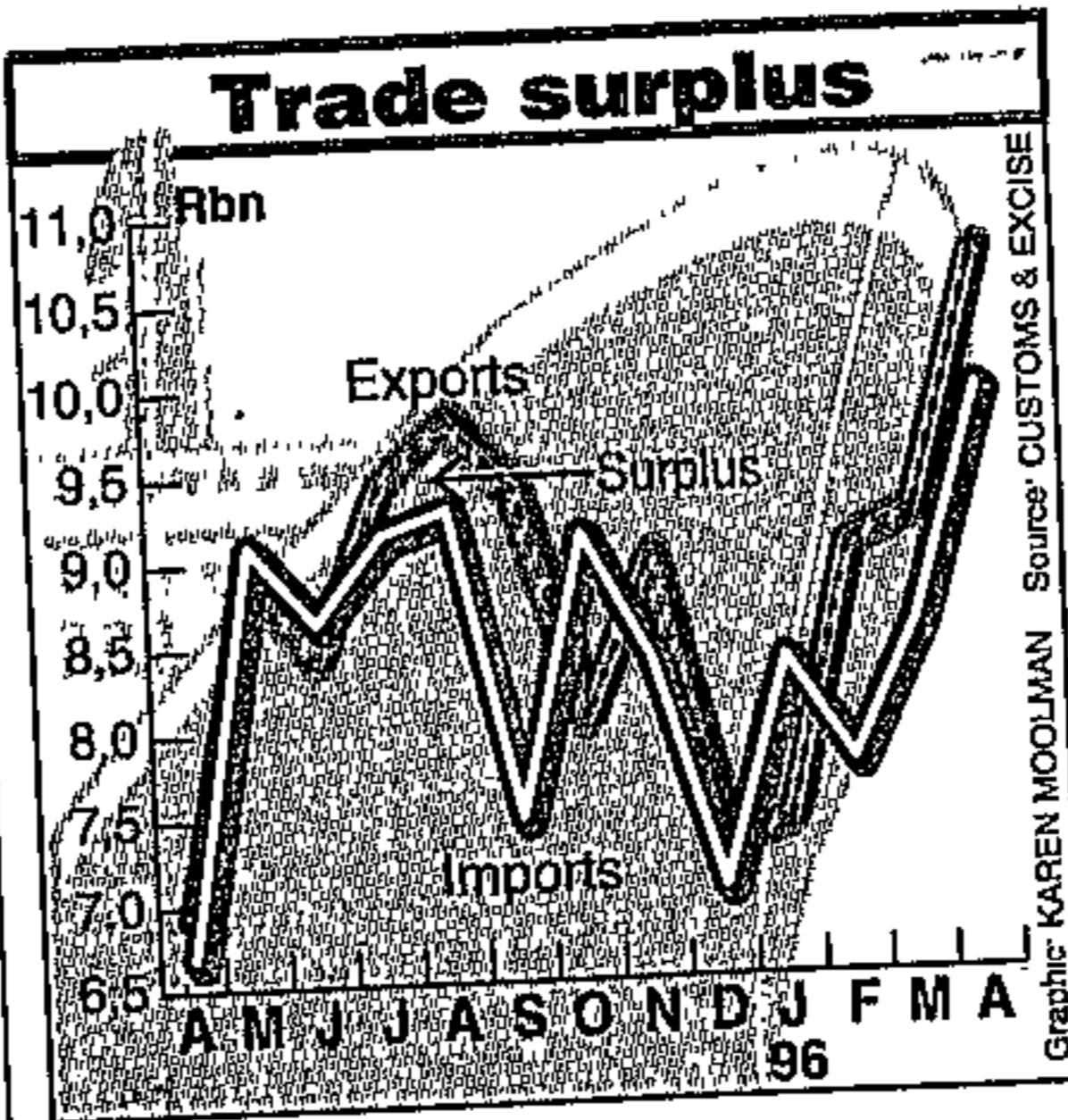
KPMG said that 8.1 percent of the respondents were against regulated

exports. ~~746~~ 746

A total of 830 citrus growers, representing 67.5 percent of the registered growers and 84 percent by volume, responded to the survey.

The draft marketing bill being formulated allows for the future regulation of exports of agricultural products.

Citrus Board chairman Charles van Veijeren said in a statement that a single-channel export marketing system was not harmful to the South African community - Sapa.



## Surprise surge in April trade figures

Lukanyo Mnyanda

SA's trade balance, spurred by a R1bn surge in diamond exports, remained in the black last month with a R757,7m surplus compared to R652,9m in March, figures released by customs and excise on Friday showed.

Economists were surprised by large month-on-month increases in both imports and exports. Imports rose to R9,9bn (R8,5bn) while exports went up to R10,6bn from R9,1bn in March. The export figure was pushed up mainly by a R1bn increase in the gems category.

Some economists said the surge in the gems category could be attributed to the inclusion of diamond sales, which had previously been left out, and sales from Botswana.

On the import side, minerals surged and machinery imports continued to grow. Transnet economist Mike Schüssler said the large increase in the minerals category, which was mostly made up of oil imports, indicated that the rand's devaluation was "finally filtering through into customs and excise figures". He said the year-on-year 46,3% increase in machinery imports was the highest rise since last June and was a positive indication that SA's capital investment was still growing.

BD 27/5/96 Continued on Page 2

## Trade figures

Continued from Page 1

Old Mutual economist Erika Prinsloo questioned the size of the increase in oil imports, saying the oil price had risen only about 2% since the rand's plunge. "The figures are suspicious because the increase is a bit too much."

She said the high import figure was not alarming as there was still a downward overall trend in imports which would look better once the rand's fall had begun to affect volumes. The weaker rand would help improve the balance of payments and the current

account deficit was expected to be around R5bn-R6bn. The current account is the trade balance less net payments for services such as freight, insurance, interest and dividends. "We (SA) have had an average R460m surplus over the last four months and that means last year's pessimism was wrong. Things are looking better."

Nedcor chief economist Dennis Dykes said the trade figures continued to "mystify", adding that the jump in imports may have been caused by people trying to buy imported goods before April's currency crisis had pushed up prices. "But we must treat these figures with caution because they change all the time."

BD 27/5/96



# Fruit exporter predicts SA poised to lead world

LEWELLYN JONES  
Business Reporter

SOUTH Africa's fresh fruit industry is set to take the lead in world export markets, according to Louis Kriel, the managing director of Unifruco and Capespan International.

Mr Kriel said the local industry would attain this elevated position through the cost savings made by Capespan on the international leg of the distribution process. At the same time, Capespan's international

competitors had not been able to achieve the same cost savings.

Capespan is the sole distributor of Outspan and Unifruco products in the northern hemisphere. The organisation expects turnover of R4.1 billion this year, of which R320 million, or eight percent, will be passed on to farmers.

Mr Kriel said the savings made by Capespan would be passed on to producers. This year, 18,6 percent of turnover was budgeted for "overseas

costs". This figure had come down from 20,5 percent in 1995 and 22,6 percent in 1994. Capespan estimated that it would be able to reduce the "overseas costs" to 17,6 percent next year.

Mr Kriel said the attitude towards South African produce remained friendly, with new markets opening up.

While these new markets made South Africa less reliant on its traditional markets, Capespan still guarded those traditional markets jealously. The United Kingdom, Ger-

many, France, Holland and Belgium accounted for 73 percent of Capespan's exports to Europe.

But Mr Kriel said there was also a certain amount of unease among local producers. The "main killer" was uncertainty about the future, driven mainly by perceptions of a hostile government.

This had been exacerbated by two years of disappointing crops and negative publicity towards single channel marketing.

PRG 28/5/96

SPAIN

746

JSE TRADING

ALL BIRDS

UNIT TRUSTS

# Industry slams moves to cut export incentives

**MAUREEN MARUD**  
Business Reporter

THE Cape Chamber of Commerce and Industry has reacted strongly to a decision to downscale maximum General Export Incentive Scheme (Geis) benefits from July 1.

A front-page article in the chamber's Business Bulletin describes the announced down-scaling by the Department of Trade and Industry as "the latest example of opaque and unilateral decision-making".

The effect of the decision is that exporters will receive five percent less over the 18-month period to the end of December 1997 than they would have under the old scheme.

"Although five percent might seem little to a calculator operator, it can have enormous repercussions for the exporters who have cut their mark-ups to a bare minimum in order to enter a new market, or to continue a competitive deal," says the Bulletin.

It is not uncommon in international trade to work on profit margins of between two and four percent, according to the Bulletin.

The article says the decision to down-

ARG 4/5/96  
scale benefits has damaged "the fragile confidence that exporters had in the sincerity of the authorities."

The chamber will, through its affiliation with the SA Chamber of Commerce, seek an interview with the Minister of Trade and Industry Trevor Manuel to try to reverse the decision "and restore the confidence that is so essential for successful trade".



**Boosting SA's economy:** A Weekend Argus promotion in association with the Cape Chamber of Commerce and Industry

Meanwhile, the CCCI and the Weekend Argus are running the sixth Western Cape Exporter-of-the-Year contest to give recognition to the achievements of this province's exporters.

The contest, launched three weeks ago, is open to all exporters.

Closing date for entries is May 19. Six finalists will be announced in the Weekend Argus on both June 22 and June 23.

(746)

Every week after that, the Weekend Argus will publish a company profile of one of each of the six finalists. Exporters that participate can win either:

- The Exporter of the Year Shield, a floating trophy from Weekend Argus and the CCCI, for the company whose export figures rose the most in recent years;

- The Safmarine Award for the smaller exporter;

- The Seifsa Award for engineering exports; or

- The Portnet Award for non-manufacturing exporters.

All information provided in the entry form will be treated as strictly confidential. The accounting firm Ernst & Young will receive and safeguard the entry forms, and shred them after the judges have returned their verdict.

Entry forms are available from Seanne Kube at the chamber on (021) 418 4300 or by faxing 418-1800.

Please return the entry form to Exporter of the Year, c/o Ernst & Young, PO Box 656, Cape Town 8000, Attention Peter Croseur.

- Any firm or individual wishing to sponsor parts of this event may contact Jeannie Taljard, CCCI business information manager, for further details.



# SA exports into Africa booming

(74G) RD 30/5/96

SA exports into Africa are booming despite the considerable risks attached to granting credit in a region chronically short of foreign exchange and often hamstrung by red tape.

The country's exports into Africa grew by 52% in 1995 from R8,63bn to R13,08bn, according to statistics released by the SA Department of Customs and Excise.

While exports into Africa account for 12,9% of total SA exports, they account for 27,1% of all short-term exports insured by credit insurer Credit Guarantee.

"We have often been criticised for not providing more credit insurance support for exports into Africa," says Credit Guarantee's senior manager in charge of export market development Tony Coles.

"However, we have to temper our enthusiasm to assist with prudence and pragmatism. The situation with regard to credit insurance in Africa is a dynamic one — it changes from time to time.

"Commercial or political risks that might be acceptable within a country at some stage may not be acceptable at another time — depending on socio-political, economic and other events," says Coles.



ANDREW SMITH

— when local companies begin to invest in bricks and mortar, plant and machinery and begin to commit to the management of operations.

"The potential in this is unlimited," says Tite.

"The first stage was virtually done as cash up front — on the trade finance side. Now slowly it is coming around to confirmed letters of credit (LCs) and we are finding more and more companies giving open account business to some of the big African corporates. This was unheard of unless it was a subsidiary — now it is common practise."

Smith says probably the biggest issue impeding the investment cycle is exchange control.

"As exchange controls are liberalised in SA so South Africans will be more effective in the next phase — the real investment phase.

In some economic sectors, corporates can increase market share by going abroad.

"We do hear complaints from foreign customers who look to export to SA that there are still protective tariffs in place for some products — particularly from Zimbabwean companies in the agricultural business, packaging sectors and textiles," says Smith.

The rapidly expanding growth in capital projects is underlined by the growth in Credit Guarantee's medium- to long-term credit insurance cover for this type of export business. Projects covered by this insurance usually require the provision of finance by local financial institutions over an extended period and range from the building of factories to the refurbishment of hotels. Credit Guarantee's total insured turnover for these exports into Africa amounted to R171m in the 1995-96 financial year. This represents more than 90% of Credit Guarantee's total project export credit insurance business.

The company's general manager Frans Joubert — who is in charge of the projects division — says the majority of the exports of this nature to Africa are concluded on a "project credit basis".

This means that no acceptable payment guarantees are available and the finance and credit extension risks are taken on the project's financial viability.

This enables Credit Guarantee to provide cover for exports into markets that might not be possible in normal circumstances, he says.



ALASTAIR TITE

The Africa boom is confirmed by merchant bankers Investec, which has seen an immense growth in SA business in African markets — a probable five-fold increase, says Alastair Tite of the bank's international trade and project finance section.

Tite says many foreign companies have switched their marketing and given SA companies the exclusive right to market their goods — especially to the southern African region.

"In the past agency agreements for SA companies tended to concern SA, Swaziland, Lesotho, Botswana and Namibia — and seldom Zimbabwe. Now SA corporates are starting to get the agencies for countries which previously were supplied direct from further afield. That is significant for our business," says Tite's colleague, Andrew Smith.

He says that from an initial trade finance phase — the sale of consumables and goods — the second phase is capital projects, where SA companies are increasingly becoming involved.

The third phase is the "real investment cycle"

# Rains threaten maize export opportunities

By Nancy Myburgh

MARKETS CORRESPONDENT

Johannesburg — The recent rains have threatened maize producers' export opportunities, Safex officials said yesterday.

The maize-drying process would take longer, pushing local harvests closer to the September early harvest in the United States, when world prices were expected to drop by more than R100 a ton, said John Wixley, the head of the agricultural markets division.

Of the 1,9 million tons the Maize Board will allow to be exported privately this year, less than 1 million tons would make it out of the country by September, figures from the board showed.

Export permits issued for June to August totalled about

739 000 tons, or 246 000 tons a month, he said.

World maize prices were at historic highs at about \$200 a ton, because of recent drought in the US and high demand worldwide.

South African yellow maize, which is of a higher quality than US yellow maize, would sell at a premium price of about \$215 a ton, Wixley said.

Rain had slowed the drying process, because most local farmers sun-dried their maize.

"There should have been far more early delivery in South Africa in May. There's very little available at the moment."

Wixley said most South African maize would probably be harvested in the middle of next month or early July. But it

would take about a month to organise and transport the maize to Durban harbour for export, he said. Exports usually started in June, but this year they were likely to start in July.

"But corn futures in Chicago are discounting a difference of R115 a ton between the July yellow maize price and the September price. For July to December it's R200 a ton lower. The white maize price could drop even more sharply," he said. There is less demand for white maize.

White maize is only used for human consumption in Africa, he said. It is mostly used for starches, pasta and confections in other countries. The bulk of South Africa's surplus crop this year is white.

~~300000~~ (746) CT (BR) 31/5/96

*Howeard*

941

MONDAY, 3 JUNE 1996

942

QUESTIONS

Indicates translated version.

For written reply:

(746)

Export processing zones

148. Dr K RAJOO asked the Minister of Trade and Industry:

Whether he will consider creating export processing zones in (a) Durban, (b) Richard's Bay and/or (c) Cape Town; if not, why not; if so, (i) why and (ii) what are the further relevant details?

N289E

The MINISTER OF TRADE AND INDUSTRY:

In November 1993 the Department of Trade and Industry released a discussion document concerning a possible policy and regulatory framework for the establishment of Export Processing Zones (EPZs) in South Africa. At that time there was little support for the concept from organised labour and business, possibly as a result of conflicting international experience with such zones, as well as concerns regarding the treatment of labour in EPZs. In addition South Africa as a whole is in many respects a virtual EPZ as the 470.03 and 521.0 permit system allows manufacturers to import inputs for the production of goods for export under rebate/refund of duty.

The possible establishment of EPZs is still being considered by NEDLAC as part of the overall revision of support measures for business development in South Africa (i.e. as a possible supply side measure). It is not known at this stage whether EPZs will form part of the measures to be introduced, nor should such zones be established, their possible location.

Ambulances in East Griqualand/Mount Ayliff

189. Mr G Q M DOIDGE asked the Minister for Health:

- (1) How many ambulances are currently based at the East Griqualand Usher Memorial Hospital;
- (2) whether these ambulances are available for call-outs across provincial boundaries in cases of emergency; if not, why not,

- (3) whether the same standard of ambulance service is provided at the hospital in Mount Ayliff; if not, (a) why/not and (b) what facilities and ambulance services currently exist in Mt Ayliff;
- (4) whether she or her Department is planning to upgrade this service; if not, why not, if so, what are the relevant details?

N329E

The MINISTER FOR HEALTH:

- (1) 30 ambulances.

- (2) Yes.

- (3) No, standards at Mount Ayliff Hospital are not the same as in the hospital in Kokstad.

- (a) A new unit is being set up. Two vehicles are being upgraded with appropriate fittings for emergency services. A trained emergency service officer from the Port Elizabeth Municipality Ambulance Services has been seconded to Mount Ayliff. He is training ambulance personnel and helping to set up an emergency unit with a proper communications centre in Mount Ayliff.

- (4) Provincial plans to upgrade emergency services are well advanced:

— Training of personnel

— A regional communication network is being set up, which is concentrated in Umtata, Mount Ayliff and East London.

— Procurement of vehicles and equipment for emergency services is being processed through existing national tenders and the Provincial Tender Board.

— Amalgamation of erstwhile local authorities, Regional Service Council and former homelands emergency units through a consultative process is being implemented. An interim unitary management structure is already in place.

Development of dams in the Nzelele River

277. Mr A FOURIE asked the Minister of Water Affairs and Forestry:

# EPZs part of new strategy to lure foreign investors

ST(BT) 9/6/96

(74G)

By THABO KOBOKOANE

SINCE the collapse of socialism, southern Africa has found itself increasingly isolated from the world economic community with little, if any, foreign direct investment flowing into the region.

However, with the gradual return to political stability in the region, the way has been paved for the return of foreign investment in the SADC region.

The struggle has moved towards the economic front, with many countries putting together economic plans to attract investment.

Namibia, in an attempt to "lure foreign investors, diversify its economy and reduce the long-standing financial dependence on South Africa and fuel economic growth", has established its first export processing zone (EPZ) in Walvis Bay.

Export processing zones are designed to encourage high-value export-oriented businesses, from mineral processing to warehousing and business services, and create a vibrant manufacturing sector.

According to Manuel de Castro, mayor of Walvis Bay, 10 companies' applications to invest in terms of the town's export processing zone incentives have already been approved, with investment estimates of billions of rands.

Namibia offers the following incentives to investors:

- Total exemption from corporate income tax, customs duties, sales tax, transfer taxes and stamp duties, with the exception of personal income tax.
- Foreign companies are free to repatriate capital, profits and dividends.
- All incentives are of unlimited duration and apply equally to Namibian and foreign firms.
- Investors, by choosing to upgrade the skills of their Namibian employees, can

make use of the 75% reimbursement by the Namibian government of all direct expenditures incurred on approved on the job training courses.

The most controversial aspect of the EPZ, unlikely to go down well with the SA trade union movement, is the agreement that bars any strikes and lockouts by unions and business, but allows for the Labour Relations Act to apply.

The agreement was reached after negotiations between labour and government and "satisfies" both investors and unions, according to Mr de Castro.

Though starting to wane in influence, EPZs have played a fundamental role in the expansion of the Mauritian economy since the 1980s.

Last year they are estimated to have earned Mauritius 18,1-billion rupees (\$919-million) in foreign exchange.

But the expansion was textile-led and has had to bear the brunt of international competition. Employment in the EPZs is estimated to have fallen to a low of 80 000 from 91 000 in 1991. The number of EPZ enterprises have dropped to 477 from 586 over the same period.

The Mauritian government has now announced steps to revamp the EPZs by focusing on high technology. This will include increasing investments in high technology, diversifying the products manufactured and giving more incentives to the operators.

"Immense opportunities are waiting for us (in high technology). Knowledge parks in the EPZ will hold immense potential," says Paul Berenger, Deputy Prime Minister of Mauritius.

# Nissan answers fraud claim

Edward West

NISSAN SA has launched a R12,7m counter-claim to government's R30,1m claim, ahead of moves to gather evidence in Scotland next month as part of an investigation into motor industry export incentive fraud.

The department of trade and industry's R30,1m claim on Nissan is one of five made against various vehicle manufacturers including Toyota SA, Delta, Samcor and Associated Automotive Distributors, valued in total at about R120m, following export incentive fraud allegations against certain motor parts manufacturers in terms of the defunct Phase VI local content programme.

A Nissan SA spokesman said yesterday that once evidence was heard on commission in Scotland, the soonest the issue was likely to be heard was January 1997.

Court papers lodged in the Pretoria Supreme Court showed that

BD 11/6/96 (746)  
the state had paid Nissan SA R30,1m as excess rebate payments based on export incentive concessions by Bolts Trading and Manufacturing (BTM) and by Johan le Roux, of the company Non-Ferrous Refiners. The department was claiming the money back on the basis of "unjustified enrichment," or alternatively, "misrepresentation."

The R12,7m counter-claim represented Nissan SA's view that it complied with Phase VI, and that the money was in fact, still owed to it in terms of the programme.

"... Whatever false information was given by BTM and Le Roux, if in fact this occurred, is irrelevant to the respondent's claims and counter claims and the applicant's claims. The respondent is not party to any fraud," Nissan SA said in its submissions to the court.

The state intended to gather more evidence in Scotland from former BTM director Karen Boyle, who left SA in 1992 when the Of-

fice of Serious Economic Offences wanted to interview her.

Evidence to be gathered related to correspondence between Nissan SA and its trading company Motoware, and BTM, and invoices from European companies Contrax AG and Eurobolt GMBH.

In an earlier affidavit, Boyle claimed that some of the nuts and bolts that were exported by BTM under the phase VI local content programme were "just too large to fit into a motor vehicle".

"In some cases the products were absolutely obsolete and he (BTM MD Jurgen Rohde) literally went about buying scrap products simply to inflate his exports, in my view," Boyle said.

Boyle was also a director of CET Trading, a company which allegedly exported nuts and bolts at inflated prices and had ceded its foreign currency earnings to Toyota SA. Government had claimed R56,7m from Toyota SA, court papers showed.

## Beef exports to double as new markets open

Louise Cook

~~PRETORIA~~ (74C)  
PRETORIA — Beef exports were set to double to at least 4 000 tons by the end of the year following investigations into new markets by a special export forum, sources said yesterday.

The move follows a recent reclassification of SA as a foot and mouth disease-free zone. The most likely new markets were Pacific Rim countries, North America and the Caribbean.

Meat Board manager Wessie Wessels said until now SA could export beef only to central African countries and Indian Ocean islands due to the world ban.

However, last month the agriculture department managed to get the French to reclassify SA, giving the beef industry a new status and unlocking "massive" export opportunities.

These were being investigated by a special export forum under the auspices of the Meat Board. Beef exporter David Gluckman said the international beef market as well as the SA market were very volatile.

"It is premature to name potential foreign earnings or export quantities," he said. "But there is certainly massive potential."

"Markets are collapsing all over the world at the moment. This issue is so important that we have no choice other than to explore it."

Red Meat Producers' Organisation GM Gerhard Schutte said the first beef would probably be exported to the Pacific Rim within weeks.

But breaking into the new markets and getting established would be "very difficult". Gluckman said SA would be facing competition from Australia and Argentina — countries with lucrative government export subsidies.

"If Europe had to cut down on subsidies — not a likely move — it would open up markets into Angola and Mozambique."

Red Meat Producers' Organisation chairman Gerrie Greyling said SA's new status would result in a "cautious approach" to the movement of livestock and meat in southern Africa.

SA, a net beef importer, last year imported 51 000 tons, mainly for processing. Only 2 000 tons were exported.

BD 13/6/96

# SA's exports pound Africa

<sup>(746)</sup> THE trade appetite displayed by South Africa, whose exports to the rest of the continent jumped by 52 percent last year, is arousing concern among neighbours, who accuse the young democracy of wanting to establish hegemony in Southern Africa.

Kenneth Kotelo, a researcher at the Africa Institute of South Africa, says that "in the last four years there was a tremendous boost for South African exports in neighbouring countries and this is now creating uneasiness."

Last year, South African exports to the continent jumped to R13,08 billion compared with R8,63 billion the previous year, according to official figures.

At the same time, the country's imports from other African countries rose by only 19 percent.

"The cordial atmosphere that characterised South Africa's formal entry into the SADC (Southern African Development Community) is evaporating," says the bulletin of the Africa Institute, which studies relationships with the continent.

For up to 70 percent of their imports, the other 11 members of the SADC (Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe) depend on

the local economic giant, South Africa.

Thus South African Trade Minister Alec Erwin tried last week to calm Zimbabwe, South Africa's leading African trading partner, which threatened a "trade war" in the face of dumping of goods by South Africa.

The country's exports to South Africa eased by 1 percent last year while its imports from SA rose by 54 percent.

Above all, the textile industry, which represented 20 percent of its total exports at the start of the decade, is being suffocated by South African tariffs imposed after the expiration of a bilateral trade agreement in 1992.

## Trade wars

At the end of May, Kenya warned that Pretoria's high tariffs could give rise to African trade wars.

South Africa, which has always promised to be a regional economic "locomotive", says it prefers to negotiate a general trade deal within the SADC, rather than to settle problems case by case.

"We cannot be an island of prosperity in an ocean of poverty. Our destiny is linked to the region", said one official at the South African Trade Ministry. - Sapa-AFP.

*Howetian 20/6/96*

# Thousands of tons of maize to be exported privately

From Reuter

Johannesburg — Five private traders have been awarded permits to export 392 650 tons of maize between July 1 and September 30, the South African Maize Board said yesterday.

A spokesman said that the permits allowed traders to export

108 125 tons of white maize and 284 525 tons of yellow maize.

The board said last month that it had approved private export permits covering 738 500 tons of maize shipments for the period June 15 to August 31.

Meanwhile, Mexico expressed interest in buying white maize from South Africa this season, but a deal

had not yet been signed, the board said yesterday.

A board spokesman said that a delegation had visited Mexico to determine whether South African maize could be competitive in the Central American market.

He said that the Mexican authorities were interested in South African maize because drought in

Mexico had lowered crop yields.

World maize supplies are at record lows at present, ahead of the United States harvest which starts in September. South Africa expects a bumper maize crop of 9,524 million tons. The board expects to export between 2,2 million and 2,5 million tons of both white and yellow maize.

ET (BR) 21/6/96 (74G)

~~STONIE~~



## EXPORTS

**INDUSTRY COMES OF AGE**

(746) PM 21/6/96  
 An Industrial Development Corp (IDC) report on trade underlines a pattern that has been developing for 20 years: gold's declining role in SA's export basket and the growing importance of manufactured goods.

Gold production dropped from 708 t in 1975 to 522 t in 1995 — the lowest level in 40 years. The prognosis up to the end of the century is for gold output to stabilise at that level.

And though gold — as a percentage share of SA's total export value — declined from 39,7% in 1988 to 19,9% in 1995, beneficiated primary products increased from 21,2% to 28,6%; material-intensive products from 4,6% to 7,8% and manufactured products from 5,4% to 16,7%. Total exports in 1995 were valued at US\$27,8bn — 23% of GDP.

The report says gold's dismal performance is attributable to declining investor interest, increased mining costs, reduced yields and a poor gold price.

But all that glitters is not gold. "Recent losses in its contribution to export earnings make an expansion of natural resource beneficiation and growth in non-traditional exports indispensable. This route will not only generate additional foreign receipts but will also reduce imports and create much-needed employment opportunities," says the IDC.

During the past four years, the IDC has initiated or partnered a number of world-scale beneficiation projects. These include Columbus Stainless Steel, Alusaf's Richards Bay aluminium smelter, the Namakwa Sands mineral sands project and the Saldanha Steel project.

"The combined export value of these projects when in full production (around 1999) is estimated at \$3,6bn a year compared with a total of \$8bn in beneficiated products now exported," says the IDC. "Such projects will not only generate substantial foreign exchange earnings

but will also lay the basis for higher value-added, downstream and labour-intensive manufacturing."

Iron and basic metal ores could be candidates for further beneficiation. The IDC has embarked on studies into competitiveness and further potential of the carbon steel, stainless steel, aluminium and forestry products industry clusters. The results of these studies are expected at the end of the year.

The corporation says relative to other categories, manufactured exports have exhibited remarkable growth in value terms over recent years, growing by 23% a year over the last seven years. Over the same period, beneficiated and primary exports showed annual increases of 8,3% and 4,3% respectively and material-intensive products grew by 12,7%/year. Gold exports declined at an average annual rate of 5,9%/year.

With abundant natural resources the base for value addition prior to export, "export earnings associated with beneficiated primary products represented 29% of total exports in 1995, compared with 21% in 1988." Value exports of titanium oxides grew from \$16,6m in 1988 to \$316,7m in 1995, ferro-alloys from \$827,4m to \$1,12bn and stainless steel from \$93,4m to \$180,3m. Total exports of beneficiated primary products grew from \$4,78bn to \$7,95bn over the same period.

Material-intensive exports have also more than doubled in value since 1988, claiming a 7,8% share of total exports in 1995, having grown in value from \$1bn (1988) to \$2,16bn. The paper industry was a star 1995 export performer, with chemical wood pulp — dissolving grades (\$377,4m), uncoated Kraft paper and paperboard (\$282,8m), chemical wood pulp — soda or sulphate (\$193,7m), and newsprint rolls or sheets (\$134,7m) topping the list.

But manufactured products really took off between 1988-1995. Exports jumped from \$1,2bn to \$4,6bn, showing an 11% increase in this category's share of total exports (from 11,6% in 1988 to 21,6% in 1995), says the IDC. And, supported by the motor industry development scheme, the automotive industry product category exhibited a remarkable export performance.

A sustained undervaluation of the rand and the expected application of supply-side support measures for industrial development should stimulate expansion of the nontraditional export base, says the IDC. ■

## EXPORT MARKETS

(740)

## WINDS OF CHANGE

FM 28/6/96

SA's continuing quest for other export markets in Asia and Africa is underlined in the latest monthly trade abstract pub-

Total trade with Taiwan grew a hefty 30,6% to R5,8bn. Lings says Asia is absorbing large volumes of SA iron and steel as well as coal.

Total trade with Iran rose from R219m to R4,5bn. Lings says the rise is due to a large crude oil order, partly intended for

re-export. Oil imports are now classified according to country of origin and the rise doesn't necessarily represent a growth in total oil imports.

He says imports have grown strongly for a variety of reasons, including abnormally bad agricultural conditions in 1995 and an active fixed investment cycle. Exports have shown reasonable growth over that period, with diversification of markets though they were affected by the decline in gold production. ■

	Total trade (Rbn)	SA exports (Rbn) 1995	% Change	SA imports (Rbn) 1995	% Change
Germany	20,6	4,6	+23,1	16,0	+23,4
UK	19,0	8,3	+39,5	10,7	+20,0
US	16,3	4,8	+10,3	11,5	+34,1
Japan	15,0	5,1	+22,9	9,9	+25,2
Italy	6,4	2,4	+36,6	4,0	+34,2
Switzerland	6,0	3,6	-39,7	2,4	+23,1
Taiwan	5,8	2,5	+40,1	3,3	+24,0
Zimbabwe	5,5	4,5	+84,7	1,0	-5,7
Belgium	5,4	3,2	+24,2	2,2	+22,5
Netherlands	5,4	3,1	+45,0	2,3	+21,6

SOURCE: CUSTOMS &amp; EXCISE

lished by Customs & Excise.

Exports to Africa and Asia showed increases of 61,2% to R14bn and 29,8% to R19,7bn respectively.

Imports from Asia grew 58,4% to R29,3bn in 1995 on the previous year while imports from Africa were minimal at R2,9bn. However, Nedcor senior economist Kevin Lings says import growth with traditional trading partners — the US, UK, Germany and Japan — remains strong.

While both Europe and the US lagged with export growth of 17,5% to R31,3bn and 10,3% to R4,8bn respectively, imports from the US showed strongly at 34,1% to R11,5bn and those of Europe by 25,2% to R46,9bn.

Total trade figures reflect the threat posed by the UK to Germany's position as SA's most favoured partner, growing 27,8% to R19bn, compared with the less than normal German growth of 23,4% to R20,6bn. Says Lings: "In the past, De Beers sold diamonds to the UK through Switzerland. Now that selling is done directly, the revised recording reflects an existing position more clearly." He adds that a 39,7% drop in exports to Switzerland to R3,7bn is also explained by that.

Lings says a significant portion of export growth has been base metals, iron and steel. "Car parts and accessories as well as machinery and equipment are also significant contributors."

# Export spin-off from cheaper rand not yet in trade figures <sup>(74G)</sup>

ALIDE DASNOIS  
Business Editor

THE boost to exports from the rand's depreciation will probably not be felt in the economy until July, says Stellenbosch Bureau for Economic Research economist Pieter Loubscher.

Commenting on trade balance figures released yesterday by the Department of Customs and Excise, Mr Loubscher said the R837 million May deficit was in line with expectations.

Exports dropped R1,7 billion or 16 percent to R8,9 billion in May.

Imports fell slightly to R9,7 billion.

The May deficit brought down the cumulative surplus for the year to May to R902 million.

Mr Loubscher said the drop in exports was the result of a slowdown in the major industrialised countries.

Lower international demand for South African goods meant that exports could only be boosted by a price effect and it was too early to see the result of the rand's depreciation on export levels, he said.

Currency depreciation always showed first in more

expensive imports, he said, before the effects of cheaper exports filtered through to the current account.

A rise in imports of mechanical and electrical equipment showed that domestic fixed investment was still growing, Mr Loubscher said.

This confirmed the Bureau's own market research.

The June figures might reflect some export growth from the weaker rand, but most of the effects would only be seen from July, he said. International demand was also expected to pick up in the second half of the year.

ARG 28/6/96

# Moves to export Cape citrus to US

Simon Barber

THE US agriculture department wants to open the US market to Cape citrus worth millions of dollars.

Cape citrus imports were banned to prevent the spread of black spot to US orchards.

In a notice gazetted last week, the department asked for public comment on ending the ban and said the move — covering navel and valencia oranges, clementines, lemons, satsumas, minneolas and grapefruit — would pose no competitive threat to US growers.

To be eligible for export, the fruit would have to be grown, packed in and shipped from Western Cape, and accompanied by a phytosanitary certificate from SA's agriculture ministry.

In addition it would have to be cold-stored for 22

BD 8/7/96 (746) ~~SECRET~~  
days at -0,55°C to ensure removal of false codling moth, fruit fly and medfly.

The US department said SA's government had demonstrated that Western Cape, "unlike other areas", was free from black spot. Natural and regulatory barriers would help ensure that the province remained free of citrus black spot.

"(The province's) nearest citrus-producing neighbour, the Gamtoos River Valley, has to date no findings or reports of citrus black spot, and the ... areas that are infested ... are separated ... by mountain ranges, semi-desert and distance."

The department was also satisfied that SA authorities were preventing the movement of trees to the Cape from infested areas in the north.

Projected exports of Cape citrus to the US in the absence of the ban this year included 23 250 tons of navel and valencia oranges, 8 000 tons of clementines and 3 000 tons of lemons, the department said.

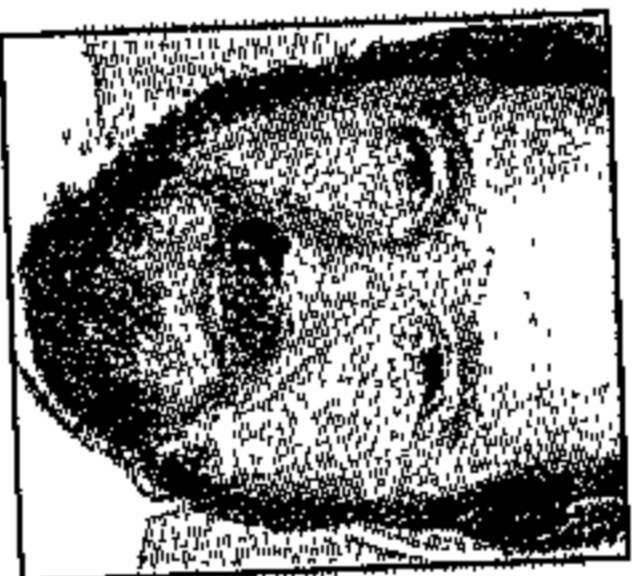
Projections amounted to less than 1% of US production, so SA exports were unlikely to have a significant effect on US growers or exporters. Importers stood to benefit from increased availability of citrus, especially navel oranges, during the time of year when US production was at its lowest.

Comment must be submitted by August 1. A final decision can be expected before the end of the year.

# Rogue liquor dealers cost country R253m

(46)CT9|7|96

**UNSCRUPULOUS** traders are abusing loopholes in the customs and excise laws and costing the country hundreds of millions of rands, but the Customs and Excise Department has started to crack down and arrests are imminent, writes **CHRIS BATEMAN**.



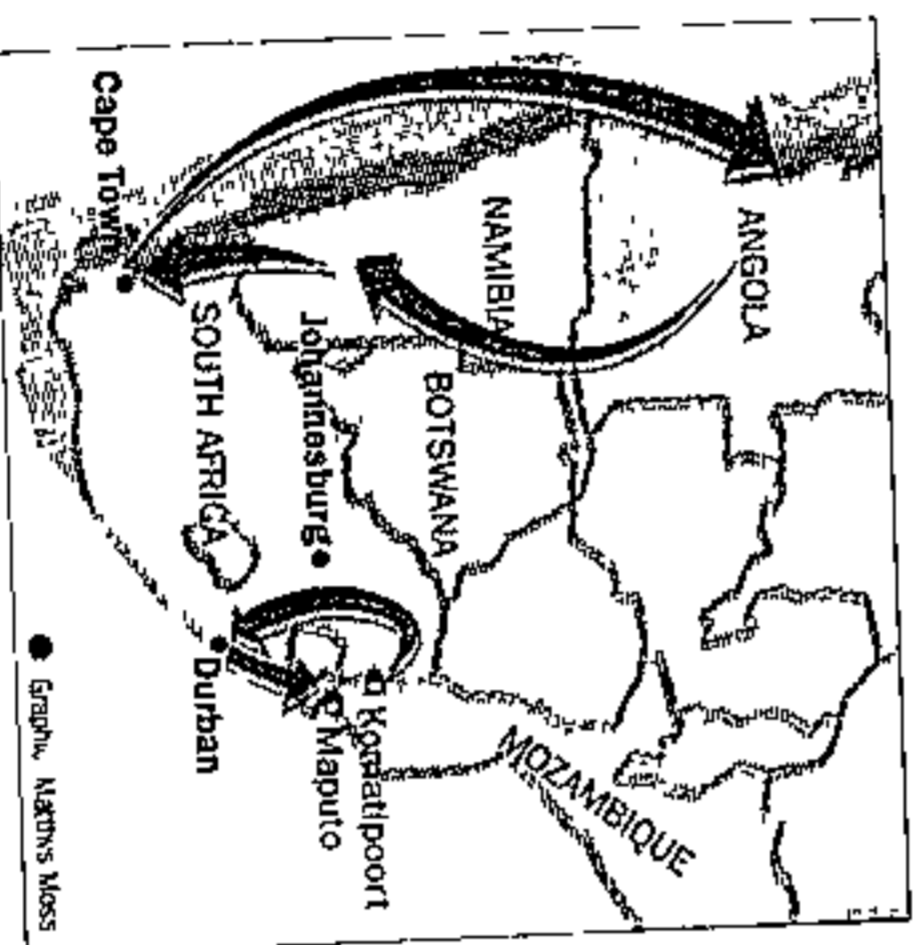
**R**OGUE liquor dealers cost the country R253 million in export scams and abuse of excise exemptions last year — and the Department of Customs and Excise intends tripling its personnel to try to plug the leaks.

The chief culprits are dealers who legitimately export large quantities of liquor by ship from Cape Town and Durban, but instruct the captains to offload their cargoes in Maputo and Beira — from where it is transported back to South Africa by road.

The local export incentives (17c per rand) plus exemption from VAT (14%) and excise duty (42c a rand) far outweigh the round-trip transport costs — and the dealers are then able to sell the liquor for excessive profits on the domestic market.

Another scam relies on a 58-year-old legal provision that enables anyone whose main in-

come is from farming to get bulk wine or spirits from co-operatives



**TAKEN FOR A RIDE:** Liquor is taken out of South Africa by ship, then returns by road.

ous farmers and dealers.

Proper checks on the maximum permissible limit of 40 litres of "pure alcohol" per farmer per month (which equals about 1 000 litres of wine) are either non-existent or seldom carried out efficiently, enabling massive abuse of the exemption, local officials said yesterday.

The farmers (and people posing as farmers) then sell the cheap wine to labourers, she-

cial have been probing for about two weeks.

Barnard said the estate had made between R5m and R10m over the past two to three years by fraudulently exporting liquor, mainly spirits.

Another case involves a Western Cape farmer buying up to 80 000 litres of (low quality) bulk wine from a co-operative per month — way over the maximum allowable excise-free limit.

However, the biggest fraud — arrests are expected "within weeks" — has occurred in Durban where a dealer has exported cane spirits worth about R70m to Maputo over two years, and re-imported it through Komatipoort using false invoices and declarations.

Barnard said Cape Town's rogue dealers usually exported to Angolan ports and back into the country through Namibia.

He estimated that about R250m a year was lost to state coffers in this way, and the lost excise duty on co-operative wine chases cost

## How the liquor rackets work

### Export scam:

1. Liquor leaves South African harbours by ship, gaining dealers 73c per rand in VAT and excise exemptions and export incentives.
2. Liquor arrives in Maputo (Mozambique) or Beira (Angola), and is loaded on to long-haul trucks.
3. Trucks travel back overland to South African border posts, using false invoices and declarations or bribery to pass customs and re-enter the country.
4. Cargo returns — collecting several million rands in profits.

### Dop system scam:

1. "Farming activities" declared as main source of income.
2. Traders purchase at least 1 000 litres of wine a month, less 42,5c a litre (excise exemption) — and potentially much more because this limit is not well enforced.
3. Wine is resold at more than 100% profit — which still undercuts the cheapest liquor retailer.
4. Shebeens and other informal outlets are used as customers to avoid tipping off the legal competition.

exemption for farmers, was due in about six weeks.

This change had been prompted by an appeal by President Nelson Mandela at KWV's Paarl headquarters earlier this year. Mandela asked the liquor industry to find ways to scrap or minimise the hated "dop" system.

Barnard said that a dozen top British customs and excise officials were due in the country later this month to help his staff crack

"We're quite worried about this, so we've got the police and the Department of Agriculture helping us," Barnard said.

"The Revenue Services want us to collect an extra R1,5 billion this year — at least this is one way to do it," he added.

There are only five local customs and excise inspectors in the entire Western Cape.

Mr Gerrit Breyl, deputy director general of the Department of industry, said last

LIQUOR TAX LOSSES COULD BE R700M A YEAR ~~(102)~~ (74G)

# Bottle store executives join in clampdown call

**LIQUOR INDUSTRY** captains joined the fray yesterday and called for clampdowns on "pirate" exporters who they said were costing the state up to R700 million a year in lost taxes. **CHRIS BATEMAN** writes.

**T**OP liquor industry executives yesterday called for border clampdowns and immediate beefing up of legislation and more staff for customs and excise — claiming they were losing up to 40% of their gross profit margins to rogue liquor dealers.

They also put last year's losses to the state coffers in excise duty as high as R700 million and revealed at least two new scams run by pirate "exporters" which they claimed netted them even greater profits than those exposed by the Cape Times yesterday.

This follows Acting Deputy Commissioner of Customs and Excise Mr Chris Barnard's estimate that about R250 million was lost in an export scam involving shipping liquor to neighbouring countries and fraudulently trucking it back across borders into South Africa.

In this way, dealers gain up to 73c a rand in VAT/excise exemptions and export incentives.

Yesterday Mr Mike Kovensky, managing director of Aroma Liquors, claimed rogue dealers — whom he said "weekly" offered any one of his 40 outlets two con-

tainers of mixed spirits at R250 000 per container (1 000 cases) — said the export scam had been hugely simplified.

"What they're doing is buying date and other official stamps needed to get the goods trucked back into the country from up-country border officials — and simply stamping the stuff in Cape Town — so it never even leaves our port," he claimed.

Kovensky said customs and excise officials and ships chandlers could process the goods without even being aware that they were being conned.

Another scam was to export a container of brandy bottles filled with water to an end destination (where clean water was in demand and actually sold), costing R35 000 but gaining R86 000 in VAT/excise exemptions and export incentives.

The original brandy was then used to undercut the domestic market.

Kovensky said that when his staff insisted that suspicious dealers provide VAT invoices "they ran away — and when we tried to track them down on a cellular telephone

they sometimes use, the number was no longer in use".

Warning that unless the government clamped down, the liquor business could "collapse with thousands of jobs lost," Kovensky said his company could afford to "play clean".

However, several smaller operators were forced into buying "scam export spirits" to stay competitive and in business.

Mr Butch Wykerd, acting chairman of the South African Liquor Stores Association (Salsa), Western Cape, said "any healthy business can have a certain number of loss leaders — but overall prices are now so damn low that there must be something wrong".

Mr Ian Schietekat, spokesman for the giant Distillers Corporation, said his organisation was "aware of the developments and we're extremely concerned about them".

Distillers Corporation and "other major role-players" were working closely with the government in an attempt to "eliminate these practices".

Wykerd said he was "staggered" to read how few excise officials there were (30 countrywide) and said Salsa had made many representations to the government about rogue dealers working on "impossible mark-ups with no overheads".

CT 10/7/96

Mineral & Energy Affairs Pik Botha by the ANC's Willie Hofmeyr last month. Botha's reply is of considerable interest — but seems to cleverly avoid the fundamental issue.

From 1977 to now, SA has exported a total of 16 321 t of uranium to France in various forms — the ore, known as yellowcake, and uranium hexafluoride. France is officially recognised as one of the five nuclear weapons states to which the Nuclear Nonproliferation Treaty (NPT) does not apply.

In addition, said Botha, SA's 1993 Nuclear Energy Act expressly forbids:

- Export of uranium to nuclear weapons states for nonpeaceful uses; and
- Export of uranium to nonnuclear weapons states, unless the material is subject to international safeguards.

As a signatory to the NPT, SA has dismantled its nuclear arsenal and has acceded to two international uranium export control regimes.



**Pik Botha**

In his written reply, Botha said: "Modern nuclear weapons, such as those tested by France, use plutonium and not uranium because of the smaller quantities that are needed and the sophisticated designs which can be achieved.

It is highly improbable that SA uranium could have been used in the recent French nuclear weapon tests."

However, according to *The Penguin Dictionary of Science*: "Thirteen different isotopes of plutonium can be produced by suitable nuclear reactions. The isotope plutonium 239 is produced in nuclear reactors . . . This isotope, which has a half-life of 24 400 years, is also used in nuclear weapons."

Nuclear reactors use uranium to produce controlled atomic fission. The only way to make plutonium is through uranium fission, so plutonium is a much more fissionable by-product of the reactor process. However France uses its uranium imports from SA, it is "highly probable" that at least an unknown percentage is used as a feedstock in the French nuclear weapons programme.

Not for nothing was Botha a diplomat for much of his political career. ■

URANIUM EXPORTS (284)

ISOTOPIC FICTION (74 G)

FM 12/7/96

Was SA uranium used in the recent series of French nuclear bomb tests in the South Pacific? The question was included among others related to the fissionable metal asked of then Minister of

MAIZE EXPORTS (74G)

## LET THEM EAT CAKE (74G)

FM 12/7/96

When the maize industry was officially deregulated on May 1 last year, the Maize Board was effectively left with only the power to administer an export pool for surplus maize.

But never underestimate the power of producer lobbies to manipulate even a semi-free system. Using the loophole left by the board's control over the export pool, these lobbies last week recommended a US\$160/t September "floor price" for any maize sold from the export pool into the domestic market.

Based on fears of a perceived domestic shortage — artificially created, says one trader, by co-operatives deliberately dumping maize into the export pool, which removes stock from the domestic market — the technical working group of the Maize Advisory Committee also recommended that no more export permits be granted to private traders.

"Based on Tuesday's October forward Chicago maize prices and the current exchange rate, the \$160/t selling price would mean that domestic maize meal consumers would effectively have to subsidise maize producers (and co-operatives) by a minimum of R150/t," says Louis Dreyfus international grain merchant spokesman Brant Randles. And with Chicago prices expected to drop by December, the effective price subsidy — to be paid by consumers to producers — could easily go as high as R200/t.

Randles says that traders will fight the recommendation, as well as the "unfair" suggestion to restrict export permits from an originally envisaged 1,8 Mt to 1,2 Mt. Coupled with these producer pressures — represented by huge maize co-operatives, the Maize Board and the

National Maize Producers' Organisation — the fledgling domestic free market is being put under more pressure by the ANC-aligned Land & Agricultural Policy Centre, which is asking for more realistic domestic prices to protect the poor.

"This suggestion, supported by large maize millers, is completely contrary to the interests of those who have bought forward at the beginning of the season — and to the development of a free market in SA," says Safex agricultural marketing division director John Wixley.

He says: "The board's involvement in the domestic and export markets (should) be brought to an end (and) no limitation should be placed on export permits to private traders beyond that originally agreed to. The board's floor price system in the existing scheme should be replaced by direct deficiency payments out of its stabilisation fund to producers who can prove that they have sold below the floor price of R490/t."

He adds that with half-baked market reform obviously not working, it's now time to go the whole hog and allow market instruments, such as futures contracts, to provide the necessary price hedging and "stabilisation" functions.

The combination of a bumper 10 Mt maize crop, soaring international prices and effective lobbying by producer and co-operative lobbies have therefore shown that the free market is still an undernourished infant, fighting against vested interests. ■



# Need for export zones challenged

(744) Kowelen 16/2/96

By Shadrack Mashalaba

**E**XPORT PROCESSING zones lead to exploitation and undermining of workers' rights, says Cosatu general secretary Sam Shilowa.

He was addressing an African regional workshop on the protection of workers rights and working conditions in export processing zones held at Parktonian Hotel in Johannesburg yesterday. Shilowa said the EPZs were a dangerous route that the some Southern African Development Community countries appear to be following.

The EPZs are delineated as special industrial production zones of a country where the primary aim is to produce for export.

He said the conventional EPZs' approach had to be challenged. "We need to define what role we can play as trade unions, how we can dig our holes

and come out of them with solutions."

He pointed out the findings of a Southern African Trade Union Coordinating Council study whose focus was the extent to which labour standards were undermined in the EPZs and the failure of such zones to deliver on growth and development - which were promised by their protagonists.

"The issue of increased exports was important towards stabilising our balance of payments and increased investment. Also EPZs should not be accepted as a fact of life as this leads to fatalism.

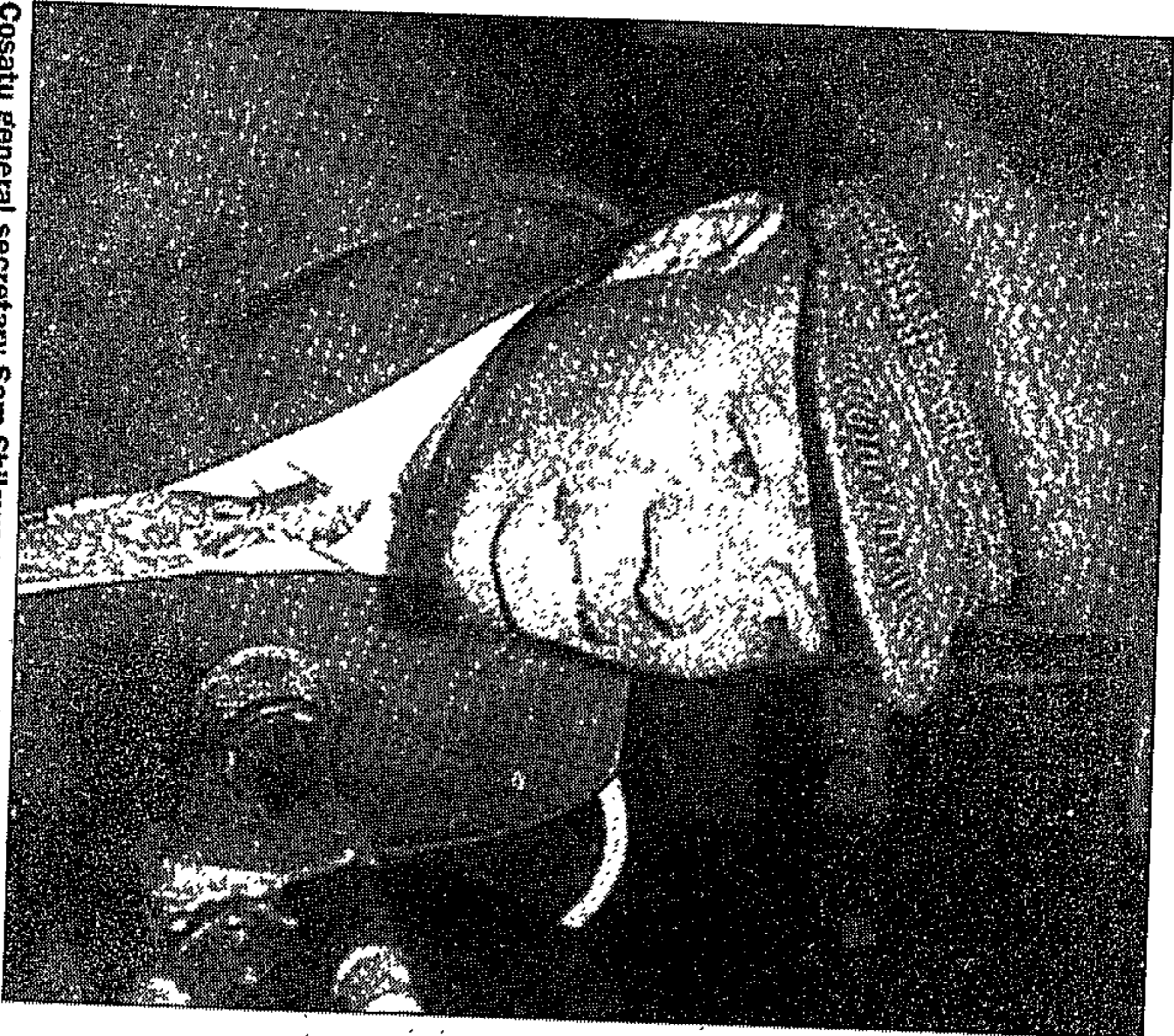
"As workers we are patriots, we do not block any government programme. What we need are bilateral and trilateral discussions with gov-

ernment and business on the issue."

Currently in the rest of Africa, only Mauritius is the most celebrated story where EPZs exist almost all over the country.

Investors have been known to be attracted to export promotion zones by a range of special incentives. Speaking at the same gathering, Labour Ministry director general Sipho Pijana said past employment standards suppressed workers' rights, especially in the agriculture and mining sectors.

The conference is being attended by delegates from Namibia, Malawi, Botswana, Swaziland, Lesotho, Uganda, Ghana, Tanzania, Egypt, Kenya and Mauritius.



Cosatu general secretary Sam Shilowa says export processing zones in the conventional sense should be resisted.

PICTURE BY LEN KUMALO

# SA may get R30-m from competition

# EPZs 'not a panacea'

By Muzi Mkhwanazi

MORE than R30 million could be generated in this country during the eighth Raid Gauloises multi-sport competition next year.

Competition organiser Gerard Fusil said the events will take place between South Africa and Lesotho.

The competition runs from January 25 to February 6. Details of the event were announced at the weekend.

"The television and magazine exposure which the event commands would greatly market the tourism industry of this country."

"South Africa stands to get more than R30 million in direct and indirect revenue. We are expecting more than 160 journalists from all over the world," Fusil said.

Riding, canoeing and mountaineering are part of the competition.

At the weekend, Deputy Minister of Tourism and Environmental Affairs, Bantu Holomisa, issued a stern warning against the complac-

cy prevalent in the industry.

He said although South Africa was currently enjoying a favourable share of the tourism market, other countries were also competing for that share.

"It is widely recognised that the key to the industry's success lies in the development of human resources. The only effective means of improving service levels is to train workers."

"All stakeholders should participate in the department's tourism and training advisory committee to improve skills and service offered to tourists."

The Tourism Safety Task Team - set up to combat crime against tourists - has undertaken to establish a campaign to raise public awareness on the implications of crime against tourists.

Holomisa urged the private sector to participate in the task team.

The South African Tourism Board's acting information director, Dale Pretorius, said the sporting event would market the country abroad. But most importantly, people in the rural areas would benefit from the event.

By Shadrack Mashalaba

EXPORT processing zones cannot be relied upon as a panacea to address galloping unemployment in developing countries, says a visiting professor.

Addressing an International Labour Organisation-sponsored African regional workshop on the protection of workers rights and working conditions in export processing zones held in Johannesburg, Professor Vidula Nababsing of the University of Mauritius warned that that use of cheap labour resulted in exploitation of the poor - particularly women.

"Since 1992 there have been clear signs of a slowdown in investment and a reduction in employment levels and this is causing considerable concern in all quarters," she said in relation to conditions in her home country.



Professor Vidula Nababsing

Another problem was the importation of cheap labour from countries in East Asia to work in the export pro-

cessing zones in Mauritius.

Most of the cheap labour to Mauritius is imported from China, Bangladesh and Sri Lanka where trade union activity is strictly prohibited.

She said although there had been massive investments flowing into Mauritius as a result of the creation of EPZs, "there have been no visible programmes to address illiteracy".

Mauritius' EPZs were established in the early 1970s to promote exports, acquire foreign exchange and create more job opportunities.

In the '80s investors were attracted to Mauritius by a 10 to 20 year tax holiday; exemption from import duties on machinery, equipment and spare parts as well as exemption from duties on raw materials and other products.

# Labour 'must be protected in processing zones'

Mboneni Mulaudzi

(74G)

IN ORDER to protect workers, a country's labour laws should also apply to export processing zones, International Labour Organisation southern African multidisciplinary team director Peter Peek said yesterday.

Harare-based Peek was speaking at a Johannesburg workshop on workers' rights in such zones.

He said zones were relatively new in the region, but stressed that they would disappear within five years, because governments had begun offering general incentives to companies.

Peek said that it was not labour costs that encouraged prospective investors to invest in zones, but factors such as political and policy uncertainty, problems with basic infrastructure and foreign ex-

change regulations were high considerations.

He also said it was difficult to predict whether SA would establish zones, but if it was hard for government to attract investors it could resort to them.

On whether these zones benefited the economy, Peek said it depended on government's generosity in terms of the package offered to investors.

BD 17/7/96

## STAINLESS STEEL

## EXPORTS IN A PICKLE

FM 19/7/96

(74G)

**Columbus Stainless** and Iscor's Pretoria works have had to slash projected stainless steel exports by a combined 125 000 t-150 000 t.

At Iscor, the damage is caused by an overhang on world markets which continues to force prices down. Columbus faces commissioning problems that are causing production bottlenecks. Prices of all grades have dropped by 30%-35% over the past year.

Columbus has revised its production target for the year down to 300 000 t — against a recently reported 350 000 t-380 000 t — and Iscor has cut back output projections to 70 000 t-80 000 t, from an original 150 000 t.

Iscor can switch stainless production to high-quality, ultra-low carbon steels, but Columbus is not so lucky. The multibillion-rand Middelburg plant remains locked in to a globally depressed market, with obvious implications for cash flow and profitability

"With little hope for a market recovery this year, we have cut back our 1996 production target to 300 000 t — and we now hope that 1997 will offer better export prospects," says Columbus Stainless CE Fred Boshoff

But, with breakeven on the planned 600 000 t/year plant only achievable when output hits 60%-70% of capacity, Boshoff admits cash flow is a "problem."

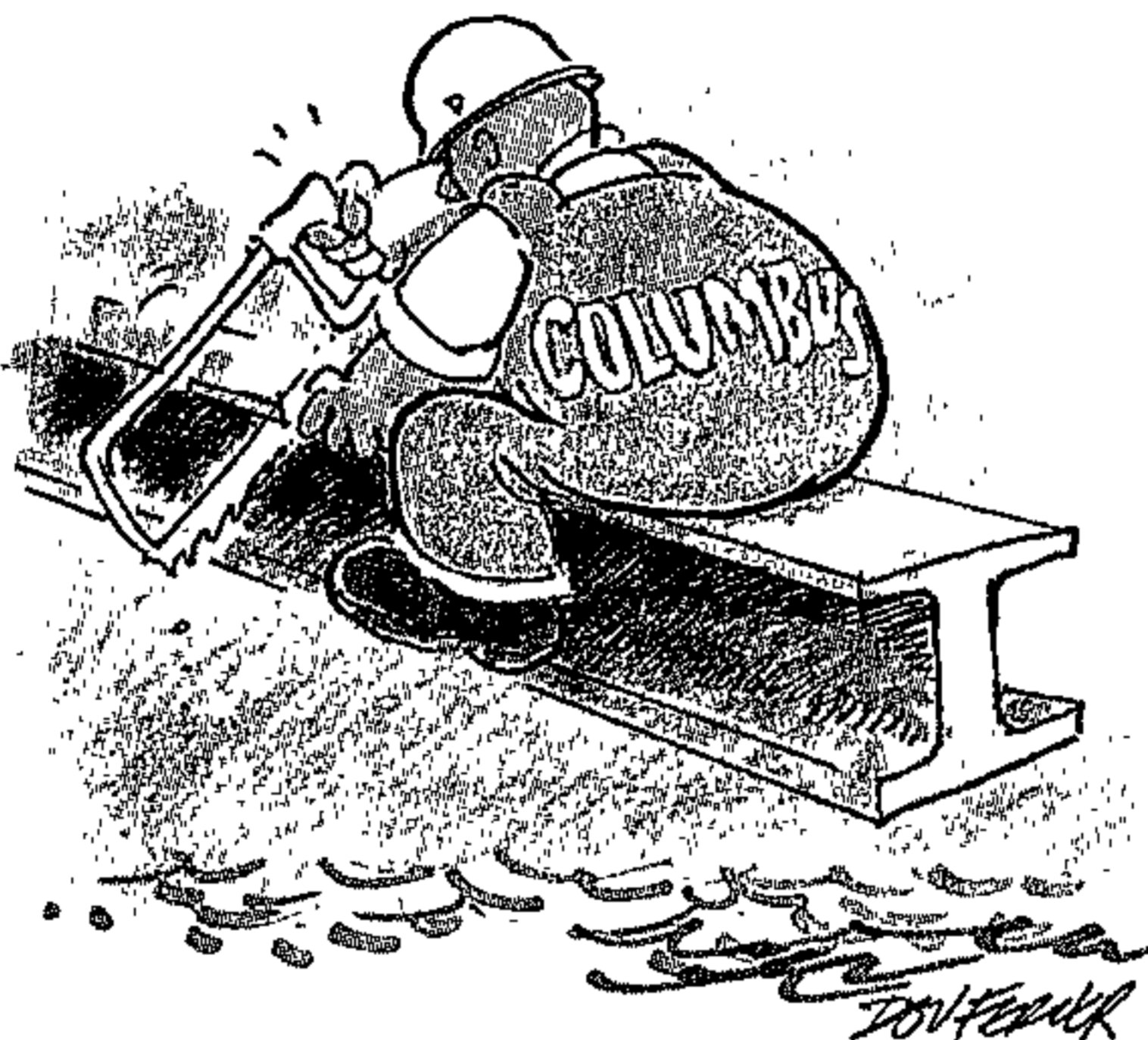
"At 50% of production, we cannot be profitable yet. Nevertheless, we are managing our cash flow," he says

And in what could be a major development for export quality, Boshoff hopes Columbus's shareholders will give the green light to a second-phase, R600m-R800m "marginal basis" conversion plan to push cold-rolling capacity to 45% of total output early next year. This will add to profit margins, subject to a successful global sales thrust which will determine the speed of conversion.

"But," Boshoff adds, "this expansion —

which will include an additional cold-rolling mill, annealing and pickling facilities and finishing equipment — will only take place if we can show an acceptable performance of present equipment."

The need for additional slab-grinding on exported hot-band semis has forced Columbus to spend more time on the finishing of its product. "This is a difficult



market as we are not in control of the process steps to get to final product. This determines the level of finishing required — but we are now compelled to give more attention to this aspect," he says

If prices remain low for the next year or 18 months, "all producers will have to look at supply and demand. We hope we will not have to cut back, but, though global demand is still growing, there is a 100 000 t-200 000 t oversupply, leading to a stock build-up," says Boshoff.

Harry Delpont, GM of Iscor's Pretoria works, says the plant's flexibility means it can easily switch back to carbon steel production should stainless export prices not warrant the high working costs of producing stainless slab and coil.

"Our original target date for 480 000 t/year stainless production has now been extended from 1998-1999 to 1999-2000. Nothing has changed in our focus, but we are scaling down our targets," he adds.

Meanwhile, the public scrap between the 11 000 t/year local stainless steel tank container manufacturing sector and Columbus over price, quality and delivery has paled into insignificance against the real problem of oversupply.

While quality and delivery difficulties are being "sorted out," the major remaining problem is that Columbus only produces stainless plate to a maximum width of 1,5 m, compared with the 2 m requirement of the tanktainer industry.

Boshoff says, with a total world market for only 50 000 t of 2 m-wide plate, the added R800m-R1bn capex would not have been a cost-effective investment.

But for now Iscor and Columbus face a stock overhang, plummeting prices and a bearish medium-term outlook for the stainless industry.

What must be comforting to Iscor shareholders is the low conversion cost of the Pretoria works (R130m) to stainless, coupled with its ability to switch back to carbon production. ■

## TENKE FUNGURUME

## LUNDIN TAKES SPOILS

**Iscor and Gencor** have lost out in the bidding for the US\$1,8bn Tenke Fungurume copper and cobalt project in Zaire's Shaba province. And the man who walks away with the spoils is Vancouver-based businessman Adolf Lundin.

A terse faxed response from Lubumbashi-based Gecamines president Deleague General Umba Kyamitala confirmed that "the Tenke Fungurume project has already been attributed to a group as partner to Gecamines." Sources say Lundin's modus operandi in similar projects has been to add some value and then sell to other investors at a handsome profit. In a similar South American project, he reportedly made a \$400m profit. ■

ST(BT) 28/7/96

# Exports fail to score on rand

(74G)

By SVEN LUNSCHE

EXPORTERS have yet to take advantage of the weaker rand. Figures released by the SA Revenue Service on Friday show that the trade surplus in the first half of this year was almost the same as in 1995.

The trade surplus for the period from January to June has fallen to R874-million from R902-million in 1995. Exports for the period have risen 12,5% to R53,94-billion from R47,95-billion, while imports were up by 13,2% to R53,06-billion from R46,89-billion.

However, there is evidence that the weaker rand is making imports more expensive and thus reducing demand for imported goods.

Imports in June fell sharply by 10% to R8,87-billion from R9,73-billion in May, while exports held steady at about R8,85-billion.

The rand fell sharply on Friday on release of this news. Economists had widely expected a monthly trade surplus of about R400-million. Instead, trade remained in a deficit amounting to R28-million.

The rand closed at R4,456 against the US dollar, its worst level since May 10, although it clawed back some earlier losses. Currency markets were also unnerved by earlier economic figures showing a rise in inflation to 6,9% and continued strong credit demand from the private sector, growing at 18,6% year-on-year in June.

Comments by Finance Minister Trevor Manuel that he was not worried about recent fluctuations in the

rand failed to calm the market.

Manuel told a foreign correspondents luncheon: "You've got a very thin market that tends to respond differently to other markets and you have to take account of that. I will not lose any sleep over it for now."

A breakdown of the trade figures show that exports of mineral products have risen sharply by 28,5% to R7,65-billion (January to June 1995: R5,96-billion), compared with a 16% rise in imports of these products to R5,05-billion from R4,36-billion.

The export of paper and pulp has fallen some 13% this year to R1,65-billion (R1,86-billion).

Vegetable product exports have also fallen this year, with R2,03-billion sold compared with R2,13-billion last year. Imports of vegetables have risen to R1,32-billion (R1,20-billion).

## COMPANIES

# Motor exports set to break records

ST (BT) 28/7/96

(192) (746)

By DON ROBERTSON

THE motor industry is set to establish new records for exports this year with well over R4-billion worth of components and vehicles destined for markets outside the country.

These targets will make it the largest and fastest growing sector of the manufacturing industry to adopt a global interest and will also substantially beat last year's volumes.

Making use of the Motor Industry Development Programme introduced last year, motor manufacturers are able to offset duties on imported components and fully built-up vehicles, based on the net value of the local content of exports — in many instances on a rand-for-rand basis.

But, as car makers continue to import large quantities of components and as many bring in complete cars, a foreign exchange "deficit" of about R5-billion has come about.

Industry sources believe that the continued growth in exports will help to reverse this deficit by 2002, when the MIDP's import duty cuts reach their lowest level.

In 1995 exports of fully built-up vehicles amounted to about R900-million. This sector is expected to show the largest growth this year.

In the first five months of the year the seven major manufacturers exported 3 192 fully built-up vehicles.

This is well down on the same period in 1995, but follows the completion last year of Volkswagen's three-year contract to supply 17 000 left-hand drive Jettas to China.

Forecasts for the full year are for more than double this number.

In the pipeline is Nissan's manufacturing agreement with Quest Motor Corporation of Zimbabwe for the initial manufacture of 2 000 completely knocked down CKD petrol and diesel one-ton pickups. The CKD assembly will involve single cab derivatives, but double cab models will be introduced later.

Nissan has sold 752 vehicles in the first five months of the year, and other Nissan passenger and commercial vehicles could be assembled in Zimbabwe.

Toyota is gearing up to export about 1 000 left-hand drive Ventures and Stallions for markets in Gabon, Cameroon and Nigeria and is also targeting countries such as Angola, Madagascar, the Ivory Coast, Algeria and Morocco.

Toyota sold 725 vehicles, mainly to Africa, in the five months to May.

Top of the export charts, however, is BMW whose sales volumes for the

first six months of the year reached R495-million. Hopes are that exports for the full year will top R1-billion.

Leather seats from the Babalegi factory, which are fitted to about 80% of all BMW models worldwide, make up approximately 70% of total sales, followed by components and fully built-up vehicles.

The first delivery of 300 vehicles out of a total of 800 for Australia began last month and about 10 units have been delivered to Pakistan.

Mercedes-Benz has seen a 400% increase in export volumes in the past two years and has forecast R650-million for the current year. Leather upholstery, alloy wheels, glass, catalytic converters and smaller components will be shipped to the car division in Germany.

Volkswagen is "well on target" with plans for about R500-million of component and accessory exports.

Delta expects to export between 2 100 and 2 300 vehicles as well as assorted components.

Samcor says it has increased export sales this year and is happy with its performance.

Dealerships such as McCarthy Motor Holdings have joined the export market and 200 000 catalytic converters will be airfreighted to Peugeot in the next year.

# SA could be leader in service exports

By Françoise Botha

Cape Town — South Africa was positioning itself to become a world leader in terms of the excellence of services exported, David Muirhead, the executive director of the South African Invisible Export Network, said recently.

"We've got the skills and the raw material. In some sectors of the economy there are skills surpluses and spare capacity, particularly in smaller businesses. All over the world, there are skills shortages in particular sectors. South Africa should be taking advantage of this," Muirhead said.

Invisible exports, such as tourism, transport and financial services, which include transactions that do not rely on the exchange of physical goods, are making an increasing contribution to South Africa's foreign exchange earnings.

It is estimated that, including tourism and financial services, invisible exports could account for 20 percent of South Africa's total exports in value terms. "It could be a lot higher, but it is still impossible to quantify," said Muirhead.

Apart from tourism, small consulting firms and individual entrepreneurs exporting a wide cross-section of skills and services, especially to Africa, are growing

the most rapidly.

"The common thread is that they don't grow, mine or manufacture what they sell internationally. It is self-perpetuating, but they often don't get the recognition of physical exports," Muirhead said.

The export network, which was established in Cape Town in April, plans to play a significant role in boosting the country's invisible exports. Loosely modelled on the British Consultants Bureau, whose member organisations contribute R12 billion a year to British foreign earnings, the organisation aims to promote and market South African services overseas.

Ties have been established with a number of international organisations and a programme, designed to assist suitably qualified people to win international short- and medium-term contracts, is being constructed.

"We hear too little about the income generated for South Africa by our consulting engineers, designers and a host of others working in the rest of Africa, Europe, America and the Far East," said Muirhead. "Far from being part of the brain drain, these people not only create money for the coun-

try but often create overseas contracts and market access for South African firms."

But, not all of the jobs are in professional services categories. International counterparts like the Philippines have realised the value in foreign earnings through shipping services. Filipino nationals, working as ordinary seamen aboard foreign ships, remit substantial amounts of money in foreign currency.

"South Africa sits astride one of the busiest sea lanes in the world and, given our need to create jobs, one would imagine that government resources would be poured into developing our skills base in this area. But there is precious little evidence of this," he said.

The company plans to expand to Durban and Johannesburg later this year.

"Cross-fertilisation is what it's all about and we intend holding regular workshops so that members from different disciplines can share their experiences, find solutions to mutual problems and share non-competitive overseas contracts," said Muirhead.

*'Far from being part of the brain drain, these people create income'*

ET (BE) 30/7/96 (749)

# Bid to boost economy on North East Rand with special export zone

(745) STAR 3/7/96  
By HOPEWELL RADEBE  
City Reporter

The North East Rand Metropolitan Council is lobbying for the approval of the Department of Trade and Industry and the Gauteng government for the establishment of a special economic zone to build an export processing market near Kempton Park.

The metro's development executive manager Keith Naicker said if the province approved the application, local industry in the North East Rand Metro area would benefit because their goods would be exposed to the international market.

The key consideration of the council would be to have provisions of the Labour Relations Act upheld within the policy that would be constructed to guide the special economic zone.

"We have been part of an initiative (at the provincial level) to put together economically rational policy proposals for national consideration," Naicker said.

He said the experience of such export

zones in other countries was that they had shown flagrant disregard for the concerns of labour.

"Whatever we opt for must fall within the context of national macro-economic policy and we would comply with Government guidelines," Naicker said.

Naicker said towns that were likely to compete to host the export zone included Germiston, Benoni and Boksburg.

The towns on the North East Rand were the ones most likely to win the bid because they were near the airports and national routes, as well as natural economic benefits.

Naicker said the advent of special economic zones would attract new business and be beneficial to local communities through the creation of sustainable jobs, development of skills and creation of wealth for the country.

He said other companies would have a creative opportunity of advancing their manufactured goods to make South African goods more attractive to those overseas businesses which import South African goods.



FOREIGN TRADE (G)

1996 ~~1997~~

# Sanas will help SA exports thrive

(746)

*Sowetan 5/8/96*

By Isaac Moledi

## Body will eliminate the need for retesting and recertification

**L**OCALLY PRODUCED GOODS are set to reach international markets more quickly and cheaply with the creation of a national accreditation body launched by the Government at the weekend.

The South African National Accreditation System, as the body will be known, is a Government-sponsored accreditation body aimed at eliminating the need for South African products and services to undergo retesting and recertification when they are exported to other countries.

Once the body is up and running, it will operate on similar lines as national accreditation bodies which exist in most of the developed countries, particularly the United

Kingdom, US, Holland, France and Australia.

These bodies negotiate and conclude mutual recognition agreements with similar bodies in other countries on behalf of their governments.

This process eliminates the need for products and services to undergo testing and certification in each country. This reduces the cost of exporting.

Launching the organisation in Pretoria on Friday, Trade and Industry Minister Alec Erwin said the existence of Sanas was a major step forward in the Government's overall economic reform pro-

gramme. The Government, he said, would soon institute tariff reforms to make locally produced goods competitive on international markets.

He said all the necessary structures and incentives would be put in place to enable South Africa to increase its exports.

"South African industry and professions need a competent measurement, testing and certification system if they are to survive and grow," he said, adding that the South African industry has to prove to its trading partners that it was capable of delivering technically sound products.

# SA producers may escape cuts

David McKay (746)

RECENT strengthening in the spot coal price could allow SA coal producers to escape price cuts in their export contracts into Europe for next year, industry sources said at the weekend.

Negotiations for next year's European contracts are due to start in October. Most of SA's steam coal exports, 55.6-million tons last year, are sold on contract. European buyers, mainly utilities, account for more than half of the country's exports, with Asian buyers the remainder.

Analysts believe average European contract prices were struck at \$34-\$35/t for the year.

Spot prices hit \$30/t earlier this year, leading to concerns that this could force next year's contract prices lower. But sources said the spot price had probably bottomed, and contract prices were likely to be held at last year's level.

Global supplies were tightening, with SA output knocked by heavy rains earlier this year and recent industrial action at Richards Bay Coal Terminal, SA's main conduit for coal exports.

SA's largest coal exporter Ing-

we said it was hoping the spot market recovery would strengthen the producers' hand in negotiations. "This would take the pressure off SA producers when 1997 price negotiations begin in Europe," marketing director Gordon Osterloh said. Demand in several European countries was also higher than previously expected. "The picture looks positive," he said.

Ingwe, which reports its results for the year to June later this month, exported 24.6-million tons of steam coal in its 1995 financial year, 54% of that into Europe.

Anglo American Coal Corporation exported 14.27-million tons.

Lonrho-owned Duiker Exploration said steam coal producers could sustain contract prices from last year with European buyers. Industry sources said spot prices were increasing due to demand in the UK, Germany and Portugal.

Firm domestic demand in the US, shortages of hydropower in Scandinavia, and problems with gas and nuclear plants in Hong Kong were other factors contributing to the spot price increase.

Lower international prices and rationalisation would restrain US output, while industrial action

and shipping congestion was hemming in Australian output. Infrastructure shortcomings and domestic demand were reducing Chinese exports. Exports were still likely to grow from Indonesia and Colombia, though sources said the latter was reported to be now fully sold for the year.

Heavy rains earlier this year helped restrain output through Richards Bay to an estimated 28-million tons for the first half of the year, against the terminal's 60-million ton export target this year.

The terminal was recently affected by industrial action by the Transport and General Workers' Union, which had cut railed coal into the terminal by about 30% during the action, Spoornet said.

Osterloh said Ingwe, along with the rest of the industry, had suffered some loss of railings due to the action at Richards Bay. Ingwe would attempt to use "any available means" during the remainder of the year to achieve its targets, he said.

Richards Bay Coal Terminal MD Mike Dunn said the company was communicating with its shareholders. It was also making a full assessment of the situation.

## Boost likely for agricultural exports

Tim Cohen

(74G) BD 13/8/96

CAPE TOWN — SA's agricultural exports are set for a boost as a result of the country's likely inclusion in the European Union's general system of preferences (GSP) for agricultural products from the end of the year.

Trade and industry department foreign trade relations chief director Faizel Ismail said yesterday there were

good indications that SA would be included in the EU's GSP programme for agricultural goods. The system usually consists of a package of tariff cuts granted on a non-reciprocal basis by developed countries to developing countries to aid their economies.

Ismail said that when the EU first debated extending the GSP to SA, it

Continued on Page 2

## Exports

(74G)

BD 13/8/96

Continued from Page 1

was reluctant to grant favourable access to industrial and agricultural products. Consequently, GSP status was granted to SA for industrial products, while the question of agricultural products faced further investigation.

In recent talks on setting up a free trade area, EU officials indicated the union now favoured granting GSP status on agricultural goods.

Ismail said the department had not yet received a list of which goods would benefit or the extent of tariff cuts. However, as SA's agricultural exports to the EU were substantial, the effect of inclusion was likely to be substantial.

In a presentation to the foreign affairs, trade and industry and agriculture committees Ismail said SA was not convinced the EU could deliver a fair free trade agreement. A fair agreement would take into account SA's developing status. It would not be free if many products were excluded from its ambit. The EU's mandate suggested that 40% of SA's current exports to the EU would not fall within the proposed free trade agreement, and the bulk of these were agricultural exports. However, the mandate provided by the union was negotiable, he said.

The parliamentary committees set up a body to liaise with the department, Nedlac and regional organisations on the proposed free trade area.

See Page 9

# Plan to export apples kicks off this month

Louise Cook

~~SENTRAAL OOS~~  
(746)

BD 16/8/96

A R43m farming scheme to export 20 000 tons of apples from the eastern Free State by 2004 will be launched at the end of the month.

Sentraal Oos manager Hans Meiring said that if the new farmers, still to be selected, farmed successfully over the next three years, they would be able to buy their allotments.

The scheme, to be run jointly by the Free State provincial government, Sentraal Oos Co-operative at Bethlehem and the Bethlehem council, will accommodate 150 new black farmers.

Meiring said the Free State agriculture department had sunk R7,6m into training and site development. An undisclosed amount was also likely to come from the International Finance Corporation next year.

# Zimbabwean border delays irk exporters

(S) (7407)

From Sapa

CT (BE) 23/8/96  
Beitbridge — Bureaucratic delays are frustrating commercial vehicle operators passing through the Beitbridge border post with Zimbabwe in transit to other regional markets from South Africa.

Vehicle operators said they had to wait at the border for up to four days to be cleared each time they imported goods through Zimbabwe from South Africa. Even Zimbabweans said the country's image would suffer.

"Whether we are importing or exporting, the South African side of things is very efficient. Problems are found on the Zimbabwean side, its a serious problem," said a driver for South African-based Truck Africa Haulages.

Operators said they were subjected to thorough custom and clearance procedures as if Zimbabwe was their destination.

"Somebody, somewhere is not doing his duties properly. This is very upsetting," said a driver with the Zimbabwe-based company, Bindira Haulage.

Some commercial transport operators charged demurrage fees for delays at the border.

Forwarding and shipping agents estimated losses on a delayed single commercial vehicle to be as much as Z\$5 000, about R2 300, a day.

Zambia  
lashes out  
at 'dumped'  
SA exports  
Star 24/8/96  
By ROSS HERBERT

Maseru - Zambia had become a "dumping place" for South African goods and it would impose retaliatory tariffs if progress on trade wasn't made urgently, Zambian President Frederick Chiluba said at the Southern African Development Community summit here yesterday.

Zambia and South Africa are expected to sign an SADC trade protocol today which would commit members to a phased reduction of trade tariffs over the next eight years.

However, Chiluba said the protocol would not address Zambia-South Africa trade imbalances fast enough.

"We are in a hurry," said Chiluba, who stressed that Zambia had been pressing South Africa for two years to rectify its trade imbalances. Currently, trade imbalances are running 15 to one in SA's favour.

### Moving too fast

"If we make two, four, five, seven steps and nothing is forthcoming (from SA) we might have to use the yellow card," Chiluba said.

Alec Erwin, Minister of Trade and Industry, acknowledged the problem but said free trade alone wouldn't necessarily help SADC countries. "The International Monetary Fund advice is wrong on this. The region is de-industrialising (as a result of lowering its tariffs). The fact is that South Africa is moving into all these economies much too fast."

He said rushing to a free trade environment could make the trade imbalances worse for SA's neighbours.

Trade talks between Zambia and the South African Customs Union are scheduled to begin at the end of September. Chiluba said his country had paid a price for moving faster than any of its neighbours towards free trade. Erwin said all countries in the region had benefited but SA had exploited Zambia's low tariffs more than the others. - Independent Foreign Service

## Disease affects SA ostrich meat exports

BD 27/8/96

(74G)

~~SECRET~~

CAPE TOWN—Newcastle Disease has broken out in SA's leading ostrich farming area and is affecting meat exports to the European Union, a producers' association said yesterday.

The Klein Karoo co-operative, based in Oudtshoorn, said 60 farms were under quarantine and meat from their birds

could not be exported. The meat was safe for human consumption but could carry bacteria that might lead to outbreaks of Newcastle Disease, a respiratory ailment which affects birds.

About 80% of the value of an ostrich is in its hide, while meat and feathers account for the rest.—Reuter.



Doc. P. 250  
R 250

## BUSINESS

### Relief for SA exports to US

Edward West

BD 28/8/96

THE foreign trade prospects of more than 100 developing countries, including SA, will be helped by the passing of a Bill through the US Congress re-authorising the generalised system of preferences.

The system grants preferential duty-free, or reduced duties, to about 4 284 product imports by the US. Most countries with an average per capita gross national product of below \$8 600 were eligible for benefits. SA became a beneficiary in April 1994 after the political transition.

The system is effective from October 1 1996, until 31 May 1997. The re-authorisation will be retroactive from July 31 1995.

Trade and industry de-

partment (DTI) <sup>(746)</sup> spokesman Romaano Masibigiri said developing countries had lobbied hard to have the system reinstated. SA had contributed to the process through representations made at last month's binational commission between the US and SA.

The SA Foreign Trade Organisation said it welcomed the reinstatement of the system, as the duty relief would boost SA's exports to the US.

The value of SA's exports to the US had grown to R6bn at the end of last year compared with exports of R4,9bn in 1992, R5,4bn in 1993 and R4,4bn in 1994.

SA's imports from the US amounted to R11,8bn at the end of 1995 compared with R8,9bn in 1994, R7,8bn in 1993 and R7,1bn in 1992.

# Surge in exports cheers the markets

BD 30/8/96

(746)

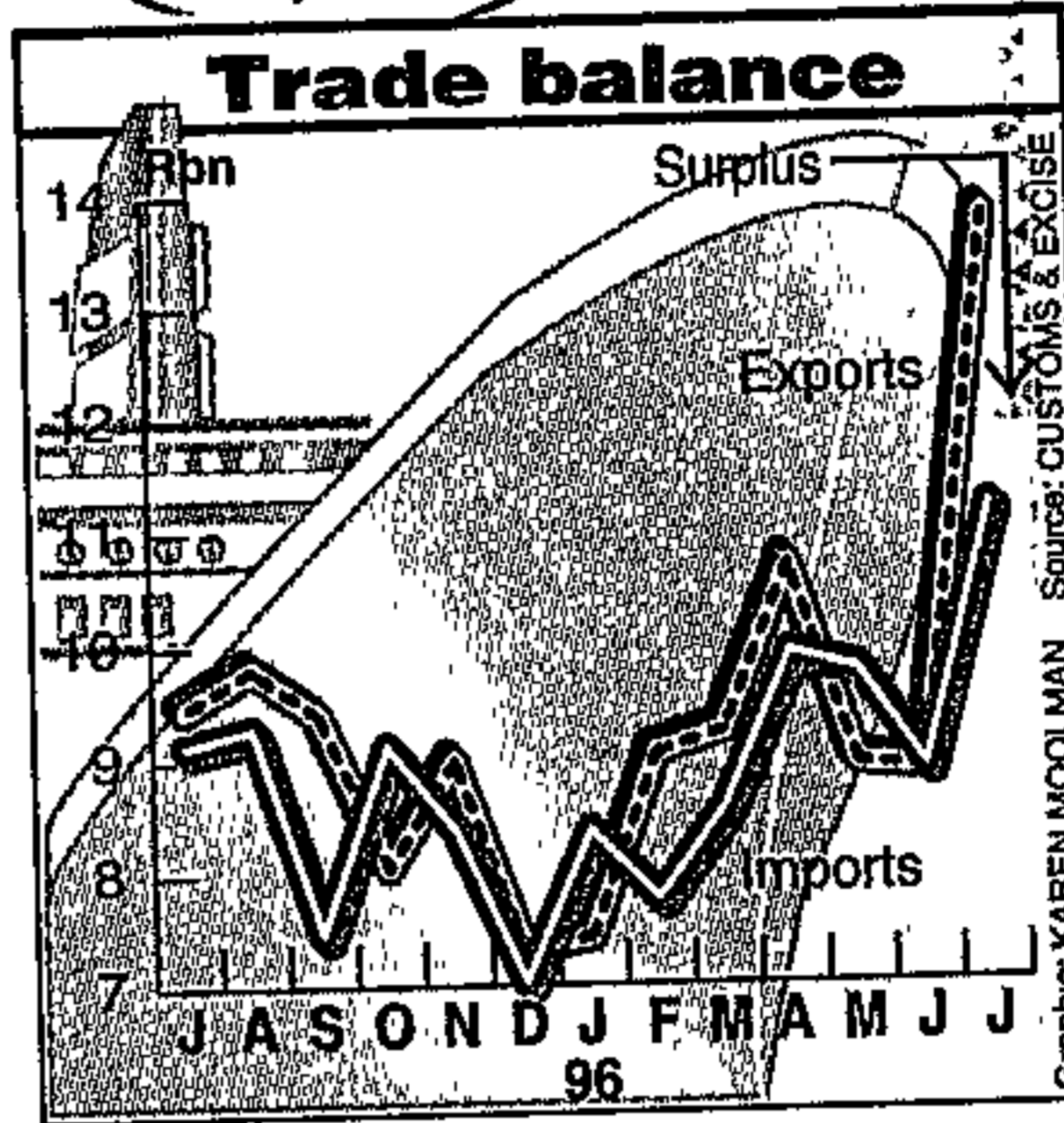
Greta Steyn

EXPORTS surged an astonishing 55% in July from June to push SA's trade balance into a huge R2,58bn surplus for the month from a R27m deficit, customs and excise figures released yesterday showed.

The trade bonanza cheered the markets, with traders delighted that the weak rand's benefits were coming through so strongly. However, economists warned that the data was not totally reliable.

Reserve Bank governor Chris Stals this week made the trade balance the focal point of monetary policy. The good figure is seen as the strongest sign yet that Bank rate will remain unchanged. As a result, money and capital market rates fell yesterday even though liquidity is drying up. The figure also boosted sentiment towards the rand, which held at its firmer levels.

Economists pointed out that imports remained extremely high in July, rising almost 26% from June to R11,14bn. Imports of vehicles more



than doubled from the previous month and machinery imports surged more than R800m.

Exports soared to R13,72bn in July from R8,84bn in June, with agriculture-related products notching up amazing increases. Surprisingly good

Continued on Page 2

## Exports

Continued from Page 1

figures were also achieved in the chemicals category, while a statistical revision played a major role. A revision in June, which had resulted in the unclassified category (arms and platinum) recording a "negative export" figure, in July registered R900m in exports.

Nedcor economist Kevin Lings said: "It is just not feasible for exports to rise about R5bn in one month. Customs and excise should consider providing explanations for extraordinary changes." But a spokesman for customs and excise said there had been nothing out of the ordinary about July. "It was a very busy month," he said.

SMK Securities economist Herman

van Papendorp said the high imports probably reflected pre-emptive buying based on fears of further rand depreciation. "Distress" purchases had also helped keep the credit figures high in the second quarter.

The situation was not sustainable, which meant there was no need to hike Bank rate, even though there was no real evidence yet of a slowdown in imports.

The Standard Bank's economics division cautioned that the volatility of the trade figures did not allow one to read too much from one month's figure. The bank noted that cumulative imports for the period January to July were up about 14% from the same period last year, while exports over the period were 17,5% higher.

The cumulative surplus was R3,46bn from R1,41bn last year.

BD 30/8/96

Simon Barber

WASHINGTON — California fruit growers are objecting to the US agriculture department's proposal to lift its ban on imports of citrus from the Western Cape.

Removal of the ban, imposed because of fears SA fruit could contaminate US orchards with blackspot fungus, has been heartily endorsed by several of the US's largest wholesalers and supermarket chains anxious for out-of-season supplies.

The agriculture department projected that, in the absence of the

# Lift on Cape citrus ban irks Californians

7/4/95

2/19/96

BD

ban, SA exports to the US would total about 37 000 tons this year.

The department gazetted its desire to lift the ban in early July. The move would only apply to fruit certified as having been grown in and shipped from the Western Cape.

The department said it was satisfied the province was free of blackspot — a discolouring disease endemic in much of southern Africa which renders citrus unsellable in

the fresh fruit market — and that it would remain free under existing SA government controls.

In a July 31 letter, Paul Engler, president of the California Citrus Quality Council, asked the department to withdraw its proposal.

Blackspot was still present in the Western Cape, he suggested, noting that "citrus fruit infected with the ... fungus often shows no symptoms. The disease is quiescent and unde-

etectable until the export fruit is exposed to warm temperatures."

To support this contention, Engler attached a description of the disease from a technical reference manual. Ironically, it states that "disease spread is unlikely through the movement of infected fruit".

Florida state's agriculture commissioner, Bob Crawford, has told the department he accepts its proposals, although he would like rou-

time surveys for the pathogen to be carried out and existing regulatory barriers to be maintained.

The department believes Californians should not be concerned about SA competition. Likely SA imports represented a "fraction of 1%" of US production, which was worth \$2,25bn in the 1994/95 season.

Meanwhile, US wholesalers and retailers are eager to obtain SA citrus. As of last week, three of the country's largest supermarket chains and two major distributors had written to the department backing an end to the ban.

# Richards Bay processes record coal export tonnages

Reinie Booysen

THE Richards Bay Coal Terminal has processed record tonnages in recent months, as coal exporters work to catch up on production lost due to heavy and unseasonal rains earlier this year.

Analysts said it seemed unlikely this year's export target of 60-million tons would be reached, mainly as a result of losses caused by heavy rains from February through March, which flooded a number of open-cast mines.

They said that even last year's full-year total of 58,1-million tons could be beyond reach.

The tonnage handled by the terminal from January to August this year amounted to an annualised total of 56-million tons only — in spite of some active spells over recent months.

In June, the terminal's throughput topped the 6-million-ton monthly level for the first time.

Although this compensated to some extent for the low levels earlier in the year — in April only 4,1-million tons were shipped — terminal sources said it was unlikely that this record could be repeated on a regular basis.

"In June we had two very favourable circumstances," a Richards Bay spokesman said.

"On the one hand, there was a good distribution of grades to be loaded, enabling our loading machinery to be utilised fully.

"On top of that, the vessel arrival pattern was good, with very little punching," he said.

A Johannesburg coal analyst said next year would probably be a much

better year for exporters, with target annualised capacity of 63-million tons planned by the middle of next year. Actual tonnage next year could be about 61- or 62-million tons, he said.

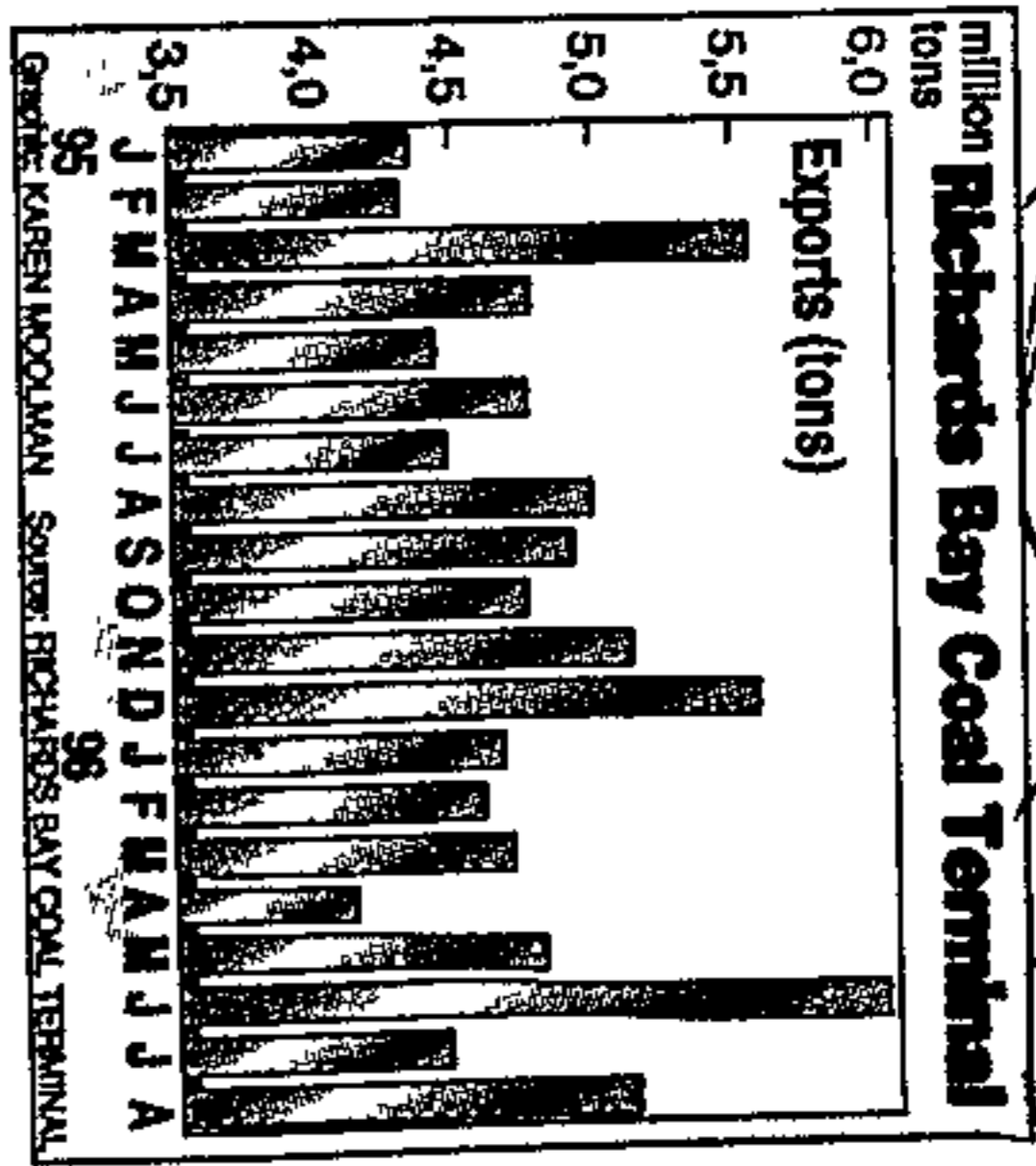
The dip in exports from SA this year has contributed to the relatively firm balance in the world coal market, with prices a few dollars a ton higher since June, and some analysts predicting a continuing strengthening.

Ivor Jones, Roy coal analyst John Loewen said the classic signs of a strengthening market were being witnessed. "I expect the firmer trend to continue," he said.

Although the shortfall in expected sales from SA was small in the context of total international seaborne sales, Loewen said the coincidence with several other bullish factors, including in-

BD 9/19/96

(275) (746)



dustrial action in the Australian coal industry, and a reduction in available exports by high-cost US producers, had boosted market sentiment.

## Hanekom warns fruit export industry

Louise Cook

PRETORIA — Agriculture and Land Affairs Minister Derek Hanekom warned yesterday that he would be unsympathetic to requests to maintain single channel marketing within the R3,8bn fruit export industry.

Hanekom told a Transvaal Agricultural Union fruit conference yesterday that government's withdrawal from agricultural marketing would open the door to competition.

Unifruco and Outspan are the sole agents appointed by the Deciduous Fruit and Citrus Boards to handle exports.

The previous Agricultural Marketing Act, giving the two control over exports, is to be replaced later this year.

BD 11/9/96  
The new legislation stipulates that producers have to submit a "business plan" to government for continued state intervention.

Hanekom said state intervention in marketing was no longer "appropriate" — the whole economy was moving to free markets and competition. "I do not believe that Unifruco will cease to exist, but it will no longer be in a position to prevent other agencies from operating in the market," Hanekom said.

Unifruco chairman David Gant said deregulation was unlikely to strip the company of more than 10% of its export volumes. Most producers "would like to see us continue as a marketing agent".

Outspan declined to comment ahead of the new marketing Bill passing into law.

- 1 Radio Technician
- 9 Source Producers
- 6 Production Assistants
- 1 Head of Production
- 1 Team Leader
- 2 Live Directors
- 2 Africa Highlights Producers
- 1 Super-highlights Producer
- 2 Engineers
- 1 Soundman
- 1 Technical Head
- 1 Sound Operator
- 1 News Producer
- 1 News Editor
- 1 GMSA/News Producer
- 2 News Co-ordinators
- 2 Radio News Commentators
- 1 Head of Radio

(2) All crew members are sport specialists whose normal day-to-day tasks take place within the sport environment. Each member of the team was selected because of their sport broadcast knowledge and experience.

**Poisonous substances: child-resistant packaging**

19 Ms B M NZIMANDE asked the Minister of Health:

(1) Whether, in view of the number of young children dying because of exposure to poisonous household cleaners, chemicals and medication, her Department intends taking any steps to compel manufacturers to use child-resistant packaging; if not, why not; if so, what are the relevant details;

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

N1569E

**The MINISTER OF HEALTH:**

(1) The Department is gravely concerned about the number of children dying due to household chemical poisoning, and is very committed to improving the current situation

The Directorate: Environmental Health, and specifically the sub-directorate: Water, Chemicals and Waste Management is responsible for a number of projects with the specific aim of reducing and eliminating,

or omissions by unknown persons during the 1995/96 book year.

(a) With regard to criminal actions or omissions by serving personnel, 132 cases to the value of R443 626,42 were reported. These losses include those resulting from all criminal actions and are not restricted to cases of fraud and corruption only.

(b) With regard to criminal actions or omissions by unknown persons, 381 cases to the value of R1 927 892,30 were reported. Again, these losses include those resulting from all criminal actions and are not restricted to cases of fraud and corruption only.

I would like to give the hon member my assurance that commanders at all levels have been instructed to curb acts of fraud and corruption. The inspectorate under the Inspector-General has already achieved commendable success in this regard.

**Public service pension funds: contributions**

\*22. Mr K M ANDREW asked the Minister of Finance:

(1) Whether there were any changes over the past two years in the ratio of the State's contribution to public service pension funds compared with the employee's contribution; if so, what changes;

(2) what amount (a) did the State contribute in the 1995-96 financial year and (b) does the State expect to contribute in the 1996-97 financial year to public service pension funds?

**The MINISTER OF FINANCE:**

(1) The ratio of the State's contribution to public service pension funds compared with the employee's contribution changed from 1 May 1996 with the amalgamation of the former civil service pension funds into the new Government Employees Pension Fund to 1 : 2,4

Pension Funds	Previous contribution ratio	New contribution ratio
Government Service Pension Fund	1 : 2,74834	1 : 2,4
Temporary Employees Pension Fund	1 : 2,74834	1 : 2,4

Authority	1995-96	1996-97
Authorities Service Pension Fund	1 : 1,986	1 : 2,4
Authorities Service Superannuation Fund	1 : 1,30	1 : 2,4
Venda Government Service Pension Fund	1 : 2,11	1 : 2,4
Venda Government Service Superannuation Fund	1 : 1,3	1 : 2,4
Ciskeian Civil Servants Pension Fund	1 : 2,74834	1 : 2,4
Transkeian Government Service Pension Fund	1 : 2,74834	1 : 2,4
Transkeian Government Employees Pension Fund	1 : 2,9091	1 : 2,4
Bophuthatswana Government Service Pension Fund	1 : 0,75	1 : 2,4

(2) (a) State contributions in the 1995-96 financial year amounted to R6 190 393 294,00 (this excludes contribution to Funds of the former TBVC States for which information is not yet available).

(b) The amount that the State expects to contribute in the 1996-97 financial year is not available as the effect of the salary increases granted in July 1996, has not been discounted yet.

**Illegal export of liquor: loss of taxes**

\*23. Mr I D VAN ZYL asked the Minister of Finance:

(1) Whether his Department has any statistics in regard to the loss of customs and excise duty suffered by the Republic as a result of the illegal export of liquor, if so, (a) how many cases of such illegal export were reported during the latest specified period of 12 months for which information is available and (b) what was the total loss of income during this period;

(2) whether he or his Department is considering any steps to combat this offence; if not, why not; if so, what steps;

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

N1573E

**The MINISTER OF FINANCE:**

(1) Reliable statistics are not available.

(a) 12 cases were reported during the period July 1995 to July 1996

(b) An exact amount cannot be determined at this stage but it is estimated that the potential loss exceeds R20 million;

(2) The following steps have already been put into operation:

(a) Stricter control over export consignments including the requirement that a cash deposit be lodged until acceptable proof of export can be produced.

(b) Stricter border control as well as the upgrading of border posts.

(c) Prosecution of transgressors where necessary.

(d) Stricter control at point of manufacture (source) e.g. beer which is duty paid at source therefore eliminating the possibility of illegal exports.

(3) All possible steps are being taken to curb illegal exports of goods. In this case there is close co operation with the private sector and a considerable number of successes have been achieved as a result of information made available by the private sector.

A task group known as the Customs Law Enforcement Task Group consisting of representatives from Customs and Excise, Inland Revenue, Trade and Industry, S.A. Police Service together with representatives from various industries in the private sector has been formed to follow up on all information with regard to illegal imports and exports.

This Task Group functions on a full-time basis and has resulted in the seizure of goods worth millions of rands.

A team of 12 inspectors from the United Kingdom's Customs and Excise Department is currently assisting the South African Revenue Service with inspections and also in providing training.

\*24. Mr D M STREICHER—Public Enterprises—[Question standing over.]

\*25. Mr J A JORDAAN—Public Enterprises—[Question standing over.]

#### Mandatory levy on payrolls

\*26. Mr P G MARAIS asked the Minister of Labour.

(1) Whether he has recommended or intends recommending that the Government introduce a mandatory levy on payrolls with a view to enhancing the State's investment in training; if not, why not; if so, what are the relevant details concerning this recommendation or proposed recommendation;

(2) whether he will make a statement on the matter? N1576E

#### THE MINISTER OF LABOUR:

(1) The introduction of a national payroll levy scheme to finance training is currently under investigation. However, should such a scheme be implemented it would fund industry-based training in the country.

(2) A new Human Resource Development strategy is currently being developed by the Department of Labour, in partnership with other stakeholders on the National Training Board (NTB). A central part of this new strategy is the development of effective financing mechanisms for training in the country.

The Government's "*Growth, Employment and Redistribution: A Macroeconomic Strategy*" refers to the need for "*a new financing mechanism and governance framework (for training) which aims to increase the aggregate level of effective investment in training. Towards this end the government is investigating the feasibility of introducing a mandatory levy on payroll*".

The Department of Labour has been part of a stakeholder investigation into new funding mechanisms for training for the past year and a half, in NEDLAC. These investigations have projects on the international experience on the funding of training and research projects on the current state of training and its funding in South Africa. The investigations will culminate in the Government, Business and Labour representatives discussing preferred financing options for training to be incorporated into a Green Paper on HRD, which will be published in October 1996.

The Department of Labour will collect all comments on the Green Paper including those on proposed funding mechanisms. Detailed financial modelling and analysis of the cost implications of the funding options in the Green Paper will also be undertaken. These will inform the refinement of funding proposals into a single funding proposal, which will be included in a white Paper to be published in 1997, pending approval by Cabinet.

It may be noted as well that as proposed in the Green Paper on Employment Standards it is our intention to extend the coverage of wage determinations in the unorganised sectors to include domestics and agricultural workers.

Finally, it should be noted that the above comments relate primarily to the formal sector of the labour market and the government has very little influence on how wages are determined in the informal sector of the economy.

I have appointed a task team to review the recommendations of the Comprehensive Labour Market Commission including the aspects of wages determination in both the organised and unorganised sectors and our position on these matters will be announced in due course.

#### Policy: wage increases linked to productivity

\*27. Mr P G MARAIS asked the Minister of Labour:

(1) Whether he or his Department has taken or intends taking any steps to ensure that effect is given to the viewpoint expressed in the Government's macro-economic policy that wage increases must be linked to productivity; if not, why not; if so, what steps;

(2) whether he will make a statement on the matter? N1577E

#### THE MINISTER OF LABOUR:

(1) Wage determination in the economy takes place in accordance with circumstances prevailing in the two major segments of

the labour market, namely, the organised and unorganised segments.

In the organised segment, wage determination takes place in accordance with agreements arrived at through collective bargaining, and the resulting wages in this respect generally reflect the various considerations that each party (i.e. workers and employers) deem important that it brings to the bargaining table, and it also reflects the relative bargaining power of each of the partners. Thus whether the negotiated wage outcome or increase is in line with changes or improvements in productivity cannot be directly influenced by government policy since this would be seen as an interference with the enshrined rights of the parties to engage in collective bargaining freely.

However, as indicated in the Macroeconomic policy document, Government intends, through NEDLAC, to work toward reaching consensus with social partners on a national social agreement that would include among other things the need to ensure that wage and salary increases do not rise more than productivity growth. This is the spirit in which the idea of promoting a social accord or agreement among the social partners has been proposed in the Macroeconomic policy document.

In the unorganised segment of the labour market the Wage Act allows the Minister to determine minimum wages for the sectors covered by the Act, other than domestics and agricultural workers. In the sectors covered by the Act three considerations will guide the setting of minimum wages. The first relates to the need to ensure that due to the relatively weak bargaining position of the workers in these sectors wages are not exploitative or unduly out of line with what is required to maintain minimum standards of living. The second relates to the need to rectify any wage discrepancies that were the result of Apartheid discriminatory practices in the labour market. And the third relates to the need to ensure that where the foregoing two considerations are not of overriding importance wages increases reflect increases in productivity.

# EU puts fresh squeeze on fruit exports

Samantha Sharpe

CAPE TOWN — The European Union (EU) has slapped fresh constraints on fruit and vegetable imports, sparking claims that this conflicts with its plans to offer SA a free trade agreement.

The restrictions, effective from September 1, force importers to seek import licences for a string of products, including citrus.

The licences — in place at least for the next year — were imposed despite

protests by northern European countries following lobbying from southern Europe, which opposes opening the EU market to SA agricultural products.

The licensing requirement comes amid growing parliamentary discontent with the EU about its negotiations on a free trade pact. The EU's negotiating mandate excludes about 40% of SA agricultural products.

Trade and industry department Eu-

Continued on Page 2

## Fruit

Continued from Page 1

European section head Wilhelm Smalberger said such barriers would be raised when SA began formal negotiations with the EU.

"SA also has import controls in certain areas, but the phasing out of these controls will clearly be on the table when we finalise our trade mandate early next month."

Smalberger said the department had asked industry to notify it of all barriers affecting trade with the EU.

SA fruit exporter Unifruco said the licensing system was being justified as a monitoring system for agricultural import volumes into the EU, but could become a mechanism to apply quotas to SA exports.

Spokesman Fred Meintjies said the licences imposed "an extra bureaucratic burden" on traders and could eventually be used to penalise exporters.

ANC MP Rob Davies said the import licences illustrated the problem of protectionism in Europe.

"It shows the kind of thing we have to deal with in terms of talks with the EU. The playing fields are clearly not level," he said.



# New-look Safto focuses on smaller exporters

(74G) (BR) CT 19/9/96

By Sean Feely

FINANCIAL SERVICES EDITOR

Johannesburg — Safto, previously the government-funded South African Foreign Trade Organisation, will focus on providing export services and training to the small and medium enterprise sector, Johan Scheepers, the company's chief executive, said yesterday.

"Considering the very substantial growth required in the country's exports, it's clear that a major part of this growth will have to come from enterprises which are currently non-exporters as many established exporters only have limited scope to increase their exports," said Scheepers.

Safto, which received as much as R6 million in taxpayers' money three years ago, had been criticised for duplicating the efforts of the trade and industry department's export promotion directorate.

"The trade and industry department is expected to concentrate on export policy issues and on opening and developing markets for South Africa, with Safto concentrating its efforts on providing services to individual companies," he said.

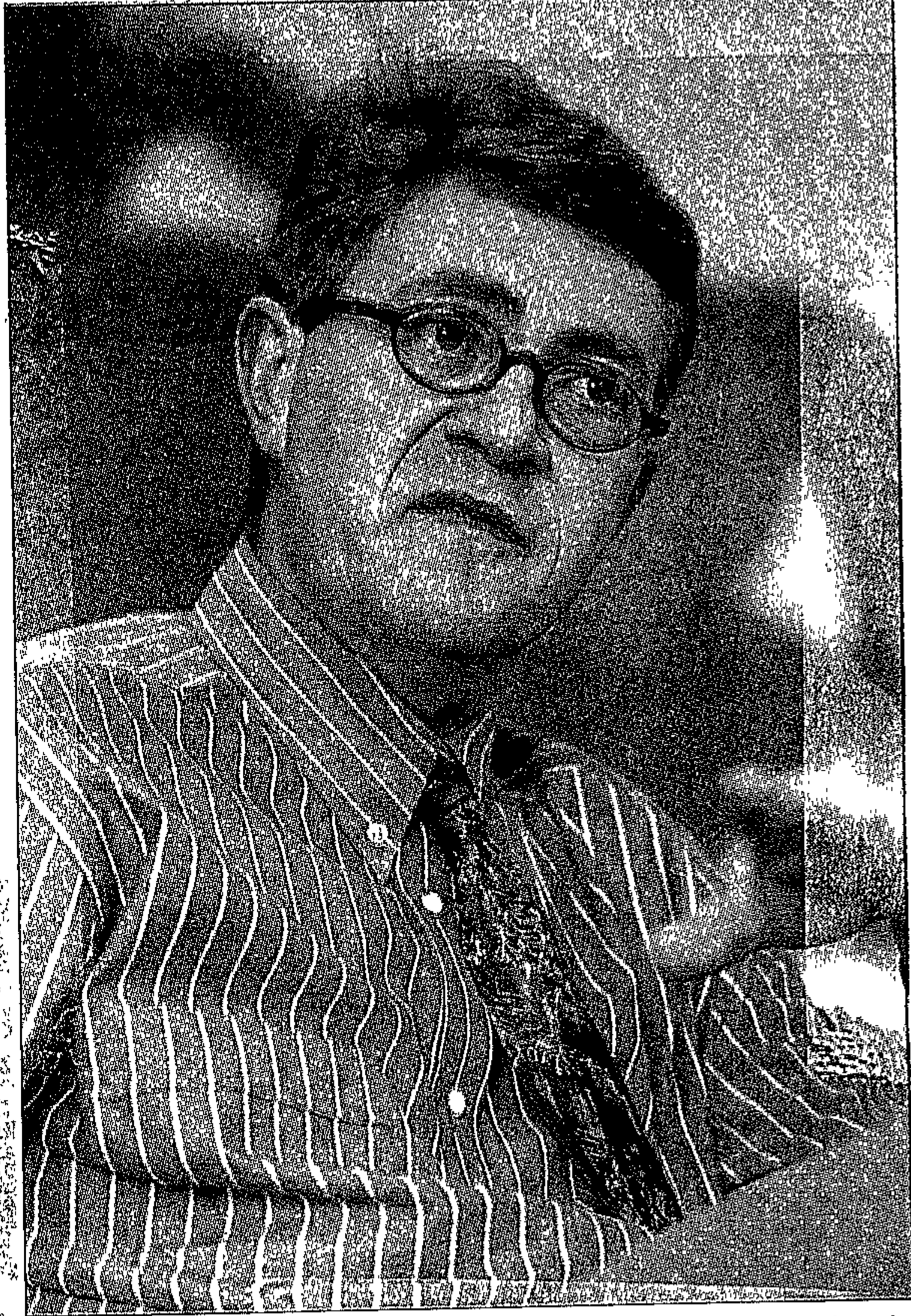
The limited liability company has refocused its activities to catering primarily for companies which have little or no export experience. It was taken over as a wholly-owned subsidiary last year by the Industrial Development Corporation (IDC), which has the government as its sole shareholder.

Safto was set up in 1963 and does not receive government funding. It has cut its staff to 70 people from 130 at the time of the takeover. Its present membership base has dropped to 880 companies from 1 050 in July last year.

It has set up a new international trade consulting division to help emerging exporters as well as provide company-specific export penetration plans for large corporates. It has also established an international business development centre, to match foreign companies wanting to do business with local firms.

In order to encourage small and medium-sized enterprise to benefit from Safto's services, the membership fees have been reduced to about R2 000 a year, which is a third lower than the cheapest form of membership available under its old structure.

Picture: BRETT ELOFF



**DIFFERENT BALL GAME . . .** Johann Scheepers, new chief executive of Safto, who trimmed staff to 67 from the 250 of a few years ago

EXPORTS  
By ZILLA EFFRAT

**O**VER the past 33 years the SA Foreign Trade Organisation has become an institution among exporters. Some members were happy with its services, others groaned endlessly, but Saffo helped many entrench their products across the globe.

It held their hands through the intricacies of export incentives and letters of credits and helped some with a bit of cloak-and-dagger stuff during the sanctions era. When boycotts ended, the non-profit organisation launched high-profile splashes into new markets such as Dubai and Singapore.

But, according to Johan Scheepers, Saffo's new chief executive, the organisation has experienced funding problems throughout its existence.

In earlier days it enjoyed annual grants from government which peaked at about 40% of total income in the mid-1980s. Towards the end of the 1980s, Saffo lost these and had to negotiate specific fees with government for clearly identified projects. But while state funding declined, Saffo still received R6-million in funding in

# Helping to sell the idea of exports is new Saffo's role

its 1993/94 financial year.

The following year, the roof caved in. The Department of Trade and Industry had given an undertaking that Saffo would again receive R6-million for its services. And that is what Saffo had spent by the time it submitted its proposals later in the year. Government finally awarded it contracts worth far less and ended all funding in April last year.

Scheepers says: "Saffo faced a major financial crisis and was technically insolvent. It had no reserves or shareholders to help it. There was also no way that government would bail it out and putting together a consortium of big business to take it over was unrealistic."

To the rescue came Carel van der Merwe, managing director of the Industrial Development Corporation. Van der Merwe was a Saffo board member who saw synergies between

his organisation and Saffo. In May 1995, he sent in a team to evaluate the export company.

A month later, the IDC, believing that Saffo's export promotion activities were essential to the economy, took the organisation over and recapitalised it.

Saffo's chief executive, Len van Zyl, who was approaching 60, indicated a desire to retire and Scheepers was seconded from the IDC to turn Saffo around.

But Scheepers says: "By October it was clear to me that Saffo's problems went deeper than just finances. In many areas the market was dissatisfied with its services." External consultants were brought in to survey 200 past,

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*'It was clear that Saffo's problems went deeper than just finances. The market was dissatisfied with its services'*

present and potential Saffo members. The results showed that 90% of these companies believed that a private-sector organisation like Saffo was necessary and had a different role to play than that of the DTF.

"The market believed Government was not in a position to come to grips with the day-to-day problems faced by exporters," says Scheepers.

"The DTF's role was seen as formulating and implementing trade policy, as well as managing South Africa's relations with other countries and promoting the country's image abroad." Saffo, however, did not fare too well when perceptions of its

performance were measured against the performance of competitors and government.

While plans were being laid to transform Saffo, its financial woes deepened and a worried IDC put in more money, believing that the organisation should be given the chance to get its house in order.

And that is what Scheepers believes has happened. A much leaner Saffo was relaunched this week, one he expects to be profitable by April. Staff has been trimmed from about 250 people a few years back to 67.

To reduce overheads, the organisation has moved next door to the IDC's Sandton headquarters and makes use of the IDC's computer, economics, and legal departments. Saffo, which is now a private company, has sold off its publishing division and will no longer arrange trade fairs. Its coastal branches have also

been trimmed to avoid duplication with head office and may be merged with branches of the IDC.

In the past, Saffo's many types of membership — priced from R3 000 to R19 000 a year — often confused its staff as much as outsiders.

The new Saffo offers only one type of general membership, priced at R2 000 a year. Any additional services will be offered on a consultancy basis with fees charged according to the service rendered.

Emphasis is being placed on helping small-to-medium exporters through the export process, from desk research to payment of an order.

Saffo has moved into the import arena by opening an International Business Development Centre. It provides research and information on the SA market to foreign companies and visitors.

The organisation's education and training department still offers a three-year export management diploma and a host of short courses. Its range will be expanded, and classes introduced, and the possibility of franchising out course content to other educational institutions investigated.

NEWS

# IMF praise for SA's growing exports

(746)

## *Manuel on tour*

RICH MKHONDO  
FOREIGN SERVICE

ARG 2/10/96

**Washington – The International Monetary Fund has praised South Africa's strengthening exports and private investment, saying they are contributing to stronger growth.**

But it is concerned with inflationary pressures and the weakness of the country's rate of exchange.

The comments come as Finance Minister Trevor Manuel and his team attending the World Bank and IMF meeting embark on a United States roadshow to boost South Africa as a destination for investors. Maria Ramos, director-general of the Ministry of Finance, and Deputy Reserve Bank Governor Timothy Thahane will visit several cities.

In its present World Economic Outlook, the IMF said South Africa's growth could reach four percent by the end of this year.

"In South Africa, strengthening exports and private investment are contributing to stronger growth, which is projected at four percent in 1996," the IMF said.

"Despite a significant depreciation of the rand in early 1996 and a large but gradually declining fiscal deficit, tightened monetary conditions are expected to contain inflation at seven-and-a-half percent, although inflationary pressures and the weakness of the exchange rate remain of concern."

Looking at economic prospects globally, the IMF said economic and financial conditions were encouraging and economic expansion would continue at a satisfactory pace in the 1996-97 fiscal year.

"The strength of economic activity is particularly impressive in the emerging market countries of the developing world, with an increasing number of them reaping the benefits of structural reforms and strong macro-economic fundamentals."

Africa's economic performance in 1995-96 had improved. The IMF was cautiously optimistic that growth was strengthening significantly.

Reuter reports that World Bank president James Wolfensohn lashed out at corruption in industrial and developing countries, calling it a cancer and vowing not to tolerate it in the projects his organisation financed.

## Food exporters face monopoly

(745)  
Samantha Sharpe

BD 3/10/96  
CAPE TOWN — An alleged monopoly by SA's major food exporters to the Middle East and Europe may be thwarting initiatives by small companies to trade with these regions.

Independent Importers and Exporters Association spokesman Jeff Rael said its members had approached several government ministries about alleged monopolistic practices among several key SA food companies and marketing organisations.

"We have been in contact with the Middle East market for the past six years, during which time we received numerous inquiries for food and agricultural products.

"But, our attempts to expedite several larger export orders have been frustrated by claims from larger companies that they have agents in these countries — whom they refuse to identify."

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# Unifruco slams state, Minister

## Deciduous fruit exports expected to grow - Gant

ESANN DE KOCK  
BUSINESS REPORTER

South African deciduous fruit exporter Unifruco expects to see a return to growth in export volumes next season in spite of what chairman David Gant calls the "inhospitable" and "unaccommodating" attitudes of Government to the fresh fruit export industry.

This was the message yesterday at Unifruco's Annual Growers' Conference in Stellenbosch where more than 1 000 fruit growers gathered for an in-depth look at the state of the deciduous fruit industry.  
Unifruco's managing director Louis Kriel

said the outlook for South Africa's deciduous fruit exporters looked good, and a growth in export volumes was expected this season.

His optimism was echoed by chairman Dave Gant who said the group had earned more than R2,5 billion on overseas markets during the past year - despite a disappointing crop and unsatisfactory quality.

Mr Gant said a producer survey showed 86 percent of producers indicated that they would continue to market through Unifruco even if fruit exports were deregulated.

He lashed out at the "inhospitable, unaccommodating and bordering on the irresponsible" attitude of Government and Minister of Agriculture Derek Hanekom towards the

fresh fruit export industry.

The Minister, he said, seemed unlikely to entertain single channel exports for any markets, in spite of the enabling powers given to him in the new Marketing Act for Statutory Single Channel Export Schemes.

Mr Gant said Unifruco would have to face the reality of not being able to rely on statutory mechanisms to impose the co-ordination and disciplines it had become used to, but it would not compromise on the retention of statutory grading, quality standards and handling practices.

"These are guarantees for reputation and survival in the market place."

Deciduous fruit still dominated exports

with a turnover of more than R2,435 million and export earnings from deciduous fruit had risen by 17 percent compared with last year, Mr Gant said.

The portion of earnings paid to producers amounted to R1,4 billion or 58 percent of the gross turnover - which was an increase of 19 percent compared with the previous year.

If single channel marketing for deciduous fruit was abolished, this would mean a significant fragmentation of the industry, a drop in prices and higher costs.

Unifruco should remain in a position to maximise the export income for its supplying producers and minimise their costs better than any of its competitors, Mr Gant said.

REPORT

(746)

R26 16/10/96

# Fruit export industry pelts 'hostile'

SA 16/10/96



**Vanekom**

**Samantha Sharpe**

**CAPE TOWN** — The attitude of government — and Agriculture Minister Derek Hanekom in particular — towards the fruit export industry was "inhospitable, unaccommodating and bordering on the irresponsible", Unifruco chairman Dave Gant said yesterday.

The fruit marketing group has rejected plans to outlaw single channel export marketing, a move it says would lead to "significant" industry fragmentation and cost increases for farmers.

Unifruco and subsidiary Cape-span charge members an effective 4% commission on the turnover pool gleaned from deciduous fruit exports, which amounted to R2,4bn in the 1996 season, in return for marketing SA fruit in overseas markets. The portion of earnings paid to producers last year was R1,4bn or 58% of the gross turnover — 19% up on the previous year.

Speaking at the group's annual grower's conference in Stellenbosch, Gant said members had accepted the inevitable phasing out

of regulated marketing. "It would seem the minister is highly unlikely to entertain single channel exports for any markets... (and) it may now be questionable whether we will be able to raise statutory levies for research, industry association and promotions in light of the minister's preference for voluntary levies in this regard."

Gant said Unifruco accepted the desire by a small number of growers to opt out of a uniform marketing scheme. But he warned that fragmentation of the industry could only lead to lower prices for

farmers and to cost increases.

"Not surprisingly there are already clear signs that companies and individuals are increasingly seeking opportunities to join the fruit exporting bandwagon from SA, and are making proactive attempts to procure such fruit outside of Unifruco."

"Unifruco must (therefore) remain and increasingly be put in a position to maximise the export income for its supplying producers and minimise their costs better than any of its competitors can." He said Unifruco would not

compromise on the retention of statutory grading, quality standards and handling practices, which were the industry's guarantees for reputation and survival in the market place. "For the rest, the mood in our industry is clearly to have as little as possible interference from a hostile minister and deteriorating department of agriculture."

Unifruco MD Louis Kriel said about R500m would be invested by Unifruco's European alliance partners in dedicated ports and value enhancement facilities in

746

the next year. Significant cost savings and improved stock and quality control would enable the group to enhance values, eliminate non-value adding intermediaries and retain product control up to the final trade customer.

"Given normal climatic conditions we will see a return to Unifruco's growth in export volumes which were affected by bad weather during the past season. We are confident that... we will be able to improve on our turnover and payments to growers during the coming season," Kriel said.

## SA chocolate sold to Saudi Arabia (744)

SALES of Kit Kat chocolate bars soared dramatically yesterday when 2-million bars were flown from Johannesburg International Airport to Saudi Arabia.

A Saudi Airlines jet, with a constant internal temperature of 12°C to 15°C, was specially chartered for the trip.

Saudis are among the world's leaders in per capita consumption of chocolate. The consignment was described as a major breakthrough for trade relations between SA and Saudi Arabia.

REPORTS: Business Day Reporter, Reuter, Sapa.

BO 17/10/96



# SFW resorts to importing to meet demand for its exports

CT(BR)17/10/96

~~WINE~~ (746)

AUDREY D'ANGELO

Cape Town — The Stellenbosch Farmers Winery Group (SFW) cannot meet the heavy demand for its exports, and is having to import red wine and grape juice to supply the markets it is developing in other African countries, said Frans Stroebel, the group's managing director.

He said the group "could easily double our exports if we had the quantities available".

SFW, which lifted earnings by 77,8 percent in the year to June 30, had been hit by unreasonably high import duties on its exports to the European Union, he said.

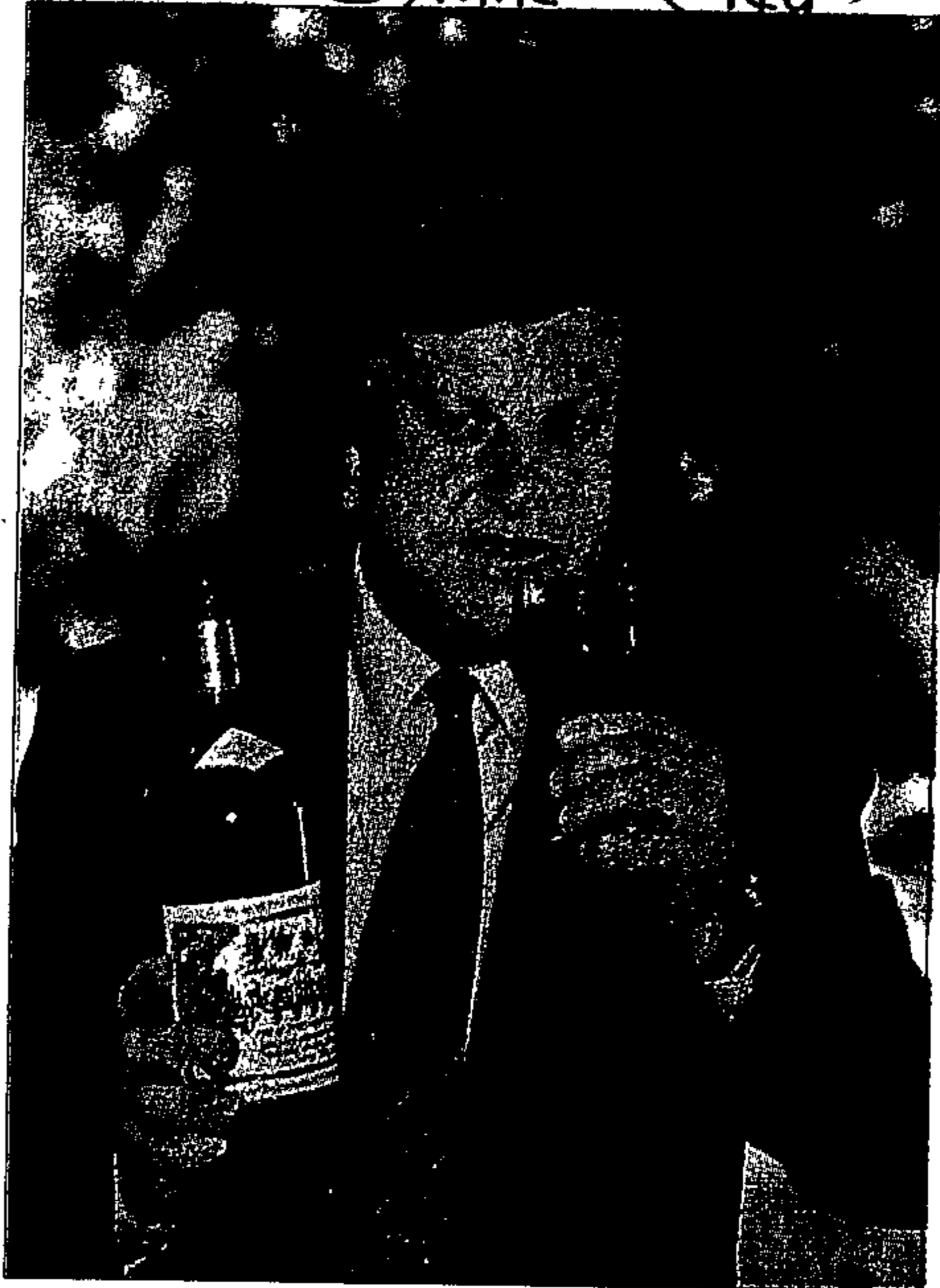
It was also affected by illegal imports of spirits, which, because no customs duty had been paid on them, were being sold at unrealistically low prices locally.

Jeff Malherbe, the group's chairman, said that the illicit trade of spirits was a major concern, resulting in the loss of R9 billion in unpaid duties a year.

Malherbe said the liquor industry had voluntarily contributed R1 million towards the cost of investigating the evasion of excise duty.

He said SFW cautiously welcomed negotiations in progress with the EU for a free trade agreement and a wine and spirit agreement.

"SFW endorses the principle of international free trade, but this should avoid unnecessary disruptions to the local industry or negatively affect the employment situation. Hidden subsidis-



**FLOURISHING MARKETS** Frans Stroebel, the managing director of the Stellenbosch Farmers Winery group, enjoys one of his own red wines

PHOTO: ANDREW BROWN

ation, which often occurs in other countries, must also be taken into consideration."

He said SFW exported to 50 countries, with Germany as its largest market.

Stroebel said the playing field

was not level as far as exports of spirits to the EU were concerned. The South African duty on imported spirits was R14 a case but the duty charged on South African spirits entering the EU was R48.

## Exports to Ivory Coast surge 81% (746)

AUDREY D'ANGELO

CT (BR) 29/10/96  
Cape Town — Exports from South Africa to the Ivory Coast rose 81 percent last year to about R96 million, and prospects for a further increase are good, a spokesman for the South African Foreign Trade Organisation (Safto) said yesterday.

A high-powered trade delegation led by Jean Michel Moulod, the managing director of the port of Abidjan, will visit Johannesburg, Cape Town and Durban next month and has asked Safto to help it contact prospective South African trade partners.

Its members will range from food producers to representatives of finance companies.

Safto figures show that South Africa has a negative trade balance with the Ivory Coast. Imports from the Ivory Coast grew to R138,92 million last year from R46,51 million in 1992 and R85,70 million in 1994. Exports grew from R52,83 million in 1994 to R95,76 million last year.

The Safto spokesman said South Africa's main exports to the Ivory Coast included base metals, chemicals, wood pulp, waste paper, vehicles and transportation equipment.

He said Ivory Coast was an important hub in West Africa, the African Development Bank had its headquarters in Abidjan and the devaluation of the CFA franc had made imports from South Africa more attractive.

"On the downside, the French influence is very strong and France has traditionally been the main supplier to the Ivory Coast."

SAA will introduce two flights a week to Abidjan in the first week of December.

# Exporters can benefit from low rand - with help from Brain

ART 4/11/96 (74G)

ESANN DE KOCK  
BUSINESS REPORTER

The low rand is not all bad news for South African business, says Susan Williams, the first South African member of the international Business Resource and Innovation Network (Brain).

Brain, a network of marketing companies, has members in Western Europe, the United States and Japan whose mission it is to find export markets in these countries for products and services.

Mrs Williams, an independent marketing consultant and senior partner of Claremont-based PB Consulting, has been linked up with the network for five months.

She says the export market holds excellent opportunities for South African com-

panies - especially with the low rand.

"Obviously, the scales will continue to tip in their favour if companies are able to contain costs to stay lower than the devaluation of the rand. If they let local costs escalate, it's not going to help them much."

Some factors such as interest rates, inflation and labour costs are out of the control of companies, Mrs Williams says, but there are factors and influences on their business that they can manage.

Having researched export possibilities and markets for 10 Western Cape companies over the past five months, she says opportunities are out there for companies who are prepared "to take the plunge".

Through Brain, she helps clients identify a specific export territory and carries out research to find out if there is a demand for the product or service and to help identify the most suitable distribution channel.

## PEOPLE WHO MOVE



Steve Handler, left, Liberty Life's executive director of finance and information technology, has been appointed president of the Actuarial Society of South Africa and Reg Munro, Old Mutual employee benefits general manager, president-elect.

# Export break for smaller firms

Shareen Singh

SMALL and medium enterprises will receive guaranteed export finance of up to R1m in terms of a scheme to be announced by Trade and Industry Minister Alec Erwin later this month, a department official said yesterday.

The scheme, developed by the department of trade and industry in collaboration with the Credit Guarantee Insurance Corporation and banking institutions, will make available loans of between R50 000 and R1m at prime.

The department said that in order to qualify, companies would have to meet certain criteria, such as the business being independently owned and not part of a larger enterprise; its total asset value less than R5m; and its employment of more than 200 people.

The company had to be in possession of an export order or confirmed letter of credit from a foreign customer

BD 13/11/96 (74G)  
and should satisfy the corporation that it would be able to execute the contract.

The department's reinsurance fund would underwrite the loans at premiums ranging from 0,75% repayable within three months, to 3% in respect of loans repayable between ten and twelve months, the official said. The reinsurance fund totalled R400m and an additional R132m had been allocated in the 96/97 budget.

Exporters that qualified could apply for a loan at any of the banks participating in the scheme, the source said.

A small business expert expressed concern that the scheme would benefit mainly white businesses, as it was not open to start up operations and made no mention of black economic empowerment or affirmative action criteria.

However, a department source said the scheme was designed so that risk was not measured on asset value or export experience but managerial ability.

# State vet slams EU ostrich ban

~~3 FOUERE~~

FRANÇOISE BOTHA (749)

CTC(BR) 19/11/96

Johannesburg — The European Union (EU) ban on imports of South African ostrich meat is scientifically unjustified and a plot to cripple the R58 million-a-year export industry, top veterinarians said yesterday.

Elöise Langenhoven, the principal state veterinarian responsible for animal export and import control, said yesterday that the ban, which followed a Congo fever (CCHF) scare at the Klein Karoo Co-operative abattoir, lacked scientific foundation.

Langenhoven said Congo fever, which was endemic to South Africa, was also endemic to Namibia, Botswana and Zimbabwe.

"It is not clear why a distinction has been made between ostrich meat and other red meat from the region. If they had wanted to be totally balanced and scientifically justified, they would have closed down those red meat exporters too," she said.

"Besides, none of the other ostrich abattoirs were affected by the outbreak."

Veterinary sources suggested the ban had been imposed to cripple the ostrich industry and open EU doors to countries like Britain, Australia and America.

"For some time, they have been trying to get us to stop marketing ostrich meat. Conveniently for them, CCHF broke out. Instead of asking for extra testing or guarantees, they just stopped all exports."

The ban comes in the wake of price-protection appeals by some Australian farmers claiming South Africa had dented international ostrich meat prices.

Erwan Fouere, the EU ambassador, denied the allegations yesterday and said the ban was to safeguard public health and maintain consumer confidence in the quality of ostrich meat.

# Export processing zones seen as threat

Reneé Grawitzky

746

REGIONAL integration in the southern African region could be seriously threatened by the introduction of export processing zones (EPZs), International Labour Resource and Information Group research officer Herbert Jauch said yesterday.

Jauch, who recently gave input to union federation Cosatu's workshop on trade policy, said introduction of EPZs had resulted in countries competing

with each other for foreign capital.

Namibia — which had EPZs in Walvis Bay — had targeted companies in SA and Mauritius to try to get them to relocate their operations.

Soon, Jauch said, Mozambique, Malawi or Zimbabwe could target the same firms by offering even greater concessions, such as lower wages.

Although SA had not legislated the introduction of EPZs, several regions, including the Eastern Cape, KwaZulu-Natal, Mpumalanga and Gauteng,

BD 29/11/98

wished to introduce them under different names, such as industrial parks.

The proposed Chinese Dragon City development in Potchefstroom was being considered for development in one of three areas to qualify for the new tax holiday incentives in North West province. However, it could not be considered an EPZ unless it was export-oriented, Jauch said.

Talks with those involved in the Dragon City project indicated the aim was to create an EPZ in the area, with

production also for the home market.

Jauch said that incentives offered to business in EPZs made it doubtful whether the host nation benefited. International experience had shown that EPZs did not stimulate local industry in any significant way, as businesses operating in EPZs could import duty-free, and did not rely on local content.

"It is a quick-fix solution which might work for a few years but in all likelihood in the long term will create more damage than benefit," he said.

# Police crack multi-million rand export scam

**JACKIE CAMERON**

POLICE have arrested two Cape Town businessmen in connection with a massive international export scam involving millions of rands.

Mr Peter Dewar, 47, of Pinelands, a financial manager at Concept Marketing, and Mr Maurice de Grandhomme, 37, of Table View, with Maurgan CC, were arrested yesterday by members of the police Commercial Crime Unit.

The arrests follow a year-long investigation which has taken

police to Russia, the United Kingdom, Hong Kong, the Channel Islands and the British Virgin Islands.

The arrested businessmen are allegedly at the centre of a scam involving fake shipping and insurance documents, and R7 million worth of fraud.

They are also at the centre of a police probe into million of rands worth of fraud concerning a golf course development in the Citrusdal area.

A well placed source said the businessmen allegedly made deals

or 12/12/96  
with several separate Russian businesses to export apples, oranges, sunflower oil and canned meat to the former communist country.

The men allegedly falsified shipping and insurance documents, and lied that the consignments were on route to Russia before asking for 50% of the price of the goods. The Russians then paid thousands of US dollars into accounts held by the South African businessmen all over the world — but never received the goods.

Police are also investigating several counts of fraud, forgery, and

(74G)  
contraventions of exchange control regulations in connection with the scam.

Police spokeswoman Inspector Verna Simon confirmed the arrests and said Russian businessmen laid a charge in London in connection with the export of the products and R2m of fraud.

De Grandhomme and Dewar appeared in the Cape Town Magistrate's Court yesterday for a bail application. Dewar was released on bail of R30 000, and De Grandhomme is expected to appear in court again today.

# SA mineral exports double value within 10 years

David McKay

THE value of SA's exports of minerals and mineral-related benefited products had doubled to R64bn over the past 10 years, but declined by about a third to R21,8bn in real terms, the SA Minerals Bureau said in its latest bulletin.

This was despite the development of several mineral-related projects, including the Alusaf Hillside aluminium smelter, and the Columbus Stainless project. Both opera-

tions export a significant part of their output.

However, these projects did have a positive effect on exports over the three years to 1995. After declining about 30% between 1988 and 1992, total exports grew 6% in real terms between 1993 and 1995.

In the first half of 1996, there had been a considerable increase in the total value of exports due to increases in aluminium production and sales, magnified by the rand's devaluation against the dollar.

BB 12/12/96

Alusaf's Hillside smelter contributed to a 200% increase in SA's aluminium output to about 268 828 tons in the first half of 1996, compared to 88 861 tons in the first half of 1995. Local sales had declined, but sales to export markets rose, it said.

The contribution of unbeneficiated minerals to the value of total export sales showed a constant decline in value in the 10-year period, slipping to 67% from 82,5% of total export value in 1986.

The bureau said the main

345

reason for this shift in contribution was the decrease in the value of gold exports, as a result of the drop in SA gold production.

It said SA's reliance on gold as its major export revenue earner was diminishing, while the importance of the domestic beneficiation of its raw materials was growing rapidly.

The value of SA's total export sales of processed minerals rose to R4,96bn in the first half of 1996 from R3,18bn in the same period the previous year, the bureau said.



Trade account a record R3,9bn in the black

# Huge export surplus gives SA new hope

CT(BR) 3/12/96

CHRISTO VOLSCHENK

ECONOMICS EDITOR

Cape Town — A sparkling performance by South Africa's exporters pushed the October trade account to a record monthly surplus of R3,9 billion, radically changing the outlook for the current account and interest rates next year.

The surplus caused the cumulative surplus on the trade account to double from R4,2 billion at the end of September to R8,1 billion at the end of October, relieving much of the pressure on the current account. October's surplus is the fourth in a row.

Economists said the current-account deficit, which stood at an annualised R10 billion in the third quarter, could vanish by the middle of next year if the trade account maintained its strength.

"The better outlook for the current account will give the Reserve Bank more scope for interest rate cuts next year," said Johan Rossouw, the chief economist at Huysamer Stals, the stockbrokers.

In a belated response to the rand's fall of 30 percent against the dollar since February, exports rose across the board to R14,9 billion, 36,7 percent higher than in the preceding month.

Reuters said a source involved in drawing up the figures had attributed the surge in exports in

part to the inclusion of Botswana diamond exports in the figures for the first time. But economists said that while the inclusion of diamond export proceeds of almost R2 billion would make sense, the figures still represented a healthy improvement.

Imports rose about R800 million to R11 billion. Machinery imports accounted for almost one-third of the import bill.

Machinery exports, which are watched closely by export analysts because of their high value-added component, have risen 24 percent in the first 10 months of the year from the same period last year.

"The category base metals (which rose 27 percent) was boosted by increased exports from the new plants of Alusaf and Columbus," said Anne Moore, the general manager of the South African Foreign Trade Organisation. "These higher exports will be sustainable and there may even be some room for growth."

Economists said monthly trade figures could be unreliable and prone to correction, though. Moore said the October figures might have been lifted by a correction.

But a government spokesman denied the surplus was boosted by a correction. "Exports were higher in all 22 categories, and encouraging new trends are evident for exports," the spokesman said.

# Customs error leads to closure

(74G)

(~~74G~~)

CT (P/R) 13/12/96

**JONATHAN ROSENTHAL**

Johannesburg — An error by Customs, which cut tariff protection on locally made incandescent light bulbs four years before an agreed phasedown schedule, has forced South Africa's largest manufacturer to close and caused the loss of 200 jobs, Consolidated Lamp Manufacturers (CLM) said yesterday.

CLM said it would not reopen Elmosa, its Port Elizabeth lamp

plant, after the Christmas shutdown.

The trade and industry department had agreed to phase tariffs down to 20 percent over five years under the General Agreement on Tariffs and Trade, but had mistakenly left items off its tariff book and cut tariffs in January last year.

Rudi van Eck, CLM's managing director, said Elmosa had lost R27 million last financial year and losses were currently running at about R1,5 million a month.

FM 20/12/96 (74G)

# NO BOOM VISIBLE YET BUT REASON FOR OPTIMISM

## Auspicious signs in manufacturing

**S**A tourists may be paying R30 a beer at Heathrow airport and shareholders reeling after forward losses, but they can console themselves with the thought of the one big advantage of a huge currency depreciation: an equally huge boom in exports. Or can they? So far, the 23% fall in the trade weighted rand against the dollar has had little impact on exports, according to economists.

There are a number of reasons for this, but primarily it is just too early to see results. One reason for the lag is the length of existing contracts. "The number of products, or the percentage of total exports, that can take an immediate advantage of a depreciation is relatively small," says SA Foreign Trade Organisation GM Ann Moore.

"Our major exports — metals and minerals — tend to work on fairly long-term contracts; certainly 12 months, if not longer. I wouldn't expect to see an effect coming through until the end of the first quarter of 1997 because of the lead time needed to negotiate increased contracts."

Another reason for the lack of response to the rand's fall is that exporters frequently denominate their products in dollars. This means when the rand falls, all that happens is that rand revenue in SA goes up. Importers elsewhere don't see any decrease in the dollar price they are paying

Credit Guarantee senior manager of export markets development Tony Coles says. "We've heard from various importers, in Africa

and elsewhere, that they're aware of the depreciation but also that SA companies have not passed the benefit on. Their initial reaction is that we haven't become more competitive. We're not yet entrenching ourselves in foreign markets."

So the logical next step, if exporters want to win market share, is to adjust foreign currency prices. But that can't be done instantly. Exporters have to reprice, orders have to be made, the wares produced and shipped. So there's obviously a lag, the length of which will differ from product to product.

The problem with adjusting prices is that SA's major exports are bulk commodities. The prices for those are set by supply and demand in the world commodities market; so if SA wants to trade with the rest, it has to act as a price taker.

There's not much leeway, though Transnet group economist Ulrich Joubert argues SA exporters might be in a position to offer the buyers a discount. Moore says: "There's some room to move, because, within a bulk commodity, there is the possibility of getting some sort of product differentiation. For instance, some of our coal has been specially washed and screened to meet buyers' requirements and they will pay a small price premium for that. So one's not totally locked into a

price even in commodities, but the price elasticity is not great."

A 1996 Reserve Bank study indicates that the price elasticity of demand for SA's commodity and mineral exports is only about 0,31, meaning every 10% cut in prices would mean a 3% increase in demand.

Manufactures are much more price elastic at 1,40. A 10% cut or increase in price would mean a 14% increase or reduction in demand.

But there are two more complications.  First, because the depreciation only makes rand-denominated inputs cheaper, exports that have a higher proportion of imported inputs will show a less marked price decrease;

Second, manufactures account for only about 20%-25% of exports. Though everyone acknowledges the importance of increasing high value-added exports, "so far there is no indication that we're moving more towards manufactures," Moore adds

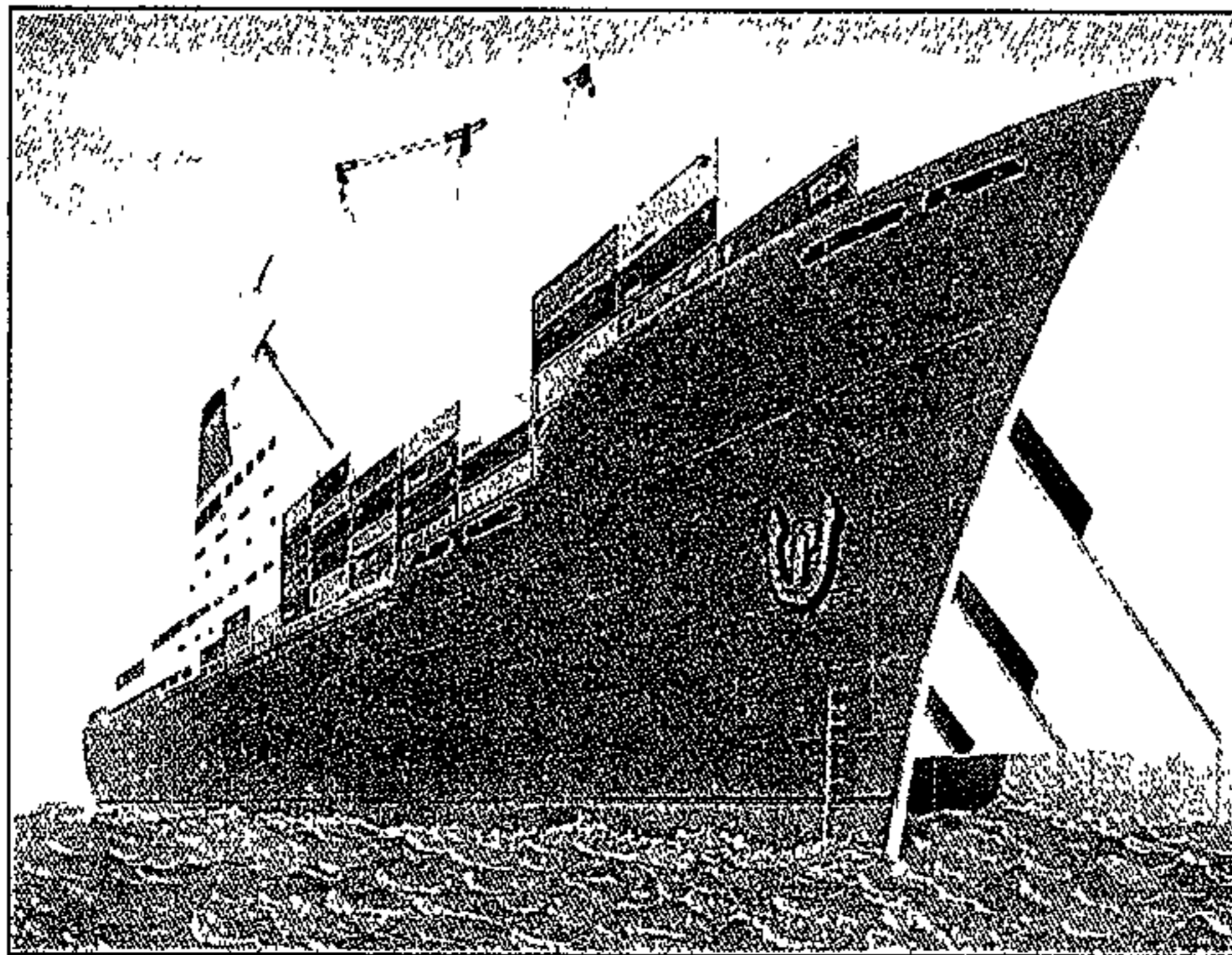
"But the fact that the proportion of manufactures to primaries appears to be holding steady is in itself significant.

"By our calculations, in the past, agricultural and mining primaries accounted for roughly 19% of exports — and so did manufactures. The rest were benefited goods.

"That ratio is still the same, despite the contributions of big projects like Columbus and Alusaf to export earnings and apart from any natural increases in the value of existing metal exports like iron, steel and ferroalloys. So manufactures are growing. But because they're coming off a smaller base, that growth is not sufficient to increase their proportion."

The Reserve Bank estimates the overall elasticity of demand for nongold exports is 0,58. But the study also confirms a widely held belief among economists — that the demand for SA exports depends less on price than on the incomes of foreign importers

The income elasticity of demand for nongold exports is 1,04, which means



that every 10% increase in foreigners' income will produce a 10,4% rise in demand for exports.

Growth in SA exports is thus more dependent on the world business cycle than on a weak rand. "I'm confident we're going to see a recovery in exports next year because of a pickup in the European economy," says Sankorp chief economist Peet Strydom.

He is backed by Sanlam chief economist Johan Louw, who says the expectations of favourable international economic conditions indicate greater opportunities for exporters, which is particularly good news for commodities.

Had it not been for the expected better exports, the economic growth rate would have been considerably weaker than the projected 2,3%. Sanlam estimates that gross domestic expenditure will increase by only 1,1% next year but that exports will expand by 7,5% and growth in imports will slow down to 3,6%.

BoE NatWest chief economist Nick Barnardt also forecasts that the results of the currency's depreciation will be felt only next year. But he notes that Reserve Bank governor Chris Stals says the current account deficit is smaller, which shows imports are decreasing and exports increasing. "There are a certain amount of lags but by next year the situation should be much more balanced."

A further factor is that SA-manufactured export volumes tend to rise when domestic demand is slack — which means the contractionary effect of the Bank rate rise on aggregate demand should act in exporters' favour.

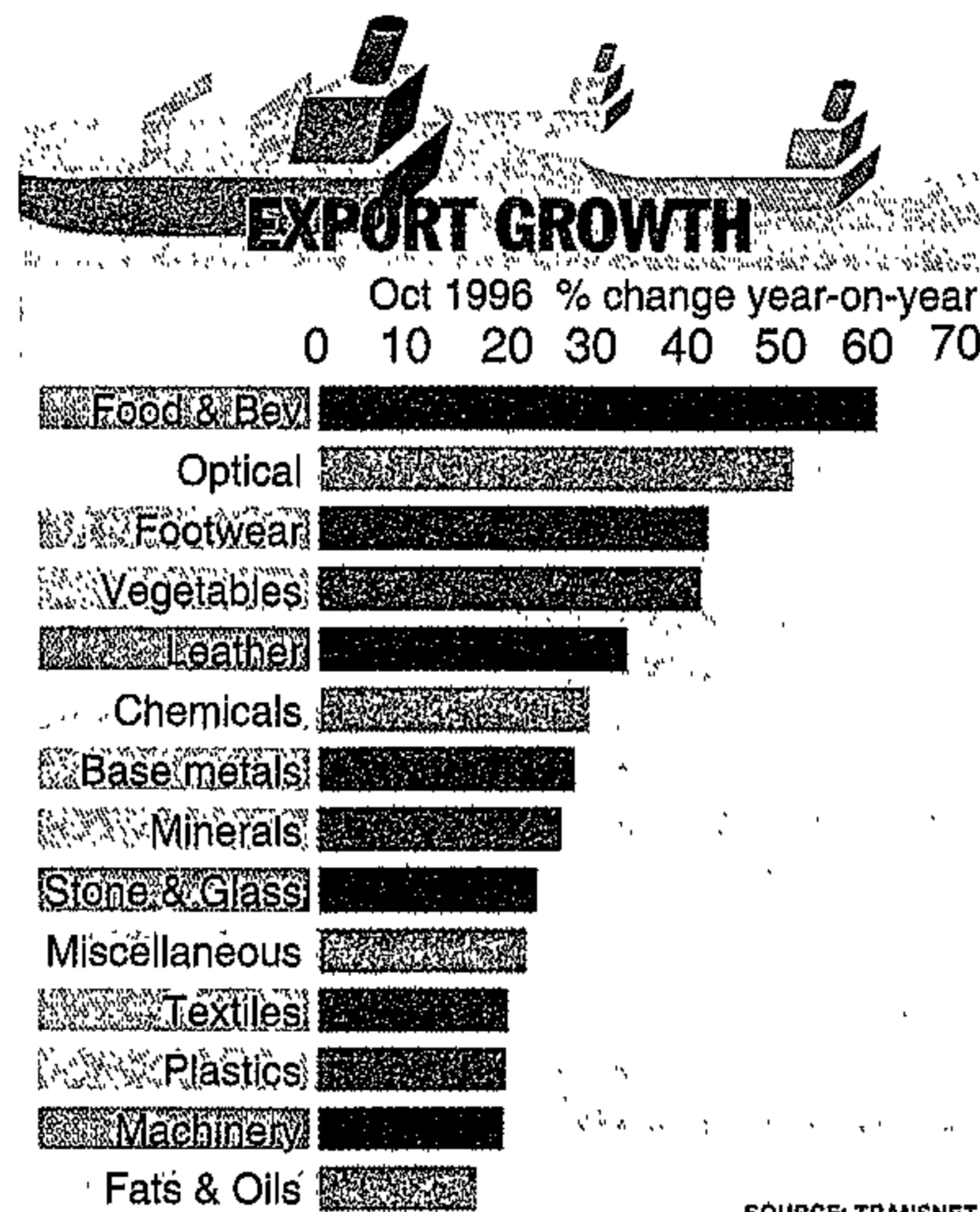
Econometrix economist Tony Twine says: "It's early days yet and many manufacturers are regarding exporting as an option rather than an imperative. As growth in total demand in the domestic market contracts, suppliers are likely to become more interested in exporting."

A further influence is international commodity prices. If they rise relative to SA's output costs, that will boost commodity export volumes.

Assuming a weak rand backed by the ideal scenario — an upswing in the world economy, an associated rise in commodity prices and reduced domestic demand — can exporters cash in? The almost unanimous response of economists and exporters alike is summed up by Joubert: "It's naive to believe that a devaluation of the currency is going to promote exports overnight. It's going to take time and it's going to take a lot of effort."

Portnet figures for April to September indicated exports grew 4% year-on-year but import volumes also rose, by 2%.

So has SA suffered a 23% currency depreciation against the dollar in vain? No, argues Transnet economist Mike Schussler. He feels the glockenspiel that is the country's manufacturing sector may have at last hit a bright note.



In the 10 months to October, exports have shown a nominal increase of 23%, compared with the same period last year. According to Schussler, this does not tell the full story. The leading exports this year are not the traditional gold and mineral categories but manufactures. The top three categories (see graph) are all manufactures, with food and beverages heading the list. Four of the top six categories are manufactures; one is a primary product and one (leather) is a semi-manufactured product.

Footwear was one of the most protected products until Gatt brought down tariffs. The Industrial Development Corp and Transnet models expected this category to receive the biggest hammering

What was expected were massive layoffs and company shutdowns. Instead the sector pushed up exports by 42,2% in the first 10 months of 1996 compared with the same period last year — again the nexus being the weak rand.

When imports were burgeoning, some of the detail was missed by many — the

amount of capital equipment flowing in along with other imports.

These capital imports have been used to upgrade many of SA's older plant and in so doing have made it competitive in terms of global trade. Many ways exist to achieve this and, as local manufacturers become adroit at finessing contracts, extra productivity will be squeezed out of new and old plant.

But even with the dropping of sanctions, old markets took some time to woo back. And as they continue to return, the outlook for manufactures is improving.

"Over the past few years, the unwritten news has been that four of the top five growth rates regarding values have been in manufactures," says Schussler.

The trend in the increasing share is confirmed by Portnet volume figures as well as South African Airways freight figures. Access to this data is limited because of the competitive nature of the figures.

Nonetheless, insiders at Portnet confirm the trend, with seven of the top 10 growth rates of products all falling into manufactures. These include glass (301%), rubber products (298%), hardware tools (245%), chemicals (103%), paper (97%) and household items (81%). All of the above are for the 12 months to September 1996 over the previous year.

If you look at the broader picture, gold has been the one major failure over the past decade. Still, the changing nature of our exports can be considered good news.

Since SA is no longer as reliant on gold as it has been in the past, a look at changes over the past 16 years makes interesting reading.

Since 1980, manufactured products, which came in at a modest 11,5%, have risen to 27,9%. Likewise, farm products, though dependent on weather, have come from 5,4% to 6,4%. Gold and diamonds have declined from a 1980 high of 57,5% to 37,7%.

Overall, manufactures are continuing to recover. Though they are still sluggish in some respects, the rand depreciation may yet give impetus to what could otherwise have been an unimpressive performance. ■

# SA export revenue set for more growth

John Dlodlu

(74G) BD 20/12/96  
SA's export fortunes, which were boosted by the plunging value of the rand, are set to continue improving well into next year, helping manufactured goods to break through competitive foreign markets, according to trade observers.

Transnet economist Mike Schüssler predicted total exports would rise 20,4% this year and 16,5% next year, while imports would rise 16% this year and 12% next year.

The biggest growth would be in manufactured exports, where a 20% jump would be experienced. "Manufacturing is also the sector that can realise the most benefit from the falling rand. One expects that food and beverages will continue to do well," he said.

He forecast a 16% surge in agricultural exports, with maize and grapes leading the way. He also predicted a 16,5% rise in mining exports, excluding diamonds and gold.

SA Foreign Trade Organisation GM Anne Moore said the windfall from the rand's decline should continue into the first quarter of next year, notably in rand-based sectors, which are exports with high local content.

She expected a further in-

crease in exports from the Columbus and Alusaf projects.

Schüssler said: "SA is becoming a world-class location for smelting and aluminium, and steel industries are growing and investing a lot of capital. This will help the heavy manufacturing industry show great export potential, some of which we are likely to see next year and in 1998."

In the past 10 months of this year exports had done well, rising nearly 23% against year-earlier figures.

Moore said the expected slowing of domestic demand would push SA firms to the export front, with government's supply-side measures aiding competitiveness.

The trade balance should also improve, with a nominal increase of 64% forecast next year. "With luck the current account balance should not be more than R4bn in the red," Schüssler said.

No significant inroads in the US market were expected, Moore said. But the growth trend in SA's exports to southeast Asia and Africa would continue. Exports to Africa had been growing at 25% in the past eight to 10 years, and this growth had also spilled over into other business links, she said.

FOREIGN TRADE - EXPORTS (G)  
1997

# CSIR sale highlights SA exports potential

(746)  
Vuyo Mvoko

BD 8/1/97

SA HAD to get serious about exporting its competitive technology overseas, the Council for Scientific and Industrial Research (CSIR) said yesterday after announcing the sale of sophisticated road testing machines worth at least \$5,4m to the US, Sweden and Finland.

The venture — funded chiefly by the transport department and the Gauteng public works and transport departments — is the CSIR's biggest technological export project to date, CSIR international relations and market developments head Reinie Biesenbach said yesterday.

The heavy vehicle simulator was developed in Pretoria through a joint venture between the CSIR, Reumech Ermetek and Dynatest USA.

Dynatest USA has been licenced by CSIR to market the product internationally and has had some success already.

Yesterday the first machine — which weighs 55 tons and is fully computerised, and uses the latest hydraulics and laser technology — was loaded onto an aircraft and was scheduled to be flown to the US this morning.

Finland's order is scheduled to be shipped in two months' time.

In addition to the \$1,8m that each unit costs, in excess of R10m would also be made from add-ons such as the selling of associated software and technology, as well as from the transfer of know-how on the use and repair of the machine, Biesenbach said.

"We have an international outlook, that is part of our strategy," he said, noting that it would be self-defeating for this country to operate in a closed market while the trend was going global.

Biesenbach said that the CSIR had already embarked on a few other big international projects, citing among them one of earth observation, otherwise known as satellite remote sensing, where the CSIR is collaborating with the French in a Pretoria-based ground station using all-SA technology.

In another major project — which unfortunately seems to have been somewhat affected by the cooling diplomatic relations between the two countries — the CSIR was also giving expert advice to Taiwan on road transportation systems.

Closer to home the CSIR is technologically involved in environmental impact assessment projects in places like Mauritius, Malawi and Namibia, Biesenbach said, and the international demand for CSIR products and services is "growing sharply".

# Banks pave way for regional exports

John Dladidi

~~7/16/97~~ ~~27/9/97~~  
AD 9/11/97

NEDBANK's international finance division for Africa has concluded a credit extension agreement with the Eastern and Southern Africa Trade and Development Bank — also known as PTA bank — which would assist SA exporters in trading with countries in the common market for eastern and southern Africa (Comesa).

Credit Guarantee said yesterday it would underwrite the agreement through which SA exporters would receive 90% of payment from Nedbank immediately after concluding a deal. The balance of the sale would be paid after receipt of payment from the PTA bank.

"This means the exporter's cash flow is not compromised because he has to wait for transfer of payment from the buyer," the bank said.

The deal also provided that the PTA bank, acting on the buyer's behalf, had to pay Nedbank within 90 days of receipt of the transaction advice.

Comesa is one of many trading blocs in Africa and brings together countries that include Burundi, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe and Zaire.

Members of Comesa, except SA and Botswana, are also members of both the Southern African Development Community and the Southern African Customs Union — a factor that has caused tensions between the SADC and Comesa.

Meanwhile, SADC finance and investment unit director Bongi Kunene said yesterday no decision had been taken on the Botswana-based organisation's plans to set up a regional development bank.

Kunene said the rationale for establishing the mooted bank would be determined by the outcome of two studies being conducted by her unit and the SADC's secretariat. Results of these studies are due out next month and in July, respectively.

Previously, the SADC, now chaired by President Nelson Mandela, said it was planning to set up a bank, either as a greenfields project or using an existing institution as a launchpad.



# Black business slow to make use of export scheme

(746) CT (PR) 14/1/97

CHRISTO VOLSCHENK

ECONOMICS EDITOR

Cape Town — Six months after the launch of government's improved export finance guarantee scheme for small businesses, not a single black business has applied for government assistance to get a foothold in international markets.

Credit Guarantee Insurance Corporation, the administrator of the scheme on behalf of the government, was, however, flooded with applications from non-black entrepreneurs.

"Since the scheme was launched, 16 small businesses have received guarantees from Credit Guarantee Insurance Corporation for loans from banks at prime interest rate to help them execute their export orders. Many more are being processed," said Victor Mzimela, the manager responsible for the scheme at the corporation.

When the scheme was formally launched last year, deputy-president Thabo Mbeki said the objective of the scheme was to "assist many small firms, and especially black firms, to penetrate global markets".

The corporation administers the scheme on behalf of the trade and industry department and was mandated to issue guarantees for loans from banks up to a maximum of R1 million each.

"We have received many enquiries but no applications for guarantees from black exporters to date, but we expect the applications to start rolling in soon," said Mzimela.

He said guarantees were given to manufacturers and traders with export orders. The scheme was tailored to redress the bias towards big business entrenched by the general export incentive scheme (Geis), the previous government's attempt to stimulate exports.

tion of the ban will help the sector's export drive.

It also heralds the first move to capture a slice of a market of about 225m people as the SA citrus season is directly opposite to that of Florida and California.

Outspan International MD John Stanbury says an initial target of 1m cartons will be exported to the US this year for the first time. But fruit grown in other areas of SA will still be subject to US import restrictions because of fears of fungal diseases.

Stanbury adds that last year Outspan exported 45m cartons of citrus fruit to 60 countries resulting in a turnover of R1,9bn. Exports in the coming season are expected to exceed 50m cartons.

Meanwhile, the prolonged winter in the Western Cape made its presence felt in the deciduous fruit industry which has missed a substantial part of its usual pre-Christmas export trade. Fruit normally picked at the beginning of October was not harvested for foreign markets until November-December.

But Unifruco spokesman Fred Meintjies says now that the province is into summer, the industry is moving into top gear which will see more than 50m cartons of deciduous fruit exported. Last year the market was worth R2,4bn.

Meintjies says that the 1996-1995 seasons were similar in terms of volume of fruit exported though he's cautious in forecasting any great revenue increase this season.

He expects roughly a 10% increase in pear and apple exports by the time the season ends in July-August this year. There is the possibility of 25,5m cartons for export compared with 23m in 1996. About 23m cartons of table grapes and 6,4m cartons of stone fruits will go overseas. Meintjies says more than 500 000 cartons were lost because of hail damage at Langkloof. This week there was another severe hail storm in the area but final damage figures have not yet been returned.

He forecasts that volumes of saleable fruit in foreign markets may increase this year because of controls Unifruco has introduced at the various ports overseas. These controls are designed to ensure that only fruit in excellent condition is released for sale and that the ratio of returnable goods is reduced.

Prices in European markets are positive and this year should see the benefits of quality control systems by way of increased returns. ■

~~FRUIT EXPORTS~~ ~~OFFICIAL~~

**FOOT IN THE DOOR**

Fm 17/1/97

US government approval for imports of SA citrus from the Western Cape is a breakthrough for the industry. The aboli-

# China has dynamic edge for SA exporter

~~(74CT)~~ (74CT) CT(BR) 28/1/97  
AUDREY D'ANGELO

Cape Town — Lawrence Dreyer, the managing director of Cape Town clothing manufacturers Chelsea West, is one of a growing number of South African businessmen already doing business with mainland China.

Returning last weekend from his sixth visit to the country within 12 months, Dreyer told Business Report he intended to set up a manufacturing operation there to take advantage of low costs combined with high productivity and skills.

He said he was still in the process of deciding in which region to set up. "It is about a year down the road."

Dreyer said it was impossible for a manufacturing operation in this country to compete with one in China in terms of price.

Praising the standard of efficiency he found there and the rapid improvement in infrastructure, he said a 240km stretch of highway, which had been started when he was in China in April last year, had already been in use last week.

"There is a tremendous dynamism. I am confident from what I have seen that China will become the dominant economy in the world."

Dreyer said he believed South African businessmen would continue to make regular visits to Hong Kong, which was the world's biggest showcase for goods ranging from toys to electronic goods, textiles, plastics and many other products.

He did not foresee this situation would change after Britain handed over Hong Kong to China on July 1.

# Exports tipped to fuel growth

## Benefits of cheaper rand on way, says economist

**AUDE DASHNOIS**  
Business Editor

**Economic growth will be fuelled by foreign rather than domestic demand this year, says Syfrets economist Sandra Gordon.**

In a briefing to the media in Cape Town today, Ms Gordon said slower consumer spending, slack fixed investment and tight control over government expenditure implied a sharp slowdown in domestic demand this year.

Although high short-term interest rates dragged down domestic activity, on foreign markets the benefits of last year's rand depre-

ciation should be felt during the year.

"A strengthening in exports, at a time when slowing domestic demand will reduce the growth in imports, suggests that the external sector will boost the overall growth rate this year."

December trade figures suggested that manufactured exports were already benefiting from the rand's weakness, Ms Gordon said.

All in all the economy should enter a period of consolidation this year. From next year, though, South Africa should be well placed to begin a new phase of solid, sustainable growth – provided the economy could adjust to the new environment of high interest rates

and a weaker rand, and if the Government accelerated implementation of the Growth, Employment and Redistribution (Gear) strategy.

Since the beginning of the year, she said, there had been a shift in domestic and foreign market attitudes to the economy.

Consumer spending should show only modest growth this year. Record levels of household debt coupled with punitively high interest rates and slow job growth suggested that there was little scope for further credit growth.

But another bumper agricultural year, a new round of inflation-beating wage increases and the prospect of some tax relief at the

lower end of the income range would allow consumer spending to grow slightly.

Slower private-sector fixed investment was also expected, she said, though a rebound was likely in 1998.

The rand could weaken again in the coming months, especially as there could be a time lag between the inflow of money from privatisation (likely in the second quarter or later) and the need to repay foreign debt. South Africa's capital repayment commitments for the year totalled R6-billion and most were due in the first quarter.

At the same time, the dollar surge against most other currencies could leave the rand weaker, she said.

(746) ART 30/1/97

1996 EXPORTS: SIGNS OF RECOVERY (74G)  
 fm 31/1/97  
**STRONG SECTORAL SURGES**

The first sign of a strong export recovery in certain sectors comes from 1996 foreign trade figures, released by Customs & Excise last week.

It is only possible to make a partial analysis because the figures are strewn with pitfalls for the unwary

In January last year, gold was moved from "other unclassified" into the category which includes diamonds. So the export performance of gold and diamonds cannot be measured.

Similar confusion arises from the creation of a new category, "original parts for motor cars." It was established for the convenience of the Department of Trade & Industry, to identify imports that qualify for a special rebate arrangement

According to a C&E spokesman, components were moved into it from the transport category in September 1995. However, recombining this new category with the transport equipment category shows growth for all transport equipment & parts of 10%

The picture is also distorted by the inclusion of figures for the Southern African Customs Union — separate figures for member countries Botswana, Lesotho, Swaziland and Namibia, are not available.

And, finally, some of the improvement is the currency effect brought about by the 30% fall in the rand last year. This increased the rand value of export earnings as well as the rand cost of imports. Denominated in rand, 1996 export revenue rose more than 23% from the 1995 figure, to R126bn in 1996.

However, economic consultant Edward Osborn calculates that, when exports are measured in constant 1990 rand, there is "a small rise of 4,3% year-on-year."

The same adjustment to imports reduces growth of nearly 19% (to R115,5bn) to real growth of only 2%.

The net effect is a trade surplus of R7,2bn in 1990 rand, compared with a surplus of R10,6bn in current rand terms.

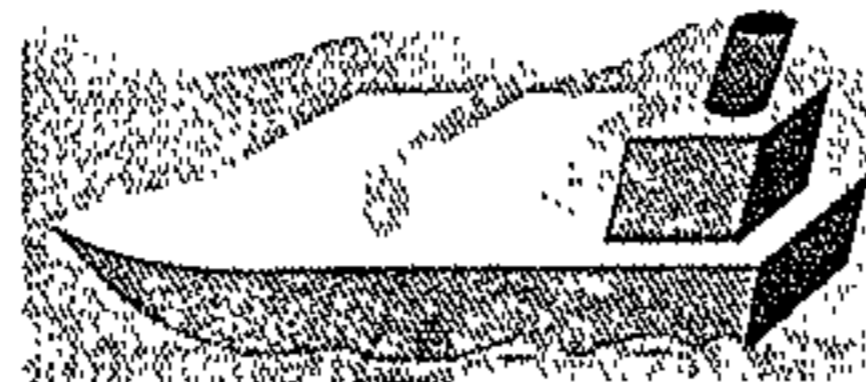
This establishes there has been growth in export volumes and Osborn's calculations show some sectors have experienced substantial real growth.

This is largely due to increased beneficiation and rising world demand.

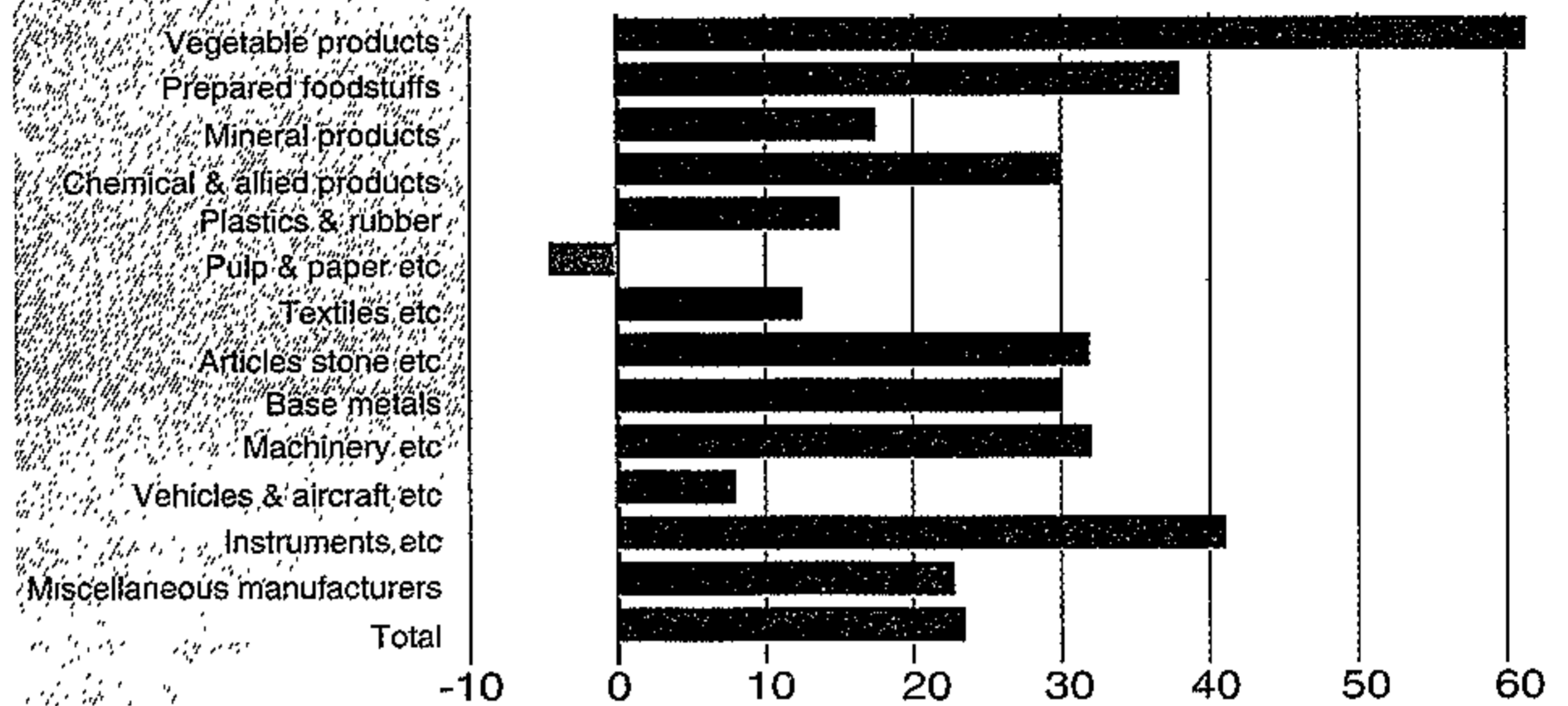
Base metals, for instance, which represented 15% of 1996 exports, showed growth of 30% (to R19,3bn) over the year. When the currency effect is removed growth is 10%.

A more detailed breakdown (of 1996 base metal exports) has not been published. But a breakdown into subcategories — January to July 1996 — shows growth in:

□ Aluminium or articles of aluminium. Exports of this item rose from R386m in



**% GROWTH DEC 1995-DEC 1996**  
 Breakdown of exports



the first seven months of 1995 to R1,3bn in the first seven months of this year. This is almost entirely a contribution from Alusaf, which came on stream in the period;

□ Iron & steel from R4,9bn to R5,6bn due largely to Eskom and the Columbus steel smelting operation;

□ Articles of iron & steel from R638m to R1bn; and

□ Strong growth was also experienced in "products of chemical & allied industries," which made up 6% of total exports. Exports rose 30% (to R8,1bn) in current rand terms and 10% in real terms. This comes as Sasol's alpha olefin's and allied chemicals' drive gets under way.

The good rains have also fed into the export improvement. Vegetable product exports, which make up 4,5% of the total,

have surged, due largely to the bumper maize crop. Year-on-year growth was 63% in nominal terms (to R5,7bn) and 37% in real terms. Ethel Hazelhurst

X

# Hanekom frees fruit exporters

~~FRUIT~~ (74G)

MARC HASENFUSS

CT(BR) 31/1/97 <sup>CAPE EDITOR</sup>

Cape Town — The dismantling of the Deciduous Fruit Board's stranglehold on the marketing of South Africa's deciduous fruit took a significant step forward yesterday when Derek Hanekom, the minister of agriculture and land affairs, issued instructions which permitted exporters to bypass the board.

The multibillion-rand deciduous fruit industry is one of the country's largest foreign exchange earners. Critics of the board have said it has handicapped the development of the industry's export potential.

Hanekom issued permits yesterday for the export of deciduous fruit to Europe, North America and the Middle East.

Deon Joubert, the general manager of the Deciduous Fruit Board, said the decision followed the approval by Hanekom of recommendations proposed by the newly constituted National Agricultural Marketing Council.

He said the recommendations dealt with the appeals against the board's refusal to grant permits for exports outside the regulated system to the three overseas markets for this year's season.

Joubert said the total volume of fruit allocated for these permits could not exceed 3,75 per cent of the board's export estimates for each cultivar, in each of the markets.

The board has implemented a policy of extending marketing access for all market participants in anticipation of the Deciduous Fruit Scheme being abolished at the end of September.

Joubert said the policy involved the granting of permits to all markets except Europe, North America and the Middle East. "Permits to these markets were refused to ensure the optimal use of the economies of scale."

# Cape company in R400-m Cuban deal

## Atlantis Diesel to supply 10 000 engines to sugar industry

LEWELYN JONES  
Business Reporter

Cape diesel engine manufacturer Atlantis Diesel Engines has signed a R400-million deal with the Cuban government agency, Unecamoto, which looks after the transport requirements of the country's sugar industry.

In terms of the deal, Atlantis Diesel Engines (ADE) will supply Unecamoto with 10 000 diesel engines for commercial use over an 18 month period.

ADE managing director Ron Shires said the engines would be used to repower Cuba's run down fleet of Russian-made vehicles.

The company was confident that the deal would have no political ramifications and would not fall foul of the United States' Helms-Burton Act.

The Act allows Americans to sue foreign companies or individuals deemed to have profited from investing in property confiscated by the Cuban government since the revolution in 1959.

It has been widely opposed by the US trading partners.

Yesterday the European Commission was due to press the World Trade Organisation to select a dispute panel to settle the ongoing row.

"The real sensitivity lies in the use of confiscated assets - this is a straight forward sale," Mr Shires said.

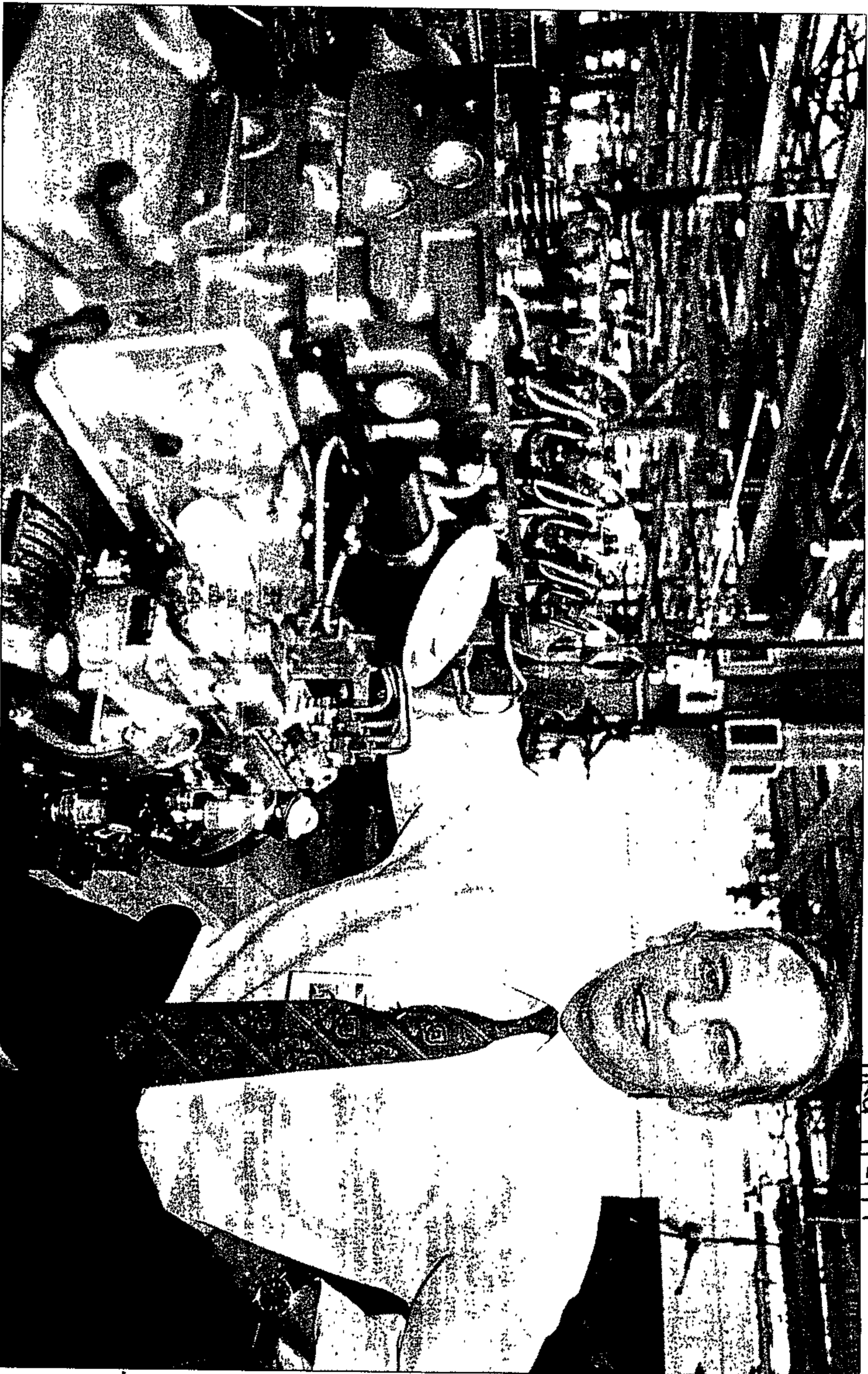
"We do not feel unduly concerned." Mr Shires believed that the agreement demonstrated that ADE was emerging as a significant world class company.

"We won this contract in the face of heavy international competition from Italy, the United Kingdom and South America."

"ADE is going out and winning contracts against all the big international players."

He said the Cuban contract would secure work for ADE's labour force and could mean an extra 180 jobs over the period of the contract.

"We would like to see this as the beginnings of a relationship between ADE and Cuba. Possibilities of supplying the Cuban



Going places: managing director of ADE Ron Shires says the deal with Cuba is only the beginning. We still have very ambitious plans beyond Cuba's

market with additional products and parts can be expected in the future."

ADE had been predicting a 23 percent drop in truck engine sales to 9 500 units

this year from 12 350 last year.

"But this is only the beginning - we still have very ambitious plans beyond Cuba," Mr Shires said.

ADE had seen strong growth in export contracts for diesel components in Europe, the USA and South Korea although he declined to give details.

Before signing the deal with Unecamoto, ADE's export turnover on diesel components was expected to reach R160 million in the current financial year.

ROY WIGLEY

ARL 4/2/97

(7146)

## Europe lifts export ban on SA ostriches

(746) (3) ~~SECRET~~  
The ban on the export of ostrich meat and live ostriches from South Africa to European Union countries has been lifted, the Department of Agriculture has announced.

The ban was imposed on November 14 last year because of an outbreak of Congo fever at an ostrich abattoir in Oudtshoorn.

The ban was lifted by the European Commission on Wednesday.

This followed intensive negotiations with South Africa on guarantees that ostrich meat and live ostriches exported to Europe did not pose a risk of the disease, the department said. - Staff Reporter

ARG 7/2/97



# EC conditionally lifts its ban on SA ostrich exports

Shareen Singh

THE European Commission (EC) had agreed conditionally to lift the ban on the export of SA ostrich meat and live ostriches — a restriction it instituted last November after the outbreak of Crimean Congo fever at the Klein Karoo Co-operative in Oudtshoorn.

The standing veterinary committee of the EC voted in favour of the unbanning after receiving a guarantee that the meat exported to European Union (EU) countries posed no risk of the disease being transmitted to humans or other ostriches.

The decision would be ratified formally by the commission shortly, Dr Gideon Bruckner, director of veterinary public health in SA, said. At least 17 workers who handled ostrich meat had contracted Crimean Congo fever and one fatality had occurred, industry sources said.

Bruckner said he was confident the guarantee would not be broken. "We understand the disease better and based on our experience with it and the tests we conducted after the outbreak we were in a position to give an undertaking that SA ostrich meat would be safe."

The veterinary committee would allow only certified imports of ostrich meat and live ostriches to EU member countries. Certification required that ostriches were isolated in tick and rodent-free surroundings for at least 14 days prior to slaughter and "either examined to verify they were tick-free or treated to ensure that all ticks on them are destroyed."

Live ostriches would be subjected to the same conditions for three weeks prior to export and be tested for the presence of antibodies against Crimean Congo fever before being exported.

Most of the export ostrich abat-toirs in SA had already started taking steps to meet the certification requirements, Bruckner said. The condition imposed by the veterinary committee would also apply to other countries, such as Namibia and Zimbabwe.

Willem Burger, assistant manager for research and development at Klein Karoo said the co-operative was relieved the ban had been lifted.

# 'Staff shortage putting millions at risk'

ALIDE DASNOIS  
BUSINESS EDITOR

**An angry Cape Town exporter has accused the Department of Trade and Industry of putting millions of rands in export business at risk because of a shortage of staff in the local office.**

Brian Robertson of Meihuisen Freight, wanted to airfreight a sample of die-castings to the United Kingdom on Monday evening.

Because South Africa has preferential access to the British markets, he needed a form stamped by the Department of Trade and Industry (DTI) confirming that the goods were of South African origin, in order to save the British importer customs duties.

(746) ART 13/2/97  
Normally, says Mr Robertson, this is a routine matter.

He sent the forms to be stamped early on Monday morning, only to be told several hours later that the person authorised to issue the forms was sick – and no-one else could do it.

"I've been in this business for 26 years and this has never happened to me before," Mr Robertson says.

"Before, there were four people here who could issue these forms. But when I asked where they were, I was told three of them were no longer working there – and the only one left was sick.

"Fortunately, the next day she was back at work and I could send off the consignment.

"But it's ridiculous that millions of

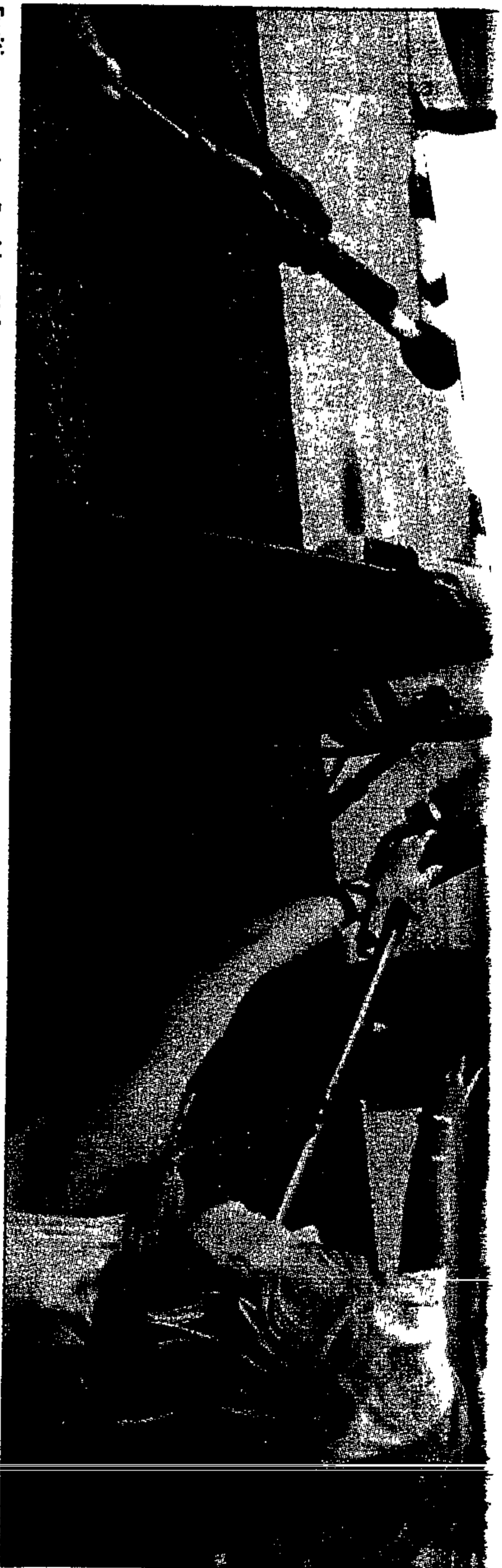
rands in export contracts should depend on one person."

The sample of goods he was sending was valued at R7 000, he says, but at stake was an export order worth R500 000.

Asked to comment, the DTI's director of communications, Ismail Lagardien, said the department was going through a process of restructuring like the rest of the public service, aimed at improving efficiency.

In the short term, he said, this might "place short term constraints on our day to day operations".

He urged the public to direct enquiries at the head office in Pretoria when services were not available in the Cape Town office, or to consult the Department's website at [www.gov.za/dtiwww](http://www.gov.za/dtiwww).



Exciting prospects ... President Nelson Mandela tells the press about the arms deal with Malaysia. He had just stepped off the official presidential aircraft at Waterkloof air force base, Pretoria, after returning from a successful 11-day visit to south-east Asia.

# Arms exports on brink of trebling

Mandela near to clinching R2,2-billion Malaysian order for Rooivalk helicopters

By **MORRIS CHAMBERLAIN**  
(746)  
11/3/97

**BY MORRIS CHAMBERLAIN**  
Defence Correspondent

**P**resident Mandela's talks in Malaysia could lead to "the sale of the century", worth R2,2-billion, which would treble the value of the country's arms exports.

The president confirmed yesterday on his return from south-east Asia that Malaysia could order Rooivalk attack helicopters.

"The proposal has been discussed and an announcement can be expected soon," he said at Waterkloof Air force base, Pretoria, after state visits to Malaysia, Brunei and the Philippines.

"The proposal will be considered as long as the weapons are

for defensive purposes only. I know that Malaysia has no intention of flexing its muscles in regard to other countries," the president said.

It would be the first foreign sale for Rooivalks, and just that possibility is a major boost for the defence industry, coming on the eve of the world's largest defence show, Idex '97, which opens in Abu Dhabi on Sunday. South Africa will be displaying a wide variety of armaments at the show.

The SAAF has ordered 12 Rooivalks, which are in production.

Chief executive officer of Rooivalks' manufacturer Denel, Johan Alberts, said in Pretoria that the Mandela initiative had come as

a surprise.

He said it would be the first time that an armaments sale had taken place as a result of politicians "clinching a deal", and explained that it often took months and years before agreements were reached.

"It is not like selling soft drinks," he added.

Meanwhile, talks began in Pretoria yesterday between South Africa and Britain on a possible multibillion-rand deal involving corvettes and submarines for the navy, and jet trainers and fighters for the air force.

Britain is offering a package which would see the navy acquiring four light frigates especially designed for South African coastal conditions, and four Upholder-

class submarines currently mothballed by the Royal Navy; 60 Hawk 100 jet trainers to replace the air force's ageing Impalas; and a squadron of Swedish-built and British-marketed Gripen jet fighters as a future replacement for the 20-year-old French-built Mirage and Cheestah upgrades that are in service.

South Africa is insisting on major offset-trade arrangements to be part of any deal involving the corvettes and submarines and it is understood this is being extended to the aircraft as well.

Britain has apparently put on the table proposals including technology transfers, manufacturing in South Africa of certain components, joint ventures involving the

defence industry as well as the private sector, and specific black-empowerment deals.

Huge employment opportunities form part of the negotiations.

The departments of defence and of trade and industry, as well as Armscor, the South African procurement agency, are representing the country in the negotiations.

An Armscor spokesman said the British proposal was one of a number from a variety of countries since 1994, and only when the defence review was finalised would it be in a position to determine precisely what South Africa's equipment and weaponry requirements were for the future.

No price tag has been placed on the package.

# Brandy makers gear up for exports

BUSINESS REPORTER

South Africa's brandy industry is preparing for an export drive on the back of strong domestic sales.

Exports of local brandies are relatively low compared with wine, according to Pietman Retief, director of the South African Brandy Foundation.

"There are, however, definite and positive trends, especially in the Far East," Mr Retief said.

"Many local brandies have performed well at international competitions over the past few years, and the international liquor industry is realising that South Africa is not only making good wines but can compete in producing brandy.

"Thanks to the healthy condition of the local market, the brandy industry can now spend more time developing export markets."

Brandy production had grown 28 percent over the past five years, making the country the fifth largest brandy producer in the world.

Mr Retief said yearly production was now 50-million litres, which had a retail value of more than R1-billion.



Positive trends: Pietman Retief

ARG 17/3/97

Brandy represented 64 percent of local spirits sales at the end of last year.

Mr Retief believed the growth trend would continue.

"There are various reasons for this,

the first being that the biggest increase in the market was for premium brandies, which represent 26 percent of brandy sales, especially in the more sophisticated part of the so-called black market," he said.

"The number of consumers in this selective segment of the market still continues to increase."

Another factor was the public's increasing awareness of the high quality of South African brandy.

"Legislation demands all brandies be distilled in copper poststills and must be aged for at least three years.

"In many of the large brandy countries brandy is distilled in steel tanks - not always from grape wine - and aged for much shorter periods," said Mr Retief.

The "healthy spirit of competition" between local brands and different styles of brandy also played a big role in the increased consumption.

The decrease of the legal alcohol content of brandy from 43 percent by volume to 38 percent made the production of a smoother, connoisseur brandy possible, adding a new dimension to the market.

# 'Soaring prices could scuttle wine exports'

ET 25/3/97

~~WINE~~

(74G)

LISA TEMPLETON

THE huge overseas demand for South African wine may dry up if prices continue to soar and quality does not improve, experts have warned winemakers.

The industry has seen a tenfold increase in exports since 1990 but soaring prices and mediocre quality may bring this honeymoon to a close, exporters say.

The Nederburg Auction of premier wines at the weekend saw a 30% increase in the price of red wines — with an average bottle of red going for R51,30. Retailers predict that the price of table wines will rise 15% to 40% this year.

"Prices have gone too far," said Mr Richard Kelley, export manager for Vinimark import/exporters.

"If South Africa continues to put up prices without the quality improving, the potential for

exports could be shortlived."

Select wines were selling at prices higher than those asked in British retail outlets, in spite of the exchange rate, Kelley said.

British auctioneer Mr Patrick Grubb, who has brought the hammer down on 23 Nederburg Auctions, said he saw too many "uninspiring, insipid" South African wines in export markets. He advised producers to take advantage of the seller's market by producing top-quality wines.

Stellenzicht winemaker Mr Andre van Rensburg said it was only fair that local producers got better prices for high-quality red wine. "South African consumers have been protected — they've had it too good for too long."

Mr Jeff Grier, Villiera owner and winemaker, predicted that an increase in the production of red wine would neutralise price hikes.

# South Africa's 'big export surge'

27/3-3/4 1997 M+G (B.M.)

744

## Mungo Soggot

**S**OUTH AFRICA has experienced a massive surge in non-mineral export volumes matched only by the Asian tigers, says Mike Schüssler, an economist at stockbroker EW Balderson.

Schüssler says latest Portnet figures show a 33% increase in the volume of exports that left the port of Durban last year. The port handles a wide range of goods — unlike, for example, Richards Bay, the country's largest port, which handles mainly coal.

There was a similarly healthy pattern at Johannesburg International Airport, where increases in export volumes of between 38% and 53% were registered in the four months to February this year. Year-on-year increases in export volumes from the airport never dropped below 20% in the six months to Decem-

ber 1996. The airport handles the bulk of freight leaving the country.

Schüssler says that as both the airport and the port deal with a wide variety of manufactured goods — and do not concentrate on mineral exports — the growth shows that South Africa's exports have become much less dominated by minerals.

The value of South Africa's exports has increased substantially during the past year because of the declining value of the rand. But an increase in the actual volume of exports is a more important sign that the economy is ticking, he says.

According to the latest Reserve Bank *Quarterly Bulletin*, export volumes for 1996 were up 12% on the previous year, while the value of exports increased 21% during the year.

"By January 1997 exports were up 52% on January 1996 in value terms

(according to Customs and Excise figures). This is the type of export growth that only East Asian countries see," Schüssler says.

**H**e says a breakdown of the Durban port exports last year shows most of the goods came from the manufacturing sector: vegetables, prepared foodstuffs, chemicals and plastics all increased at least 60% in volume terms, while mineral products actually decreased 8% in volume terms.

Meanwhile, the National Association of Automobile Manufacturers of South Africa says there was a 400% increase in car exports in volume terms.

"Today South Africa is emerging as a genuine manufacturing country. It is becoming clear that manufacturing exports are gaining faster than commodities."

Schüssler says the growth in export

volumes is being driven by a number of factors apart from the declining value of the rand, including huge increases in capital equipment imports, which are providing unprecedented productivity and quality improvements for South African industry.

He adds that the returning multinational companies are helping their South African partners export through their global marketing networks.

The latest *Quarterly Bulletin* says some of the recently completed "mega-projects" which were geared to exports went into production last year, beefing up the country's export performance.

It says the value of manufactured goods as a percentage of overall exports rose to 29% last year, from 26% the previous year.

"All the other main export categories increased during 1996 ... The improvement in export volumes of mining products could also have been influenced by the increasing price competitiveness of South African producers, albeit to a much lesser extent than in the case of the manufacturing sector."

jsauu sji ui auhgaisip tpcsiu uo sncof

# KWV toasts surge in S African wine exports

## *11-million cases earn R550-m*

South Africa's wine exports increased to 11,1-million cases last year, earning R550-million in foreign exchange, the KWV said in its annual report today.

The co-operative said it had revised its initial estimates for wine exports in 1995 to 8,2-million cases from 7,7-million before.

Wine exports had snowballed in the past few years, surging by 1 300 percent from the 855 000 cases in 1990.

"Literally hundreds of South African wines are, for example, available on the shelves in the United Kingdom.

"This is in sharp contrast to a few years ago when KWV wines and only a few others were available on the shelves."

The KWV said South African wines were exported to almost 60 countries,

with the European Union being the single largest client.

Referring to the domestic market, the KWV said that since the end of 1993 the previously stagnant market for natural wine had improved.

This gained momentum in 1996 and growth now appeared to be sustainable in the medium term.

The intake of unfortified wine by the wholesale trade, including exports, had grown by 13,5 percent in 1996 and growth of about five percent was foreseen in the domestic market in 1997.

Including exports, growth could top 10 percent.

Domestic sales grew by five percent, with wines in the high- and medium-price range growing by between five and 10 percent, largely because of increased

ARG 3/4/97

tourism and higher domestic disposable incomes.

"This growth is, however, hampered by the shortages in red wine in particular, as well as in noble white cultivars currently being experienced in the market," the KWV said.

The market for standard-price wines was levelling off and could fall further in future.

This indicated that consumers were turning to higher-priced wines and to alcoholic beverages such as brandy.

The KWV said the latter trend was particularly evident in its 1996 financial results, with after-tax income rising to R88,3-million from R78,3-million in 1995 while net income from own transactions rose to R71,2-million from R47,7-million. - Reuter

# Wine exports better 10m case target

FRANÇOISE BOTHA

Johannesburg — South African wine exports have soared above 10 million cases a year — a target that was initially expected to be achieved by 2000.

Figures released yesterday by the KWV showed exports climbed 35 percent and earned more than R550 million in foreign exchange. Exports rose from 7,7 million 9-litre equivalent cases in 1995 to about 11,1 million cases last year.

The increase in sales would have been higher at 44,2 percent, but the KWV revised the industry's 1995 export figures upwards to 8,2 million cases, reducing foreign sales growth over the past year. At the same time, the value of exports climbed 50 percent.

The strong growth in volume

follows a 48 percent rise in 1995 and a 112 percent increase in 1994. The largest export growth was recorded in the Far East and North and South America, where volumes increased by 173 percent and 104 percent respectively.

The figures represent what is classified as "good wine", which is wine in bottle or bulk container and excludes wine intended for distilling purposes.

Jannie Retief, the chairman of the South African Wine and Spirit Exporters' Association, said the figures were good news for the local industry, especially given there was a shortage of red wines and wine made from noble cultivars.

The new figures are estimates based on statistics submitted voluntarily by producers who are members of the association. In

total, the members produce more than 95 percent of bottled wine exports, but not all submitted export figures. Retief said the estimates had been necessary because the government was unable to collect and collate all wine export information.

The largest volume of wine — about 45 percent — went to the UK, followed by Germany.

Retief said the association would start to focus on expanding the country's export destinations, with special attention being paid to Germany and the US.

"We will start to focus on other countries apart from the UK so that we can have our cake split up in a more balanced way. It is better if we have a more diversified market, and both of those countries have shown the highest demand for new-world wines."



## New bank division is created to help exporters

Patrick Wadula

BD-7/4/97

(749)

NEW Republic Bank has created a division to help small and medium-sized exporters through its association with the Credit Guarantee Insurance Company.

NRB spokesman Graham Partington said at the weekend that the bank, with the help of CGIC, was able to provide pre- and post-export finance for small to medium-sized businesses.

This was an imaginative financing tool for the benefit of current and would-be exporters who did not have the funds to execute export orders, he said.

Financing would cover the cost of raw material goods and services and also the transport costs to complete the order.

"This will boost the SA export drive by enabling the small to medium-sized exporters to obtain additional export orders," he said.

Exporters eligible for this financial service included those with total assets not exceeding R5m, with fewer than 200 employees.

Loans provided range between R1m and R50 000. The goods for export also have to be of SA origin.

Partington said the bank also offered credit finance facilities to SA importers through the issue of letters of credit on behalf of the importers. The bank thereafter granted credit terms of up to 180 days.

All such borrowings were fully covered against foreign exchange fluctuations, so importers did not risk currency losses, he said.



**HEALTHY BEVERAGE** Rooibos tea is popular in Japan even though it costs about \$100 a kilogram in health shops

PHOTO JOHN WOODRUFF

# Japan takes to the taste of rooibos

PETER GAUL

CT(BR) 10/4/97

(747)

Tokyo — Japanese tea drinkers consumed 500 tons of rooibos tea last year with a retail value of about R50 million, Per Knudsen, the managing director of Gold Reef Japan, said yesterday.

Gold Reef was appointed last year as the official distributor and marketer of rooibos tea in Japan, the single largest export market for the tea.

But only 5 percent, or 6,28 million, of the 125,6 million people living in Japan drink the bever-

age. Gold Reef recently conducted a consumer survey to gauge the extent, knowledge and support rooibos had in the country.

The results of the survey are being analysed at present. A preliminary finding, however, showed that about 75 percent of those who participated in the survey liked the taste, even though they had not tried it before.

"Thus far availability has been limited to specialist and health shops, where rooibos has been very expensive, retailing at \$100 a kilogram.

"As Japan is a tea drinking country, particularly of herbal and health teas into which category rooibos falls, it fits perfectly with the drinking patterns of the Japanese," Knudsen said.

Gold Reef intended to promote the awareness and distribution of the product within Japan. "South African rooibos production is set to double to 10 000 tons a year," he said.

"The local market will be unable to absorb this, so any growth in demand from Japan can easily be met," Knudsen said.

*Brazilian market worth over \$100m a year*

# Dunlop belts are reeling in South American profits

CT(BR) 11/4/97

(746)

**SHIRLEY JONES**

KWAZULU NATAL EDITOR

Durban — Dunlop's industrial products division, which manufactures rubber and PVC products for the mining, industrial and automotive industries from factories in Howick and Benoni, was making inroads into the South American market, the company confirmed yesterday.

According to a company spokesman, the division has secured its first conveyor belting order from Brazil, a growing economy with an industrial and mining belting market worth more than \$100 million a year.

The first contract, for product marketed under the BTR Sarmcol brand, was concluded two months ago, with more to come, the spokesman said.

He said that BTR Sarmcol — with agents in Chile, Argentina and Brazil — had already been supplying South America with hydraulic hose products for more than a year.

The company's Brazilian agent, Bozza SA, which has been marketing industrial and mining products for the past 40 years, was interested in entering the conveyor belting market and was

looking for a reliable and competitive supplier, he said.

"There is enormous potential for us, but the quality of the initial order and subsequent pricing, quality and reliability of supply will determine whether we get future orders," said Roger Henderson, the general manager of BTR Dunlop Hose.

A visit by a delegation of the main industrial products distributors from Chile, Argentina and Brazil had also yielded a positive response, Henderson said. "The newest, and potentially the largest, market opportunity for a concerted export drive is in Brazil."

As the only manufacturer of hydraulic hose in South Africa, Henderson explained, the visit presented the company with numerous opportunities. "Delegates ... felt that the products produced in South Africa would find acceptance in South America."

He added that BTR Sarmcol's conveyor belting was also proving its worth in Australia. African markets included the Zambian copper mines.

New export contracts for the last financial year to December 1996 totalled R41,25 million, Henderson said.

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# DTI to set up programme to develop export markets

(746)

ALIDE DASNOIS  
BUSINESS EDITOR

ARC 17/4/97

The Department of Trade and Industry is to start a new programme to help exporters develop markets abroad.

Briefing Parliament's trade and industry committee in Cape Town yesterday, Alan Hirsch, the department's chief director of industry and technology, said the programme would be launched "in the very near future".

Dubbed the Export Marketing and Investment Assistance Scheme (EMIA), the new programme is part of the department's export support measures.

Its goal is to help exporters meet costs incurred in developing export markets.

Mr Hirsch said the scheme had been approved by the department but the control systems were still being finalised.

"This involves handouts to business so the controls are important," he said.

Under the new programme exporters will be able to apply for money from the department for research into export markets, exhibitions and trade missions abroad and for buying missions inside the country with a view to exporting.

The department will also pay part of the bill for research into ways of attracting foreign investment or for missions aimed at attracting foreign investment.

Growth of 10 percent a year in exports of manufactured goods was central to the success of the Government's Growth, Employment and Redistribution (Gear) strategy, he said.

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# Exports boost tobacco farmers

Louise Cook

BD 21/4/97

SA TOBACCO farmers' efforts to become less dependent on the local market in favour of exports have started to pay off, with this year's crop expected to be about a quarter bigger than last year's.

Tobacco Exchange chairman Francois van der Merwe said that while local demand was shrinking 2,4% a year, expanding overseas markets and rising international tobacco prices were keeping SA farmers in business.

Favourable climatic conditions and rising world demand had prompted SA farmers to plant 13,5% more Virginia tobacco this year. Oriental tobacco plantings also increased.

Van der Merwe said 70% of the crop was still sold locally, with the rest sold largely through international tobacco

(74G) (498)  
merchants. Sources said the US, Sweden and Taiwan were keen importers of SA tobacco.

Since 1995 world prices had risen 70%. "We expect this trend to continue during 1998, possibly leading to surpluses in the long run."

SA's powerful anti-smoking lobby criticised the rise in tobacco production, saying farmers should switch to food crops.

SA National Council Against Smoking director Yussuf Salojee said: "The World Bank estimates that for every ton of tobacco produced, one person eventually dies. Farmers should diversify, especially since large quantities of SA tobacco have been exported at a loss in recent years." He said in the past quality problems had jeopardised SA exports, a claim disputed by the Tobacco Institute of Southern Africa.

CT(OR) 25/4/97

## Outspan squeezes its citrus exports into new markets

ANN CROTTY

~~STAFF~~

(74G)

Johannesburg — Outspan, the Citrus Board's sole export agent, is forecasting record volumes of citrus fruit exports this year with 50 million cartons being exported to 60 countries, John Stanbury, the managing director of Outspan, said yesterday.

This was more than 10 percent higher than the previous record of 45,5 million cartons exported last year, earning, R1,65 billion in foreign exchange, he said. But industry analysts have speculated that, despite the expected increase in volumes, the increase in value would be disappointing.

Outspan recently recog-

nised that demand in its traditional markets had stabilised and therefore increased its effort to develop new markets.

"Western Europe will this year take 50,5 percent of exports compared with 56,3 percent in 1996. Some 13,5 percent will go to the Far East compared with 9,5 percent last year. Eastern Europe, in which new markets are being developed, will take 9,7 percent compared with 9,2 percent last year," Stanbury said. Outspan would export to the US for the first time, he said.

Development of new export markets was vital as the citrus export crop was expected to increase to 75 million cartons by 2003, he noted.

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~~Star~~ 1/5/97  
New steps  
to tighten  
border control  
(746)

The number of SA airports authorised to clear international flights are to be cut from 36 to eight in a bid to tighten border control, the Cabinet decided yesterday.

Aircraft on cross-border flights landing at unauthorised airports would be seized.

Land border posts open for bulk commercial goods would be reduced from 52 to 19. Overall, the number of points through which commercial goods would be allowed to be imported or exported would be reduced from 95 to 34.

These steps would not only curtail cross-border crime but would also plug an estimated R17 billion revenue loss to the Government brought about by fraudulent exports, officials said. - Sapa.

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# European Commission's platinum

JULIAN Ogilvie Thompson, chairman of Anglo American Corporation, makes no attempt to hide his anger at the way the European Commission has treated SA's biggest group.

"I have no doubt that the commission has gone well beyond its legal rights," he said.

"It has imposed restrictions that are effectively making new law." He suggested this was not just a local difficulty for Anglo but should be a warning to other international corporations. They are likely to run foul of the commission even if they are domiciled outside the European Union (EU).

He pointed to the way the commission is intervening in the proposed merger of Boeing and McDonnell Douglas, which would create the

world's biggest aerospace and defence group. Competition commissioner Karel van Miert said he had the power to ask for changes to this all-US deal, or even block it, if he judged it would harm competition inside the EU.

What worried Van Miert in Anglo's case was its domination of world platinum production. Platinum is an essential material in some catalysts, including some used by the chemical, oil and automotive industries.

Anglo American already has a firm grip on Rustenburg of SA, the biggest producer with about 38% of the market, and came under the commission's scrutiny because it bought a 27.5% stake in Lonrho, the UK-based conglomerate that includes SA platinum operations.

The commission has given Anglo two years to cut its Lonrho holding to 9.99% unless the platinum interests are disposed of.

Meanwhile, the stake to be sold is to be held by a commission-approved trustee. This is the first time the commission has sought the transfer and possible disposal of shares in a quoted company to address concerns about competition.

If the commission did overstep the mark, why is Anglo not challenging the decision in the courts? Ogilvie Thompson said: "I feel the commission would have liked to have gone to court to see where it stood. But for us to go to court would have cost a great deal of legal and management time." Some analysts suggest that Anglo would also prefer to avoid public

scrutiny of the way it dominates the platinum market via a complex web of cross-holdings.

At first sight it appears that Anglo was wrong-footed when it was persuaded to buy the Lonrho shares from Lonrho's former chief executive Dieter Bock. Last October, Bock exercised a call option to sell 18.3% of Lonrho to Anglo for £257m before resigning from Lonrho to concentrate on his property interests. Anglo has since seen the value of its holding drop by about 25%.

Anglo's critics suggest it must have been aware the commission was likely to block the deal. In October, the commission stopped a merger of the Lonrho platinum operations with those owned by Gencor, another South African group.

Van Miert also warned Anglo it was treading on thin ice when it bought 9% of Lonrho last March.

Ogilvie Thompson will have none of this. "I do not regret for a moment buying the Lonrho shares," he says. Anglo certainly knew the commission would take exception to it getting too close to Lonrho's platinum interests, because the commission had made its views clear in 1988 during the bid battle for Consolidated Gold Fields by Minorco, Anglo's offshore subsidiary.

But the main attraction of Lonrho for Anglo is the UK group's 32% stake in Ashanti Goldfields of Ghana, the biggest African gold producer outside of SA. Ogilvie Thompson said Anglo was close to agreement with the commis-

sion about "ring-fencing" Lonrho's platinum interests and excluding the SA group from boardroom decisions affecting them. But when Bock exercised his option to sell the rest of his shares, the commission withdrew from the negotiations and started its investigation.

Anglo had hoped that Bock's plans to sell some of Lonrho's assets and split the company into two quoted concerns would have removed the platinum problem before it acquired his shares. However, Bock had a different agenda.

Ogilvie Thompson complains that the commission "moved the goal posts" during its investigation. Initially, the commission was to investigate whether Anglo would have a "decisive" influence at Lonrho de-

finied as half the normal vote at Lonrho's annual meetings. Ogilvie Thompson suggested that, when it became clear that the Anglo holding fell below that level, the commission changed the terms and looked instead to see if Anglo had a "significant" influence.

However, he remains convinced that matters will be resolved within the two-year limit set by the commission. For one, Gencor should have completed its challenge to the commission's ruling which blocked the merger of its platinum assets with those of Lonrho.

"And we are working on ideas of our own," he said. He stressed, however, that none of those included making an offer for the rest of the Lonrho shares. — Financial Times.

## Anglo

Restrictions anger  
7471  
BD 2/5/97



Ingrid Salgado (746)

## Move to speed up tableware exports

BD 2/5/97

AN EXPORT-orientated strategy for large domestic producers of ceramic tableware had to gain pace, a National Economic, Development and Labour Council (Nedlac) cluster study on the tableware industry has urged.

The report, tabled in Nedlac's management committee last week, was initiated after the Chemical Workers' Industrial Union raised concerns at the threatened closure of Continental China's Atlantis plant.

The company is SA's largest ceramic tableware manufacturer, accounting for more than 50% of industry turnover by value.

The report — which said exports to Europe, North America and Australasia, the three major tableware importing blocs, had not been developed at all — said world-wide experience showed successful producers were international players that had penetrated overseas markets.

However, it recognised there were certain aspects of the international business SA could not do well, due to years of isolation.

It proposed the local industry should forge formal relationships with Japanese, European and US tableware houses that had been adept at securing profitable long-term business with large stores.

Foreign firms should also be invited to SA to provide production throughput while work outsourced from international players should be considered.

The report said Continental China's hotelware division appeared to have good prospects for penetrating the world market.

It said that competition in the hotelware market was not as strong as that for domestic tableware and that the company's prices were competitive against the UK's two leading producers and no major capital was required to export at this level as Continental had spare plant capacity.

Other proposals were that the industry focus more on customer needs, move the manufacture of tableware to medium-priced products and away from low-cost goods, upgrade equipment and processes, improve the relation-

ship between retailers and local manufacturers and form true partnerships with labour.

To address the problem of dumping, the industry and labour should together petition the trade and tariff board for antidumping action to be taken against tableware imported from or originating in China, or for the introduction of a minimum specified duty on cheap imports.

The report said overall output by the local ceramic tableware industry had declined substantially since 1988. Imports had increased 220% between 1988 and 1995, while local production fell 32%.

The local market was "very small" by international standards, employing just more than 1 700 people and producing 23,7-million pieces a year. This compared with China's 6,8-billion pieces a year.

# NEWS

**MARKETING** *Casualties likely as market is thrown open*

## Gloves will come off for SA's fruit export business

CT(BR) 2/5/97 ~~SECRET~~ (74G)

**FRANÇOISE BOTHA**

Cape Town — South Africa's fruit export business, valued at R5,5 billion a year, was expected to attract aggressive competition and millions of rands of investment in the run-up to the abolition of single-channel marketing, Johann Laubser, the managing director of Longridge Winery, said yesterday.

"Everybody who takes on Outspan and Unifruco will have to prove to the producers that they are better. Many will not be and their operations will soon fold," he said.

The single-channel fruit marketing system, which is controlled by Outspan and Unifruco, will remain in place until September 1, when it will

be thrown open to competition.

Laubser said the industry would attract some large players who were prepared to make significant investments, as well as lots of "rats and mice" operators, many of which would most likely only export a single container of fruit in a given year.

The more aggressive players were likely to invest in packing, warehousing and cold storage facilities, offshore offices and shipping operations.

The investment would flow not only from the liberalisation but also from sharply higher export volumes, which had already increased by about 10 per cent a year, said Laubser.

An analyst, who asked not to be named, said the industry

could attract investment of at least R50 million over the short term, with figures likely to climb as export volumes grew.

"Investment will also depend on the prices these exporters can achieve, which will also depend on the types of fruit they produce and the markets they plan to enter," the analyst said.

According to broad market speculation, Exatrade, the country's largest import-export firm with an annual turnover of R3,5 billion, was positioning to become a meaningful player in the fruit export market.

Laubser said an official announcement on Exatrade, which owns a significant stake in Longridge Winery, would be made soon.

# Geis to go, but where is the replacement?

## Business, labour critical of move

**THABO MABASO**  
BUSINESS REPORTER

The proposed scrapping of the General Export and Incentive Scheme (Geis) by Minister Alec Erwin's Department of Trade and Industry (DTI) has led to a convergence of views between business and labour, with both slating its removal, and saying the move is premature.

Western Cape secretary general of the two-million-strong Congress of South African Trade Unions (Cosatu) Tony Phrenreich said that businesses should be given enough time to be fully competitive before the scheme is scrapped.

"We wouldn't like to see factories closing down because of the removal of Geis. We think it (the removal) should be done in a way that gives businesses a chance to address those areas that make them less competitive and productive against competing economies," Mr Phrenreich said.

"Maintaining productive capacity in South Africa should also take account of the social impact of jobs," he added. South African Chamber of Business

*'Maintaining productive capacity should also take account of the social impact of jobs'*

(Sacob) economist Penny Hawkins said to minimise the hardship exporters could face from the scrapping of Geis, the department had to implement the mooted Export Marketing and Investment Assistance scheme (EMIA) as soon as possible.

"Business is disappointed that Geis is going to be done away with, we had been hoping it would continue until the end of the year," she said.

"We have said that if the DTI takes away Geis, it must put the substitute in place at the time it removes it."

She said it was difficult to say what impact the scrapping would have on exporters but suggested that businesses would have to readjust themselves into

(746)  
RRG 3/5/97

copying in a changed environment. Mr Erwin's ministry announced this week that Geis would be terminated from July 11 because it was weighing heavily on the department's budget. The department said the move was part of a shift away from the demand side to supply side measures to assist industries and bolster the economy.

Last month, a DTI official told parliament that a new programme, dubbed the Export Marketing and Investment Assistance Scheme (EMIA) would be launched soon to assist exporters.

Under EMIA businesses would be able to apply for money from the department for research into export markets, exhibitions and trade missions abroad, and for buying missions inside the country with a view to exporting.

The department would also pay part of the bill for research into ways of attracting foreign investment.

In terms of Geis, businesses were paid a fee by Government to help minimise the costs of exporting. In some instances, however, it was found that businesses were only deriving profits from the fee that Government was giving them.

*'Independents' fail to acquire permits*

# Citrus Board puts squeeze on exporters

CT 5/5/97 (PR) ~~74GT~~  
(74GT)

**ANN CROTTY**

CONSUMER INDUSTRIES EDITOR

Johannesburg — With only weeks to go before the citrus season ends there is still no sign of export permits being granted to independent parties in terms of the agreement between the government and the Citrus Board, industry sources said on Friday.

At a meeting held two months ago the Citrus Board agreed on the conditions and criteria according to which permits would be issued for a limited amount of the present season's crop. But although a considerable volume of this season's crop has already been picked and packed, none of the parties applying for export permits has received a response from the Citrus Board.

In terms of the old Agricultural Marketing Act, the Citrus Board has control over the granting of permits for the export of citrus fruit. Until this season, all exports to

South Africa's main markets were undertaken by the Citrus Board's agent, Outspan.

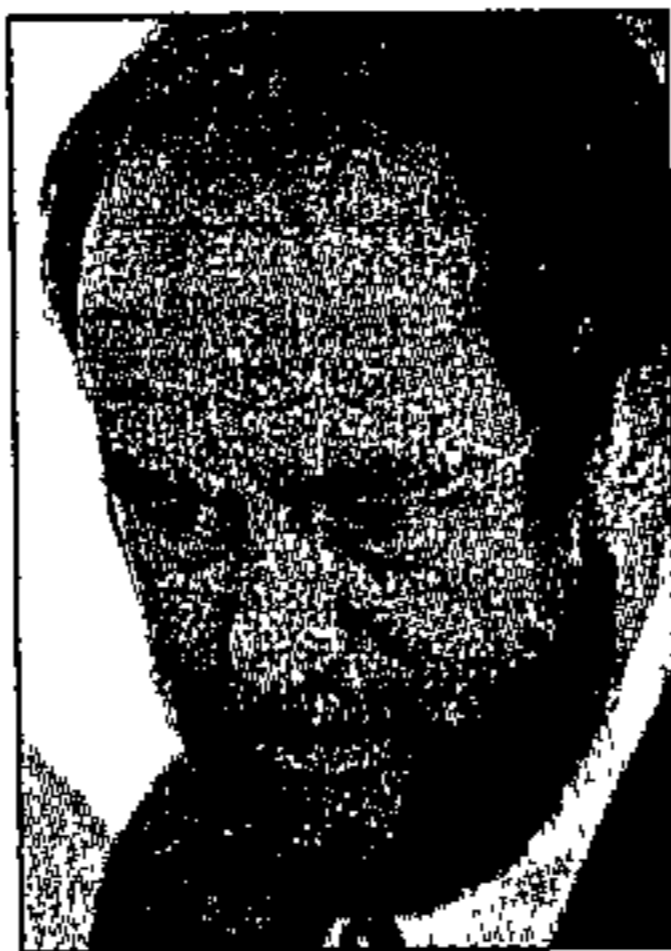
Derek Hanekom, the minister of agriculture and land affairs, introduced a new agricultural marketing act which comes into effect in September. In terms of this new marketing act, the Citrus Board will be dissolved and Outspan will cease to have any legislative support for

its monopoly agency position.

Under pressure from the government the Citrus Board agreed to issue export permits for a small percentage of this season's crop to parties other than Outspan. The board agreed that so-called independent exporters would be allowed to export a total of 6 percent of last season's crop volume. The permits were to be granted on conditions determined by the Citrus Board.

The conditions set included the provision of market-sensitive information to the board, which is seen by the "independents" as a competitor because of its long and close relationship with Outspan.

The board required that any party granted a permit had to report actual sales by volume and by market destination. In addition, the conditions stipulated that: "In the event of permits granted to new or niche markets, details relating to the nature of the niche market had to be



*Derek Hanekom*

provided."

Although the board is about to disband, any party granted a permit will have to pay a 2 percent "industry development charge" on the free on board value of the fruit to the board.

Despite the rapidly increasing time pressure on hopeful applicants, the board has so far not issued one permit and has not indicated reasons for the delay.

# SA brands make their mark worldwide

Louise Cook

OUTSPAN, Appletiser and the Krugerrand are among the top 300 international brands, according to the latest edition of the UK publication, The World's Greatest Brands.

It is the first time SA brands have been rated in the top 300.

London-based brand evaluators Interbrand said "lots" of SA brands had been considered, but only Outspan, Appletiser and the Krugerrand had made the grade. "The three brands have tremendous international spread, the key to their selection," said Interbrand Africa's Jeremy Sampson.

Once again the world's top brand

BD 715197(74G) (74G) (74G)  
was McDonald's, followed by Coca-Cola, Disney and Kodak.

Sampson said Interbrand's evaluation methods went beyond brand equity to brand power. "Basically it covers not only what people feel about brands but also what brands can do. "The recipe for success lies in consistency and building a strong relationship with the customer."

Outspan GM Arend Venter said the company was delighted and proud to be counted among the best known and best performing brands in the world. "Outspan's advertising and promotional campaigns have been aimed at building a brand based on consistent and reliable quality and service."

Appletiser SA international operations director Colin Grundling said to be counted among the top brands was testimony to years of consistent brand marketing. "We are the largest selling sparkling apple juice in the world."

Rand Refineries financial manager Johan Botha said the Krugerrand brand had always been synonymous with gold coins — and was one of SA's most famous exports.

Sampson said Interbrand's index was used all over the world, mainly by brand specialists. However, company managements had also started relying on the information to assess the performance of their products compared with those of the opposition.

## **R17-billion in VAT lost since 1992 in export violations**

ARG 9/5/97  
ARGUS CORRESPONDENT

(7449)

Pretoria - At least one in every 10 consignments of goods that passes through South Africa's borders violates VAT export conditions, resulting in tax revenue losses estimated at about R17-billion since 1992, when VAT was introduced.

South African Revenue Services (SARS) deputy director for customs and excise Mattie Louwrens said yesterday that about R40-million in outstanding revenue and fines was recovered during checks carried out on 3,5 percent of the 1,2-million consignments that passed through South Africa's borders last year.

Mr Louwrens was addressing delegates at the Security '97 conference in Pretoria.

Under-staffed and highly pressured border control officials, assisted by the SARS, found that 11,6 percent of more than 34 000 consignments randomly searched by border authorities last year were found to contravene VAT legislation.

VAT recovered, or being recovered, as a direct result of fraudulent export transactions in the past 14 months amounted to more than R34,3-million. Mr Louwrens said the SARS would be able to recover more than R80-million if they were given enough personnel to search 5 percent of international consignments.

# Torrent of tax revenue slipping across borders

By **DEREK RODNEY**  
Crime Reporter

SKAN 13/5/97  
At least one in every 10 consignments of goods which passes through South Africa's borders violates VAT export conditions, resulting in state tax revenue losses estimated at about R17-billion since 1992, when VAT was introduced.

South African Revenue Service (SARS) deputy director for customs and excise Mattie Louwrens says about R40-million in outstanding revenue and fines was recovered during checks carried out on 3,5% of the 1,2 million goods consignments which passed through South Africa's borders last year.

Louwrens was addressing delegates at a security conference held in Pretoria.

The conference, presented by the Institute for Strategic Studies of the University of Pretoria and the local branch of the Security Association of South Africa, was opened by Gauteng Safety and Security MEC Jessie Duarte.

Understaffed and highly

(746)  
pressured border control officials, assisted by the SARS, found that 11,6% of the more than 34 000 consignments randomly searched by border authorities last year were found to be in contravention of VAT duty legislation.

VAT recovered, or in the process of being recovered, as a direct result of fraudulent export transactions in the past 14 months had led to the recovery of more than R34,3-million. And, according to Louwrens, the SARS would be able to recover more than R80-million in state revenue if the service had sufficient personnel to conduct searches on 5% of international consignments, which is the world norm.

Authorities were also in the process of collecting penalties of more than R5-million, he added.

"London's Heathrow airport has more inspectors (1 500) than the whole of South Africa," he said.

The SARS established a special inspectorate in 1994. It currently consists of only 20 investigators.

# IBA reveals salary of acting CEO

Vuyo Mvoko

THE Independent Broadcasting Authority yesterday revealed "in the interests of transparency" that newly appointed acting CEO Bronwyn Keene-Young, 28, would receive a monthly basic salary of R17 721.

Keene-Young was appointed acting CEO on Monday following the suspension of Harris Gxaweni on grounds of "nonperformance" a few days before five of the authority's seven councillors resigned.

Responding to media requests, the authority said Keene-Young's package was R324 146,50 a year and included a R64 280 car allowance payable over five years, a 13th cheque of R17 721, a R6 600 housing allowance, R2 544 medical aid, R746 levy and a R6 237 disability cover.

In other attempts aimed at avoiding disruptions to the authority's normal business, Parliament's communications standing committee chair-

man Samuel Moeti said public nominations for the five vacant authority council posts would be called for from today.

He said the closing date for applications would end on June 3, after which the committee would short-list candidates and would start interviews from June 10.

By June 19, when Parliament goes to recess, names of preferred candidates would "hopefully" be presented before Parliament and the president.

The resigned councillors — co-chairmen Peter de Klerk and Sebilletso Mokone-Matabane, as well as Lynn-dall Shope-Mafole, Felling Sekha and Luthando Mkhumata — are serving the first of their three months' statutory notice.

Parliamentary public accounts standing committee chairman Ken Andrew said that the first draft report of recommendations on financial controls was put before the committee on Wednesday but could not be

BD 23/5/97

adopted as members felt there was a need for specific additions to be made. Every possibility existed that the second revised version would be adopted next Wednesday, he said.

The committee was being assisted by the office of the auditor-general, whose recent release of the damning report on authority finances led to both the suspension of the CEO and the councillors' resignations.

Among the recommendations in the report was a call for the abolition of the use of credit cards by the authority and all government institutions. It was also recommended that people with financial management skills be employed in the council and guidelines be set up with regard to, among other things, allowances, hotel stays and office accommodation.

Posts, Telecommunications and Broadcasting Minister Jay Naidoo and the authority council would take responsibility for their implementation, Andrew said.

# High inflation drives Zimbabwe rate fears

Michael Hartnack

BD 23/5/97

HARARE — There are fresh jitters in Harare's business community about a resurgence in interest rates as inflation has bounced back from a four-year low of 15% in November to 22,4% in the latest official figures.

Fears about interest rates caused a 3% drop in the Zimbabwe Stock Exchange earlier this month, after record growth in the previous year.

The source of the problem is Zimbabwe's deficit, which was pegged at 6,7% of gross domestic product in last July's budget, but has since soared to 11% due to uncontrolled state spending.

It seems likely to rival last year's 14% figure at the end of the financial year.

The rediscount rate, more than 40% in 1995 as government monopolised the local capital market to finance its deficit, had fallen early this year to 23,5%, raising hopes of a new era of equity growth and investment.

The semi-official Herald reported yesterday Finance Minister Herbert Murerwa was "now under pressure to adopt the Grand Old Duke of York strategy", putting interest rates up and down in a never-ending see-saw until the budget deficit problem was solved.

International experts have warned repeatedly that the benefits of liberalisation and deregulation in the first 1991-1996 phase of economic reform were largely wiped out by state financial indiscipline, bringing about high inflation, crippling interest rates and disincentive levels of taxation.

Critics identified the overstuffed public service, recruited from political appointees, as the principle area of waste together with payments to inefficient parastatals. Mugabe is resisting pressure for privatisation until the parastatals can be sold to "indigenous" black businessmen. The Zimbabwe dollar has fallen from Z\$10 to Z\$11 against the US dollar since January.

# Low productivity 'could hamper export zones'

John Dlodlu

LOW productivity and abuse of customs incentives granted to industrialists could undermine the introduction of export processing zones (EPZs) in SA, a leading economist warned yesterday.

Steel and Engineering Federation of SA economist Michael McDonald told a conference in Pretoria that although customs concessions, including duty-free imports of components and intermediate goods, would be essential to the success of EPZs in SA, they could "leave the door open for a high degree of fraud".

He warned that goods

could be imported into an EPZ — normally a specific geographic area aimed at promoting export-orientated industrialisation — and then fed into the domestic economy, creating major disruptions for industry.

"Already there is a huge amount of fraud taking place in customs and excise transactions." He said that though the trade department had promised tighter customs controls, no "convincing assurances" had been made by the customs

BD 23/5/97

and excise department. McDonald, a leading business negotiator at the National Economic, Development and Labour Council (Nedlac), also said that productivity levels posed more of a potential problem for EPZs than the wage issue. But this could be rectified, he said.

"Education and training of the workforce is essential to good productivity and... has been largely neglected throughout industry over many years."

BD 23/5/97

SA's labour movement, which had made significant gains, could not be expected to agree to deals that undermined those gains. But concessions aimed at attracting investment and creating new employment might be negotiable, he said.

McDonald said if government considered introducing EPZs, the debate would have to be raised at Nedlac as the issue had "serious implications for all stakeholders".

The introduction of government's incentive package last year, including accelerated depreciation and tax holidays, could obviate the need for EPZs, he said.



# Exporting with fine style

## Biggie Best outlets from Europe to Asia

ARG 24/5/97

(74G)

**NOLAN STAIN**  
BUSINESS REPORTER

Since it started exporting in 1990, Cape Town-based furnishings company Biggie Best has spread its wings from Holland throughout Europe to Australia and Australasia.

The company now has 60 stores in Europe and 25 in Asia and "there is still a lot to be done", says managing director Prudence Pfuhl.

The European arm of the Biggie Best operation was launched in Rome in 1993. The Italian capital is now the company's biggest European market.

Biggie Best started in 1983 in Cavendish Square in Claremont, at that time selling

***'If something  
does not sell  
here, it probably  
won't sell in  
Europe'***

mainly imported fabrics.

In 1985 a factory was set up in Observatory, printing original designs for Biggie Best local outlets, of which there are now fifty throughout South Africa, and the export market opened up five years later.

Today the Observatory factory pro-

duces most of the company's output.

"We use South Africa as a testing ground for new products. If something does not sell here, it probably won't sell in Europe," says Ms Pfuhl.

Products are sent to a warehouse in London from where the European stores are supplied.

Some Biggie Best goods are made in Asia "because of low labour costs, efficiency and willingness to make to order", and sold in countries including Hong Kong and Malaysia.

Tackling the United States market has proved more difficult, Ms Pfuhl says. "The American style is very different from that of Europe and high tariffs are levied on imports to protect US trade," she said.



Confiscated: customs officer Fanie Versfeld with some of the duty-free goods confiscated in today's raid on Taiwanese trawlers at Ben Schoeman dock

## Harbour raid wakes bleary-eyed fishermen

ARG 6/6/97 (74G)

From page 1

men and 20 customs officers braved the cold winter morning to make the search.

A convoy of 15 cars and police vans went to Ben Schoeman dock, taking two wrong turns before finding their target, a fleet of 10 Taiwanese trawlers. A barefoot sailor on the first boat was surprised to be woken by the officers, who proceeded to search the vessel. An angry dog standing on the roof of the cabin barked loudly.

Bleary-eyed sailors emerged bewildered and demanded to know what was happening. They went back to sleep while the officers thoroughly searched the trawler.

On other trawlers cartons of cigarettes, cans of beer and bottles of whisky, bought at duty-free shops were confiscated because they were not in sealed lockers.

Customs chief controller Fanie Versfeld said it was illegal for sailors to consume goods they bought duty-free while in the harbour. "If they want to smoke or drink

while they are here, they must go to the local shops and pay normal prices."

On an oil rig moored near A Berth, officials found workmen using paint which had also been bought duty-free. They were ordered to put it back into a large container, which customs officials sealed.

Local search co-ordinator Jaco Baard said this was the first of a series of searches to foster closer co-operation between the police and officials from Home Affairs and Customs and Excise.

# Ships raided in blitz on smuggling

JOE ARANES  
STAFF REPORTER

ARG 6/6/97

Police and customs officials raided ships in Cape Town harbour today in an operation aimed at stopping illegal imports and exports which cost South Africa billions of rands a year.

The pre-dawn raid, mostly on Taiwanese trawlers in Ben Schoeman dock and at A Berth, was part of the national crime prevention campaign to enforce stricter control at points of exit and entry.

Brian van Niekerk, of the national inter-departmental team for border control, said the relaxation of border regulations had resulted from the previous government's attempts at "sanctions-busting".

Unscrupulous businessmen had used the situation to avoid paying duties and were illegally importing and exporting goods, costing taxpayers billions.

"This operation is part of our national strategy to put effective border control mechanisms in place and to compel people to pay their excise and customs duties."

Senior Superintendent Van Niekerk said since the launch of the campaign three weeks ago they had confiscated goods worth more than R15 million.

Today about dozen uniformed police-

To page 2

□ AUTOMOBILES

(~~412~~) (744)

### Sharp increase in exports of SA vehicles

Exports of South African vehicles, in contrast to the weakness in the domestic market, continued in a strong upward phase in the first quarter of this year, according to the National Association of Automobile Manufacturers of South Africa (Naamsa).

Figures released by Naamsa showed 5 123 units were exported between January and April this year, 125 percent more than the 2 277 units in the corresponding period last year. The total comprised 2 287 cars, 2 541 light commercial vehicles and 295 medium and heavy trucks. — Roy Cokayne, Pretoria

CT(BR) 6/6/97

EXPORTS

### South African white maize sent to Kenya

South African traders are exporting white maize to Kenya following a drought which has created food shortages throughout the east African region, industry sources said yesterday. At least 70 000 tons have already been shipped with more being loaded on to ships.

Kenyan officials said recently about 1,5 million people faced food shortages, even after the rainy season started.

Konrad Keyser, director of grain marketing at SentraalWes, one of South Africa's biggest agricultural co-operatives, said in general white maize would be exported first and in greater quantities this season. Yellow would follow later. — *Reuter, Johannesburg*

CT(OZ) 616197

# SA wines show new sparkle in Europe

(744) ~~3/17/97~~

FRANÇOISE BOTHA

Johannesburg — Export markets apart from the UK were showing significant opportunities for the South African wine industry, said Jane Hunt, the British master of wine and UK director of Wines of South Africa, the country's generic wine promotion organisation.

Speaking at a wine marketing conference during the recent London Wine Trade Fair, Hunt said that while the UK market accounted for 47 percent of the country's wine exports, Germany, the Benelux countries, Scandinavia and Canada were leading the field in terms of new market interest.

Commenting on the wine market in the UK, Hunt said exports of South African wines between 1990 and 1996 had "far exceeded all expectations".

Export case volumes climbed from 242 000 in 1990 to 3,8 million last year. That gave South Africa a 4,9 percent share of the UK market in volume terms and a 5 percent share of that market in value terms.

Hunt said market research undertaken last year showed UK wine trade and consumers were positive towards South Africa.

The research also showed their expectations of the country's wines were high.

"By following a quality route and differentiating itself from other New World wine producers — especially Australia — it is believed South Africa has greater potential in terms of goodwill than any other producing region and could anticipate considerable success in the UK for the longer term," she said.

This followed a definite move by consumers away from supporting traditional European producers towards wines of New World origin.

"This trend was initiated by

Australia, and South Africa, the latest arrival on the market, is seen to have grown to a greater importance than all the others, except Australia, in a very brief time. There is also a belief that the general nudge upwards in price, successfully achieved by Australia in the last two years, will become a more general trend and one from which South Africa could also benefit," she said.

Members of the UK wine trade indicated that there was great interest in South African wines, especially because of the availability of inexpensive white wines which dominated sales and provided an appropriate entry point to the market.

The growing number of small estates also played a role because they allowed for marketing at higher price levels.

South Africa's reputation for quality, especially the quality of its fruit, also contributed significantly to the marketing of wine.

South Africa's vineyards, which span approximately three times the area of New World rival Australia, are not extensively planted

with varieties favoured by international markets.

Hunt said there was, however, a planting programme under way which included the "big six" varieties like merlot and chardonnay, which were in demand internationally.

Regular wine consumers also indicated the UK was a highly receptive market for South Africa.

The core group which participated in the research represented 12,5 percent of the UK adult population, or 6,9 million people.

Hunt said "most consumers were neutral about purchasing South African goods".

However, some of those polled "actively indicated a desire to help the country get back on its feet", she said.

**South Africa's reputation for quality helped significantly in the marketing of wine**

CT (BR) 17/6/97

## SA trade gets Danish boost

CT (PA) 18/6/97 (74G)  
Cape Town — Exports to Denmark shot up by 1 500 percent between 1990 and last year and should increase even more with the new SAA service to Copenhagen, Anne Moore, the general manager at the South Africa Foreign Trade Organisation, said yesterday.

Welcoming the start of the SAA service to Copenhagen on July 2, Moore said: "Exports from Denmark are usually low-bulk, high-value items ... suitable for air freight.

The new flight is likely to give an even bigger boost to tourism than trade."

Leon Els, SAA's senior public relations manager, said the airline was already making cargo flights to Copenhagen.

Moore said exports rose from R41 million in 1990 to R652 million in 1996.

Imports also grew in the same period from R131 million to R462 million, but the balance of trade was firmly in South Africa's favour. — *Audrey d'Angelo*

## QUESTIONS

† Indicates translated version.

For written reply:

Public enterprises/parastatals: assets

343. Mr K M ANDREW asked the Minister for Public Enterprises:

(1) What was the net asset value at the end of the latest specified financial year for which information is available, of each (a) public enterprise and (b) parastatal:

(2) whether these net asset values were determined after deducting pension fund deficits and/or other liabilities of these bodies; if not, what is the position in this respect of each such public enterprise and parastatal:

(3) (a) what did the (i) pension fund deficits and (ii) other specified contingent liabilities of each of these bodies amount to and (b) in respect of what date is this information furnished? N552E

The MINISTER FOR PUBLIC ENTERPRISES:

There are six public enterprises under my jurisdiction of which the information is furnished as follows:

(1) (a)	Transnet	R34 423,0 million
	Eskom	R21 893,0 million
	Denel	R 2 992,8 million
	Safcol	R 517,0 million
	Alexkor	R 226,4 million
	Aventura	R 48,2 million

(b) There are no parastatals (per definition) under my jurisdiction.

(2) Transnet: No. The net asset value does not include the pension deficit, as the pension fund is a legal entity on its own, therefore it is not consolidated in the results of Transnet.

Eskom: No

(1) (a) A total of 10 219 people were killed in 7 801 fatal road accidents in the Republic during 1996.

(b) The estimated cost of these fatal accidents amounted to R2.3 billion.

(2) (a) As a result of the activities of the joint task group into the reorganisation of traffic policing, the traffic officers of the former TVBC states who were willing were transferred to provincial traffic authorities. Those who were not interested in a transfer remained in the service of the SAPS.

(b) The recommendation of the task group that traffic policing be declared an emergency and essential service is being attended to by the Essential Services Committee.

Export of non-beneficiated ore

561. Mr M F CASSIM asked the Minister of Trade and Industry:

Whether the export of South African mined ore which has not been beneficiated is being permitted; if not, what is the position in this regard; if so, (a) why, (b) in what quantities, (c) for what period has this been permitted and (d) what has been the estimated (i) monetary loss to the Gross Domestic Product and (ii) number of jobs lost as a result? N946E

The MINISTER OF TRADE AND INDUSTRY:

1. With regard to the question whether South African mined ore which has not been beneficiated is being permitted, the answer is that such exports are permitted.

2. South Africa is one of the world's major suppliers of many mineral products. Accordingly these exports are a vital component of our economy and the balance of payments and create hundreds of thousands of jobs.

3. Quantities of ore exported:

Iron ore 1995

Total Mined 31.0 m tons  
Local usage 1.1 m tons  
Exported 20.8 m tons

Coal and anthracite 1995

Total Mined 206.2 m tons  
Local usage 146.5 m tons  
Exported 59.7 m tons

Chrome ore 1995

Total mined 5.0 m tons  
Local usage 3.7 m tons  
Exports 1.3 m tons

Manganese ore 1995

Total mined 3.1 m tons  
Local usage 1.6 m tons  
Exports 1.5 m tons

4. Exports of ore have been conducted for probably most of the current century, and will probably continue until South Africa has developed the capacity for primary beneficiation of all ore mined which may never happen for sound economic reasons.

5. There is no monetary loss to the Gross Domestic Product. There is however a gain as mining has made a very large contribution to the GDP.

6. With regard to the number of jobs lost as a result of exports, the export of ores has resulted in the creation of several thousand jobs.

7. However, it is stated government policy to encourage beneficiation. This is now happening on a very large scale and one of the largest contributions to new investment is in fact mineral beneficiation plants.

Tenders for European-funded projects

686. Mr M F CASSIM asked the Minister of Trade and Industry:

Whether, as a result of South Africa's agreement with the European Union under the Lomé Convention, any tenders for European-funded projects have been or are to be negotiated over the short term; if not, why not; if so, in respect of what projects have tenders been or are tenders to be negotiated? N1176E

# Drop in exports widens deficit

CT (BR) 20/6/97

(74G)

**NANCY MYBURGH**

Johannesburg — An unexpected drop in exports was the main culprit behind a widening of South Africa's current account deficit to R1,9 billion in the first quarter of this year from a thin R100 million in the fourth quarter of last year, the Reserve Bank said yesterday.

The Bank said in its quarterly bulletin that this was bad news for economic growth. A potential boom in exports was touted last year as the silver lining to the rand's sharp decline, as well as something that could keep the economic growth rate from taking too dramatic a fall.

Data released last month already showed the economy had contracted slightly in the first quarter.

Although the slowing econo-

my led to a reduction in imports, the value and the volume of exports declined even more, mostly because of an unexpected decrease in the exported quantity of price-sensitive goods, the Bank said.

The rand, after last year's 22 percent slide, had appreciated about 3,5 percent this year against the dollar, according to Bloomberg data, and had spent about a month in the stable range of about R4,40/dollar to R4,44/dollar.

Although this weakened some demand for South African exports, a sharp drop in the gold price exacerbated the problem, the Bank said.

But there was evidence that exports could soon rebound, economists said.

Final demand, as measured by growth in private consump-

tion expenditure, dropped from 2,5 percent in the fourth quarter last year to 0,5 percent in this year's first quarter, seasonally adjusted and annualised.

That might result in manufacturers looking offshore for buyers for their goods.

"As domestic demand falls you're likely to get a rise in exports, because local manufacturers go to the export market," said Mike Brown, the chief economist at Societe Generale Frankel Pollak.

Manufacturing output, the Bank said, accelerated substantially in the first quarter of this year to 3,5 percent from 2 percent growth in the fourth quarter of last year.

This trend contradicted the signs of an imminent downturn in the economy, the Bank added.



□ VEHICLES

CT (BR) 26/6/99 (74G)

### Nissan to export left-hand drive bakkies

Nissan South Africa's successful export drive gained further impetus yesterday after the company announced it would begin making left-hand drive (LHD) one-ton pickup light commercial vehicles. Dave Manly, the managing director of Nissan Africa, the specialist export company in the Automakers group, said Nissan SA had invested R3 million for this reason in its Rosslyn plant.

"In the future, the manufacture of LHD models in South Africa may well be expanded to include passenger vehicles," he said. He said the vehicles were aimed at more than 20 left-hand drive West African nations. "We will initially build 100 LHD vehicles a month, and these will be supplied by Nissan SA to Nissan Africa for export to long-standing Nissan distributors in the various West African countries." — Roy Cokayne, Pretoria

Linda Ensor

## Incentive scheme's false claims soared

CAPE TOWN — Invalid claims paid out under the terminated general export incentive scheme soared from R32,5m at end March 1995 to the current R191,3m, Parliament's joint standing committee on public accounts has been told.

A senior trade and industry official said efforts were being made to recover this amount. Little success was likely in cases where there had been "preconceived fraudulent plans to reap benefits through falsified claims. The recovery rate at this stage is not successful, although a number of cases are sub judice."

In the 1996/97 financial year an amount of R6,9m was written off under the scheme, which was terminated in July.

Director Emile Math-

ee noted most of the irregular claims had been errors due to confusion over how the scheme worked and were picked up by the auditors after they had been paid out.

Chief foreign trade director Faizel Ismail said more than 90% of the cases were with the state attorney.

He expected that recoveries of the R191m outstanding could be as high as 70%.

Agriculture director-general Bongi Njobe-Mbuli noted that of the R1,36bn debt owed to the department for loans, a capital amount of R292m and interest of R170m was in arrears.

As of end June this

(74G)  
year the Maize Board had an overdraft debt on its cash credit account with the Land and Agricultural Bank amounting to R158m, which had not been settled.

A ministerial committee had been appointed in June to investigate the future application of Maize Board funds. The board's liability to the bank amounted to R411m, guaranteed by the government.

It was likely that the public accounts committee would recommend to Parliament that it authorise the unauthorised expenditure of R198m by the agriculture department between 1992 and 1994.

DD 7 18/97

# Tax relief scheme for small exporters (749)

By Shadrack Mashalaba

A TOTAL of R45 million in guarantees has been made available to the Short-term Export Finance Guarantee Scheme for small and medium sized enterprises (SME).

The Short-term Export Finance Guarantee Scheme was one of three programmes launched by the Department of Trade and Industry last year.

The other two programmes are a Tax Holiday Scheme where income arising from certain manufacturing processes will not be taxed. This scheme is available to manufacturing concerns with assets valued at more than R3 million. The other programme was the Small and Medium Manufacturers Development Scheme.

The three schemes are aimed at stimulating export growth and creating employment and investment in the manufacturing sector for SME's.

Credit Guarantee Insurance Corporation (CGIC) underwriter Victor Mzimela, whose organisa-

tion helped in guaranteeing the SME's, said since the Short-term Export Finance Guarantee credit scheme came into being about 80 small and medium-sized businesses have benefited.

The short-term Export Finance Guarantee for small and medium sized-enterprises is a joint effort by CGIC and the banking institutions.

Speaking during the launch of the scheme last year Trade and Industry Minister Alec Erwin said the initiative was to be administered by the Department of Trade and Industry (DTI) in consultation with provinces.

Exporters who have orders can approach any of the major participating banks in South Africa to obtain finance which is guaranteed by CGIC and reinsured with the DTI's Reinsurance Fund.

Some of the companies that have benefited from the scheme are in the food, machinery, clothing and chemicals sectors.

Mzimela said the next priority would be to embark on a concerted effort to sell the scheme as widely as possible.

*Sowetan 11/8/97*

## COMPANIES

# R1,1bn could go to export scheme claims

John Dlodlu

(74C)  
bD 13/8/97  
GOVERNMENT was expected to pay R1,1bn in the current financial year on claims received for its general export incentive scheme (GEIS), which is to be terminated in December, the trade and industry department said.

Information from the department, which administers GEIS, shows some of its reshaped and newly announced incentives have begun showing results, with others still to be implemented. The department says its tax holiday incentive scheme has attracted 20 applications since March 1997. Sixteen of these, representing R422m in investment, have been approved, and four projects with an investment value of R56m are being considered.

The department has scaled back significantly the subsidy for exporters under the GEIS programme which was introduced by the previous National Party government to reduce the anti-export bias in the SA economy.

A department official says GEIS claims will be received until year-end. Therefore it is unclear whether the department's budget of R3bn for fiscal 1997 will be able to meet the claims.

Government papers released earlier this year showed that R1,4bn of the trade and industry department's budget would be spent on foreign trade relations and export promotion which consisted mainly of GEIS liabilities.

Government has said that the termination of the GEIS, which contravenes provisions of the General Agreement on Tariffs and Trade (GATT), will make it possible to focus on GATT-compatible incentive measures.

During the release of the budget, government said its industrial development programme's funds would increase 33% to R604,6m in the present financial year, including the new suppside measures.

Information supplied by the department's industrial establishment directorate showed that the 16 approved tax

holiday projects would create 1 231 jobs, with the four projects under consideration creating 609 jobs. The tax holiday scheme, aimed at encouraging investment in manufacturing by lifting international competitiveness and facilitating higher labour absorption, is available to all firms whose investment in plant and machinery exceeds R3m.

Two hundred applications have been received under the department's manufacturing development programme for small and medium-sized businesses. Of these, 35 have been approved, although the incentive becomes claimable only after the project's first financial year-end.

Unlike the tax holiday scheme, the small business manufacturing development programme — which provides for an establishment grant, a profit incentive, and a grant to foreign firms investing in machinery and equipment — is available to firms investing less than R3m in machinery and plants.

Among those programmes awaiting full implementation are competitiveness and partnership funds. "Although having been announced, the required management and administrative supporting structures are currently being formalised for both programmes to put in place," the department says.

Some incentives are administered on government's behalf by the Industrial Development Corporation.

The Credit Guarantee Insurance Corporation reportedly issued R45m worth of guarantees as part of the short-term export finance guarantee facility for small, micro and medium-sized enterprises. The guarantee scheme — reinsured by the trade department — is aimed at accelerating development of small business by reducing exporter risk. It enables banks to lend export finance to small firms.

While previous government incentives have been abused through fraudulent claims by firms, no such malpractice has been reported by government on the revamped support measures.

# SA to follow global trends on EPZs <sup>(746)</sup>

*Source: 14/8/97*

Tomorrow's Portnet meeting could shed light on the future of concept in SA

By Maxwell Pirikisi

**G**OVERNMENT'S DESIRE to introduce Export Processing Zones (EPZs) could come under attack from the labour movement at the Congress of South African Trade Unions' (Cosatu) national congress next month.

There have been strong signals recently that EPZs could soon be in place as Government seeks to follow global trends.

However, labour has already voiced its concern at the idea of EPZs, charging that it would promote the exploitation of the labour force.

Several resolutions, including one which spells out a need to "vigorously oppose attempts by business and Government to establish EPZs", will be tabled at the federation's national congress in September.

The union also wants to oppose attempts by provincial governments to have EPZs as part of their economic development agenda.

Already, a showdown is looming between Portnet management and the South African Railway and Harbour Workers Union (Sarhwu) over the pro-

posed restructuring of Cape Town's port and harbour into an EPZ.

Tomorrow Portnet is meeting experts and advisers on the matter. The meeting follows an EPZ conference organised by Portnet last May.

## SA ready for EPZs

Dr Christian Schulze, chief researcher from the Institute of Foreign and Comparative Law at Unisa, says South Africa is ready for EPZs.

Schulze said: "For as long as you make provision for the right labour law, like we have in the new LRA (Labour Relations Act), then the implementation of Export Processing Zones shouldn't be a problem."

He said disagreements between labour, business and Government over EPZs were based on misinformation.

Schulze said the goal for reconstruction and development was to meet the social and economic needs of people and to create a strong, dynamic and balanced economy.

"This strengthened economy is expected to integrate into the world economy utilising the growing home base in a manner that sustains a viable and efficient domestic manufacturing capacity.

"This, in turn, will increase the country's potential to export manufactured products.

"We desperately need foreign investment. But how do we get that if we don't put special investment incentives in place?" said Schulze.

Free trade zones are thought to facilitate industrial decentralisation, export promotion and the enhancement of foreign commerce.

"The question to be asked is whether South Africa can really afford to close its eyes on the worldwide trend towards free trade and still follow the path of a Government-controlled economy and a policy of protectionism?"

"Isn't it time that South Africa embarks on a free trade zone programme?"

## Exporters gear up for stronger growth

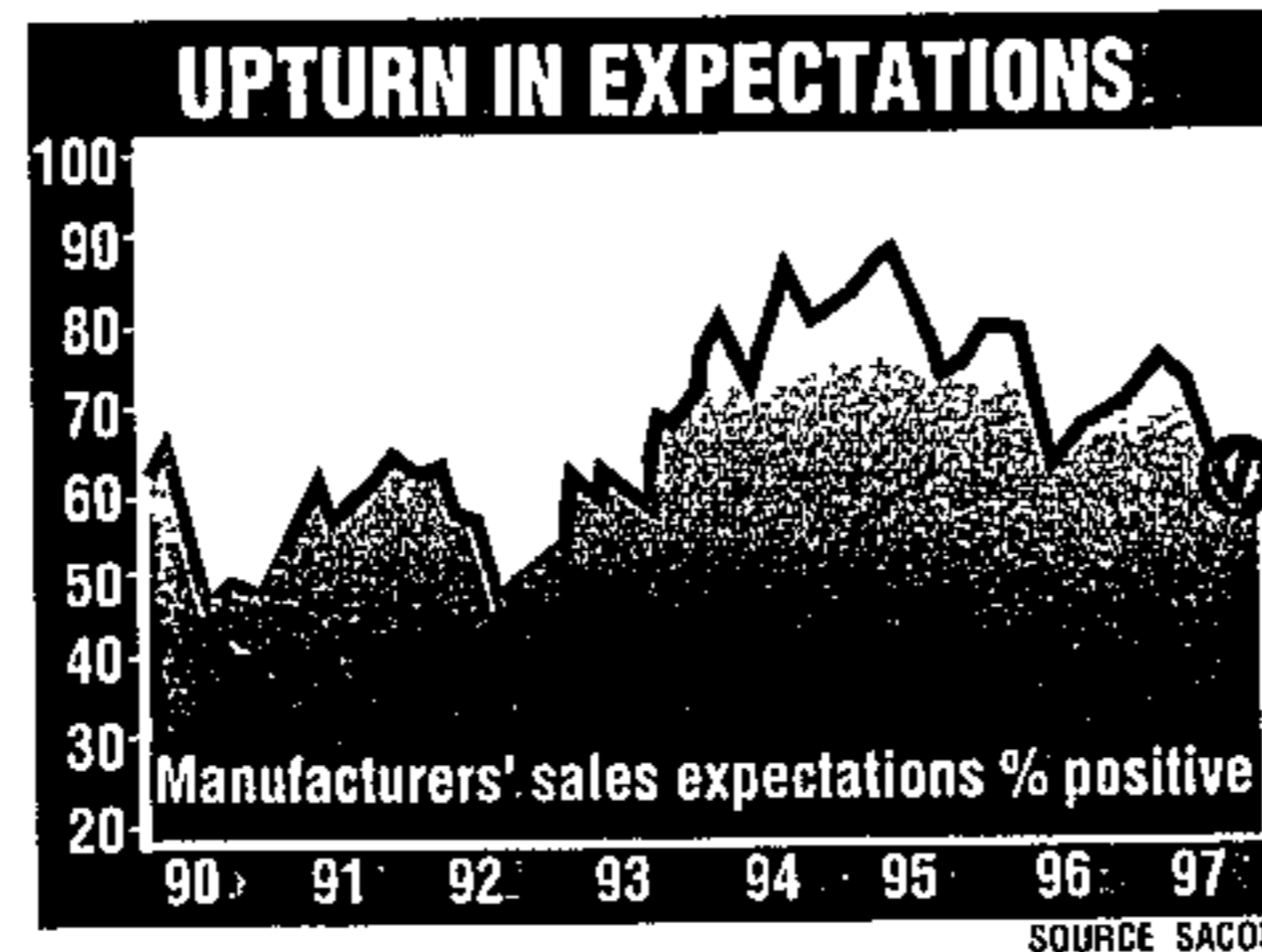
Sacob's manufacturing survey •

**Export producers** are more optimistic about manufacturing prospects than those who supply local markets, according to the latest SA Chamber of Business (Sacob) manufacturing survey.

The survey found that manufacturers involved in export activity "tend to have more bullish expectations than those reliant on domestic demand only."

But overall, though manufacturers were positive about the sales outlook and production and investment levels in the short term, expectations remained slightly lower than during the earlier months of this year.

Sacob attributes this to the slowdown in domestic consumption and a broader drop in business confidence — reflected in a 0,2% contraction in the Business Confidence index in July.



The chamber is confident SA is heading for a soft landing, and not a recession, though it has revised its growth forecast down to 2% from 2,5% earlier this year. "Though domestic demand is subdued, manufacturing exports are facing promising conditions," it says.

But Sacob is adamant that Reserve Bank Governor Chris Stals should reduce interest rates now. It argues that high real interest rates are obstructing the growth targets of the Growth, Employment & Redistribution (Gear) strategy. The Bank's monetary policy "has been playing a major role in ensuring stability in the currency and a relatively low inflation rate" but Sacob cautions that "interest rates are seen to be restraining the economy."

The chamber says a strong global outlook will keep SA's export performance

buoyant. It forecasts US growth of 3,4%-3,7% in 1997, slipping back to 2,3%-2,8% the following year. Japan's economic prospects have improved and 2% growth is expected this year along with a moderate consumption recovery.

Sacob says "the relative weakness of the rand given the dollar's strength is likely to maintain our competitiveness."

It predicts the current account of the balance of payments is also likely to benefit from the growth in SA's trade partners, despite a lower gold price.

Sharon Wood

# GDP boosted by surge in exports

(74G)  
BD 26/8/97

Belinda Beresford

GROWTH in the second quarter was slightly above expectations at 2,6%, gross domestic product (GDP) figures released yesterday showed.

The figures indicate that fears of a recession are unfounded and possibly strengthen the Reserve Bank's determination to avoid a premature interest-rate cut.

However, economists said the figures could represent a slight blip in the general slowdown of the economy.

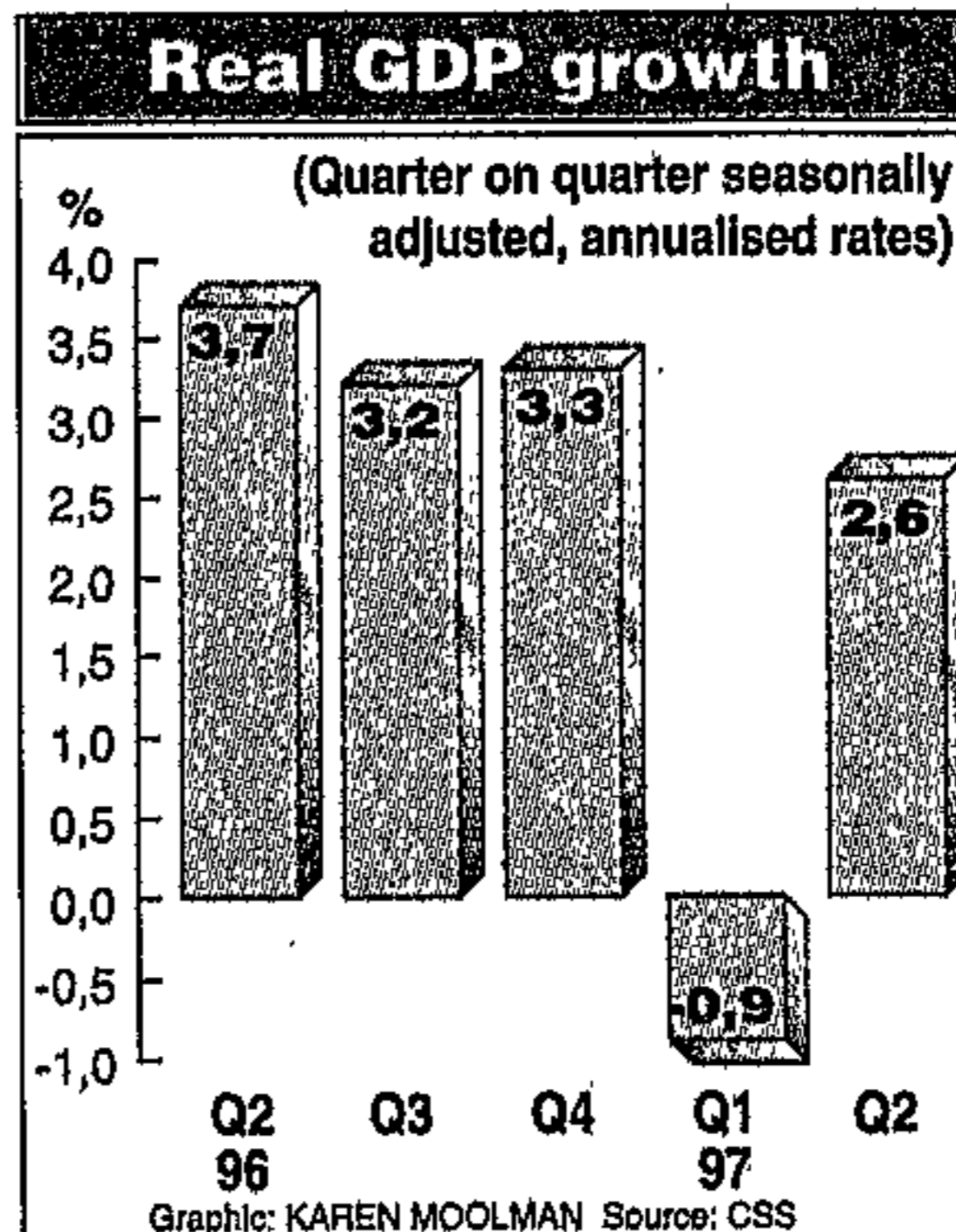
Growth had been boosted by exports, which in turn probably had been artificially lifted to some degree by the abolition of the general export incentive scheme last month.

There has been speculation that manufacturers rushed through export orders to benefit from the scheme. This could have affected secondary sectors such as communication and transport.

Huysamer Stals economist Johan Rossouw said the Bank should not be overly concerned about the slightly better than expected GDP figure in considering an interest-rate cut. "Together with an expected slowdown in domestic demand, overall output growth in the secondary and tertiary sectors should have decelerated significantly during quarter three," he said.

The Central Statistical Service figures also revised downwards the GDP figure for the first quarter to 0,9% of negative growth from the preliminary figures of 0,8%. All data is given as quarter on quarter, seasonally adjusted and annualised growth rates.

The markets failed to react significantly to the GDP figures. Attention



was rather focused on governor Chris Stals's speech at the Bank's annual general meeting this morning when he will present the bank's annual economic report.

The farm sector again dragged growth down, with output falling 5,3%, compared with the revised figure of a fall of 39,3% for the first quarter.

The government sector was the only other area to show negative growth, with a 0,3% fall in output compared with a revised figure of no change.

The areas showing most growth were manufacturing with a 7% increase, up from 5,6%. Manufacturing has the heaviest weighting in the GDP basket at about 24%.

Continued on Page 2

## GDP

Continued from Page 1

Negative growth of 0,4% for mining output in the first three months changed to a 1,5% increase in output for quarter two. Growth in trade and catering — the tourism industry — recovered to 1,5% growth from a contraction of 1,8% in the first quarter.

Barnard Jacobs Mellet economist Chantal Friedman said annualised data could be misleading, since it tended to exaggerate quarterly changes.

Looking at year-on-year changes in GDP, the first half of the year had shown growth of 2,2%, compared with an average of 3,1% for last year.

On a year-on-year basis mining was "still acting as a drag on growth — but the short-term trend has turned positive". Agriculture was "still slightly positive" in year-on-year comparisons, but was a brake on quarterly seasonally adjusted annualised figures.

Sanlam economist Pieter Calitz said the most positive sign in the GDP data was the large growth in manufacturing sector, despite "not particularly

high" overall growth rates. Much of the increased manufacturing output went into higher exports, and possibly also into increased inventories, he said.

Higher exports probably contributed to the increased growth in transport, while the electricity sector had probably been boosted by electrification programmes.

Calitz expected agriculture to continue to perform badly for the next few quarters. Construction growth was still poor, with industry probably waiting for an acceleration of reconstruction and development programme spending, Calitz said.

He expected GDP growth for the whole year to be about 1,8%, with slightly lower growth in the third and fourth quarters. Sanlam was expecting one interest-rate cut this year.

FBC Merchant Bank economist Hanina Farhan forecast GDP growth for the year at about 2,1%, with growth slightly weaker for the second half. Growth for 1998 would be affected by El Nino — possible effects could start being felt in the fourth quarter. A combination of lower gold prices, a relatively stable currency and El Nino would have a major impact.

# SA'S growth lies in developing

AR 30/18/98

## 'You've no excuse not to export'

**THABO MABASO**  
BUSINESS REPORTER

Trade and Industry Deputy Minister, Phumzile Mlambo-Ngcuka, has called on South African exporters to break away from traditional markets and to rather go into Africa, the Far East and Latin America.

"Developing countries are the future for our exports," Ms Mlambo-Ngcuka said at a banquet to announce the winner of the 1997 Saturday Argus-Cape Chamber of Commerce and Industry Exporter of the Year competition this week.

Exporting to other countries of the south was of critical importance if South Africa wanted to boost its share of the export market, she said.

Department of Trade and Industry figures showed that South Africa's traditional markets still mopped up about 40% of the country's total exports of R126 billion in 1996. Front-runners were:

- The United Kingdom, whose imports from South Africa totalled R13,1 billion;
  - Japan, with exports to that country amounting to R7 billion;
  - The United States with R6,8 billion;
  - Zimbabwe with R5,4 billion; and,
  - Germany with R5 billion.
- European Union countries received

*'Exporting to other countries of the south is critical if SA wants to boost its share of the export market'*

R34 billion or 36% of South Africa's total exports followed by the countries of the Southern African Development Community (SADC) which took R14 billion, Ms Mlambo-Ngcuka said.

South African companies should particularly exploit opportunities to export to African countries because synergies exist between these economies.

She said Sub-Saharan Africa should excite exporters because it had a population of 596 million with a Gross National Product (GNP) of \$286 million (R1 344 million).

South African technology was easily adaptable to African needs, she said: "African countries and governments are keen to welcome South African industries and to do joint ventures with South African companies, to avoid the economic marginalisation of their citizens on both

trade and investment projects."

The department had taken various steps to help South African companies penetrate export markets, she said.

Countries where South African products would have a good chance had been identified and representative offices had been opened in these countries.

The department had also set up several programmes to help exporters, including export finance, market access support programmes, help in participating in trade fairs, guarantee schemes and a hotline for small and medium businesses wishing to export.

Several of these programmes were still under-subscribed. "This worries us quite a lot," Ms Mlambo-Ngcuka said, telling those present: "You have no excuse not to export."

She said competitiveness and performance of manufactured exports were a necessary condition to make South Africa a global player: "In that way we will also achieve positive impact for the SADC economies."

"In our view, a growing SADC is essential for regional stability and building effective trading economies as against dependent economies as has been the case in the past for many developing countries," she said.

# Countries

(746)



**Winners:** Deputy Minister of Trade and Industry Phumzile Mlambo-Ngcuka, winner of the Exporter of the Year award



# SA NEWS DIGEST

□ TRANSPORT

(746) (~~512~~)

## Exports of SA-made vehicles surge 72% in first seven months

Exports of South African-produced vehicles, in contrast to the weakness in the domestic market, continued a strong upward trend in the first seven months of this year, said Nico Vermeulen, the executive director of the National Association of Automobile Manufacturers of South Africa, yesterday. Vermeulen said locally made vehicle exports between January and July rose by 72 percent, or 3 641 units, to 8 689 units from 5 048 units in the same period last year. Passenger vehicle exports rose 130 percent, or 1 962 units, to 3 464 units from 1 502 units last year. Light commercial vehicle exports rose by 47 percent, or 1 493 units, to 4 664 units from 3 171 units last year, while medium and heavy truck units exported this year rose by almost 50 percent, or 186 units, to 561 units from 375 units exported last year. — Roy Cokayne, Pretoria

CTC(BR) 5/9/97

# Two car firms reach settlement with govt.

BD 9/9/97

(74G) (148)

Stephané Bothma

PRETORIA — Two vehicle manufacturers had reached a multimillion-rand settlement with the trade and industry department over an alleged motor export incentive scam, in what was believed to be one of the biggest payments of its kind, an industry source said yesterday.

Secrecy surrounds the out-of-court settlements reached last week with the department by Nissan SA and Toyota SA while discussions with Delta, Samcor and Associated Automotive Distributors continue.

Although strict confidentiality was a settlement condition, the source said the amounts to be paid by the two companies were the biggest paid by private companies to a government department to settle a legal battle.

The claims against the five manufacturers, totalling about R120m, relate to alleged fraudulent practices by a component manufacturer which sold export credits to the manufacturers, which in turn used them to claim ex-

port rebates under the now defunct phase VI local content programme.

At the height of the alleged scam, SA started exporting nuts and bolts worth about R600m to Europe.

Court documents which formed part of the department's R30,1m claim against Nissan showed that the state had paid Nissan SA the amount as excess rebate payments based on export incentive cessions by Bolt Trading and Manufacturing and by Johan le Roux of Non-Ferrous Refiners. The department claimed the money back on the basis of "unjustified enrichment" or alternatively "misrepresentation".

Civil action against the other four companies were also being prepared, with R57m being claimed from Toyota and R37,7m from Delta.

When details of the alleged scam became public, the companies denied any wrongdoing or export fraud, claiming they were innocent parties.

The trade and industry department would not comment on the matter yesterday, claiming it was sub judice. A statement would be issued this week.

# 'Fiscus is losing R36m to round tripping of sugar'

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban — The fiscus was losing at least R36 million annually to dealers round tripping sugar through neighbouring states, industry sources said last week.

They claimed sugar made up a substantial portion of the grocery export scams within the Southern African Customs Union, which turns over more than R40 million monthly.

The sources confirmed South African sugar was being routed from KwaZulu Natal and the Free State via Lesotho and Namibia. Profits consisted of VAT rebates from the South African government, GST refunds from neighbouring states and discounts from the wholesalers from which the

sugar was purchased.

The commercial branch of the SAPS in KwaZulu Natal said cross-border sugar scams were so prevalent it was almost impossible to tell one case from another. While some cases were reported to the police, others were handled by the receiver of revenue, which has a secrecy clause preventing anyone from tallying up how many investigations are under way.

According to one source, managers at wholesalers — who stand to earn sales bonuses — rarely ask questions, adding weight to the problem. The source said fictitious clients had been buying from certain stores for years.

The South African Sugar Association was not available for comment.

## SA urged to export to new markets

Nicola Jenvey

DD 15/9/97 (746)  
DURBAN — The growth in manufactured exports at 10,6% a year during the past decade was significantly higher than the world average, but companies still focused on the traditional EU and US markets, said Bureau for Economic Research (BER) economist Pieter Laubscher.

Addressing the joint BER marketing initiative conference at the weekend, Laubscher said the dramatic decline in SA gold exports to 21,5% in 1995/96 (1988/89: 36,1%) had been more than compensated by the increase to 52% of fully and partially manufactured goods (33,8%).

He warned that the 19,4% (20,3%) contribution from primary products still indicated the lengths SA had to move to develop downstream manufacturing export capacity.

Laubscher said the EU, Africa, the Far East and north America accounted for 80% of world exports and in those regions the UK, Germany, southern Africa, the Asian Tigers, Japan and the US dominated.

He said exporters should consider expanding their base towards Latin America, Israel, India, China, Australia and New Zealand.

Considering the motor industry, McCarthy Motor Holdings executive director Errol Richardson said while the domestic demand for vehicles and components was vital, it was export volumes that ensured long-term business viability.

Although acknowledging that reduced tariff protection would restrict the number of component manufacturers in SA, he said any company considering exclusively built-up vehicles would be hard pressed to be competitive during the next five years.

# Export boom by 2004 seen for cars and parts

Pretoria - South African automotive exports could show a threefold increase by 2004, says president of the Engineering Association Roy Marcus.

"There is no reason why we cannot become a winning nation in this area," he said at a workshop on automotive manufacturing in Johannesburg yesterday.

ARRG 17/9/97  
Mr Marcus described South Africa as one of the most innovative nations in the world.

"We already export a large number of cars and automotive parts, and there is no reason why those exports cannot double, or quadruple, by the year 2004," he said.

Neville Comins of the Council for Scientific and Industrial Research's

(74G) (122)  
materials, science and technology division in Pretoria said the industry was a global one.

It was one in which all major players intended becoming involved, he added.

"South Africa is looking to strengthen the local industry to become a genuine international player," he said. - Sapa

## EXPORTS

# Exploding into new growth areas

Trickle turns into flood as downstream industries and manufacturers make their mark on international markets

Countries thrive when they focus not on what they do best, but on what they do more cheaply than other countries. It's called exploiting a comparative advantage.

In SA's case, this benefit is shifting away from gold mining because gold producers no longer have this advantage. The gold industry now provides an input of only about 3,5% to the country's GDP and the percentage is declining each year.

Today's growth areas are largely in downstream processing and manufacturing. And GDP figures for the first half of 1997 show that, when South Africans became cautious about spending, many producers were able to keep their order books — and the economy — growing through exports

Nongold exporters brought in revenues worth R55bn — up 23,7% compared with the first half of 1996

The depreciating rand which boosted dollar earnings was a factor, of course. But volumes also increased. The Reserve Bank's annual economic report says the volume of SA's merchandise exports grew at an average annual rate of 13% from the start of 1995 to mid-1997 — mainly because of manufacturing — while the volume of international trade rose only 6%.

Growth has come in a wide variety of subsectors, according to an analysis of Customs & Excise (C&E) figures by Industrial Development Corp economist Jorge Maia. And a number of products have grown exponentially off a small base to significant proportions.

The major export success story came from Billiton subsidiary Alusaf. Its two smelters, Hillside and Bayside, produce more than 675 000 t/year of aluminium. This is reflected in C&E figures which show exports of unwrought aluminium rose an annual average 87% in three years. This is particularly good because, in 1993, exports already amounted to R392m.

After falling to R338m in 1994, they rose to R2,8bn last year, says Maia. Alusaf operations director Jeremy Nottingham pre-

dicts export value this year will be over R4bn.

The sudden leap is attributed to the R6,3bn Hillside smelter coming on stream. Nottingham explains the old Bayside smelter "produces 170 000 t/year, of which about 70 000 t-80 000 t is exported. The new smelter produced 495 000 t last year, all of which was added to the volume of exports."

The downside is the smelters are pro-

advantages enjoyed by our integrated producers." He describes Samancor as the "world premier integrated ferro-alloy producer."

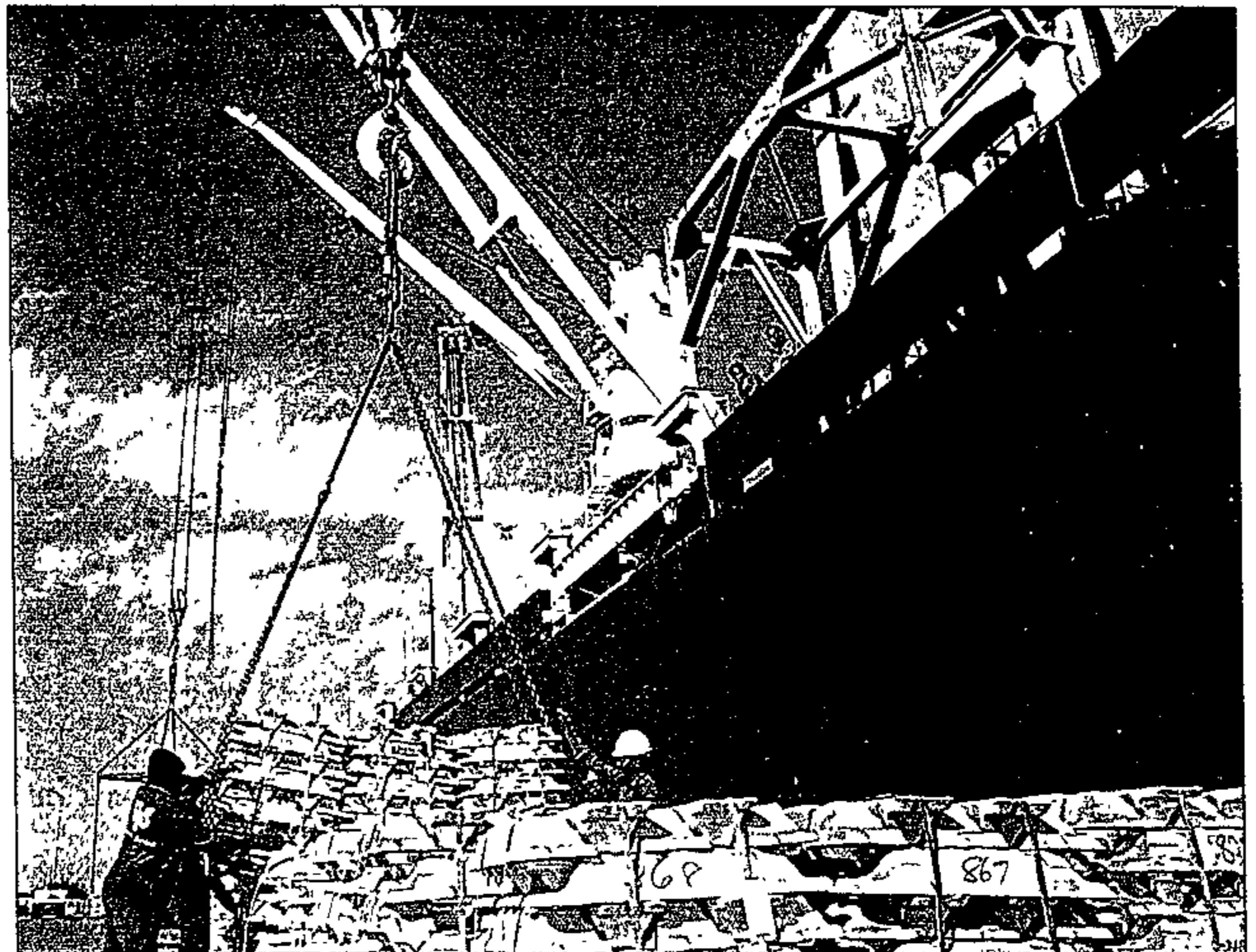
Grohmann says exports of these commodities rose from R5,4bn in 1993 to R14,2bn last year.

This didn't necessarily spell profits every year for the producers who, last year, battled weak international prices. Samancor's results in the year to June showed earnings down 39%, partly for this reason

But, says Grohmann, ferrous commodities "offer unprecedented growth prospects and investment opportunities well into the 21st Century."

An export which doubled in value in one year is refined petroleum oil, which rose from R1,7bn in 1995 to R3,4bn last year.

Growth in value was enhanced by the deterioration in the exchange rate of the rand in the period. But output by the seven producers — Shell, BP, Engen, Caltex, Total, Sasol and Mossgas — also grew in volume terms.



Loading in Durban . . . down to the Plimsoll line

ducing at full capacity, so there can be no further growth in output until there has been more capital expenditure.

Another success story of the Nineties relates to ferro-alloys (mixtures of iron and other metals) and steels.

Rice Rinaldi Turner analyst George Grohmann speaks of "a significant relocation of ferro-alloy capacity from First-World countries to SA, because of cost

Colin McClelland of the SA Petrochemical Association says refineries expanded between 1990 and 1994, "and most of their new capacity came on stream in 1993-1994. The refining capacity in the country rose from 500 000 BPD in 1990 to 650 000 BPD in 1994.

"During this period, the domestic market was growing, but at a slower rate. So the capacity was used to export petrol, diesel

and other petroleum products from SA to other neighbouring markets."

He predicts, however, that export growth will subside over the next two years "as capacity is used up internally." It will then increase once again "when refineries are further expanded about 2000"

Titanium dioxide slag is another export which has been immensely successful Keith Rumble MD of Richards Bay Minerals (RBM), a Rio Tinto/Billiton subsidiary, says exports grew from R1,2bn in 1993 to R2bn last year. RBM is the world's largest feedstock supplier to the pigment industry Rumble says the company produces 1 Mt titanium slag, which is about a quarter of world requirement for titanium feedstocks.

It is used in a wide range of products including paint, lipstick, correction fluid, toothpaste, plastic garden furniture, sweets, printing inks and sunscreen lotions.

In some cases, export growth was boosted by incentives provided in the Motor Industry Development Programme Automobile and automotive component producers have taken the opportunity to earn export credits which allow them to reclaim a portion of import tariffs paid

Among other things, the scheme encouraged a thriving car seat cover business which was worth R1,2bn in exports last year. It mostly comprises exports by SA subsidiaries to parent companies in Germany. This is confirmed by C&E country breakdown figures which show R1,2bn of this category of goods went to Germany.

The biggest car seat exporter is BMW SA. Greg Field, divisional financial manager of SA Trim, a 100% subsidiary, says turnover rose from R357m in 1993 to R485m in 1994, R571m in 1995 and R753m last year. Exports by the other German subsidiaries, Volkswagen, Audi and Mercedes, made up the rest.

Strong growth has also been achieved in the export of articulated dump trucks. Maia's analysis shows these exports grew an average annual 296% over three years. The value last year was R406m — up from R35m in 1995, R14m in 1994 and R6m in 1993.

A major producer is Bell Equipment, based in Richards Bay. Group MD Gary Bell says it is now recognised as the manufacturer of the widest range of

articulated dump trucks in the world

Bell is a listed company which, he says, manufactures "about R820m worth of earthmoving and materials handling equipment annually"

Another perspective on the export sector over a five-year period comes from Nedcor economist Kevin Ling

He identifies five growth areas: food processing, paper (which had a disappointing year last year), chemicals, steel & non-ferrous metals and vehicles.

"They are all mature industries with a well-established domestic production base, contributing about 57% of total manufacturing output and 63% of total manufactured exports.

"Secondly, they consist of a relatively small number of large companies with strong industry representation at both national as well as regional levels.

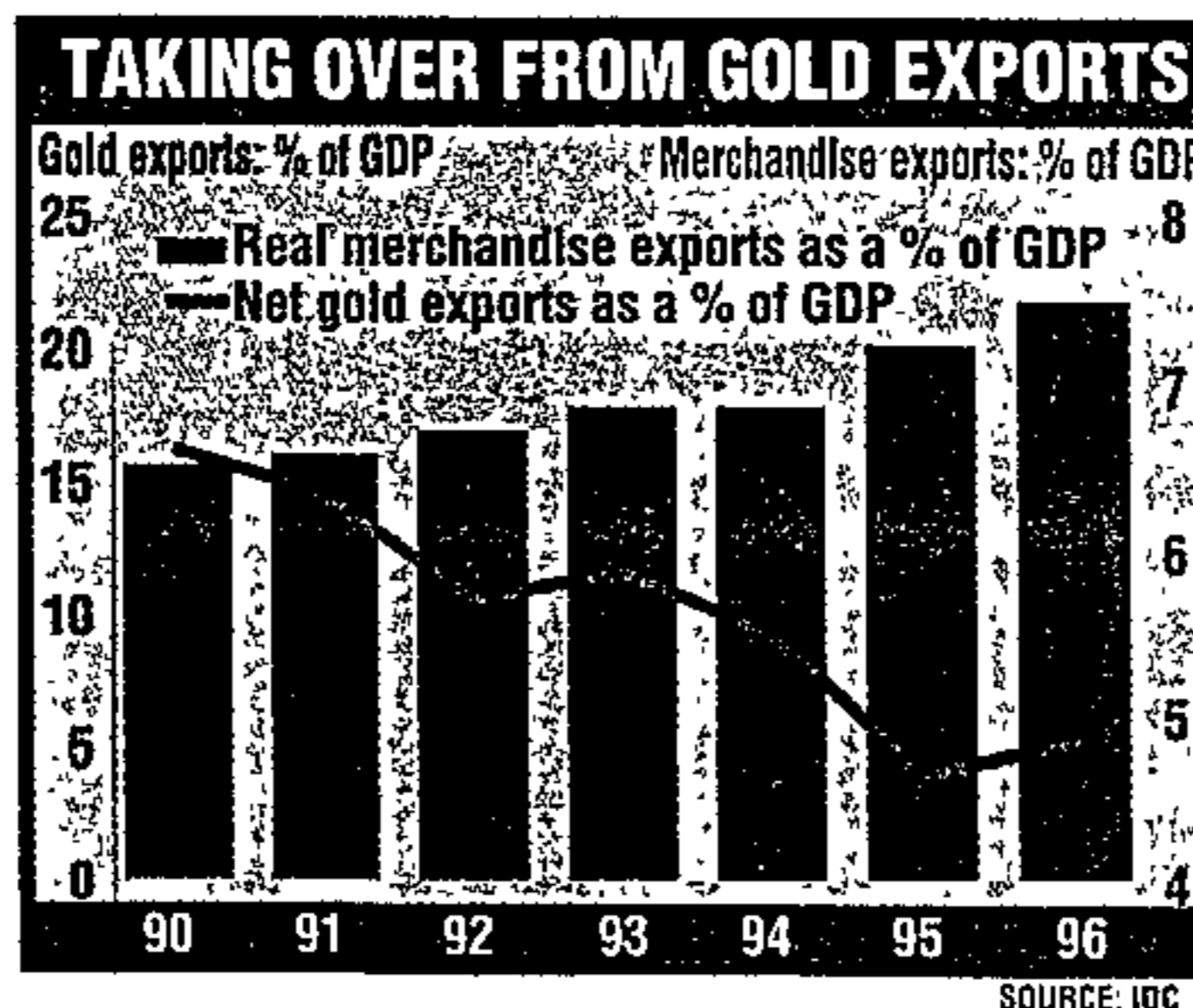
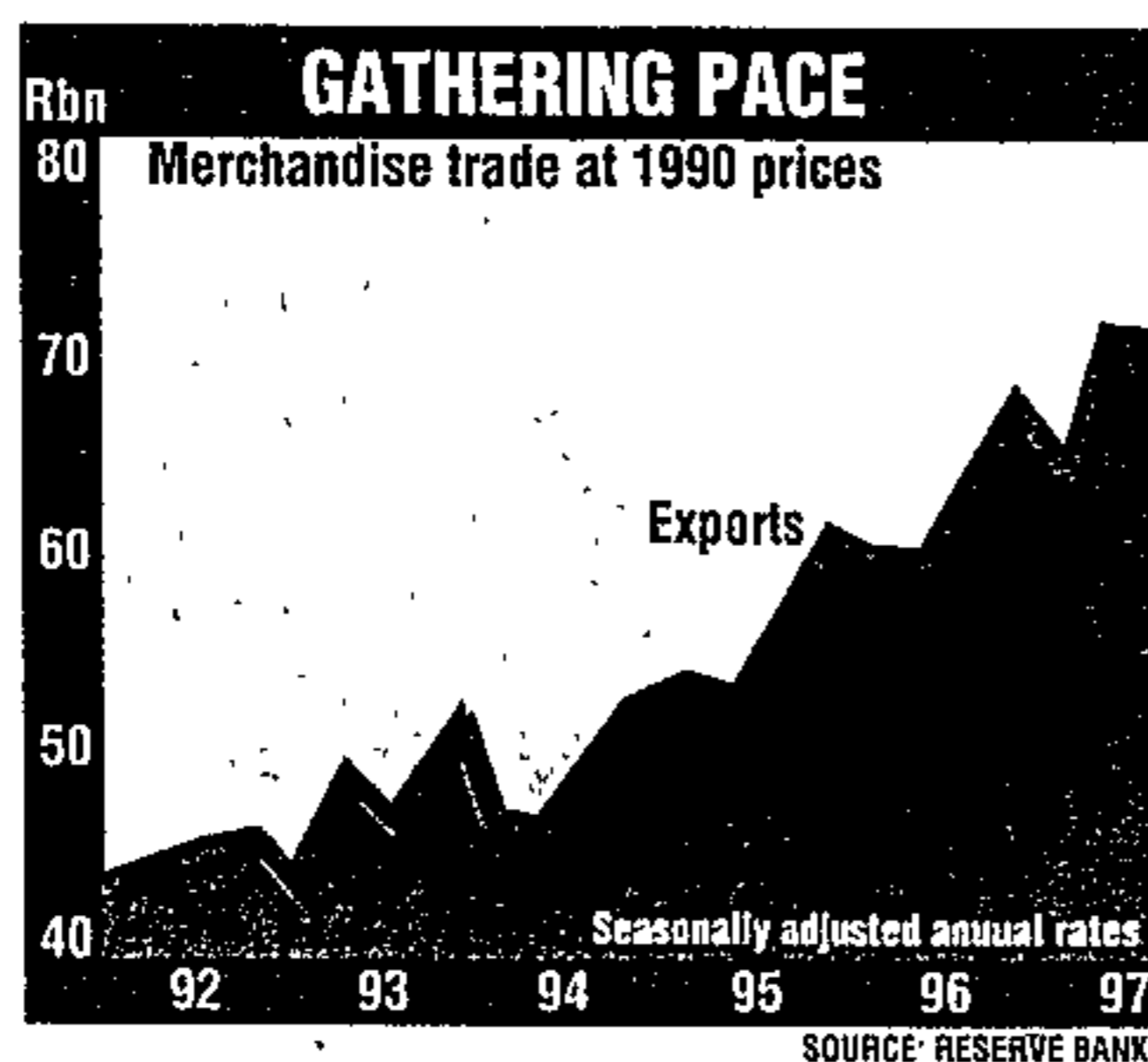
"Thirdly, they have all recently undertaken or are undertaking extensive capital investment, focusing on improving technology and capital efficiency. Fourthly, they have developed a culture of exporting, expanding and diversifying markets, which has included extensive product promotion in the overseas market"

Both in the short term and the long term, prospects for second-tier industries look good. Some of the recent growth can't be sustained, if for no other reason than that it

will be measured off a much higher base. And the phasing out of GEIS may dampen producer enthusiasm in the short term

But a structural change is well under way in the economy which will reduce its exposure to the gold price — and pave the way for a more balanced economic mix in the future

Ethel Hazelhurst



**PROJECT 2003**

# Who'll crack Polifin cracker?

Sasol, Mossgas and Sapref all in the race for R7bn venture

**A throw-away** line in Sasol's annual report says the planned R900m expansion of its Natref oil refinery will also be able to provide "feedstock for an ethylene cracker" Ethylene is a feedstock for plastics manufacturer

A nod is as good as a wink. The reference is obviously a pitch for Polifin's R7bn ethylene cracker, known as Project 2003. But, says Polifin MD Trevor Munday, though Sasol is definitely in the running, "we will also take a good look at the proposals to be submitted by Mossgas and Sapref before making a siting and feedstock decision by the first quarter of 1998"

The three bidders in the running are expected to submit their full proposals between the end of September and early November. Then Polifin will make its final board decision. "Sasol's proposal is definitely not the last word and it will receive equal consideration with those made by Mossgas and Sapref," Munday says.

Sasol's bid is being strongly contested by Mossgas. The State's gas-based synfuel refinery offers a 20%-25% capital saving by using existing plant, says Mossgas spokesman Harry Hill. Durban-based Sapref's closer proximity to Middle East crude oil markets could give it a logistical and transport cost advantage.

Sasol spokesman Alfonso Niemand says "Natref would be in a position to provide Polifin's ethylene feedstock needs — but both our refinery expansion and Polifin's cracker decision are still subject to final decisions by our two separate boards, which can be expected shortly." Sasol is the dominant shareholder in Polifin, together with AECI and various JSE shareholders.

Hill says Mossgas has submitted two scenarios to Polifin, one a conventional naphtha/condensate cracker and the other a gas conversion process to produce ethylene and propylene in the desired quantities.

He says feasibility studies have indicated that an export harbour at Mossel Bay is a workable proposition. Should Polifin prefer a naphtha/condensate cracker at Mossgas, raw material would have to be shipped in, while downstream ethylene and other plastics products would have to be shipped out to various markets.

Arnold van Huyssteen

# Mercedes reaps benefits of export drive into Africa



MERCEDES-BENZ... East London plant is third largest outside Germany.

A STRATEGIC corporate decision to target export markets in Africa has reaped dividends for motor car manufacturer Mercedes-Benz. Since 1990, when Mercedes-Benz of SA (MBSA) launched a concerted export drive into Africa, the company has made significant gains in export market share.

This success culminated in a record year in 1996, when MBSA became the leading supplier of commercial vehicles and luxury passenger cars to Africa — capturing more than 49% of the market for vehicles exported by local manufacturers.

The top-selling export model in the MBSA passenger vehicle line-up is the Mercedes-Benz C180 manual. MBSA also exports components, mainly to Mercedes-Benz plants in Germany, as well as to Honda Thailand, totalling R435,7m in 1996.

MBSA's foray into African markets followed an agreement with parent company Mercedes-Benz AG (MBAG) in 1990 that allowed the SA distributor to penetrate a number of selected countries on the continent.

Today, MBSA supplies vehicles to most of the right-hand drive markets in Africa previously supplied directly by MBAG, with penetration into Kenya, Zimbabwe, Tanzania, Zambia, Malawi, Mozambique and Uganda.

In addition, MBSA manufactures and markets Mercedes-Benz and Honda passenger cars, Mercedes-Benz commercial vehicles, Colt pick-up vehicles and Freightliner custom-built trucks in SA.

Daimler-Benz AG Germany holds an 87% shareholding in MBSA, while the Ernst Gohner Foundation in Switzerland holds 13%. MB-

SA represents one of the largest German investors in SA.

Dan Modzelewski, MBSA's procurement and exports GM, says the allocation of certain markets to SA from Germany has been a key factor in the success of the company's export drive.

"This has allowed us to achieve some fundamental results and has been the key to our integration into the Daimler-Benz network." Modzelewski points out that the domestic motor market is not big enough to sustain the growth SA needs, and that expanding the

export market is the logical route to go. This would encompass not only the traditional markets in the Southern African Development Community countries, but further afield in the left-hand drive markets as well.

As buying trends in Africa change to meet new demand for buses and transport vehicles, Modzelewski warns that German and other international manufacturing plants will not always be able to accommodate the requirements of the African market. Integrating production operations into a global operation is thus a driving business philosophy.

"The strong legs we have had with Germany have facilitated this to an extent, allied to the fact that we have a magnificent manufacturing infrastructure at East London."

The East London manufacturing plant is Mercedes-Benz's third largest outside Germany. The MBSA parts division in Pinetown is among the largest Mercedes-Benz parts warehousing and dispatch facilities in the world. The company's marketing and administrative divisions are located at the company's Pretoria head office.

The East London plant produces vehicles with an average local content in terms of selling price of more than 60%.

"Our aim must be that we do not rely on subsidies to continue our business activities in SA. We need to effect improvements in terms of costs and efficiencies in order to build up our infrastructure to allow us to export products at global prices and to compete without subsidies," says Modzelewski.

MBSA has earmarked more than R60m over several years for the upliftment of the communities in which it operates, and for the SA population in general, through reconstruction and development project-linked projects.

These include housing and services, health care, in-house medical centres providing primary health care, health education and preventive programmes, education and training, as well as skills training in technical and engineering fields provided through MBSA's own technical training centre.

BD 26/9/97



# BMW gears up for major export drive

BMW SA has expanded its export drive to embrace five different southern hemisphere regions and in the process has introduced new models to the production line, including left-hand drive vehicles.

The company now exports vehicles to South America, Taiwan and the Middle East, in addition to export markets already established in Australia and Pakistan.

Export models are based on the 3-Series four-door model range and include specific "edition" models requested by particular markets — all manufactured at the BMW SA factory at Rosslyn.

BMW SA expects to export more than 3 000 units this year, fulfilling its role as a vital cog in BMW's global sourcing and supply strategy.

Conrad Schmidt, manager: corporate planning for BMW SA, says: "We have been successful in maintaining the quality standards required and in delivering these cars to meet shipment deadlines."

In 1998, BMW SA hopes to maintain its export capacity during the restructuring of the Rosslyn plant. BMW SA is poised for an export programme that will increase production at the Rosslyn plant by more than 250% by 1999.

Schmidt says that in early 1999 BMW SA will be launching a full export drive from the revamped Rosslyn factory.

"We are in essence rebuilding the factory on the existing site. This entails radical changes to the production processes, the body shop and assembly areas, while a completely new paint shop will be added, enabling us to make world cars for world markets."

BMW SA will be delivering the entire range of 3-Series cars from the new Rosslyn factory.

In 1991, BMW SA assumed responsibility for supplying cars to sub-Saharan African countries, and as its export capability increased the first 500 3-Series cars destined for Australia left Durban in January 1996.

One of BMW SA's subsidiary companies, SA Trim,

treats, cuts and sews seats and trim parts for BMW worldwide. These are exported through SA Trim, which supplies 70% of BMW's international demand for leather car products. Schmidt says this has grown into a massive infrastructural facility to service the German production lines on a truly just-in-time basis. The items are therefore transported by air-freight and not by sea.

The history of BMW in SA goes back to 1961, when the first 26 BMW cars were imported.

Production of BMWs in SA began in 1968 when a Pretoria-based firm, Praetor Monteenders, obtained the franchise to assemble BMWs in its small factory in Rosslyn. During the next six years its output averaged 1 600 units a year.

In 1972, BMW AG took over the major shareholding in the SA company and changed its name to BMW SA. Two years later, BMW bought out all the other local shareholders and BMW SA became a full subsidiary of BMW AG.

The decision to invest in SA resulted in numerous expansions to the Rosslyn plant, which until 1994 was the only BMW production plant outside Germany.

It also benefited BMW enthusiasts, as the local firm could introduce right-hand drive versions of the latest model lines.

Over the past two decades BMW SA has experienced steady growth, increasing its share of the total SA passenger car market from less than 1% in 1970 to a position where BMW SA enjoys the highest market share in any of the more than 30 countries where its products are sold.

BMW SA, together with BMW US, are today the only totally-owned manufacturing units of BMW AG outside Germany.

In SA the plant is dedicated to manufacturing the 3-Series and the US plant in Spartanburg, South Carolina, is dedicated to the new BMW Z3 Roadster, soon to be launched in SA.

(74G) BD 26/9/97

TRADE *Glennys Kinnock criticises Europe's unfair tariff charges and the ban on some SA produce*

# MP calls on European consumers to lobby for SA imports

CT(BR) 2/10/97 (74G)

## TYRONE SEALE

Brighton, UK — Europe stands to lose a great deal by keeping South Africa out of a free-trade agreement, a senior member of the European Parliament said this week.

Glennys Kinnock, the vice-president of the Joint Assembly of the agreement between the African, Caribbean and Pacific States and the European Union (ACP-EU), said the EU had to recognise that South Africa had special needs.

Kinnock was speaking at a meeting at the Labour Party annual conference on Tuesday. The meeting, addressed also by Max Sisulu, the ANC's chief whip, was hosted by Action

Southern Africa (Actsa), the former Anti-Apartheid Movement.

Kinnock called on Actsa and Britons at large to use their power as consumers to force the EU to reconsider its attitude towards South Africa.

The South African parliament recently voted in favour of the country's limited accession to the Lomé Convention, which provides trade concessions with European Community countries for 46 African and Caribbean states.

"South Africa has realised that the rhetoric they heard in the past has been quickly replaced by tough bargaining," Kinnock said. She criticised the exclusion of 40 percent of South Africa's agricultural products

from the trade agreement and pointed out discrimination against South African produce.

South African melons exported to European Community countries carry import charges of 11 percent — but not the same produce from Turkey, Venezuela or Costa Rica.

Fresh flowers from South Africa carry a 15 percent import surcharge; blooms from Israel carry just 1 percent import duty. South African grapes are subject to an 18 percent charge, guavas 20 percent.

"Don't they (the European negotiators) understand that when it's winter here, it's summer in South Africa?" Kinnock asked. She said South Africa was being priced out of

the European market. Unless the trade barriers were removed, "we'll have a serious problem".

Kinnock reminded European negotiators that fairness was an important part of any trade agreement. "We need to tell the agriculture lobby in Europe that we are tired of them calling the shots," she said.

She issued the same criticism to Spain's fisheries lobby which is insisting that its fleets be allowed into South African waters — failing which, Spain threatens, South African wine producers will be forced to forgo the Spanish-origin, generic names "port" and "sherry".

Kinnock said the trade negotiations with South Africa

were "one of the most troubled bilateral deals" before the EU.

A free-trade area agreement with South Africa had to recognise the deep structural needs of the South African economy, Kinnock said. The South African government felt the need to deliver to its own people and to those of the southern African region, she said.

While trade difficulties existed, demands for South Africa to completely open itself to European competition would affect Botswana, Namibia, Lesotho and Swaziland, which derived great revenue from a customs union with South Africa, she said.

Kinnock said South Africa clearly wanted Asian-type

economic growth rates, but with the same political consensus.

She said South Africa needed the time, goodwill and efforts of the British people, and Britain's presidency of the EU next year would be a good opportunity to redress the current difficulties.

This would involve a lot of "hard talking", but South Africa would have to assess whether such negotiations were worth while, she said.

"It would be understandable if South Africa looked more at trading with the East and (the Indian subcontinent)," she said.

"There's a limit to the patience South African people can be expected to show. We here can ... press for change." — Independent Foreign Service



**PEACHY PROSPECTS** Max le Roux, the northern region area manager of Unifruco, with a box of peaches destined for international fruit markets

PHOTO JOHN WOODROOF

## Fruit exports likely to net R3bn

FRANK NXUMALO

Johannesburg — An estimated 3 500 tons of deciduous fruit exported to Europe, the Middle East and North America this season will earn South Africa about R3 billion in foreign currency, Unifruco, the fruit company, said at the weekend.

Marthinus Strauss, Unifruco's producer services general manager, said the company had already succeeded in securing almost 85 percent of the total volume of deciduous fruit exports from South Africa.

"We believe that a very

positive season will herald the new era of deregulation, but the actual volume that can be exported by us is in the hands of nature," Strauss said.

Unifruco kicked off the new fruit exporting season on Friday when a consignment of Early Grand peaches destined for markets in Britain and Germany left aboard a South African Airways flight.

Max le Roux, Unifruco's northern region area manager, said the extreme heat in that region would probably result in an increase in exports of stone fruit, particularly peaches and

nectarines, due to the acceleration of the ripening process.

The company said prospects for the coming season looked promising in the Western Cape with good blossoming reported in orchards in most of the fruit-producing regions.

"Everything points to a normal season, with good crop yields expected, particularly in the Elgin, Grabouw and Villiersdorp areas," Le Roux said.

The first Cape peaches would be harvested in the next few weeks while the picking of early plum and grape varieties started in November, he said.

CT (PR) 6/10/97

STREET  
(746)

## Blacklisting GEIS debtors 'unfair'

Linda Ensor

CAPE TOWN — The trade and industry department had obtained legal opinion to the effect that blacklisting individuals who owed money under the now-terminated General Export Incentive Scheme (GEIS) could be construed as an unfair practice, acting director-general Wouter de Meyer said in a letter to Parliament's public accounts standing committee.

It might be unfair if such people were directors or shareholders of firms eligible for incentives, he said.

"It is also an impossible task to monitor the names of directors and shareholders of such (eligible) firms, especially as many of them make use of

nominee directors to conceal the names of the real owners of such businesses."

However, when a concern was under investigation regarding GEIS payments, a "name search" was requested from the registrar of companies. This was to ensure directors or members of closed corporations were uninvolved with other concerns registered on the GEIS data base as claimants.

"Should the 'name search' reveal other concerns linked to the director or member of the close corporation, all payments are suspended pending the outcome of an investigation."

According to the auditor-general's report for the 1995/96 fiscal year, R5,5bn was paid out in GEIS claims between 1993 and last year.

DD 7/10/97

(746)

74 G

# SA's floral exports 'are increasing daily'

Stephané Bothma

~~74 G~~  
~~OFFICERS~~  
INTERNATIONAL demand for SA flowers has increased to such an extent that SA Airways Cargo was now flying flowers out of Johannesburg International airport on a daily basis, the airline said on the weekend.

Leading floral exporter, Flora Export, sent about R80 000 worth of flowers a week on SAA Cargo to various destinations like New York, Frankfurt, Amsterdam, Dubai and Hong Kong, as well as locally to Durban, Cape Town and East London.

Regular exports include fynbos such as proteas and other green varieties, cut ferns, foliages and rare decorative restios from the Tsitsikama forest in the Eastern Cape as well as most of all other cut flowers produced in Gauteng and KwaZulu-Natal.

From the time of be-

BD 13/10/99  
ing received at SAA Cargo facilities at Johannesburg International until they reach their destination, the flowers are refrigerated to maintain quality and freshness, SAA Cargo executive manager Charles Fairweather said.

□ Meanwhile, SAA announced the acquisition of a second Boeing 767 wide-bodied aircraft, to enable the carrier to improve its African regional schedules. The aircraft is being leased.

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# Big Three take stand on fruit exports

Louise Cook

BD 2/10/97 (746) ~~SAFES~~  
**THREE** large fruit exporters in the Western Cape — Two-a-Day, Ceres Fruit Growers and Stellenpak — said yesterday they did not support independent fruit exports to SA's prime European markets.

The companies said contrary to market speculation they had no interest in creating "conditions of destabilisation" in the European market and would export only to "noncore" markets, mainly North America and the Far East, through independent agents.

In the past Unifruco exported about 70% of SA's deciduous fruit

to Europe as the only agent allowed by law.

But with the demise of the Deciduous Fruit Board on Tuesday, exporters are free to break into international markets.

Indications are that about 20 agents plan to operate in Europe next year. But Two-a-Day, Ceres Fruit Growers and Stellenpak said they would continue to use Unifruco as their agent.

Two-a-Day MD Meirion Williams said: "Most SA producers are responsible and realise that price wars are not in their interests. New agents who trigger unrealistic price competition are

likely to lose producer support."

Plum packer and exporter Stellenpak MD Dawie Scholtz supported this view, saying the company would focus on the Far East for independent exports but still use Unifruco in Europe.

However, Pierre van der Merwe, CEO of Cape-based Multifruit, another serious contender for the European market, said a recent trip to Europe had proved that a range of established European agents were keen to handle SA produce for the first time.

By January all control boards will have shut down and citrus fruit marketing will be free.

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*Clinton asks Congress to extend powers of FDA*

# US to get tougher on imported SA produce

**RICH MKHONDO**

Washington, DC — South African fruit and vegetable exports are to be more heavily scrutinised before entering the US, and the US government will send inspectors to some South African farms to ensure that the products are safe, US officials said this week.

South Africa is one of more than 100 countries exporting fruit and vegetables to the US.

As part of a new programme aimed at blocking contaminated products reaching the US, President Bill Clinton has asked the US Congress to give the Food and Drug Administration (FDA) powers to inspect most food produce entering the country and halt the

import of fruit, vegetables and other food products from countries that do not maintain food safety standards equivalent to those in the US.

South Africa exports millions of tons of grapes, citrus fruits, apples, peaches, pears and plums to the US each year.

Agricultural experts said South African exports would be targeted for safety standards.

Foreign producers are already denouncing the plan to scrutinise fruit as an unfair trade barrier. Statistics show that last year 38 percent of fruit and 12 percent of vegetables consumed in the US came from foreign fields. Currently, a sample of imported fruits and vegetables is inspected

by the Agriculture Department for general quality and pesticide residues.

The new programme would give the FDA the same authority over fruit and vegetables that the department has to ban meat imports from countries that do not meet US-equivalent meat regulations. This programme has caused friction with some US trading partners, particularly the European Union, and a crack-down on foreign produce conceivably could cause tensions as well.

But agricultural experts said since the FDA samples less than one percent of food imports at the docks, tainted food can easily reach consumers undetected. — Independent Foreign Service

(S) (74G) CTC(BE) 9/10/97

## NEWS BRIEFING

### South African-made vehicle exports surge by 54,1% in year to August

Pretoria — Exports of South African-made vehicles were 54,1 percent higher in the first eight months of this year compared with the same period last year, according to figures released last week by the National Association of Automobile Manufacturers of South Africa (Naamsa).

Naamsa said 9 927 South African-made cars and light, medium and heavy commercial vehicles were exported in the months to August this year, 3 484 units higher than in the same period last year.

Car exports were the major contributors to the increase, rising by 1 737 units, or 80 percent, to 3 907 from 2 170 units last year.

Light commercial vehicle exports rose by 38,9 percent to 5 318 units from 3 829 units last year, while medium and heavy commercial vehicle exports rose by 58,1 percent to 702 units from 444 units last year. — Roy Cokayne



# Wineries expect R1bn exports next year<sup>(74G)</sup>

ET (OR) 17/10/97

MARC HASENFUSS

CAPE EDITOR

Cape Town — The South African wine industry was expected to bolster its foothold in offshore markets next year with KWV predicting export sales to soar 45 percent to close to R1 billion, Johan van Zyl, the group manager of strategic information at KWV, said yesterday.

He said exports were still growing strongly off a low base in 1994. "We haven't been in export markets that long, but we conservatively estimate sales growing to between R920 million to R980 million this year."

Export destinations are mainly in Europe, including strong markets in the UK, Germany, Denmark and other Scandinavian countries.

"By the end of 1996 we had exported 11,1 million cases of wine, which was our initial target for 2000. We started off in 1994 with only 5,6 million cases sold to export markets."

He said the latest forecast for 1997 sales compared to export turnover in 1996 of R682 million and R450 million in 1995.

"We thought our successes in international markets might just be a honeymoon phase but these sales just keep growing stronger."

However, Van Zyl cautioned

against a tendency for certain South African producers to market lower quality wine in international markets.

"We have to establish a reputation for good quality wines otherwise we can expect a backlash against South African wines at some stage."

Other wine industry statistics from an independent study released by KWV yesterday showed the total retail income from wine-based drinks at about R6 billion and tourism to the Cape winelands at more than R1 billion.

The study also showed that the wine industry contributed more than R10 billion to the South African GDP and generated 215 820 jobs directly and in associated industries.

The KWV study was conducted over the past three months by the Pretoria-based firm, Conningarth Consultants.

According to the study, a total of 95 786 people are directly employed in the industry.

The primary grape-growing sector of the industry was responsible for R882,1 million in revenue a year, to which value is added at various stages of production to the amount of R6,019 billion, seven times the value of the basic raw material.

Tourism to the winelands generated an additional R1,302 billion.

tween points for longer distances and pick up another car on arrival.

Budget Rent A Car MD Errol Richardson says growth has slowed this year, but he's not complaining about 6% overall growth and 10% growth in the Western Cape which, he says, benefited from the publicity Cape Town received in bidding for the Olympics.

The 5 000 vehicles on order for Budget is 6% higher than last year. Its major supplier will be Toyota, but Volkswagen and Honda will also get substantial orders. **David Pincus**

## FRUIT EXPORTS

# Core business set for growth

But grapefruit gets sour European reception **FM 24/10/97**

**Fruit farmers** face mixed fortunes this year. Exports of deciduous fruit are expected to leap 20% while citrus remains at 1996 levels.

Deciduous fruit exporter Unifruco says favourable early-season production and

marketing trends point towards a possible R500m jump in export revenues to R3bn for the current season.

"In the season which has just begun we expect to handle about 85% of deciduous fruit exports, with the balance expected to go through about 140 newly independent individual exporters," says Cape Town-based Unifruco public affairs GM Fred Meintjies.

Though Unifruco's single-channel export powers have not yet been officially deregulated, farmers in provinces north of the Vaal River, who are now bringing in early-season fruit, are already acting as independent exporters, says a spokesman for the National Marketing Council. The single-channel export marketing scheme is expected to fall away by the end of the year.

On a more sombre note, single-channel exporter Outspan International says citrus export sales are expected to equal, at best, last year's R1,93bn foreign revenues.

Outspan's exporting season is now coming to an end, with 40m cartons of fruit — representing 90% of the crop — already shipped out to markets in western and eastern Europe, North America and the Middle and Far East. Outspan MD John Stanbury says exports should equal last year's 45,5m cartons — which is about 10% down on

early-season estimates of 50m cartons.

"The reduction in the original expectation is due to two factors. First was the late start to the season as a result of unseasonably warm weather, which meant fruit coloured up late. Second, the heavy rains affected the percentage of the crop available for export," says Stanbury.

Grapefruit, especially, had a disastrous export season. Arriving late on the European market, the crop collided head-on with a bumper European melon crop, which pushed SA grapefruit off Continental breakfast tables. This led to a 40%-50% drop in grapefruit export prices.

Outspan International, still acting as a single-channel exporting agent for the Citrus Exchange, is expected to continue operating until the end of the marketing season next March. "But," says a spokesman for the National Marketing Board, "as the new Marketing Act also provides for certain levels of intervention, on condition that the majority of farmers support such measures, the continuation of a form of single-channel marketing is not out of the question."

As irrigation dams in the Western Cape's winter rainfall area and in the mainly northern summer rainfall area are full, the coming summer's El Niño-induced drought is not expected to affect crops. **Arnold van Huyssteen**

# Local steel makers face floor price as Canada reacts to dumping claims

Simon Barber

(745)

WASHINGTON — In response to dumping complaints by domestic steel manufacturers, Canadian authorities on Monday imposed a floor on the price at which Highveld Steel & Vanadium Corporation may sell carbon steel plate into the Canadian market.

(48)

BD 29110 157

The move came after Canada's International Trade Tribunal ruled that export of plate from SA, Mexico, China and Russia, had not harmed the local complainants, Stelco and Ipsco, but threatened to do so in future.

In July, Revenue Canada, the government agency administering tariffs, ruled that, after adjusting

for transport and other costs, Highveld was charging Canadian consumers at 18.1% less for its plate than SA consumers, and imposed dumping duties assessed at 22.1% of export price.

As a result of the tribunal's finding of no past injury, any duties paid before Monday will be refunded. As for the floor price that will apply to

future exports, that was proprietary information and could not be disclosed, Revenue Canada spokesman Michel Leclari said.

Ipsco, based in Regina, Saskatchewan, said it was pleased with the outcome. "This is the first successful prosecution of a carbon steel plate antidumping complaint since 1993 and hopes are that it will

act as a deterrent to others who view Canada as a dumping ground for their excess production capacity."

Of the four countries named in the latest case, SA was the largest exporter of steel plate to Canada in 1994, shipping 19 200 tons. It is now the smallest, accounting for only 1 900 tons in the first four months of this year.

# 'Asian crisis to dent SA exports growth'

BD 4/11/97

(74G)

Lukanyo Mnyanda

EQUITY and currency market crises in South-east Asia — with the accompanying tightening of monetary and fiscal policies — would dent the growth of SA's exports and drag overall gross domestic product (GDP) growth to just 2,2% next year.

Syfre's chief economist Sandra Gordon said the crises, which culminated in a global stock market crash last week, would also affect the export performance of industrialised countries, with both the US and Japan now expected to deliver lower GDP growth rates.

This — combined with the effect of slowing Asian economies — would result in slower

global growth of 3% next year, while reduced demand in Asian countries would ensure that prices of certain commodities exported by SA remained flat or softer.

The recent depreciation in the rand's value would not be enough to compensate for the reduced demand as local currency remained relatively strong against the dollar — due to more dramatic falls in the value of Asian currencies.

"As a result, local exports have become less competitive in the Pacific rim markets but, crucially, have also become less competitive in other markets in which local markets have to compete with exports from the Southeast Asian region," Gordon said.

The weaker Asian

currencies would also make imports from that region cheaper than locally produced goods, with the deterioration in SA's trade surplus expected to translate into a widening of current account deficit to R8,4bn next year, compared with this year's R5,4bn.

Gordon said the tougher global market suggested that growth in net exports would act as a drag to overall GDP growth — in contrast with last year when it underpinned a stronger performance — which should rise to just 2,2% next year from the expected 1,8% this year.

Sapa reports FedSure senior economist Steven Brown said the Reserve Bank would need to keep domestic interest rates high to protect against a deterioration in the current account of the balance of payments from the loss in SA's global export market share.

Brown forecast interest rates to decline only slightly over the next year, with prime falling to 18,25% by the end of next year. He said SA might be hit by a further currency shock early next year, in response to a continued attack by speculators on emerging market economies.

# Erwin hails exports growth in manufacturing sector

## *Diversity of products notable, briefing told*

Durban - Trade and Industry Minister Alec Erwin expects exports of manufactured products to grow by up to 20% as new international markets open.

He also told a briefing ahead of a three-day small business conference that the diversity of products being exported was notable.

"The manufacturing sector is doing pretty well in exports... This year growth is likely to be in the region of 15% to 20%. These are high rates of growth for the export of manufactured products," Mr Erwin said.

Big markets opening for South Africa were in the rest of Africa, China, Japan, the Middle East, Australia and South America, he said.

Exports of manufactured goods rose by more than 40% in 1995, but

growth slowed to a more realistic 21% in 1996, Mr Erwin said.

"We really are very pleased with what has happened in manufacturing."

He said manufacturing had moved away from protectionism and isolation, which had left it out of touch with international production methods, labour relations and competition during the apartheid years.

He said reductions in employment numbers in the clothing, textiles and automotive industries since 1990 were reversing and stabilising, according to employment figures

*"These are high rates of growth for the export of manufactured products"*

that would be released by his department later this week.

"For the past two years within the change of employment the net effect has been slightly positive. That is one thing that pleases us because it looks like the adjustment process in manufacturing might be quicker than we expected it to be.

"We originally thought it would take seven to nine years, whereas it seems to have taken three to four years. It is very encouraging. It means that there is a prospect that this critical sector will be stabilised."

Investment in manufacturing grew above the national investment growth rate, he said.

"While manufacturing has not been without its problems, some of the key adjustments seem to be going all right," he said. - Reuters

■ South Africa must adhere strictly to appropriate macroeconomic policies to avoid crisis in times of financial turmoil, South African Chamber of Business director-general Raymond Parsons told the Kroonstad Chamber of Commerce and Industry.

"That we have emerged from the upheavals so far with minimum damage owes something to the fact that, unlike in early 1996, we seem to be committed to a sensible macroeconomic strategy," he said. - Sapa

(746)  
REC 5/11/97

# Volkswagen clinches R400-m deal to supply cars to UK

(74G) (1995)  
By Wilson Ramothata

VOLKSWAGEN South Africa has secured a R400 million contract to supply Britain with 5 000 Volkswagen third generation Golf GTIs.

The first batch of 948 vehicles has already been shipped from the assembly plant in Uitenhage, Eastern Cape.

Volkswagen corporate manager Raymond Hartle said at the weekend that 900 vehicles would be exported within the next few weeks.

Hartle said final delivery of 3 000 cars will be made by next April.

According to Hartle this is the biggest export order of fully-built vehicles from South Africa since VWSA's shipped 27 000 vehicles to China in

1995. "Our objective is to become an integral part of the Volkswagen group's global supply chain and the source for both fully-built up vehicles and components for VWSA subsidiaries around the world," Hartle said.

Over the past three years VWSA exported 27 000 second generation Jettas to Beijing, earning about R750 million in foreign exchange.

Ninety-six Audi A4 vehicles were exported to Australia.

Hartle said due to favourable feedback from customers 500 Audis will be exported to Australia next year.

VWSA will this year export components valued at over R300 million to Europe and South America.

# Now 120 Mercs hit the export trail to Australia

East London – The first shipment of 120 Mercedes-Benz C180 models – estimated to be worth some R11,5 million – was exported from the Eastern Cape to Australia at the weekend.

Another shipment of 200 cars from the East London Mercedes-Benz plant is expected to follow next month.

Mercedes-Benz South Africa said the Australian contract would see the company exporting 2 000 C180s by next year. If successful in exporting the cars, the Australian contract could increase to as many as 6 000

units a year for MBSA.

MBSA Pretoria office corporate relations manager Annelise van der Laan said this weekend's shipment was a pilot run for the export drive to Australia.

Although reluctant to reveal the costs involved and any other information about the deal, she said exports to Australia involved ongoing negotiations.

Mercedes-Benz passenger car general manager Fritz van Olst said if the plant was able to deliver quality products on time at the right cost, there

(746)  
would definitely be future opportunities. ARG 17/11/97

The MBSA Australian contract follows an earlier one this year involving Volkswagen South Africa, which secured an order to ship 96 Audi cars to Australia. Recently another contract was awarded to Volkswagen to export 5 000 Golf cars to Britain in a R400-million deal. The order appears to be the biggest since the R750-million Jettas for China project, through which VW shipped 27 000 cars to Beijing over three years between 1993 and 1996. – Sapa

(746)  
**SA averts crisis**  
Less than 4% of South Africa's exports went to the countries affected by the crisis in South East Asia, SA Reserve Bank governor Chris Stals said, and South Africa would not be seriously affected. - Sapa  
**ARL 19/11/97**



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## Exporters in price war

(746) ~~SECRET~~  
Business Day Reporter

BD 2/12/99  
INDICATIONS were that local fruit exporters, which have mushroomed since the scrapping of single-channel fruit exports of Unifruco and Outspan, were locked in a fierce price war.

Deciduous Fruit Trust chairman Peter Dall said SA fruit was being offered on overseas markets at discounts of up to 40% by about 132 local exporters.

He advised farmers to acquaint themselves with exporters' affairs and pricing.

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## EXPORTS OF SOUTH AFRICAN-PRODUCED VEHICLES CONTINUE TO SKYROCKET

Pretoria — Exports of South African-produced vehicles continue to boom, in contrast to the depressed conditions in the domestic market, the National Association of Automobile Manufacturers of South Africa (Naamsa) said yesterday.

Figures released by Naamsa showed that South African vehicle exports rose by 63,3 percent, or 5 841 units, in the first 10 months of this year compared with the same period last year.

Total South African-produced vehicle exports between January and October this year totalled 15 073 units compared to 9 232 units in the same period last year. ~~(15073)~~ (74G)

Car exports rose 152 percent, or 4 543 units, to 7 532 units in this period compared with last year. Medium and heavy truck exports rose 54,5 percent, or 321 units, to 910 units, while light commercial vehicle exports rose 17,3 percent, or 977 units, to 6 631 units. — Roy Cokayne

ET (BE) 5/12/97

# Langeberg goes East for growth

## *Exports on the rise*

ARG 15/17/98 97

### BUSINESS REPORTER

Fruit and vegetable processing company Langeberg is looking for new markets in the Far East to counter difficult trading conditions in Europe which saw the company's profits take a heavy knock in the year to September.

• Moving the company's export emphasis to the Far East comes too late for the thousands of workers that have been already been retrenched in the company's efforts to re-engineer the business and cut costs, but would give the company's export arm a strong boost for future growth and profitability.

In the annual report, Langeberg chairman Nick Dennis said plans to develop Far Eastern markets were well advanced and would contribute significantly to the group's strategic objectives.

"Langeberg is well equipped to satisfy demand from these markets with high quality products," Mr Dennis said.

"Special attention has been given to these markets in the restructuring of the international arm of the business."

He said export shipments to the Far East and Japan had already increased, with profit margins benefiting from stable prices and a stronger US dollar.

Import duties in excess of 20% on canned fruit sold into the European Union, and continued agricultural subsidies in the major producing countries such as Spain and Greece, had seen Langeberg's export profit margins dwindle and more and more.

The "premature and rapid" phasing out of the General Export Incentive Scheme (Geis) had only exacerbated the situation for Langeberg.

The result was that Langeberg decided to rationalise its deciduous fruit processing facilities, closing the Paarl plant and consolidating all the company's deciduous fruit processing operations at its Ashton plant.

This resulted in the loss of some 120 permanent and, at the peak of season, 3 000 temporary jobs.

Mr Dennis expected that the loss of Geis would be difficult to overcome, notwithstanding the company's operational restructuring.

Further initiatives to lessen the impact of European Union tariff structures elsewhere in the group had also resulted in the decision to relocate Langeberg's asparagus processing plant from Ficksburg to Lesotho, thus providing Lomé Convention benefits on exports to Europe.

"With Europe being the predominant market for asparagus, this initiative will improve our competitiveness and should lead to growth in this category," Mr Dennis said.

By Adrienne Roberts — Email: roberts@tmi.co.za

# Sparing local exports from Asian turmoil <sup>(74G)</sup>

*fm 19/12/97*  
The secret is in the sales mix

The Asian market upheavals of the past few months won't be a serious threat to SA's economic growth, according to SMK Securities chief economist Herman van Papendorp. This is largely because of the composition of SA's exports to that region.

Only about 20% of SA's total exports go to Asia. And only 2,5% of the total goes to the so-called Asean Four (Thailand, Malaysia, Indonesia and the Philippines) whose markets suffered the worst collapse.

Van Papendorp assumes weak consumer spending will cause a 10% fall in Asian demand overall, which he calculates could cause a fall in total SA GDP of about 0,2%.

But he argues the impact will be cushioned by SA's export mix. More than 50% of SA exports to Asia are base metals and minerals (see chart) which are necessary inputs into Asia's own export products. Recovery in the region will depend on export-led growth, so SA materials will be needed to fuel a revival.

One sector where SA exports could fall is steel and related products, as Asian countries cut back on infrastructure spending.

In terms of SA's exports to the rest of the world, local producers are now less competitive because of the relative strength of the rand against the Asian currencies — especially those of the Asean Four.

But here again Van Papendorp says SA's export mix counts in its favour, as there's "very little overlap discernible" between SA's exports to Europe and the US and those of the southeast Asians.

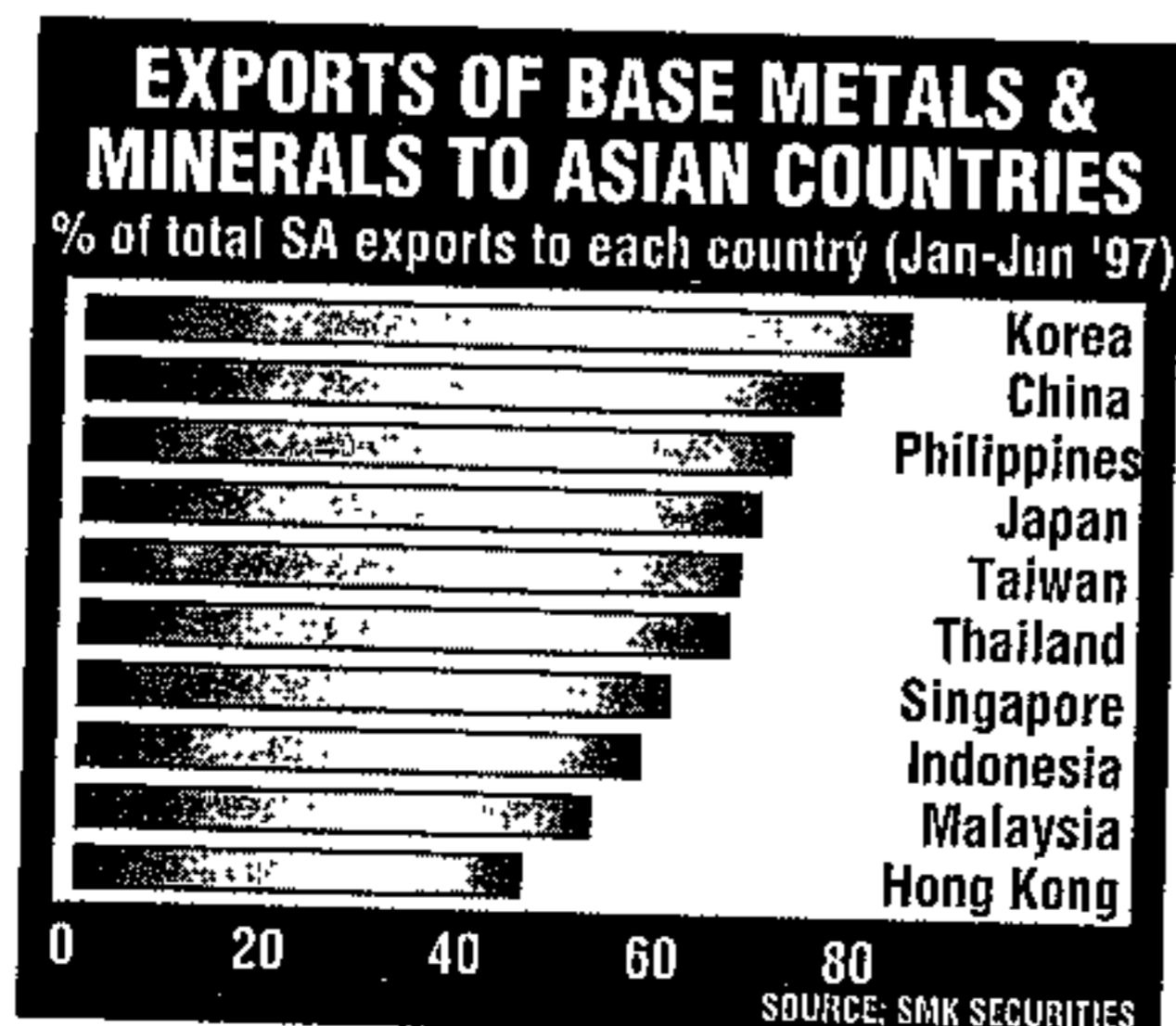
SA's biggest exports to the West include precious stones and metals, mineral and vegetable products, base metals and chemicals. Big exports by the Asean Four and South Korea include semiconductors,

petroleum and textiles

SA exports could also lose out if the Asian crisis damages world growth. Van Papendorp sees the crisis putting a 0,5% dent in global growth, but still anticipates 3%-3,5% expansion, which implies demand will stay healthy.

From importers' perspective, the crisis will be a boon to SA, which buys 30% of its imports from Asia. About 20% of imports from SA's 10 biggest Asian trading partners are machinery & equipment. Half of imports from Japan are motor vehicle parts.

Part of the machinery and equipment imports are related to much-needed gross domestic fixed investment, and that's expected to pick up in 1998. So SA will get the maximum benefit of lower import prices. Lower prices will also help keep inflation down and stimulate consumer spending. ■



# Exporters surge into new markets

Greta Steyn

(74G)  
BD 22/12/97

SA's manufactured exports have been surging as exporters make inroads into new markets, reducing the country's vulnerability to the shaky gold price.

Figures made available by the Industrial Development Corporation (IDC) show that in the first three quarters of this year, exports of manufactured goods rose 22% from the same period last year. Over the same nine-month period, gold exports were virtually unchanged from last year.

"SA's manufacturers have demonstrated their ability to export. They have increased their market penetration and will continue to do that, although margins will probably be squeezed as the Asian crisis hits home," Nedcor economist Kevin Lings said.

Economists were worried that burgeoning manufactured exports had not

resulted in job creation, with the manufacturing industry continuing to shed jobs. They said companies had geared up for international competition by cutting back staff and using modern, capital-intensive production methods.

When beneficiated mineral products are included in the figures, manufactured exports rose 19% from last year by the end of the third quarter. The average annual growth in this enlarged manufactured category from 1988 to 1996 was 17%, compared with only 4% for gold.

Gold accounted for only 21% of total exports in the first half of this year — against about 35% at the start of the decade. The IDC said beneficiated primary products had replaced gold as SA's top export earners, while pure manufactured exports had shown the biggest growth this decade.

In 1991, pure manufactured products accounted for only about 10% of

total exports. By the first half of this year, they accounted for virtually as much as gold exports — 20% of the total. The figures show there was dramatic growth in manufactured exports from 1994, when SA became a democracy, suggesting the opening up of markets previously denied to SA manufacturers was a big factor in their success.

On the beneficiated minerals side, aluminium has been a star performer. On pure manufactures, leather car seats are an example of products that have done exceptionally well, especially as jobs have been created as a result.

The motor industry and transport equipment in general have done well on international markets.

"Leather car seats are high value-added, labour-intensive export products which are doing very well on international markets. Production starts

Continued on Page 2

## Exports (74G)

Continued from Page 1

BD 22/12/97  
with tanning of the hides, and value is added up to the finished product of stitched seats," National Association of Automobile Manufacturers of SA director Nico Vermeulen said. These exports, mainly for BMW, were estimated at R1,5bn this year, compared with less than R500m in 1994.

Vermeulen said the main reason exports in the motor industry were booming was the motor industry development programme, which enabled manufacturers to obtain rebates on import duties provided they exported.

Exports of passenger transport vehicles were up 145% in the first nine months, compared with last year, to R665m. Exports of trucks were up 61%.

In the beneficiated minerals category,

exports of unwrought aluminium were up 61% to R2,6bn in the first nine months of this year. "Aluminium exports are still capital-intensive products with only a small amount of value added. Production will become more labour intensive only as we move further downstream," Tony Paterson, executive director of the Aluminium Federation of Southern Africa, said.

Although economists believed SA manufacturers would continue to exploit export markets as local demand cooled, they were not too optimistic about next year's prospects.

Old Mutual economist Erica Prinsloo said it would be a difficult year, not only because of the Asian crisis, but also as a result of events in Africa. Zimbabwe, SA's second most important destination for manufactured goods, had suffered a currency crisis and was in the throes of a painful economic restructuring programme.

# SA's exporters urged to diversify

John Dlodlu

(749)  
BD 22/12/97

SA EXPORTERS, who are facing the prospect of modest growth next year, will have to diversify their markets in the new year after the recent crisis in Asian economies, trade analysts have warned.

Luke Doig, senior economist at Credit Guarantee, and the SA Chamber of Business have forecast a 5% improvement in exports in the coming year. This year's figure is about 8%. Doig expects the growth of imports to outpace exports next year.

Although SA's exports to southeast Asia will be negatively affected by the recent economic problems — including the depreciation of currencies — the blow on SA will be light as Pretoria has only recently started to penetrate those markets, says Themba Rubushe, a trade and industry department spokesman.

In its latest edition, Financial Mail, Business Day's sister publication, reports that SA's exports could lose out if the Asian crisis damages world growth. Quoting Herman van Papendorp, a chief economist at SMK Securities, the report says the crisis will put a dent of about 0,5% in global growth, but Van Papendorp still anticipates 3%-3,5% expansion, which implies demand will stay healthy.

Anne Moore, a GM at the SA Foreign Trade Organisation (Safto), says the lesson from the troubles plaguing Asian economies is the importance of diversification, in export products and markets. Market diversification will ensure that when a region takes a beating, the exporter can divert to another.

SA exporters should look elsewhere for markets in previously neglected regions like Latin America.

However, analysts canvassed for comment yesterday remained bullish on prospects for SA's exports to Africa. Last year, SA and its partners in the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland — exported almost R13bn worth of goods to the members of the Southern African Development Community (SADC). This figure was an improvement of 30,9% on 1995.

Prospects in Africa, expected to grow at a rate of 4,5%-5% next year, are brighter in the infrastructure and projects sector, which was witnessing "robust" growth, Doig says. SA's exports to Africa will grow on the back of the growth in the continent and the current western focus on Africa.

Safto will hold a series of technical workshops aimed at helping its members to take advantage of opportunities in the SADC and the common market for eastern and southern Africa, says Moore.

# Franschoek Valley fruit goes global from R6-m warehouse

## Facility bolsters trade links with Angola

### BUSINESS REPORTER

A new R6-million packing and warehouse facility, officially opened in Franschoek Valley at the beginning of the month, will help put Boland fruit on the world's tables.

The facility was built for Frutopia, a marketer of deciduous and citrus fruit grown in Franschoek Valley. After fruit industry deregulation, the company decided to expand to include the export market.

The facility comprises a packing shed, office, two atmosphere-controlled cooling chambers with a capacity of 1 500 crates, and a regular atmosphere cooling chamber with a 540-crate capacity.

Frutopia general manager Johan

de Jager said the company was able to manage and market a farmer's entire crop.

"There is no pooling - each farmer's products are handled and marketed individually, with transparency throughout the entire process," Mr De Jager said.

"Our aim is quality not volume, and our marketing is geared to specific niche markets.

"We also have the advantage of being small, so we can react to market forces quickly."

One of these markets is Angola.

At the opening, Frutopia managing director Francois Conradie said the facility represented a step forward in South African trade relations with Angola, as the project had led to a partnership with Angolan

businessmen Isac dos Anjos and José de Lima.

Project engineer Dawie Kriel of MBB said his company had been involved from the start.

"We put the plan on paper, modifying it repeatedly during the preliminary design phase, until it served the client's needs within the budget," Mr Kriel said.

"To optimise the outlay, flow of material and traffic, input from a wide range of specialists was brought in to assist Frutopia in developing the most logical warehouse for the site."

He said planning had taken into account the possible need for extending refrigeration facilities, packing equipment and produce handling areas.



World's fruit basket: the new packedshed

RLS 23/12/97

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