

FOREIGN FIRMS IN SA — U.S.A.

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Soviet economics specialist Eric Reuter.

*BUS DAY*  
*6/1/86*  
**More room for new industry**

STEPHEN CRANSTON

THERE has been considerable progress in the establishment of industry at the Ekandustria industrial deconcentration point, KwaNdebele, during the past 18 months.

Forty-five companies have been established and a further eight industrialists are moving into their factories.

The KwaNdebele National Development Corporation is building another 13 factories.

Private sector investment is estimated at R48m and 5 600 jobs are likely to be created.

Not all companies have been South African. There are two Israeli and two Far East ventures.

Plans are underway to extend Ekandustria from its present 100 ha to 314 ha and 23 industrial applications are being processed.

*BUS DAY*  
*6/1/86*  
**SA Washington embassy launches US newsletter**

SIMON BARBER

WASHINGTON — To combat the predicted 1986 crop of sanctions and disinvestment legislation the SA embassy in Washington has begun issuing a monthly newsletter under the byline of ambassador Herbert Beukes.

The January 1 edition was sent to a list of 4 000 decision-makers at the end of last week.

It opens with a quote from Abraham Lincoln: "The dogmas of the quiet past are inadequate to the stormy present. As our case is new, so we must think anew and act anew. We must disenthrall ourselves and then we shall save our country."

Beukes compares the ANC with the Palestine Liberation Organisation and urges the US not to push for talks between Pretoria and the ANC until

the latter renounces violence.

President P W Botha "stretched out his hand, offering to negotiate", he writes, "but the extremists refused. Instead they called for — and have carried out — a campaign of violence, terror and intimidation, aimed more at blacks than at whites".

The newsletter also contains news items from Southern Africa which the embassy deems to have received insufficient attention in the US Press.

The snippets include: "Blacks can now own land", "Castro reported to seek war against SA", "Government incentive plan may create 77 000 new jobs" and "Inkatha refuses to accept African national conference violence".

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# Congressmen say tougher US sanctions still possible

By Jo-Anne Richards

Six US Congressmen arrived at Jan Smuts airport last night on a "fact-finding" tour to judge the effects of limited sanctions on Pretoria's policies.

They are to evaluate the possible need for tougher measures against South Africa, delegation members said last night.

They would be meeting leaders of all communities to judge their reaction to the change in US foreign policy by executive order of the President for limited sanctions, the group's leader, Democratic Congressman Mr William Gray said.

As members of the United States legislative body, they were to gauge the need for "further action". Congress was soon to enter its second session and the possibility for change still existed.

"We must see if the sanctions are working or if they should be toughened," Democratic representative Mr Peter Kostmayer said, "but we are also here to express our solidarity with the majority in South Africa and our sympathy with their aspirations."

Mr Gray, author of the Anti-Apartheid Act of 1985, said Congress was "overwhelmingly concerned about what is happening here" — particularly since the news blackout.

The delegation had not compiled a checklist of questions for the State President, Mr Botha, but it would ask why the news blackout had been necessary.

Members had not yet received a response to their request for a meeting with jailed black leader Nelson Mandela.

"We hope the Government will allow us to meet him. We consider it very important that we should meet the man regarded by the black majority as their premier leader."

Mr Kostmayer said he was not aware of any difficulties in the group's approaches to the Government, despite many of their outspoken anti-apartheid views.

Other members are Democratic representatives Ed Towns and Charles Hayes, Republican Lynn Martin and Washington DC's non-voting Congressional delegate Walter Fauntroy.



Democratic Congressman William Gray... the author of the Anti-Apartheid Act of 1985.

STAR 7/1/86

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*Business Day*  
**USCC members now number 94**

THE US Corporate Council, made up of major US corporations with business interests in SA which are signatories to the Sullivan Code, has increased its membership to 94.

The USCC was formed in October to offer unified corporate pressure for change in SA through dialogue.

However, members in the US told *Business Day* this week that the USCC had so far made no announcements on positive action for 1986.

A meeting took place in London in November between SA and US executives. A number of meetings were held

*8/11/86*  
ALAN PEAT

between SA officials of the USCC and government, to acquaint government with the USCC's aims.

"But the outcome of all these meetings are not yet available for disclosure," said Mias van Vuuren, MD of Burroughs Memorex in South Africa, one of the two local contacts of the USCC.

He said he did not expect any tactical plans to be publicised before February, when he would attend a special USCC debriefing meeting in the US.

*Business Day*  
grievances.  
Worker representatives yesterday said Gencor had been informed of worker grievances before the strike began on January 1.  
Bafokeng South mine was like a war zone yesterday as thousands of miners queued for paypackets and were escorted to nearly 100 buses by heavily-armed security personnel.

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# Why disinvestment's a boon to US business

10/1/86

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**Pulling out of South Africa hasn't hurt US business much. Some companies are even finding it profitable. LOUIS FREEDBERG reports**

FOR US companies divesting from South Africa, the pain of withdrawal has proved minimal. Some have even profited from withdrawing.

Until recently, corporate America viewed ethical considerations as irritants that should play no part in corporate decision-making.

Economist Milton Friedman summed up the dominant view by labelling corporate responsibility "a fundamentally subversive doctrine in a free society".

"There is one and only one social responsibility of business," wrote Friedman in 1970, "to use its resources and engage in activities designed to increase its profits".

Cities, pension funds and universities had long argued that they should put their money in those companies that promised the greatest rate of return, regardless of where or how these companies did business.

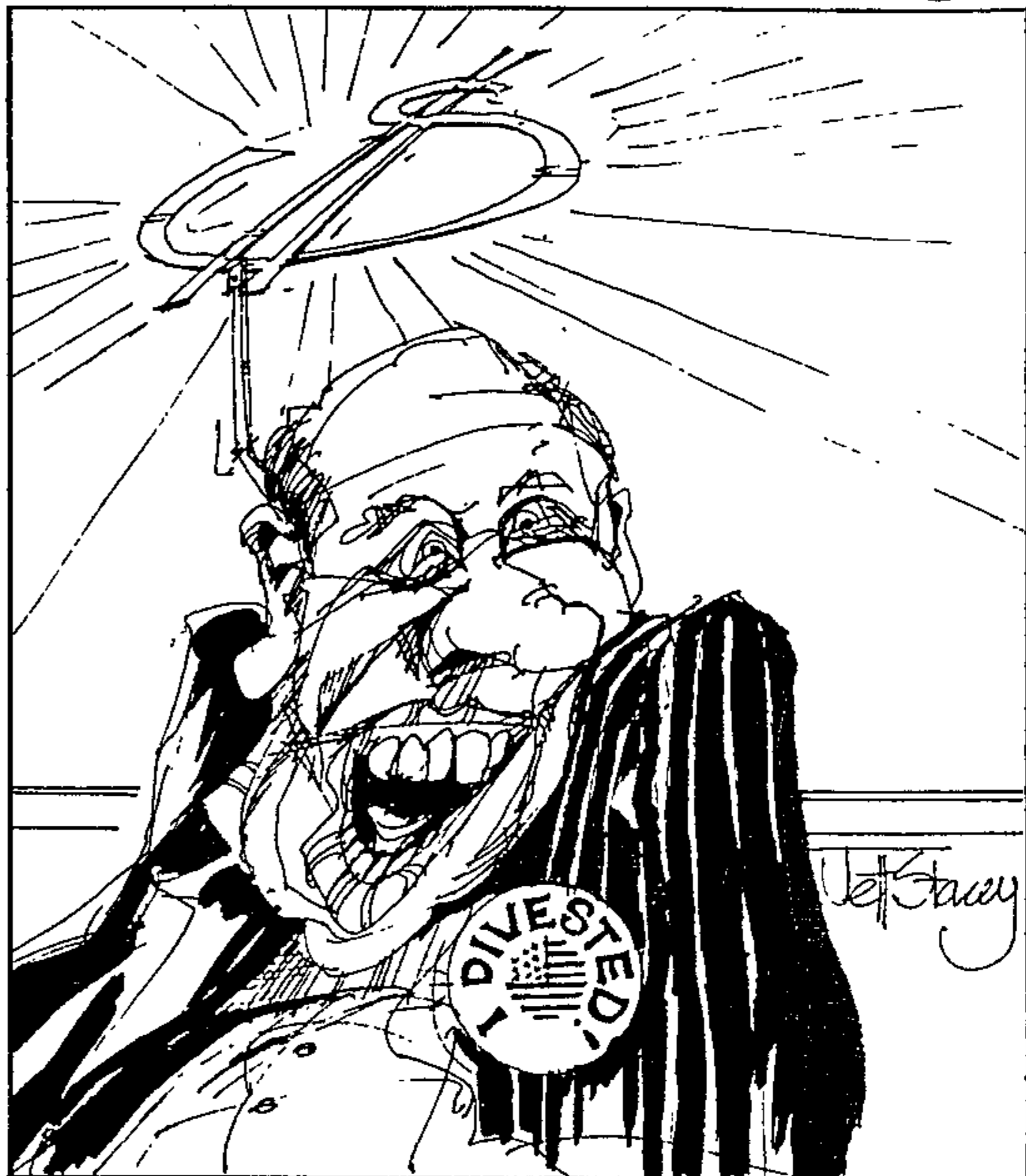
Not any more. Close to two dozen US corporations have disinvested and many others have scaled back their operations. Forty colleges and universities have divested their endowment funds.

The amounts of money involved are staggering. The Massachusetts State Employees' and Teachers' Retirement Fund, for example, has sold off \$230-million (R575-million) in stocks and bonds in two years.

Pension and other fund managers are now conceding that bringing other considerations into their investment decisions has not been as disastrous as they thought. No institutional funds are in the red, and many are doing better than before.

As for their corporations pulling out of South Africa, the pain of withdrawal has been minimal because many earned such a small percentage of their income from their South African holdings.

Institutional investors have learned it is possible to take ethical considerations into account — without



hurting profits. In fact, "South Africa-free" portfolios can generate more income because investors are obliged to buy shares in smaller, rapid growth companies rather than the large, more conservative "blue chip" companies.

Mainstream companies like EF Hutton and Dean Witter are now offering "socially responsible" investment advice. The Calvert Group, in an ad pushing a money market fund, asks potential investors, "Are you profiting from oppression?" and assures them the company does not "invest in South Africa or nuclear power or weapons".

Instead, says Calvert, it "invests in the positives, like renewable energy, participative management and equal opportunity".

In addition to a clear conscience, this approach has also brought higher returns for investors. For the 12-

month period ended September 5, the Calvert Social Investing Fund gained 22.4 percent — outperforming the Standard and Poors 500 index which rose by 17.9 percent. Other "social investing" funds are also doing better than or about the same as the Standard and Poors index.

Some \$55-billion (R137.5-million) is now being invested using socially responsible criteria, according to the Social Investment Forum, an association of investment professionals and institutional investors.

Although growing steadily in recent years, socially responsible investing has now been pushed to centre stage by the anti-apartheid movement.

Even though divestment won't topple the South African government, it has helped weaken some key ideological pillars on Wall Street. — Pacific News Service

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# Campaign sponsor to advise Reagan on SA

STAR  
10/1/86

The Star Bureau

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WASHINGTON — The participation of an American labour leader in a nationwide anti-apartheid campaign to boycott Shell Oil products raises questions about President Reagan's new advisory committee on South Africa.

The 12 members of the committee have been given a year to recommend ways in which the Reagan Administration can help South Africa move away from apartheid. Before making their report to the Secretary of State, Mr George Shultz, they will gather evidence and hear testimonies in both America and South Africa.

One of the members is Mr Owen Bieber, presi-

dent of the United Auto Workers, who is also one of the major sponsors of the Shell boycott campaign.

One question now is whether Mr Bieber serves any useful purpose on a fact-finding panel if he has already made up his mind that forcing American companies to disinvest is the answer.

Another committee member likely to continue his direct involvement in South African issues is the Reverend Leon Sullivan, author of the Sullivan Code of employment practices, now part of US law.

He speaks often in public on apartheid and testifies regularly at congressional hearings on US ties with South Africa.

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10/1/86

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Even though divestment won't topple the South African government, it has helped weaken some key ideological pillars on Wall Street. — Pacific News Service.

Shell Oil  
START 10/11/86  
boycott  
launched  
in US

The Star Bureau

WASHINGTON — In a sharp escalation of their tactics, American anti-apartheid activists today launched a nationwide boycott campaign against the Shell Oil Company, charging that it contributed to repression in South Africa.

Mr Randall Robinson, leader of the Free South Africa movement, told a Washington news conference that other large US companies operating in South Africa would become targets in the drive to discourage US investment.

A Shell spokesman dismissed the campaign as "misplaced and very unfair", and said it would hurt Americans who were independent owners of nearly all the Shell service stations in the US. There are about 11 000 Shell service stations across the country.

The spokesman said that while both American Shell and Shell South Africa were owned by the Royal Dutch Shell Company, they operated independently of each other.

"Shell Oil is unable to influence Shell South Africa or the South African Government," he said.

But representatives of the coalition of labour, civil rights and feminist groups which sponsored today's Press conference had harsh words to say about the company.

ATTACKS

One of the bitterest attacks came from Democratic Congressman Parren Mitchell of Maryland, who said: "Under Shell's operation, blood and oil are mixing. For every black man shot dead in South Africa, that blood goes on the dollars that go into Shell's profits."

Mr Owen Bieber, president of the United Auto Workers, said: "Shell has earned this boycott by its corporate misdeeds in South Africa." Mr Bieber is a member of President Reagan's new advisory committee on South Africa.

The coalition urged Americans to cut their Shell credit cards in half and exchange them for "discredit cards" as symbols of their opposition to apartheid.

Describing oil as South Africa's "Achilles heel", Mr Robinson — the chief organiser of anti-apartheid activity in the US — accused the Royal Dutch Shell group of violating the in-



South African Government," he said.

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Describing oil as South Africa's "Achilles heel", Mr Robinson — the chief organiser of anti-apartheid activity in the US — accused the Royal Dutch Shell group of violating the international oil embargo by shipping oil to South Africa through subsidiaries, of supplying the South African military and police, and of using "union-busting" tactics at the Rietspruit coal mine.

#### ARRESTED

Mr Robinson was in the first group of demonstrators to be arrested at the South African Embassy in Washington. Also in that group was Mr Walter Fauntroy, congressional representative from Washington DC, who is currently touring South Africa with a US fact-finding group.

In Washington, the US Shell Company emphasised that its operations were confined to the US but that it was unequivocally opposed to apartheid "as an affront to humanity".

A spokesman said: "We have been an equal opportunity employer for many years and fully support racial equality in our employment practices.

"Companies operating in South Africa, including American firms, are making their voices heard in the same spirit — as is Shell South Africa."

Asked for a comment, a senior official of the US State Department said the American Government's opposition to disinvestment was well known. It believed that large corporations could be a force for change in South Africa.

# Shell boycotted over apartheid

62 SIMON BARBER 10/1/86

WASHINGTON — A nationwide United States consumer boycott of Shell Oil was launched yesterday by the AFL-CIO, America's largest union federation, and the Free South Africa Movement.

It is part of a worldwide campaign organised by the International Confederation of Free Trade Unions.

The company is the US subsidiary of Royal Dutch Shell and was singled out at the behest of SA's National Union of Miners, because of a dispute at the Rietspruit mine early last year.

Campaign organisers estimated Royal Dutch Shell's total investment in SA at R1bn.

Shell last month issued a strongly worded statement denouncing apartheid.

# US starts consumer boycott

BY TEBELLO RADEBE

UNITED States anti-apartheid activists this week stepped up their campaign with the launching of a consumer boycott of companies doing business in South Africa.

This was announced in Johannesburg by a leader of the Free South Africa Movement, Reverend Wal-

ter Fauntroy, who has recently played a leading role in the campaign against apartheid.

He is currently touring the country with five other US Congress members.

Fauntroy said the new move was announced from his Bethel Baptist Church in Washington DC on January 8, together with his organisation's intention to press for the passage of legislation to ban all new investments in South Africa.

"We have singled out Royal Dutch

Shell as the first target of our national boycott campaign," said Fauntroy, who was among the first top leaders to be arrested outside the South African Embassy in November, 1985.

Since then many American citizens protesting against South Africa's apartheid policy have been arrested.

He also wrote to President PW Botha last year asking him to allow American physicians to see jailed ANC leader Nelson Mandela before his operation.

"The signatures handed to Nobel Prize winner Bishop Tutu are a demonstration of the American people's support for him and solidarity for the struggle of the oppressed people in this country," said Fauntroy.

Tutu was in Washington this week to receive the more than one million signatures in support of him against right-wing priest Jerry Falwell.

Falwell caused a stir last year after a visit to South Africa when he called Bishop Tutu a "phoney". Falwell has since apologised.

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Shell SA  
BUS DAY 13/4/86  
defends  
its labour  
practices

Industrial Staff

SHELL has vigorously denied US charges that its labour practices in South Africa were poor.

A nationwide boycott of Shell company products was launched in the US last week.

Shell SA chief executive John Wilson said, contrary to charges, the company had long been committed to providing all employees with good and safe conditions of work, to promoting the best use of human talent and to providing equal opportunities for all.

"There is no discrimination on grounds of race, colour, sex or creed in any of Shell SA's practices."

Wilson said Shell SA was unequivocally opposed to apartheid and believed it to be morally indefensible.

This viewpoint was supported by the parent companies of the Royal Dutch/Shell group, he said.

On the subject of disinvestment, Wilson said that, although Shell recognised the sincere concern of those who argued that it was the best or the only way of ending apartheid, the company believed political reform by peaceful means was essential.

"The wholesale withdrawal of foreign investment, even if it were feasible, would stop pressure for progress which multinationals have exerted."

Shell SA had associated itself with the SA business federations that had called for meaningful political change, universal citizenship, an end to forced removals, and development of free and independent trade unions, Wilson said.

Commenting on the SA company's employment and social policies, he said it recognised the right of employees to join a trade union of their choice, paid minimum wage rates as laid down in the European Economic Community Code and provided extensive education, housing and welfare benefits.

"The development and training of black employees is given a high priority."

A detailed report of Shell SA's performance under the code was submitted annually to both the British and Dutch governments, Wilson said.

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# New York disinvestment plan backfires

Not one share of the 10-billion-dollar New York pension fund has been sold. The Argus Foreign Service reports



Mr Koch . . . hailed 'blow against apartheid'

NEARLY 18 months after New York officials voted to withdraw the city's largest employee-pension fund of holdings in companies doing business in South Africa, not a single share of the 10-billion-dollar fund has been sold.

The move was originally hailed by mayor Mr Ed Koch and other political figures as an important 'blow against apartheid'.

But embarrassed officials are now explaining that they have been unable to carry out the withdrawal because of fears that disinvestment would hurt municipal pensioners who depend on the massive fund, thus laying the city open to a host of legal actions.

New York's finance commissioner,

Mr Paul A Crotty conceded that if it was found that the fund would suffer great financial losses, the city might abandon its disinvestment plans altogether.

The first phase of disinvestment was to have been completed a month ago. That step required the sale of stock in companies that do business with the South African military and police, that provide financial services to the government or that refuse to pledge equality of treatment of blacks and whites in the work place.

The mayor, who became an outspoken proponent of divestiture during his campaign for re-election last year, in which the city's big black vote plays a significant part, said he would call for a study of the situa-

tion. But a few minutes later, however, a mayor's aide, Mr Leland Jones, said such a study had already been completed and that the mayor had "misspoken."

New York's plan for divestment calls for the fund first to divest itself of stocks in companies which operate in a manner which directly supports apartheid, "or do not have policies promoting equal treatment and improving the lives of non-white workers."

That phase was to have been completed last month. After five years, the plan calls for divestment of all stocks in companies doing business in South Africa except those that are of "substantial assistance" in fighting apartheid.

# NUM 'not behind US boycott of Shell Oil'

THE National Union of Mineworkers (NUM) said yesterday it was not involved in prescribing a US boycott against Shell Oil products, but supported any pressure against international companies which tried to suppress representative unions.

This follows news that US activists have launched a nationwide boycott campaign against the Shell Oil Company, which they charge with having repressive labour practices in SA.

The Free South Africa movement in the US has accused the Royal Dutch Shell group of using "union busting" tactics at the Rietspruit coal mine, where more than 80 workers were dismissed after a strike early last year.

Shell SA denied earlier that its labour practices were poor, and Shell SA chief executive John Wilson said the company was committed to providing all employees with good working conditions and

CLARE PICKARD-CAMBRIDGE

equal opportunities.

Shell SA has a 50% interest in Rietspruit Colliery, which is managed by Rand Mines.

NUM Press officer Marcel Golding said yesterday the anti-apartheid movement had decided independently to launch the recent boycott campaign.

But he said issues surrounding the Rietspruit dismissals had been raised in America last year and the NUM had then informed affiliates of the Miners' International Federation about Rietspruit's "union bashing policy".

Golding said the NUM had been recognised at Rietspruit at the time of the dismissals. The union had subsequently re-organised and regained recognition.

Wilson said Shell recognised the right of employees to join a trade union of their choice, paid minimum wage rates as laid down in the EEC Code and provided extensive education, housing and welfare benefits.

AK66 16/1/86

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NATIONAL/INTERNATIONAL

# Anti-SA campaigners wage war on major oil company

**The Argus Foreign Service**  
Washington. — American anti-apartheid activists have launched a nationwide boycott campaign against the Shell Oil Company, accusing it of contributing to repression in South Africa.

Mr Randall Robinson, leader of the Free South Africa Movement, told a Washington news conference that other large US companies operating in South Africa would later become targets in the drive to discourage US investment.

A Shell spokesman immediately dismissed the campaign as "misplaced and very unfair" and said it would hurt Americans who were independent owners of nearly all the Shell service stations in the US. There are about 11 000 Shell service stations across the country.

The spokesman said that while both American Shell and Shell South Africa were owned by the Royal Dutch Shell Company, they operated independently. "Shell Oil is unable to influence Shell SA or the SA Government," he said.

## Bitter attack

But representatives of the coalition of labour, civil rights and feminists' groups which sponsored today's Press conference had harsh words to say about the company.

One of the bitterest attacks came from Democratic Party Congressman Parren Mitchell of Maryland who said: "Under Shell's operation, blood and oil are mixing. For every black man shot dead in South Africa, that blood goes on the dollars that go into Shell's profits."

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Anyone for chess? Six brothers from Bonteheuwel, from left, Roland 24, Ash-lev 18, Anthony 12, Shaun 21, Glenn 22 and Ivan Willemse 12

Picture: DOUG PITHEY, The Argus

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AP 6/17/86

# Set reform deadlines, Tutu tells US business

DETROIT. — The Anglican Bishop of Johannesburg, Bishop Desmond Tutu, has urged United States business leaders to set deadlines for reform in South Africa and threaten disinvestment.

Bishop Tutu's plea yesterday followed a private meeting with General Motors chairman Mr. Roger Smith and Burroughs chairman Mr. W. M. Blumenthal, who co-chair the US Corporate Council on South Africa.

Bishop Tutu, on a 15-city tour to raise money for the fight against apartheid, condemned policies of the administration of President Ronald Reagan toward South Africa as "an abomination".

## Rejected code

He also rejected the Sullivan principles, an anti-apartheid code of conduct for businesses developed by the Rev. Leon Sullivan, a Philadelphia minister and the only black among GM's 23 directors. Bishop Tutu said the code was designed to improve South Africa's legal discrimination against black people.

"We don't want apartheid imposed — we want apartheid dismantled," Bishop Tutu said in an address to the Economic Club of Detroit.

Through the Corporate Council 92 US businesses appealed to South Africa last year to end apartheid, grant citizenship to blacks and begin negotiations with black leaders.

"They should, in fact, set a deadline for implementation of the demands they have placed before the South African Government and be able to say that if the demands aren't met they will pull out," Bishop Tutu said. "I believe this is our last chance at reasonably peaceful resolution."

Bishop Tutu declined to discuss his meeting with Mr. Smith and Mr. Blumenthal, which aides said took place in his hotel room. GM builds and sells vehicles in South Africa. Burroughs markets computers there, but does not manufacture them.

Bishop Tutu said US business leaders should demand specifically that South Africa lift its state of emergency, pull out troops from black townships, release political prisoners to "create the right atmosphere for negotiation", allow families to live together near the family head's place of work and permit workers to sell their labour — because "this is part of free enterprise, after all." — Sapa-AP.



Bishop Desmond Tutu clowns with photographers at the Economic Club of Detroit lunch yesterday. He made the face after saying it was difficult to keep smiling for all the photographers.



AGW 10/1/86

NATIONAL/INTERNATIONAL

# Anti-SA campaigners wage war on major oil company

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Picture: DOUG PITHEY, The Argus  
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# SA Govt plagued by bad timing — GM chairman

DETROIT — General Motors chairman Mr. Roger Smith says the Government in South Africa seems willing to move away from apartheid but has been plagued by bad timing.

Mr. Smith, chief of the world's largest manufacturing corporation, is co-chairman of a new corporate lobby called the US Corporate Council on South Africa, which urges an end to South Africa's racial discrimination.

He said in an interview recently GM would maintain its business in South Africa because disinvestment would constitute an "abandonment" of 5 000 workers and 350

dealers.

Asked if he saw any positive reaction from the Government of President Botha to the coun- cils' lobbying for change, Mr. Smith replied: "Not right now I haven't."

He added: "They seem to try to want to do the right thing but they seem to have an awful lot of bad luck on their timing, and they seem to be having trouble just to get done what they want to do. So that's where we're trying to see if

maybe we can help."

Mr. Smith, and ex-Treasury Secretary Mr. Michael Blumenthal, chairman of the Detroit-based Burroughs Corporation computer manufacturers, another major US investor in South Africa, formed the US Corporate Council on South Africa a few months ago.

The GM head said the council had recruited almost 100 chief executives of firms which do business in South Africa to support South African busi-

nessmen who are pressing Pretoria for sweeping changes.

Many observers took the formation of the council as a reaction to the swift growth of the US anti-apartheid movement since late 1984. The movement has stepped up pressure on companies which do business in South Africa and targeted Shell Oil this month for a consumer boycott.

Anti-apartheid activists calling for withdrawal of investment in South Africa have ac-

cused GM, Ford, Burroughs, IBM and Mobil of being mainstays for South Africa's economy — providing vital support for Pretoria's security forces.

However Mr. Smith said his group was motivated to join the fray because of concern over the wave of unrest and violence which has swept black townships and other parts of South Africa. Major corporate leaders in South Africa have made unprecedented calls for black rights.

Mr. Smith said there had been a "groundswell" of support among American corporate executives who joined the lobby to help work for "peaceful change" in South Africa.

"I'm not quite sure what the basis for our optimism is when you pick up the papers, but I honestly think we can be a positive force down there... businessmen are optimistic by their nature," he said.

The outcome of the struggle between the white Government

STARK

62

20/1/86

However Mr. Smith ruled out going down there to throw stones at Pretoria.

"We want to work within the system on a non-confrontational basis to be as helpful as we can," he said.

Mr. Smith also said he expected no quick resolution in the conflict.

"One reason is that... the black people in South Africa are so divided themselves that it's going to take a monumental amount of effort to reach agreement because there are so many differences in attitudes and opinions in the blacks on South Africa." — Reuter.

and its black opponents was very important to us because we want everybody to be winners."

"The worst thing that can happen is you get rid of apartheid and everybody starves to death because they've got such a deep depression," Mr. Smith said.

The US corporate chiefs are sorting out their options on how to support change in South Africa, including what can be done about apartheid.

# We won't abandon workers in SA, promises GM chief

22/1/86 STAR

62

**DETROIT** — General Motors chairman Roger Smith says the South African Government seems willing to move away from apartheid but has been plagued by "bad luck" in its timing.

Mr Smith, chief of the world's largest manufacturing corporation, is co-chairman of a new corporate lobby called the US Corporate Council on South Africa which is urging an end to race discrimination in South Africa.

He said in a recent interview that GM would maintain its business in South Africa because disinvestment would constitute an "abandonment" of 5 000 workers and 350 dealers.

Asked if he saw any positive reaction from the South African government to the council's lobbying for change, Mr Smith replied: "Not right now I haven't."

## 'MAYBE WE CAN HELP'

But he sighed and added: "They seem to try to want to do the right thing, but they seem to have an awful lot of bad luck on their timing, and they seem to be having trouble just to get done what they want to do. So that's where we're trying to see if maybe we can help."

The US Corporate Council on South Africa was formed a few months ago by Mr Smith and ex-Treasury Secretary Mr W Michael Blumenthal, chairman of the Detroit-based Burroughs Corp computer manufacturer, another major US investor in South Africa.

The GM head said the council had recruited almost 100 chief executives of firms which do business in South Africa to support businessmen in South Africa who are pressing Pretoria for sweeping changes.

Many observers took the formation of the council as a reaction to the swift growth of the US anti-apartheid movement since late 1984. The movement has stepped up pressure on companies which do business in South Africa, and targeted Shell Oil this month for a consumer boycott.

## 'UNREST AND VIOLENCE'

Anti-apartheid activists calling for withdrawal of investment in South Africa have accused GM, Ford, Burroughs, IBM and Mobil of being mainstays for the nation's economy, providing vital support for Pretoria's security forces.

However, Mr Smith said his group was motivated to jump into the fray because of concern over the wave of unrest and violence which has swept black townships and other parts of South Africa. Major corporate leaders in South Africa have made unprecedented calls for black rights.

Mr Smith said there had been a "groundswell" of support among American corporate executives who joined the lobby to help work for "peaceful change" in South Africa.

"I'm not quite sure what the basis for our optimism is when you pick up the papers, but I

honestly think we can be a positive force down there. Businessmen are optimistic by their nature or they wouldn't be in business," he said.

The outcome of the struggle between the white government and its black opponents was "very important to us because we want everybody to be winners."

"The worst thing that I always say can happen is you get rid of apartheid and everybody starves to death because they've got such a deep depression," Mr Smith said.

## 'NONCONFRONTATIONAL'

The US corporate chiefs are sorting out their options on how to support change in South Africa, including what could be done about apartheid and "what can't be done".

But Mr Smith ruled out "going down there (to) throw stones at Pretoria. We want to work within the system on a nonconfrontational basis to be as helpful as we can."

Mr Smith also said he expected no quick resolution in the conflict between Pretoria and its black majority.

"One reason on that is...the black people in South Africa are so divided themselves that it's going to take a monumental amount of effort to reach agreement because there's so many differences in attitudes and opinions in the blacks on South Africa." — Reuter.

CALC TRIPS 25/1/86 (62)

# GM to remain in South Africa

PORT ELIZABETH. — General Motors (GM) is in Port Elizabeth to stay and no mergers or agreements have been concluded with any other South African manufacturers, the company's managing director said in a press statement.

This emphatic assurance was simultaneously repeated by GM's managing director, Mr Bob White, at the first GM Dealer Council meeting of the year.

It should finally dispell insistent rumours that GM was considering either disinvesting from South Africa entirely or relocating its manufacturing plant to a merged operation on the Reef — neither of which would occur, Mr White said.

"GM wishes to reiterate that it has no plans to disinvest its South African operation or cease operating in Port Elizabeth.

"Due to the contracted market, the poor exchange rate of the rand against other currencies, and an over-populated vehicle market with its high number of manufacturers, we have looked at certain alternatives," he admitted in his statement.

## Alternatives sought

These alternatives were sought to improve short and medium-term viability, "and included discussions with other manufacturers".

"Discussions have not resulted in any agreement or arrangement with any manufacturer," he said.

Pointing out that GM was the world's largest vehicle manufacturer, Mr White underlined that the South African subsidiary was "backed by unparalleled resources, and we will continue to build on our success".

"In the difficult year just concluded, we improved our market position to third place with a market ratio of 11,3 percent — the second highest in nine years and with the withdrawal of several manufacturers in 1985, we are well placed to attain improved sales and ratios throughout our organization".

Mr White added that GM will be celebrating its 60th anniversary in South Africa this year. — Sapa

# Shell faces (62)

## US pressure to pull out

By Alan Dunn  
The Star's Foreign  
News Service

STAR  
6/2/86

WASHINGTON — America's biggest labour movement has intensified nationwide efforts to force Shell to end its South African operation after a products boycott was announced last month.

The president of the movement, the American Federation of Labour and Congress of Industrial Organisations (Aflcio), Mr Lane Kirkland, has sent letters to affiliates urging a massive effort to "drive home" the message to Shell.

Shell was singled out by anti-apartheid activists last month as part of a declared effort this year to force 300 or so US firms and corporations to stop trade and operations in South Africa.

The Aflcio said it had formed a national labour Shell boycott committee to be headed by car workers president, Mr Owen Bieber, and Mr Richard Trumka, president of the mine-workers union.

Mr Bieber was one of 12 "Distinguished Americans" appointed by President Reagan in December to a new advisory panel on the South African question. The panel has to report to Mr Reagan by the end of the year on how best to tackle the South African problem.

"Labour consumer boycott activities are being planned in cities around the country," Mr Kirkland said. Mr Bieber's boycott committee would co-ordinate the trade union movement's efforts, he added.

Part of the campaign against Shell, he said, was to urge members to cut their Shell credit cards in half and mail them to the federation which would, in turn, send back a "Shell discredit card".

The federation and congress said the dispute with Shell dated back to early last year when 86 workers at a South African mine were fired for attending a memorial service for a fellow miner killed on the job.

The mine in question was owned by Shell and Barlowrand, it said.

Botha's opening of Parliament speech which he described as "a declaration of intent." Said Hendrickse: "I welcome the moving away from apartheid and obviously its dismantling."

Being Botha's coalition partner, he could do little else to avoid major confrontation, and now seems set to moderate his demands this year to the pace of change dictated by the National Party. In doing so, he is likely to find it increasingly difficult to justify his support for government against his original tough demands for a speedy end to apartheid.

Hendrickse is already struggling to show the fruits of coloured participation in the tricameral system and now faces the prospect of an internal revolt by LP "militants" and mounting disillusionment among grassroots supporters.

The party faithful expect the "successes" of last year — their role in the repeal of laws barring inter-racial marriage and sex — to be followed this session by moves to end apartheid proper. The sort of laws they want scrapped are those offending their dignity and confining them to an inferior and underprivileged role in society.

At last month's LP congress in Goodwood, there was little appreciation for what the party has achieved so far. Instead, there were demands for the scrapping of the harsh, old-style apartheid still experienced daily by most black South Africans — particularly in rural areas — and for a more even distribution of national wealth.

In his speech last Friday, Botha failed to spell out how this would be achieved, yet Hendrickse regarded what little was said as the "dismantling" of apartheid and a declaration of intent. His reaction seemed to confirm an unwillingness which became apparent at the LP congress, to tackle the real issue of his party's participation in Parliament and spell out his demands more clearly.

Hendrickse's dilemma remains to find a balance between total co-option (which is the impression he now often gives) and unreasonable confrontation. In the year ahead, he sees his goal as scrapping of the Separate Amenities Act (again, a relatively insignificant law in terms of racial ordering) with the Group Areas Act and race classification laws further back in his sights.

But in reality he seems unlikely to achieve any more than Botha wants him to. ■

## BLACK SCHOOLS ATTENDANCE

### Filling the desks

More than 90% of black children expected at school throughout the country this year have already registered, according to the Department of Education and Development Aid.

The department's deputy liaison officer, Edgar Posselt, this week told the FM that admissions were "most encouraging." This applies even in places like Soweto and the eastern Cape, which have been particularly

hard hit by the schools crisis. However, he said, official enrolment figures countrywide would only be available in March when regional offices send in their returns.

Although small bands of youngsters tried last week once again to disrupt schooling, their efforts failed because most pupils seemed determined to pursue their studies this time, according to Soweto school teachers. Community groups like the Soweto Parents' Crisis Committee (SPCC) also bravely condemned the youths, describing them as "school drop-outs and thugs."

### Large numbers

On January 28, when pupils first returned to school in large numbers in response to the wishes of their communities, pupils throughout the country, particularly in Natal, were reported to have gone back in large numbers.

Officially, the 7 500 schools administered by the department opened on January 8 for registration of the expected 1,8m pupils. But pupils and community organisations throughout the country decided at a conference at the University of the Witwatersrand last December that children should not return to school until January 28. They also presented to the department demands which they claimed would normalise the school situation. Among these were: the release of detained pupils, withdrawal of troops from the townships, and the unbanning of the Congress of South African Students (Cosas).

But parents and community organisations have in recent weeks been urging pupils to return to school anyhow. The school situation, it was decided by the organisations, would be reviewed in March. Their calls seem to have been heeded by pupils general-

## BUDGET DATES

The main Budget will be presented in Parliament this year on Monday March 17, according to a Budget programme published by the Chief Whip of Parliament, Alex van Breda.

Other key Budget dates are:

- Part Appropriation — Monday February 10;
- Additional Appropriation — Monday February 24;
- Sats Budget and Post Office Additional Appropriation — Wednesday February 19;
- Post Office Main Budget — Monday March 3;
- Own Affairs Part Appropriation — Thursday February 20 in all three Houses;
- Own Affairs Additional Appropriation — Monday March 3 in the House of Assembly and Thursday February 27 in the other two Houses; and
- Own Affairs Main Budget — Monday March 24 in all three Houses.

ly.

The department announced last week that all black schools would be supplied with stationery — exercise books and pencils — this year and Posselt said the schools had been receiving text-books and supplies since 1979.

Last Friday, when President P W Botha opened Parliament, he said his government was committed to "equal provision" of education in the country.

Black education Deputy Minister Sam de Beer said before Botha's speech that economic constraints made it difficult to say when the government would be able to provide equal education. However, it hoped to reach parity within 10 years. "We are working towards a situation where all population groups will receive the same education and we are committed to it," he said. ■

## US COMPANIES IN SA (62)

### In big brother's eye

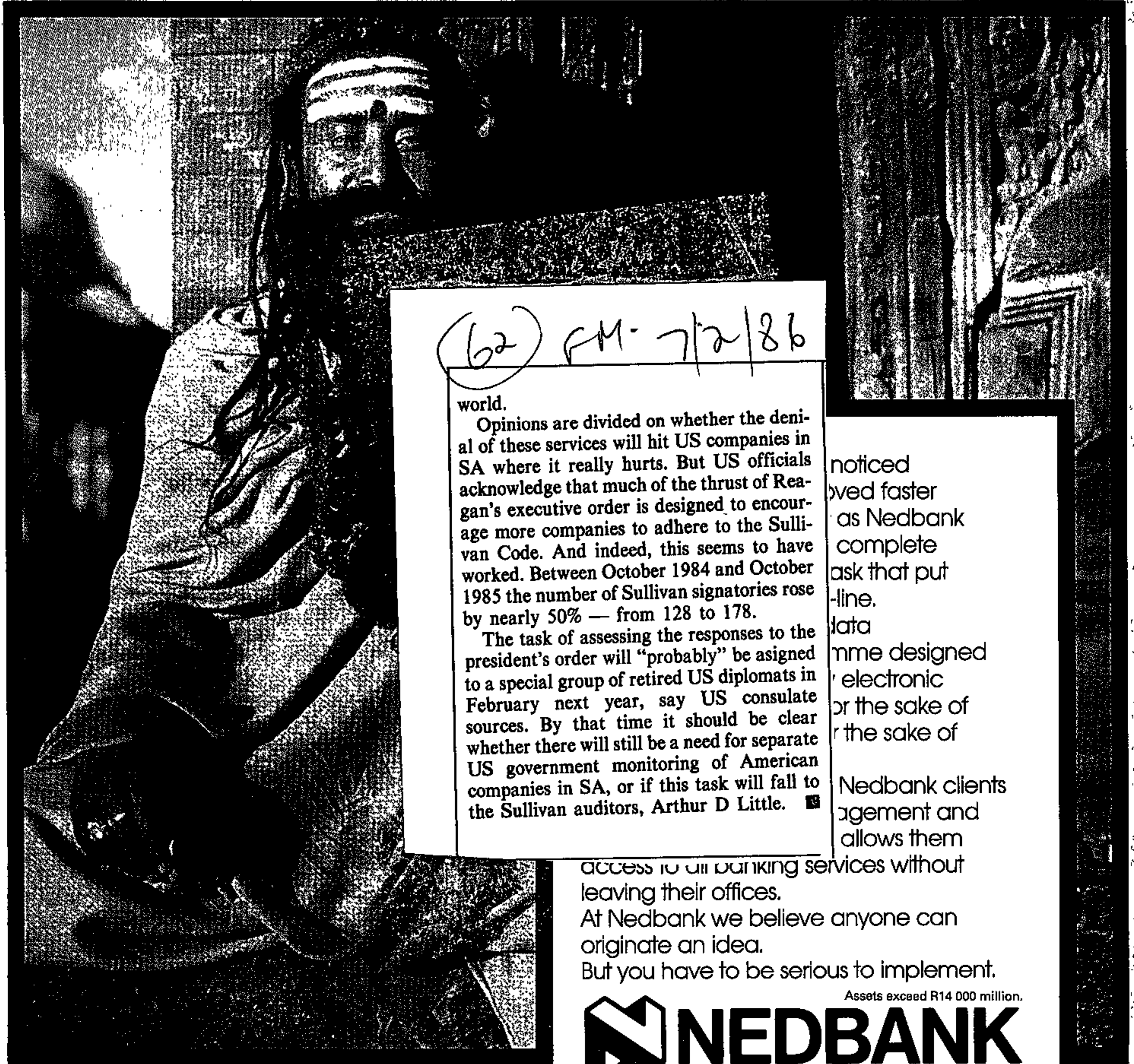
Stricter monitoring by the Reagan administration of the employment practices of US companies operating in SA comes into effect on February 15. This is the deadline set for US-controlled concerns employing more than 25 workers to register with the State Department in accordance with the mild sanctions package President Ronald Reagan announced last September 9.

In terms of the executive order, companies will be obliged to complete an annual State Department questionnaire. In it they will have to state whether they are Sullivan Code signatories; if not, whether they will be prepared to implement the president's fair employment practices which are almost carbon copies of the Sullivan principles. It is understood that only companies which are ranked highest by Sullivan — categories 1 and 2 — will be exempted from completing the questionnaire.

The emphasis of Reagan's package is on desegregating facilities, creating equal employment opportunities and affirmative action. However, most of its bite appears to be reserved for companies which fail to register — not those which refuse to bring their employment practices in line with Reagan's stipulations.

According to the US consulate in Johannesburg, the penalty for non-registration could involve a jail sentence or a stiff fine of up to \$50 000. Companies which register but refuse to comply with the employment practices, on the other hand, face the prospect of being denied US government export assistance. This would include the withdrawal of the facilities offered by the commercial officer of the US and Foreign Commercial Service in SA, which forms part of the US Department of Commerce. This would also affect aid to companies seeking export assistance. It would also mean the withdrawal of similar services to subsidiaries of a US parent company in other parts of the

# In the 1970's while the Beatles were introducing the world to Eastern mysticism, Nedbank was taking the mystery out of electronic banking.



(62) FM-7/2/86

world.

Opinions are divided on whether the denial of these services will hit US companies in SA where it really hurts. But US officials acknowledge that much of the thrust of Reagan's executive order is designed to encourage more companies to adhere to the Sullivan Code. And indeed, this seems to have worked. Between October 1984 and October 1985 the number of Sullivan signatories rose by nearly 50% — from 128 to 178.

The task of assessing the responses to the president's order will "probably" be assigned to a special group of retired US diplomats in February next year, say US consulate sources. By that time it should be clear whether there will still be a need for separate US government monitoring of American companies in SA, or if this task will fall to the Sullivan auditors, Arthur D Little. ■

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## Makes you think, doesn't it?

GREY-PHILLIPS, BUNTON, MUNDEL & BLAKE 77715

# 'Blackmail' moves US firm to quit SA

BELL & HOWELL, a world leader in microfilm and information technology, is to sell its SA subsidiary to local interests because of threats of boycotts in the US.

The US parent has taken this move "because of its exposure to blackmail — that's not too strong a word — in tendering to state governments", Bell & Howell SA MD, Barry McCurdie, told *Business Day*.

MATTHEW WHITE  
Technology Editor

McCurdie said he believed the subsidiary, which has budgeted for a R25m turnover this year, would be an excellent acquisition. Several companies were involved in negotiations, but he declined to name them. The sale is expected to be concluded before the end of March.

By its own estimate Bell & Howell SA has 40% of the SA market for micro-imagery equipment. Assessing its share of the market for a comprehensive range of visual communications equipment was more difficult, said McCurdie, but purchases of Japanese JVC equipment in 1985 were 40% up on the previous year in yen terms.



# Dealer blues (62)

When IBM closed credit lines to its dealers at the beginning of the year, there were fears that many would go under as a result — but so far this has failed to materialise.

Over the Christmas period IBM announced to its dealers that because its insurance underwriters in the USA — which it declined to name — had withdrawn, it was halting credit facilities to dealers. It is believed that the decision was taken because of political uncertainties in SA.

"We only know of two IBM dealerships that have closed recently but do not believe this is related to the credit issue. In any event monies outstanding were not affected," says an IBM spokesman.

Nevertheless, IBM is concerned about the situation. "We are aware and concerned that a number of dealers are experiencing severe cash flow problems.

"We are still exploring ways of replacing the system but are finding it fairly difficult because financial houses feel underwriting PCs is a fairly risky business."

The dealerships referred to are Partner Systems of Cape Town, and Trident Computer Systems of Halfway House. The FM

was unable to contact a spokesman for either company.

Many dealers have been unaffected by the closing of the credit line. Says Datadoc's Dan Pienaar: "The closing of our IBM credit line has not been a problem. We have a number of lines of credit available to us so we have not been affected."

Just how much credit has been affected, IBM hasn't said, but it is believed to be well over R1m. Talk among dealers is rife with rumours of closures of micro dealerships, but so far with little substance.

The rumours are, however, indicative of a general air of uncertainty as to the fate of many smaller dealers because of the competitiveness of the market. Many observers of the PC scene have warned of the dangers of the cost-cutting war that has already claimed a number of dealers in the last year.

"My opinion is a lot of dealers are trading profitably but haven't the muscle to handle any financial squeeze," says PC Support's Peter Terblanche.

A worry for customers, of course, is that if a dealer folds they may lose out on their service contracts.

IBM's two major rivals in the micro market, Sperry and Olivetti, both give 30 days' credit to dealers.

## Data talk

One of the most important computer conferences yet scheduled for SA, the International Conference on Data Communications, is to be held in Johannesburg in March.

The conference, organised by the Computer Society of SA (CSSA) in conjunction with the International Federation of Information Processing (Ifip), will run for three days from March 17. "It will address issues relating to data communications which are of strategic importance to all applications of computers in South Africa today," says CSSA president Errol Davies.

Among the speakers from eight nations will be Ifip president Kaoru Ando, from Japan, who will talk on future technology, including Japan's fifth-generation project.

Ifip is an association of computer organisations from more than 50 nations, including SA. Further details are available from the CSSA on (011) 787-0250.

# Major US group to pull out of this country

ONE TIME  
10/2/86  
62

JOHANNESBURG. — A major United States corporation, the information systems group Bell Howell, is selling its South African interests.

Announcing this its managing director in South Africa, Mr Barry McCurdie, said a South African buyer was already on the scene and expansion plans were expected to go ahead.

## Boycott

The news that Bell Howell was pulling out of this country for fear of a boycott of its products in the United States came shortly before an announcement that the Mayor of San Francisco, Ms Dianne Feinstein, had signed an ordinance barring the city from dealing with any company doing business with South Africa.

Reacting to an announcement in New York that Bell Howell was leaving, Mr McCurdie said the South African subsidiary had been anxious for some time to expand — an objective

that had been severely restricted by the lending restraints imposed by the United States banks.

"Long-term supply, distribution and service agreements for the entire range of Bell Howell products, as well as for other third-party suppliers, such as JVC and Datagraphix, have already been confirmed by the South African operation," Mr McCurdie said.

## Negotiations

"Negotiations are at an advanced stage with a local company to take total equity control of the subsidiary."

He said the president of the Chicago-based Western International Group, a division of Bell Howell, Mr Terry Heslop, was in South Africa to conclude the sale of the corporation's interests in this country.

The Mayor of San Francisco signed into law at the weekend an ordinance that bars the city from dealing with companies that do business with South Africa.

The mayor, who said she opposed the measure and could have vetoed it or allowed the ordinance to pass without her signature, said she was signing it "to say as loudly and clearly as we can" that the city rejects racism.

Under the ordinance, the city may not enter into contracts with companies that have financial ties with South Africa, or invest money with financial institutions linked to the country.

The ordinance, however, provides that the city would deal with a company doing business with South Africa if it was the only source of a needed commodity. — Sapa-AP



The 3M workers stick together in their protest against "unfair labour practices".

By **MONO BADELA**

TOP multinational company 3M SA - which boasts that it is among the first ten companies in SA to observe the Sullivan Code - was hit by a strike of 350 workers this week.

The workers, all members of the 50 000-strong Commercial, Catering and Allied Workers' Union of SA, downed tools at 3M's Elandsfontein plant - claiming the company practised "unfair labour practices".

A shop steward said the workers' main grievance was that the company, which retrenched about 55 workers in two separate incidents last year, now employed casual labourers - including white schoolboys - to do the work of those dismissed. They also complained that whites and

62  
CITY P. 16/2/86

# 'Sullivan Code company' hit by workers' strike

coloured people were being employed to replace those dismissed.

They demand that the company rehire the dismissed workers.

After management had initially retrenched about 40 workers last June the company introduced overtime. When the workers complained and refused to work overtime, said the spokesman, 3M started hiring casual workers, including white schoolboys. The spokesman

claimed the white schoolboys were getting more than some of the black workers who had been working for the company for many years

Another 15 black workers were retrenched later in the year.

On Tuesday a meeting of workers decided there should be no casual labourers. When they learnt the next day that casuals had been again introduced the previous night, they downed tools on Wednesday.

"We will not return to our posts until the management address us," the spokesman said.

Workers claimed working conditions were among "the worst", compared to SA companies. They failed to understand how 3M could be rated as among the first ten in observing the Sullivan Code.

● 3M PRO D Jansen confirmed that the workers had downed tools and were still on strike.

She said reasons for the stoppage "were unclear to management" as the workers "had made no official representation".

● Meanwhile over 800 Metal and Allied Workers' Union members involved in a strike at four Asea Electric Company plants in Pretoria were this week sleeping at the factories for fear of being locked out.

T C A C A N I C L I F I C A T I O N

# Spokesman defends PW's 'tape' General Motors decries segregation

STAR  
20/2/86  
Political Staff

CAPE TOWN — President Botha's taping of conversations with people who come to see him has been strongly defended by a spokesman at his office.

Controversy has built up around the disclosure this week that Mr Botha had a confidential conversation with Dr F van Zyl Slabbert tape-recorded.

The spokesman said Mr Botha had hundreds of interviews every year on a wide variety of subjects with a great number of foreign as well as local individuals and groups.

He said it was obvious, and a normal and accepted international practice, that there had to be a record of important conversations at times, so that the President could ascertain again later what the other parties had said.

This was also necessary to ascertain follow-up actions flowing from such conversations.

● See Page 17.

# PE council, car company clash looms

STAR  
20/2/86  
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PORT ELIZABETH — A confrontation over racially-segregated beaches looms between the giant US carmaker General Motors and the Port Elizabeth City Council.

Mayor Ben Olivier said last week he was in favour of beach apartheid and a council committee recently voted to prosecute blacks "trespassing" on white beaches.

General Motors South Africa (Pty) Limited said yesterday it would give legal and financial support to any of its black employees who defied the council by using the beaches.

In a letter to a local newspaper, Managing Director Mr Robert White said General Motors found the law segregating beaches "abhorrent".

He said the council of Port Elizabeth, a resort and industrial centre in the eastern Cape Province, had the power to open beaches to all races, but "collectively, it seems the council has neither the courage to do so nor the integrity to deal with the issue urgently and openly."

"Should any of our employees be challenged for using the beach of his or her choice, General Motors will support legally and financially their inalienable right to do so," Mr White said.

## 3 500 workers

General Motors is Port Elizabeth's biggest private employer with 3 500 workers, 80 percent of whom are blacks. The city is heavily dependent on its car industry. — Reuter.

## Transkei President sworn in

STAR  
20/2/86

UMTATA — Transkei's new State President, Paramount Chief Tutor Nyangilizwe Ndamase, will be sworn in at Umtata today.

Guests from South Africa, Bophuthatswana and Venda will attend the ceremony.

Botswana, Lesotho and Swaziland were also invited to the ceremony but turned down invitations. No invitation was sent to Ciskei. — Sapa.

## Czech mine blamed

PRETORIA — Forensic tests have shown the explosive device triggered by a police Casspir near Mamelodi on Sunday was a Czech anti-tank mine.

The SAP's public relations office added: "There is little doubt that the device was specifically aimed against the police."

The incident is still being investigated. — Sapa.



Randburg's victorious PFP candidate Mr Dick Muller shares his celebratory champagne with his wife, Mrs Wendy Muller.

## PFP wins by-election by increased margin

STAR  
20/2/86  
By Janine Simon

The Progressive Federal Party has won the Randburg Ward Six by-election by 58 votes.

The victory for candidate Mr Dick Muller (40), was hailed by supporters as a vote of confidence in the PFP and its newly-elected leader, Mr Colin Eglin.

Mr Muller defeated his National Party opponent Mr Jan Serfontein (49), by 58 votes to win the Blairgowrie South seat on the 13-member, NP-controlled town council.

It was the first time he had stood for public office.

The 40,2 percent-poll election follows the resignation last month of the leader of the PFP caucus in the council, Mrs Del Kevan, who won the Ward Six seat from Mr Serfontein by 36 votes in the 1982 general municipal election.

A delighted Mr Muller said the result effectively disproved speculation that the PFP had been affected by the recent turmoil in its ranks.

He said he would focus on immediate problems of the town's annual budget and the "unacceptable error factor" of the voters roll when he attended his first council meeting next week.

The final results of the election were: Mr Muller 495; Mr Serfontein 437; Spoilt ballot papers 4. Percentage poll 40,2 percent. In 1982 the percentage-poll was 51 percent.

# Beach ban: GM will back staff in court

The Argus Bureau

PORT ELIZABETH. — General Motors has undertaken to back in court any black employee prosecuted for using the "beach of his or her choice".

The undertaking is given in a personal letter to the Port Elizabeth newspaper the Evening Post from the managing director of General Motors South African, Mr Bob White.

He said General Motors found the provincial ordinance controlling access to certain beaches to be "abhorrent" and its enforcement incredible.

"Should any of our employees be challenged for using the beach of his or her choice General Motors will support, legally and financially, their inalienable right to do so," Mr White said.

He said that General Motors was a major ratepayer in the city.



Mr Bob White

"A portion of its annual payment goes for the care and maintenance of the city's beaches.

"Sixty percent of General Motors' workforce is non-white and currently is denied access to municipal beaches which their company's rates go to support. Why?"

"The Port Elizabeth City Council is the appropriate body

and has the authority to initiate the required action to amend the ordinance to open the beaches to all people.

"Collectively, it seems that the council has neither the courage to do so nor the integrity to deal with the issue urgently and openly.

"It now appears that some members of the council are supporting persecution and/or prosecution of 'unwanted' people who violate the ordinance."

● Following a defiant swim at King's Beach last month by Mr Peter Hendrickse, the House of Representatives MP for Addo, and an appeal by the Herstige Nasionale Party for action, the community services committee decided to authorise municipal officials to ask "trespassers" to leave beaches reserved for whites. If they refused the official should call the police.

# GM attacked, praised over stand on PE beach apartheid

## Provincial Reporter

A SENIOR Nationalist politician criticised General Motors today for interfering in Government attempts to stabilise South Africa.

But in contrast a Progressive Federal Party spokesman said the corporation should be congratulated for its "courageous" confrontation with the Port Elizabeth City Council over beach apartheid.

GM's managing director, Mr Bob White, has said the company will provide legal and financial assistance to any employee taken to court for violating beach apartheid in Port Elizabeth.

A council committee has ordered that blacks defying the

racial restrictions and using "white" beaches be arrested

Mr Willem Bouwer, provincial executive member in charge of local government and education and leader of the Provincial Council, told The Argus today: "We are doing our utmost to get everything stabilised and orderly in this country, and then these people come along and take on a big stick.

"They should be more understanding of our problems. What they are doing doesn't help and doesn't solve anything."

Mr Bouwer was quoted this morning in a Nationalist-supporting newspaper as criticising GM for "encouraging disobedience".

However, Mr Jan van Eck, Opposition spokesman on beaches in the Provincial Council, said today GM should be congratulated on its "enlightened and courageous stand".

"Mr Bouwer, instead of attacking General Motors for taking a stand which will undermine the disinvestment lobby overseas, should rather thank them.

"His vitriolic attack can only be interpreted in one way and that is pandering to the wishes of a few racist bigots who won't share beaches."

● The Argus Foreign Service reports from Washington that GM's head office in Detroit described the stand as "commendable".

## Life goes on (62)

To rehash Ford's famous advertisement of the Forties, it appears there's still a future for Ford in SA. Nearly a year after the merger with Amcar, in which time Ford's profile has suffered in the market place, the US giant still thinks there are bucks to be made in this country.

Detroit-based Ford vice-president Lindsay Halstead, visiting SA on a quarterly review of Samcor operations, was confident when he spoke to the *FM* about 1986 prospects for the group and Ford.

Last May, Ford of Canada and Anglo American stumped up R300m to give Samcor breathing space to re-establish itself in the market after two years of problems for both companies (*Business* May 31).

Some industry watchers are slating Samcor's 1985 loss at around R500m. "We're not publishing financial results, but that figure is an exaggeration," says Halstead. "I know there's been talk that Samcor's shareholders would quickly lose patience in the venture, and without last year's heavy rationalisation I think they may well have done."

Backing up Halstead's confidence are new developments on the product front. But, at

the same time, they are fuelling industry speculation about Ford's position. The Escort will be replaced by the Laser amid industry sniping that it's merely a re-badged Mazda 323. And rolling out a new Sierra later this year fuels the debate on whether Samcor can afford to produce two medium-size cars in the current climate.

Meanwhile, plans to sink Ford's remaining Port Elizabeth assembly operation into Samcor's Silverton works are well advanced.

### Quick rationalisation

Struandale's intended closure, stresses Halstead, "was not planned at the time of the merger." Forecasts for 1985 indicated Ford would need Struandale's capacity — but that was before a further slump hit the motor market. "Given the sharp downturn in the South African economy, it was essential to complete the re-organisation as quickly as possible," says Halstead.

Samcor's labour bill, for example, will be halved as a result of the closure of the Neave and Struandale assembly plants.

Another problem is raised by speculation that Mitsubishi is re-thinking its position in SA, causing friction in the Samcor partnership. But Halstead scotches this, saying: "One reason why the merger announcement was delayed until May was to enable Samcor to be absolutely sure of its three source products."

He adds that Ford has received no signals that Mitsubishi does not intend to fulfil its commitment in Samcor. In fact, says Halstead, "they were disappointed that we elected not to produce Mitsubishi cars in SA."

Ford's own stance on disinvestment remains unchanged. "If there were no hope of being successful in SA then the decision to withdraw would be simple. But this is not the case," says Halstead.

He says political pressure alone would not cause Ford to quit SA. "That sort of kudos doesn't buy you much," he adds. ■

# Apartheid row: Army at beach

W/E ARGUS 22/2/86

Two 'wisemen' visit 'whites only' PE beach

By KEN VERNON  
Weekend  
Argus Bureau

However, when approached later at a beachfront hotel, Mr Fraser refused to comment on his visit.

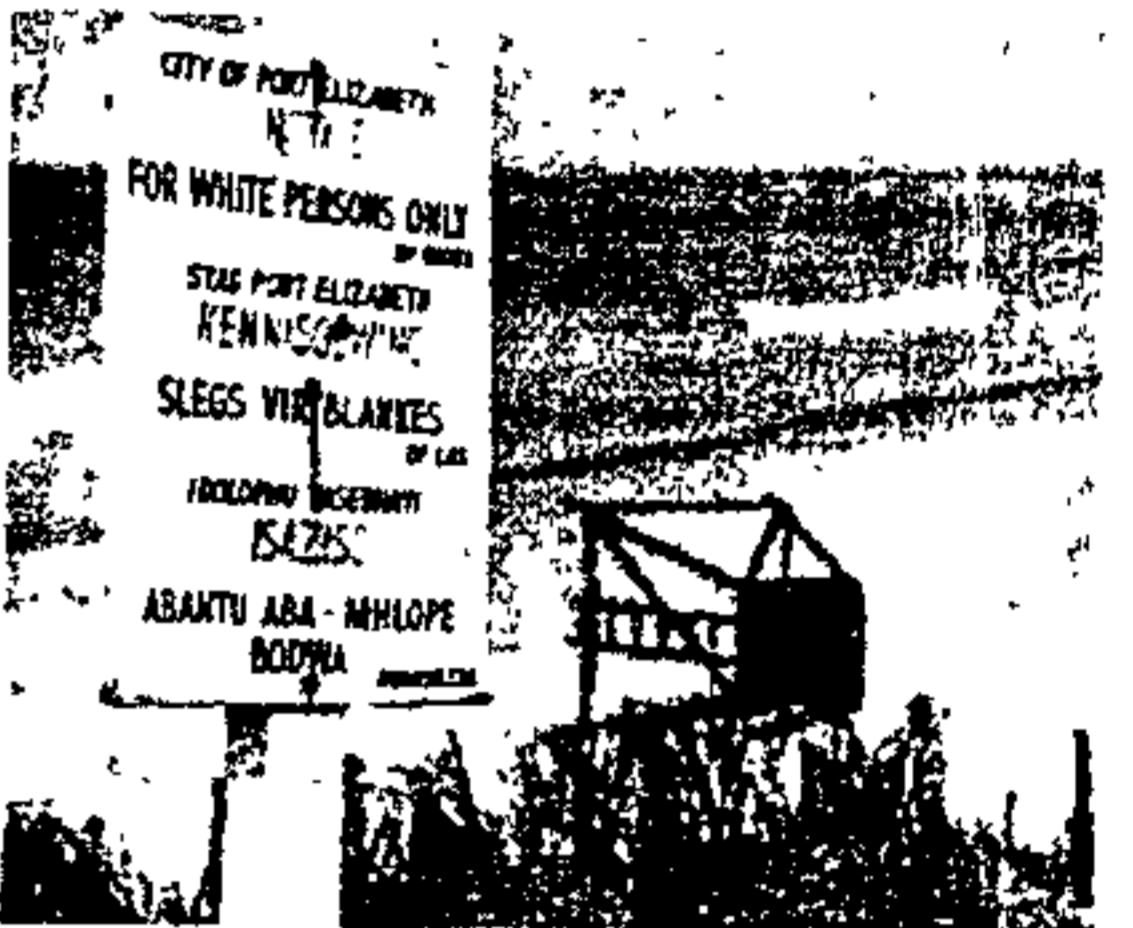
PORT ELIZABETH — Two members of the Commonwealth Eminent Persons Group, former Australian Prime Minister Mr Malcolm Fraser and Nigerian General Olusegun Obasanjo, took a stroll along a "whites only" beach here today, in spite of a strong police and army presence at the entrance to beaches.

A source at the hotel said the group had arrived this morning, but another source, who did not wish to be named, said the group had left the hotel.

When I attempted to follow the group Mr Fraser asked me not to do so, saying that newspapers had agreed not to follow the group during its investigations.

He said if this was not good enough to stop me, "I will call the security police, and I assure you they will stop you."

A witness said Mr Fraser took photographs of "whites only" signs on the beaches and at one point was remonstrated with by white bystanders.



A "whites only" sign on a Port Elizabeth beach.

## Beach row: Army on guard

Continued from Page 1

expect to be arrested, but that is the price I have to pay."

A younger worker said he would also go to the beach this weekend. "In January, P W Botha said he was going to end apartheid. Now we have the opportunity to test his word."

He said all fellow white workers he had spoken to about the offer were against the idea. But he had heard of some who supported the move.

A white foreman said he and his co-workers thought it was "wrong for the boss to mess in politics."

He and other whites thought that any money spent on "encouraging people to break the law" would be better spent on improving conditions for workers on the shop-floor.

General Motors has said its offer was prompted by the decision by the City Council's Community Services Committee to authorise city employees to take action against people breaking the beach race segregation laws.

The decision was taken at the request of the Herstigte Nasionale Party which asked for "urgent steps" to prevent beaches being opened.

The chairman of the committee, Mr Jacobus Nel, said this week he saw the GM offer as "bedeviling local race relations". The company should "leave us alone to sort out our own problems".

Another conservative councillor, Mr Danie Dorfling, saw the GM offer as "deliberate fostering of a civil disobedience campaign". He would use his influence to ensure that the council did not in future buy any GM vehicles.

Former Mayor Mr Krige has come out in strong support of the GM move, saying he saw no reason why the "principle" could not be extended to fostering disobedience of laws such as the Group Areas Act.

### Complaint

The police liaison officer for the Eastern Cape, Colonel Gerrie van Rooyen, said the police "only act on cases like this if there is an official complaint. There will be no patrols looking for offenders".

He said it would be difficult to prosecute anyone if there were no warning signs.

● A General Motors spokesman in Detroit, Mr George Schreck, has said he would not characterise the action as a fostering of civil disobedience, adding that Mr White's move was "another initiative" in GM's opposition to apartheid.

He said GM in America had had no prior warning of Mr White's action but it supported his stand.

From KEN VERNON, Weekend Argus Bureau

PORT ELIZABETH. — There was a strong police and army presence at all entrances to "white" beaches here today following threats by black General Motors workers to tempt arrest by going to beaches this weekend.

The security force presence follows an offer by General Motors to support "legally and financially", any of its 3 000 black employees prosecuted for swimming at the city's whites-only beaches.

At popular Kings Beach two army Buffels and soldiers armed with rifles along with two carloads of riot police straddled the entrance to the beach and scrutinised cars entering the parking lot.

Police and army units were also stationed at nearby Pollock Beach, while several plain-clothes policeman patrolled at the water's edge.

### "Ready for anything"

The police liaison officer for the Eastern Cape, Colonel Gerrie van Rooyen, today denied that the police and army contingents were present merely to prevent black people swimming at the beaches, but said they were "ready for anything".

"We aim to prevent any confrontations developing," he said.

In spite of overcast weather thousands of whites thronged Kings Beach for the annual UPE/Technikon "anything that floats" race, and to watch a nearby surfing carnival.

The GM offer this week was made by its general manager, Mr Bob White. It has brought to a head the row in the conservatively-led City Council to maintain the city's beaches for whites only.

Some councillors reacted vehemently to the GM offer, telling the US-based giant to "keep out of our affairs".

Several black GM workers this week said they would "test" the words of their newly-appointed boss, Mr White, by swimming at the beaches — and openly courting arrest for doing so.

Mr White has refused to comment on the storm of protest aroused by the offer.

He told Weekend Argus, speaking through his secretary: "I have had my say on the matter and will not comment further. Now it is up to the council."

### Split

The offer has split the city council. Conservatives, led by the Mayor, Mr Ben Olivier, have vowed to keep the beaches white.

Liberals, led by former Mayor Mr Ivan Krige, have promised to overturn the decision of a sub-committee which empowers municipal officials to call police to remove black people from "white" beaches.

The move has also split workers on the GM shop-floor. Many white workers condemned the move, but it seems black workers have universally applauded the stand.

One black GM worker said he was initially "shocked" by the company offer.

"I did not expect our company ever to do such a thing," he said. "But I think it's a very good idea. It means that GM — and especially Mr White — is really doing something positive."

"I am definitely going to test him this weekend and go to Kings Beach. A few of my friends have said the same. I

(Turn to Page 3, col 8)



nues which will help contain medicine prices now that substitution, which could cut prescription costs by some 30%, have been ruled out. "It's premature to talk about committees' ideas, but they will be submitted to the Minister of Health in April, if approved by the PC," says Van Zyl. ■

## SHIPPING

### Some swell

The launch of United States Lines' (USL) transshipment service via Rotterdam on the US-SA route is reminding some of the local shipping fraternity of the champagne bottle that refused to break on the ship's bows.

Union Carbide (SA), for one, was left R25 000 out of pocket because of a documentation bungle in Rotterdam. Other shippers may also have suffered.

To what extent Union Carbide's (UC) misfortune supports early fears that the Safmarine/USL dog-leg service to the US (*Business* December 13) could be a costly alternative to direct sailings is too early to tell.

Here's what happened to UC: three containers of agricultural insecticide arrived in Rotterdam from the US aboard USL's *Oklahoma*. Customs in SA cleared UC's containers on documentation, but only two were shipped to Durban on the *Michigan*. UC then had to stump up R25 000 in clearing charges for the box stranded in Rotterdam since port officials regarded it as a fresh consignment. The container arrived in Durban eight days later. "And we're still waiting for our refund from customs," says UC shipping manager Marie Wöhrle.

While she agrees that UC can doubtless afford to wait for a pay-out, "a similar delay could severely impact on the smaller shipper."

Much of the problem lies in the fact that only one vessel is listed on the bill of lading. In many cases, says Wöhrle, "we don't know the name of the vessel carrying our cargo on the SA-bound leg of the voyage."

For its part, USL insists that documentation hassles are being put right. "Every container will be accounted for," assures MD Derek Schierloh. "USL is currently installing a system that will notify customers when their cargo is due to land and on what vessel."

The slump in southbound traffic from the US forced USL and Safmarine to scuttle direct container cargo sailings to American east coast ports late last year. Safmarine now uses SA/Europe Conference (Saec) vessels from Rotterdam, connecting with USL vessels to the US.

As matters stand, Safmarine will continue to operate a direct break-bulk service to the US in conjunction with Bank Line every three weeks, with some limited container capacity.

The US Maritime Commission is expected to give the go-ahead for Safmarine's slot-

## BOXED IN

Office furniture manufacturer Kallenbach-Hendler, which is 73% owned by Mercabank, has been placed under provisional liquidation.

An urgent application by Nedbank, other creditors and shareholders was granted in the Supreme Court last Friday. According to papers before the court, Nedbank is not prepared to extend Kallenbach-Hendler's overdraft, currently standing at some R2,5m. Total liabilities have not yet been determined.

The papers say the adverse economic situation and "certain managerial problems" experienced by Kallenbach-Hendler have forced the company into provisional liquidation. With few available assets, the financial situation has deteriorated and it has become difficult for the company to service debts, including the repayment of shareholders' loans.

Because of an increasingly severe cash flow shortage — the company is trading at levels where its day-to-day cash outflow exceeds its day-to-day cash inflow — Kallenbach-Hendler is only able to pay salaries and most urgent debts, with many employees being paid weekly.

One of the main reasons for the order is that the company does not have cash funds to pay the February rent, say the documents.

Winding up date has been set for March 18. MD Alec Rubenstein tells the *FM*: "We can only hope we won't go into final liquidation. There may be an offer of compromise, but we'll have to wait and see," says Rubenstein.

charter agreement with USL this week. And the *SA Waterberg* is slated to leave Cape Town on February 17 to start the new service.

On the documentation front, Safmarine says it will keep a close watch on the situation from London and Rotterdam. ■

## RANK XEROX

### A new direction

Against the trend for US companies, Rank Xerox in SA has embarked on an ambitious expansion and diversification drive. It intends to boost market share by a compound 15% a year until 1990.

MD David English tells the *FM* that Xerox has begun introducing new products into the office automation market as part of the programme. It should see half its sales come from office systems technology by 1990. The remaining 50% will come from the copiers for which Xerox is virtually synonymous, but English notes that growth in this sector is beginning to slow.

FM 14/2/86  
"We've redefined our activities as being in the document management business — the creation, storage, receiving and transmission of information," says English. He estimates current market worth at about R100m, of which Xerox now has some 35%.

English ran Xerox's rest-of-Africa business before coming to SA at the beginning of last year. The domestic operation employs about 800 people, about 35% of whom are black. He says pressure for the group to disinvest here has become intense, particularly with legislation being passed by states and cities in the US against the procurement of goods from businesses with South African ties.

This political pressure is seen as "an incredible challenge" to overcome, but effort is considered highly worthwhile. "I'm hopeful — 'optimistic' might be too strong a word — that there is a willingness on both sides of the colour line for compromise." ■

## ZAMBIAN MINING

### Shoring up

Amid worsening world copper markets, Zambia Consolidated Copper Mines (ZCCM) is to close several mines and processing plants over the next five years as part of Lusaka's last ditch rehabilitation programme for its copper industry.

More foreign aid and local retrenchments also feature heavily in the blueprint to make ZCCM profitable.

The latest aid package comes from the European Community's Sysmin programme which has earmarked nearly \$41m to help bankroll ZCCM's capital investment projects to upgrade mining and refining facilities.

A \$6,6m cash injection also comes from Italy and, it's believed, ZCCM will stump up \$7,2m from own resources. Loans from the World Bank (\$75m), the African Development Bank (\$26m) and the European Community form the financial backbone of ZCCM's rehabilitation programme launched in 1984.

Late last month, ZCCM chairman Francis Kaunda said the rationalisation plan "will result in redundancies of expatriate and Zambian labour." Observers believe 3 000 jobs may be lost.

A ZCCM spokesman in Lusaka tells the *FM* a final decision on job cuts has not been made, but an announcement is expected shortly.

A source in Lusaka says Zambia's copper industry employs 1 700 foreigners and reckons only 200 are at risk. The ZCCM spokesman also stresses "the numbers are unlikely to be very large in the short term."

Zambia's copper mining industry is by far the country's biggest foreign exchange earner. Latest ZCCM figures show exports falling to 470 500 t last year compared with 540 450 t in 1984 and 681 100 t in 1980.

ZCCM's earnings are passed to the Bank

# US withdrew \$500-million in '85

(2) K Mail 25/4/86

UNITED STATES disinvestment from South Africa is already a reality. In the past five years US direct foreign investment in South Africa has halved, a massive decline of \$1,3-billion.

Last year alone — the most active year of the disinvestment campaign — \$500-million worth of American investment was withdrawn from South Africa.

That's according to James Kelly, US deputy assistant director of commerce for Africa, the Near East and South Asia, who was answering questions at a session of the House Foreign Affairs sub-committee on Africa this month.

Kelly, under questioning from US congressman Stephen Solarz, said that

By PHILLIP VAN NIEKERK

in the past five years only one single American firm — which he described as "a small company" — had established operations in South Africa.

There had been virtually no new investment in South Africa during that period.

He said that in 1981 the United States had \$2,6-billion invested in South Africa.

By the end of 1984 that figure had decreased to \$1,8-billion and "our best estimate is that the \$1,8-billion was reduced by another \$500-million during 1985."

The indications are that much of the

disinvestment is a result of assessing the unstable political climate in South Africa and not simply the political pressure back home.

At the same session US Assistant Secretary of State for Africa, Dr Chester Crocker, in defending the Reagan administration's policy on sanctions, said the *de facto* disinvestment meant the "marketplace was reaching its conclusions, sending its signals and they're being heard."

● A total of 28 out of 300 US businesses pulled out of South Africa last year, Allan Nelson, a US businessman, told a conference in Johannesburg last week.



(62) **GM alone in beach battle**

Blue Day ALAN RUDDOCK 25/2/86

GENERAL MOTORS is on its own in the Port Elizabeth beach dispute.

The US-based car giant has chosen to confront Port Elizabeth's city council and its apartheid laws by encouraging its black workers to use whites-only beaches by saying it will support them financially if they are prosecuted.

Other motor manufacturers declined to commit themselves to a similar stance.

Takeover fears behind decision

WEDNESDAY  
26/2/86

# No question of pull-out, says Mobil

62

DETROIT — Mobil Oil has no intention of withdrawing from SA because such an action would prompt government to take over its operations, says chairman Allen Murray.

Mobil, the third-largest US industrial company, felt frustrated that its continued presence in SA was under attack by anti-apartheid activists because "we both have the same goals", Murray told a meeting of Detroit business executives. "We have no intention of pulling out of South Africa," he said.

"If we left South Africa tomorrow, the South African government would take over our operations in 14 seconds and then you know where our people would be."

Mobil has previously re-iterated its commitment to staying in SA, despite strong and constant protests from anti-apartheid activists.

Mobil's SA assets, principally an oil-refining operation, are estimated to be worth about \$400m, making it one of the largest US investors in the country.

The Mobil chairman said he was proud that in the SA operations blacks had been able to climb the corporate ladder on a non-racial basis since the mid-1970s.

It would be immoral to undo that and walk away, he said.

Murray said he did not understand how Mobil and anti-apartheid advocates calling for disinvestment had got on different sides.

"We don't disagree over what should happen in South Africa. We disagree over the methods; and suddenly we're the enemy," he said.

He said Mobil and Pretoria's opponents agreed that apartheid must go.

"I hope it doesn't take a revolution," he said. — Sapa-Reuter.

FLASHBACK

# Apartheid row: Army at beach

Chicago man stirs a storm

w/e HKS  
1/3/86

# White fights

From KEN VERNON, Weekend Argus Bureau  
**PORT ELIZABETH.** — Mr Bob White has come into the limelight after a cautious start as General Motors's managing director in South Africa.

His stunning offer last week to support "legally and financially" GM's black employees prosecuted for using any beach of their choice — including those reserved "Whites Only" — changed the entire beach apartheid row in the "Friendly City".

There was no indication that he would be the man to initiate the form of "affirmative action" on race issues — regarded as common for multi-national companies in the US — when he took over the GM post from Mr Lou Wilking last July.

The Port Elizabeth City Council this week voted 16-5 to rescind a sub-committee decision authorising municipal officials to lay charges against blacks using "Whites Only" beaches.

The outcome bears vindication for Mr White.

### Precedent

His actions could set a precedent for other US companies in South Africa.

Indeed, there are indications that he was surprised at the reaction to his statement and that he was unprepared for the implications. Mr White apparently saw it as a "shop" issue.

Born 55 years ago in Chicago, the grandson of an emigrant Welsh miner, Mr White is a measure of the nuggety American: no one remotely expects him to back down on his word.

Like his predecessor in the GM hot seat, Mr White is what Americans call a "beau counter" — an accountant — not a car salesman.

His father was a foreman at an electrical fixtures factory. Later he ran a small restaurant, started in turn by his father, in the small farming town of Kankakee, 100 kilometres south of Chicago.

Bob White spent his youth there.

With no clear idea of what he wanted to do for a career after high school, he enrolled in a teachers training college where he could continue to play football and baseball. After a year he left and joined the US Army Intelligence Corps.

### Hard years

After a tour in Germany he gained a commission, partly due to the advent of the Korean War, and ended up teaching gunnery at a "spartan" military establishment near Death Valley, California.

It was while posted there that he met and married Georgina Wilkins in 1953. They had three children, who are now grown up.

He later enrolled to do a BSc in Accounting at the University of Illinois. These were hard years for the newly-weds. Georgina worked at the university as a secretary and in his second year Bob started the "Veterans Sandwich Service" with a partner on the campus.

After college he took an accounting job at Delco Remy, a GM subsidiary. Three years later he had qualified as a corporate public accountant and been promoted to a supervisory position.

A year later he was sent on a management development course at Harvard University Graduate School, afterwards being offered the option of joining GM's overseas division. Quickly he became an international "Mr Fixit", travelling between the US, South Africa, Venezuela, France, Germany and Britain among other countries, until in 1980 he ended up back in the US as director of personnel development and administration.



Mr Bob White ... affirmative action

It was not until almost four months after he took over the Port Elizabeth post — which automatically qualified him as the city's leading businessman — that he made his first public speaking appearance.

### Fight disinvestment

But whatever Mr White's private nature, he has shown himself to be completely willing to act, and act decisively.

Within six months of his appointment he has wielded the broom through the GM upper management structure, with one very senior man reportedly being given just one day to clean out his desk after a long period with the company.

His mission is to tighten up the company's operation and "sell ourselves out of our present position".

GM chairman Mr R Smith leads a group of top US businessmen pledged to put pressure on South Africa and to fight the disinvestment lobby in the US.

It now looks as though the progress made on the outdated beach race laws in Port Elizabeth may be just the sort of ammunition Mr Smith needs to fight on both of these fronts. So South Africa may not have heard the last of Mr Bob White.

## Have fun with your camera

Have you entered your picture or pictures for the Weekend Argus and Iford photographic competition *South Africa at work in 1986?*

The competition is being run in the major centres

### THE RULES

1. Only black and white photographic prints will be accepted and only photographs taken in 1986 may be entered. No work submitted to any previous competitions will be accepted.

in South Africa served by the Argus Group's weekend papers — Weekend Argus, Sunday Tribune and Sunday Star.

There are three regional prizes, each of R1 000, and the overall winner will get R5 000.



# Beach apartheid veto applauded

STAR 1/3/86 (62)

Own Correspondent

PORT ELIZABETH — General Motors chief Mr Bob White said yesterday he was "most pleased" with the Port Elizabeth City Council's decision to veto the decision allowing its officers to lay charges against people contravening beach race laws.

But he said he was disappointed that voting had been split 16-5. "I would have hoped that on an issue of apartheid and a topic that obviously had such an important bearing on the economic future of the city, the voting would have been 21-0," he

said.

He was certain his offer to support "legally and financially" GM employees prosecuted for violating apartheid at the city's beaches had had a real effect on the outcome of the council debate — "and I am pleased that this could be so".

## RELAYED

Mr White said he had arranged for the council's decision to be relayed to him in Johannesburg as soon as voting had finished.

He would not be drawn on whether GM planned similar ac-

tion in future on apartheid edicts in the city. "The ball is still in the city council's court. I will look forward to hearing of their next decisions on the topic," he said.

"As an individual I feel obliged to speak out against apartheid, and will continue to do so, but I have no idea what orders on the topic I may receive in the future from GM.

"I just hope that this vote signifies a change of heart on the part of the city council and that we can now work together to save and create jobs here for the good of everyone."

SWEETMAKING INDUSTRY, EAST LONDON  
Parties, Employer Organisation: Wilson-Rowntree (pty) Ltd.  
Trade Union: Sweet Workers' Union  
Area  
Magisterial Districts of East London

# Beach row: Wiley slams GM director

Political Staff  
4/3/86

PARLIAMENT — The Minister of Environment Affairs and Tourism, Mr John Wiley, has criticised the managing director of General Motors in South Africa, Mr Bob White, for his involvement in Port Elizabeth's beach apartheid row.

Mr Wiley said in Parliament that he disapproved of the attitude of the General Motors chief.

"The sooner he realises that they should keep their noses out of South Africa's affairs, the better," Mr Wiley said.

He was replying in the House of Assembly to the second-reading debate on the South African Tourist Corporation Amendment Bill.

## EMPLOYEES

Mr White recently offered to support "legally and financially" GM's black employees prosecuted for using any beach of their choice, including those reserved for "whites only".

The beach issue was raised in the Assembly yesterday during a fiery speech by Mr Louis Stofberg (HNP, Sasolburg).

He said the opening of beaches to people of all races was a "catastrophe". The people who were suffering as a result of this were the whites.

Whites had had enough of paying the price for racial integration, Mr Stofberg said.

Replying, Mr Wiley said some of Mr Stofberg's remarks were destructive.

He said the Government was dealing with the problem of beach facilities.

It was a problem which had arisen as a result of the actions of some local authorities in providing inadequate beach facilities.

"Where local authorities did their duty and created adequate facilities, also for people of colour, there is little friction"

Mr Wiley said he disapproved of any organised influx of people at beaches and a solution would have to be found for such incidents.

# HNP calls to shun GM

ABJ Own Correspondent

HERSTIGTE Nasionale Party MP for Sasolburg Louis Stofberg yesterday called for a "white" boycott of General Motors' (GM) products.

And Minister of Environment Affairs and Tourism John Wiley has also warned the Port Elizabeth-based motor giant to keep its nose out of SA's business.



● WILEY

Stofberg's angry outburst during the second reading debate on the SA Tourist Corporation Amendment Bill came after a statement by GM MD Bob White that GM would give legal and financial support to its black employees if they were challenged for using a white beach.

His statement, supported by GM headquarters in the US, caused a furore in PE.

In a stinging attack in the House of Assembly, the lone HNP member described White's statement as an "absolute scandal" amounting to interference from outside countries.

Describing White's stand as an "impertinence" he said what it boiled down to was GM now adopting the stance of "what is good for General Motors is good for South Africa".

Wiley said the question of the beaches had nothing to do with GM.



BUS DAY  
62  
3/3/86

# More US blue-chip companies leave SA

NEW YORK — Blue-chip US companies are pulling out of SA at an increasing rate as they find little success in battling the twin pressures of unrest and political harassment at home, reports the *Wall Street Journal*.

Such influential US companies as General Electric, Marriott, and Phibro-Salomon recently announced their exits, and many observers expect the pace to pick up as more managers conclude that the SA government cannot or will not deliver reform.

Meanwhile, corporate efforts to stem the tide of US anti-SA investment laws have largely failed.

If anything, the divestment movement has accelerated. So far 16 states and 54 US cities, including Washington DC and New York City, have passed legislation restricting investments in and purchases from companies with SA ties. Last Wednesday,

Phoenix, Arizona joined the list.

Last spring, many influential US business officials launched a campaign arguing that pulling out of SA would hurt black workers only and would eliminate US companies' leverage for reforms. But increasing violence in SA overtook those arguments.

"The stage of just being nice to your local workers is over," says Dumisani Kumalo of the US committee on Africa, a pro-divestment group. As a result, says Burroughs spokesman Irving Geller: "I don't think that's being offered as an argument very strongly anymore."

The anti-divestment forces were particularly vexed that Republican governor Thomas Kean of New Jersey, despite pressure from President Ronald Reagan, signed a law last fall that set in motion the divestment of about \$2bn in his state's pension-fund stocks. — AP-DJ.

BEACH APARTHEID (62) FINNWL  
2077 280 7/3/80

## Wiley hits at GM

In the first government reaction to General Motors' commitment to support black employees who may be prosecuted for using "whites-only" beaches in Port Elizabeth, Environment Affairs and Tourism Minister John Wiley this week told GM's South African MD, Bob White, to keep his nose out of SA's affairs.

Speaking in the House of Assembly, Wiley was responding to Herstigte Nasionale Party MP Louis Stofberg's call for a boycott by whites of GM products. During a debate on the South African Tourism Corporation Amendment Bill, Stofberg said White's statement was a "scandal." In reply, Wiley said the beach issue had nothing to do with GM.

White's move last month followed a PE City Council committee order to council employees to prosecute blacks who "trespassed" on beaches reserved for whites. He said GM

would give legal and financial support to any of its 3 000 black employees who may be prosecuted. Last week, the full PE City Council overturned the committee's earlier decision. ■

BOB WHITE

7/3/86 FIN MAIL

(288) (62)

# Shifting sands of apartheid

When General Motors SA (GM) MD Bob White decided to fight the Port Elizabeth City Council on the beaches, he never dreamt of the support he'd drum up both here and abroad. Largely as a result of the controversy surrounding his decision to offer legal and financial support to GM employees arrested for swimming in "white" surf, the city's beaches were effectively declared open to all last week.

White (55) made his decision independently, without consulting Detroit. It was, he says, simply an instinctive reaction, a gut response, and not part of a long-term strategy. For White is not a political animal.

Having been in SA for seven months, he grew tired of the city fathers' dragging their feet over the beach apartheid issue and became increasingly impatient with the rate of change. As a significant contributor to the city's coffers, he felt he had the right to speak out on an issue which affected 60% of his employees.

Though a Republican, his only political activity in the past had been registering Indiana voters for local and federal elections back in the Sixties. He was particularly active, he recalls, during the Nixon-Kennedy campaign. He admits to backing a loser that time.

Meanwhile, his unprecedented action marks a small but significant step for multi-nationals operating in SA. Many have been outspoken in condemning apartheid over the years, but not one has publicly attempted to buck the system. Most multi-nationals feel that operating internationally requires a politically neutral stance. But White holds that multi-nationals have the right to speak out, and should.

"In most cities, politics doesn't directly affect the economic situation. But I don't know of any other place we operate where the importance of political events has as much effect on the economy as in SA." And White sees political change as being closely tied to GM's own interests here.

Now he intends working to develop a strategy for business, government and unions to bring about change at a local level. He's

also considering tying GM's educational grants to universities to the removal of restrictions on the number of black students. To be effective, however, he feels such action would have to be endorsed by all the Sullivan signatories.

White has been with GM for 30 years and spent 14 of the past 20 in Europe. He joined the company after graduating with an accountancy degree from the University of Illinois, after five years as a volunteer in the American army. A close friendship with the GM vice-president responsible for SA has meant that White's South African posting had been discussed for some years.



White ... impatient with the pace of change

When he finally hit SA's shores, his brief was simple — just make GM SA more profitable. He has a maximum of ten years to achieve this. That's until his retirement; if he's not posted elsewhere; and if GM remains in SA. Predictably, White says, he's not worried about GM pulling out.

But with estimated losses in SA's motor industry hovering around R1,5 billion for 1985, many observers wonder what's in it for the huge auto giant.

White's not disclosing the extent of GM's

losses. "In 1984, we were number five in the total market," he says, "and at the end of 1985 missed being number two by 60 units. I don't think we'll get into the black at net level in 1986 though we will at the operational level. But our losses won't be as bad as 1985." GM is also notching up considerable losses in Europe where the company sells 1,7m cars each year, compared with only 34 000 in SA.

So, surely, the SA operation is more trouble than it's worth? Apparently not. GM has its headlights beamed on the future. Like Nigeria, India and China, SA has a rapid population growth rate coupled with limited car ownership. But it also has the added attraction of a well-developed existing infrastructure.

"If profit was our only reason for being anywhere, there wouldn't be auto-industries in many parts of the world," White says. "Also, if you allow competitors to dominate a particular market, it could help them become more aggressive in other markets."

### Rationalisation

White does acknowledge that further rationalisation in the industry is inevitable and admits that GM wouldn't exactly be disinterested in selling off a portion of its operation if a reasonable offer of a partnership or merger came its way — particularly if it helped the company sell more units. An offer from any type of conglomerate would be acceptable.

But in these tough times, a good buyer is hard to find and White's phone isn't exactly ringing incessantly. Anyway, he's adamant that three criteria have to be met — product synergy, distribution synergy and synergy with the partner's manufacturing and assembly facilities. Right now, he says he can't even think of a player meeting these criteria.

He is adamant, though, that unless apartheid is abolished, SA has no economic future. "A 5% growth rate won't be sufficient to provide the required housing, educational facilities and job creation. Foreign investment is essential. And it's becoming increasingly difficult for US investors to remain here unless there is change ..."

MOLEFE TSELE

## Intensifying crisis

Soweto Parents' Crisis Committee (SPCC) spokesman Molefe Tsele foresees the crisis in black schools intensifying in the coming months: "We need a final onslaught on apartheid in education. This is the tenth

# Barclays won't reschedule SA's debts

From JOHN  
BATTERSBY

LONDON — Barclays last night refused to make any new loans to South Africa — or formally reschedule existing debts of just under \$1.2 billion (R2.4-b) — until Pretoria showed it could cut its foreign debt and confirm the scrapping of apartheid.

The shock move by Britain's biggest bank was announced by the Barclays' chairman, Sir Timothy Bevan, at a routine meeting to announce annual results.

The announcement came on the eve of a secret meeting of multi-nationals and South African businessmen at Leeds Castle in Kent.

Organized by the Rev. Leon Sullivan, author of the Sullivan Principles, and chaired by former British Prime Minister Ted Heath, the meeting will review its anti-apartheid strategy in the light of recent South African developments.

Although Sir Timothy did not specify what changes would satisfy Barclays he cited the release of the jailed ANC leader Nelson Mandela as a "helpful" first step.

Barclays' new tough line caused an immediate flurry in banking and financial circles, indi-

cating a radical departure from the normal reticence of British banks to link loans to political demands.

Sir Timothy said: "We shall commit no new money to that country nor shall we be party to any financial debt rescheduling until South Africa has demonstrated its ability to reduce its indebtedness and meet its obligations and until there are changes which confirm an end to the bankrupt policy of institutionalized racial discrimination."

The standstill on \$14-b (R28-b) short-term loans imposed last September had made its chances of attracting fresh funds from abroad "almost non-existent", he said.

He noted that deprived of access to new loans the country would find it increasingly difficult to stimulate economic growth to provide employment for its growing black population.

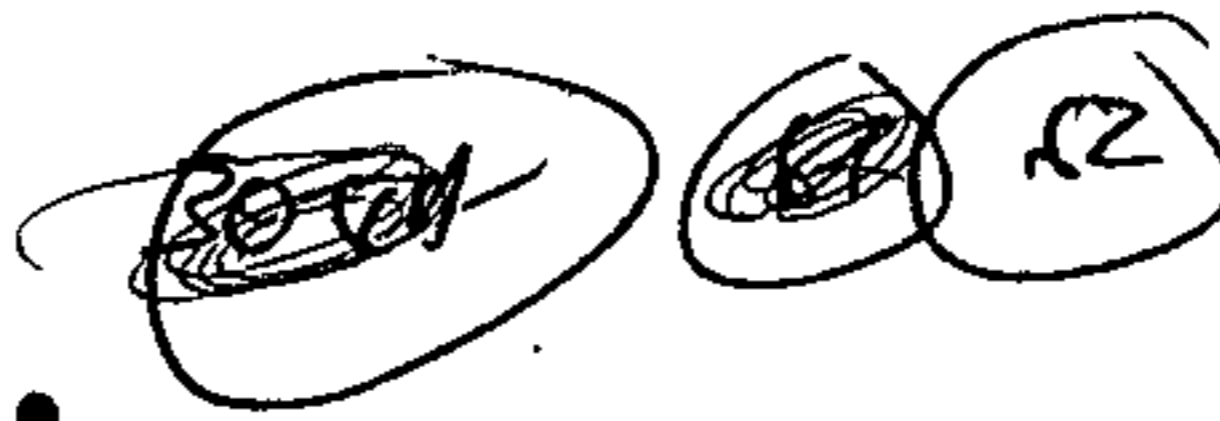
Barclays represents 25 percent of the South African banking system and employs 40 percent of blacks in this sector.

ONE TIMES 7/3/86

62

16

CTimes  
10/3/86



# Big business meets secretly on apartheid

Own Correspondent

LONDON. — Chief executives of leading South African, US and British companies gathered at Leeds Castle in Kent last night for a closed meeting today to review business strategy on dismantling apartheid.

The top-level meeting, similar to one held at the same venue last year, is considered crucial for the future of multinationals in South Africa.

The meeting will be attended by about 30 company executives under the chairmanship of Mr Edward Heath, the former prime minister.

## Comment

The high-powered business summit has been organized by the Rev Leon Sullivan, author of the Sullivan Principles which recently called on US business in South Africa to assume a

bolder role in opposing apartheid laws.

Mr Sullivan will make the opening address to the conference in which he is expected to urge multinationals to endorse his "passive resistance" guidelines for foreign business.

General Motors, which will be represented at the meeting by its chief executive Mr Roger Smith, recently became the first company to implement the new Sullivan stand when it offered "legal and financial assistance" to any of its employees who opted to defy Port Elizabeth's beach apartheid laws.

Two key South African figures at today's conference will be Mr Jan Steyn, director of the Urban Foundation, who is due to address the meeting, and Mr Tony Bloom, executive chairman of the Premier Group.

The meeting is expected to be given a full

briefing on the Federated Chamber of Industries' (FCI) strongly reformist Business Charter which lays down the guidelines for a free, non-racial and democratic South Africa.

At the meeting will be Sir Timothy Bevan, the chairman of Barclays (UK), who shocked the South African business community with a tough warning that Barclays would commit no new money to South Africa until there was legislative evidence that apartheid was going to be scrapped.

## Collapse

Sources close to the Leeds group said last week that the political backdrop to the Leeds summit had altered so radically from last year that even the premises had changed.

Since last year the Reagan administration has adopted a limited sanctions package, the policy of constructive engagement has collapsed, leading South African businessmen have held unprecedented talks with the ANC and there has been a collapse in the rand following a capital boycott last year.

Another year of violence and repression in the black townships and the ascendancy of the ANC have put new pressures on business.

TOTHILL & NOYES  
PHOTO DISCOUNTERS

30% **DISCOUNT**

In 9 cases involving 15 members the court cases have not yet been completed.

The Attorney-General refused to prosecute in 18 cases involving 33 members.

In 7 cases involving 11 members the South African Police investigation or the Attorney-General's decision is not yet available.

HANSWARD  
11/3/86  
62  
\*31. Mr J H VAN DER MERWE asked the Minister of Home Affairs:†

(1) Whether Mr Bob White of Port Elizabeth, particulars of whom have been furnished to the Minister's Department for the purposes of his reply, is a South African citizen; if not, what is the nature of his residential rights in South Africa;

(2) whether his Department intends taking any action in respect of this person's residential rights in South Africa; if not, why not; if so, what action?

The MINISTER OF HOME AFFAIRS:

(1) No. Mr White is in possession of a temporary work permit.

(2) No. Mr White's temporary work permit is valid until 10 November 1986. If at any time before this expiry date any information should come to my knowledge which necessitates the review of his term of residence, the necessary steps in terms of the Aliens Act, 1937, will be taken immediately.

†Mr J H VAN DER MERWE: Mr Speaker, arising from the reply of the hon the Minister I want to ask him whether he is aware of the fact that according to press reports Mr Bob White, apparently committed an offence by encouraging people to violate the laws of the country.

†The MINISTER: Mr Speaker, I saw the press reports. As a jurist the hon member should know, however, that I cannot react

thereon. If the hon member so wishes he may take the matter further.

†Mr F J LE ROUX: Mr Speaker, arising further from the reply of the hon the Minister, does he not deem it his duty to enquire about the correctness or otherwise of these reports?

†The MINISTER: Mr Speaker, several departments are involved in this investigation and the allegations. Hon members should wait patiently to see what happens.

Mr D J N MALCOMESS: Mr Speaker, further arising out of the hon the Minister's reply, is he aware that Mr White and his company employ thousands of South Africans in Port Elizabeth and that in doing so they do that particular area specifically and South Africa a tremendous amount of good? Is the hon the Minister also aware that if this company were, in fact, to disinvest in South Africa, many members of the CP in Port Elizabeth would presumably be out of a job? [Interjections.]

†The MINISTER: Mr Speaker, I suggest that the hon member who has just sat down, talk to the hon member who put the previous questions to me. [Interjections.]

†Mr F J LE ROUX: Mr Speaker, arising further from the reply of the hon the Minister, I just want to tell him that he did not answer my question. I asked whether his Department had investigated the correctness of the reports in the Press.

†The MINISTER: Mr Speaker, I believe my answer is complete as far as the present situation is concerned.

Mr G B D McINTOSCH: Mr Speaker, further arising out of the hon the Minister's reply, is he perhaps considering giving Mr White, in view of the latter's recent patriotic action, honorary citizenship of South Africa? [Interjections.]

†The MINISTER: Mr Speaker, the hon member seems to be prejudiced and consequently I cannot take note of his remark.

HANSWARD  
11/3/86  
62  
\*32. Mr J H VAN DER MERWE asked the Minister of Law and Order:†

(1) Whether the South African Police took any action on beaches in Port Elizabeth on or about 22 February 1986; if so, (a) what action, (b) why and (c) how many members of the South African Police were involved in this action;

(2) whether the South African Police have reacted to statements recently made by a person who is attached to a motor-car company in Port Elizabeth and whose name and particulars have been furnished to the South African Police for the purposes of the Minister's reply; if not, why not; if so, what is the (a) name of this (i) person and (ii) motor-car company and (b) nature of the above-mentioned statements;

(3) whether any action is contemplated in respect of the (a) person and (b) motor-car company concerned; if not, why not; if so, what action in each case;

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

†The MINISTER OF LAW AND ORDER:

(1) No, not on the beaches itself. Since information indicated that various events which could disturb the law and order, would take place on the beaches of Port Elizabeth, police patrols, assisted by members of the South African Defence Force, had been deployed in the area.

(a) to (c) Fall away.

(2) No.

(a) and (b) Fall away.

(3) (a) to (b) No.

(4) No.

†Mr J H VAN DER MERWE: Mr Speaker, arising from the reply of the hon the Minister, I want to tell him that we gained the impression from the press reports that Mr Bob White encouraged his employees to violate the laws of the country by swimming where they are not allowed to swim.

• Mr D J N MALCOMESS: That is not true!

†Mr J H VAN DER MERWE: The hon member for Port Elizabeth Central is not speaking now. I ask the hon the Minister whether a police investigation cannot be held into the matter.

†The MINISTER: Mr Speaker, I am not prepared to react to the impressions of the hon member.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Speaker, arising further out of the hon the Minister's reply, may I ask whether or not it is Government policy or the policy of his department to apply beach apartheid in instances where beaches have been allocated in accordance with Government policy?

†The MINISTER: Mr Speaker, that has nothing at all to do with the question before the House. If the hon member requires further particulars, he should please put his question on the Question Paper. [Interjections.] I repeat: If the hon member wants a complete answer he must put the question on the Question Paper, and I shall then furnish him with a reply.

HANSWARD  
11/3/86  
62  
\*33. Mr G SOAL asked the Minister of Law and Order:

(1) Whether any restrictions were imposed on funerals at Mamelodi over the weekend of 22 and 23 February 1986; if so, (a) what restrictions, (b) why, (c) on whose instructions and (d) for what period were these restrictions imposed;

(2) (a) how many funerals took place

3-DAY 11/3/86 (scribble) (62)

# Sullivan signatory's plea

THE Sullivan Code scoring system is counter-productive to the aims of the Rev Leon Sullivan, says Rank Xerox SA's MD David English.

He said in a statement in Johannesburg yesterday his company, as a Sullivan signatory, was firmly behind the principles of the Sullivan Code.

But English believed its effects among Sullivan signatories were being diluted through competition and secrecy, rather than co-operation and joint effort on behalf of the underprivileged.

"We don't pool our investments or use our joint energy on a project," he said. "Far too much time is spent on scoring points and putting complex reports together for the Sullivan Committee."

The Sullivan year runs from July to June, when companies have to submit a locally-audited report for a second audit by the Sullivan Committee in the US. An announcement is then made late in October with regard to how each company has fared.

"I believe it would be more effective if we stopped wasting time with all this. We should sign the agreement and then get on with putting it into practice.

"If we could join hands with other companies, as we're trying to do, we could pool our energies. For example, there's the possibility of eight companies joining together to support a major programme for social development." — Sapa.

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24/3/86

# Film and TV uncertainty after pull-out

The announcement by major US film and television company Lorimar that it is to stop selling feature films, video and television rights to SA has created uncertainty in the local market, reports TOM RETIEF

A HIGHLY-PLACED US film executive and former Lorimar employee, who was visiting this country at the time of the announcement, was told by the studio the same day that no pressure was brought to bear on the company to pull out of SA.

"We did it to look good," he was told.

The statement said that Lorimar, its divisions and subsidiaries "will not conduct business in, and will not sell product to, South Africa as long as the government continues its apartheid policies".

Local feelings are that the decision was a direct result of Lorimar's intention to raise \$70m in the US through a public share offering.

It appears the decision was based on the belief that South Africans other than whites are unable to enter the country's cinemas — a belief not without foundation before November, 1985, when government opened cinemas in all the major cities. Since then, cinemas in the smaller towns have been opened to all races.

The Lorimar decision is important for two reasons. Firstly, other US studios could follow suit and, secondly, piracy — now well under control since the Copyright Amendment Bill was passed last year — could once again become rampant.

The US is SA's major source of screen entertainment and, if the boycott becomes total, the country will be almost blacklisted internationally. Already SA may not show Equity products, which include almost every television and theatrical film made in the last decade using British union members.

Even Australian productions are banned here. A now defunct local video distributor, Video Stars, was refused the rights to distribute a long-running video series, *Prisoner*, in this country — even after it had distributed the first 20 parts.

Top US entertainer Woody Allen also refuses to allow his films to be screened in SA.

The decision by Tyne Daly, star of TV show "Cagney and Lacey", to donate her SA royalties to the ANC was greeted with dismay by the local industry. But that is preferable to banning the show from the video circuit and SABC because, with suggestions of an entertainment boycott of SA, the real question being asked is: Who would be affected most adversely?

Statistics issued recently by the All Media Products Survey (Amps) confirm that 58% of cinema-ticket buyers in SA are black, coloured or Asian. This is expected to increase further as more cinemas become multiracial.

Amps' television figures make even more interesting reading. Present figures are that about 67% of all viewers are black, coloureds or Asians.

According to the local independent trade magazine *Video and Movie Business*, it is common knowledge that blacks in SA have always taken comfort in the positive message which US movies and TV films demonstrate, such as seeing blacks as judges, doctors, bankers, executives and police chiefs.

Some local blacks are now aspiring to these model roles.



Own Correspondent

WASHINGTON. — Most US companies in South Africa are complying with fair labour practices, according to the State Department here, which is completing its first survey since President Reagan signed his South Africa-sanctions order last September.

Under the order, all American firms which have 25 or more employees in SA must comply with the top three categories of the Sullivan Code of fair employment

## US firms 'fair to SA labour'

principles, including desegregation of the workplace and equal pay for equal work.

According to department officials, 166 companies out of 250 respondents have certified they are in compliance with the order. Eighty firms said they employed few-

er than 25 SA employees. Only four refused to say whether they were applying the necessary measures.

"We're rather pleased with the response we've gotten," an official told the New York Times.

All US firms have until February 15, 1987, to

bring their SA operations into line. Those that do not will be denied Commerce Department export services and are liable to heavy fines. Company executives could also draw prison sentences of up to 10 years.

The State Department has assigned about 18 employees to enforcing the order — about half in Washington and half in the Pretoria embassy, charged with cross-checking the statements filed by companies.

BUSINESS DAY, Wednesday, March 12 1986

## US firms 'fair to SA workers'

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62

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17/3/86  
BDAI

# Harvard drops SA-linked firm

RICHARD WALKER

NEW YORK — Harvard University announced that it was selling its investment in a car parts manufacturer because of uncertainty over the company's conduct in South Africa.

About \$2m is involved in the disinvestment action against the Connecticut-

based Echlin Corporation, which becomes the fourth SA-linked firm to be dropped from Harvard's portfolio.

Echlin did not respond with information about its SA operations.

## Danech Mining Supplies Limited

(Reg. No. 69/00432/06)  
(Formerly Danx Investments Limited)  
(“Danech”)



Pressure  
18/3/86  
on Mobil  
for oil ban

WASHINGTON — Administrators of the New York City Municipal Workers' Retirement Plan, want to stop Mobil selling oil to the South African Government.

Mobil said yesterday that documents mailed to shareholders said the retirement plan was asking them to vote at the annual meeting on May 8 for a resolution which would prohibit sales to all South African Government agencies, including the military and police.

The administrators feel such a ban would increase pressure on South Africa to end its apartheid policy, Mobil said.

The retirement plan owns 391,200 shares of Mobil common stock, a mere one percent. But if a majority of shareholders vote in favour of the proposal, the result would be binding on the company.

The Mobil board of directors recommends that shareholders oppose the proposal. — Sapa-Reuter.

# R20-m to help build the future

23/3/86  
CIP

A R20-million fund for "black advancement in South Africa" will be established by the Coca-Cola Corporation.

The fund will be administered by a black board of trustees.

A company spokesman said the R20-m would be distributed among a "set of independent foundations".

Coca-Cola said it had consulted a broad cross-section of SA leaders concerning the establishment of a set of independent foundations to assist "black advancement".

The board of trustees of the fund for black education will consist mostly of black South Africans. Their names will be announced soon, said Coca-Cola divisional manager Fred Meyer.

Initially, there was a clash of views over a memorandum signed jointly by Bishop Desmond Tutu, Dr Allan Boesak and Professor Jakes Gerwel - rector designate of Western Cape University.

The memorandum was sent to senior Coca-Cola executive David Schneider,

who is putting the trust together.

A portion of the memorandum which states that "the involvement of any homelands functionaries or persons connected to organisations with official homeland links would preclude our participation", angered KwaZulu Chief Minister Chief MG Buthelezi, who said international donor agencies could be manipulated for political purposes.

The memorandum also urged Coca-Cola to threaten to consider pulling out of SA unless the Government took significant steps towards change.

Buthelezi, who was visiting West Germany, said his comments had sparked off a lively debate among German church leaders who were shocked at his disclosures at the way donor funds were "selectively used".

But the Coca-Cola Corporation believes the argument has been resolved and that the basic principles of the fund have been accepted, a company spokesman said.

# Film and TV

## uncertainty after pull-out

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Some local blacks are now aspiring to these model roles.

R20-m (62)  
fund for  
SA blacks

The Star Bureau

WASHINGTON — Coca-Cola has announced a gift of R20 million to create new South African foundations to open opportunities for blacks in business, housing and education.

The foundations, to be called Equal Opportunity funds, are to be run by a board of South Africans, including Bishop Desmond Tutu of Johannesburg and Dr Allan Boesak, churchman and one of the founders of the United Democratic Front.

"We are putting our money where our mouth is," said Mr Carl Ware, Coca Cola's vice president of urban affairs.

**Hands off' by Coke** <sup>62</sup>  
**on R20-m gift for SA**

*CPL 114K 26/3/80*  
ATLANTA, Georgia. — The Coca-Cola Company will give about R20 million to establish new foundations aimed at improving business, housing and education opportunities for blacks in South Africa.

Coca-Cola spokesman Mr Mark Preisinger confirmed this week that the Atlanta-based soft-drink company would set up a non-profit organization to raise money to augment the initial R20-million gift.

The foundations, to be called Equal Opportunity Funds, will be administered by a board of prominent South Africans, including Bishop Desmond Tutu and the Rev Allan Boesak.

Mr Carl Ware, the company's vice-president of urban affairs, said Coca-Cola would have a "hands-off" policy toward the foundations, allowing decisions on the funds to be made by the seven-member board.

He called it the first such undertaking by an American corporation. — Sapa-AP



# Tyre company sponsors video education plan

27/3/80 - SMAR

(62)

By Susan Fleming

It had become extremely difficult for the private sector to play an important role in black education, the chairman and managing director of Goodyear SA, Mr W F Life, said yesterday.

At the launch of a video education project to which his company had given R1,2 million, Mr Life said the stayaways and destruction of school property made it unrealistic for companies to invest large sums in building and improving school facilities.

"Our efforts have, therefore, had to be directed outside the normal education system into such areas as teacher upgrading programmes, student bursaries, the provision of libraries and specialised subject support."

Mr Life said he understood — but found it hard to agree with — the sentiments of those who argued that the private sector should "not be trying to build up what the community was trying to break down".

But he added: "We are equally opposed to a system which provides unequal education and our efforts are directed at trying to eliminate those

inequalities.

"We simply cannot turn our backs on the educational needs of the community. The price is too high."

Mr Life said the video education project, initiated by the Eastern Cape region of the Urban Foundation, would be available to children of all races.

The programme, to be introduced next year, will amount to 120 video tapes funded by Goodyear over three years.

Mr Life said the aim of the videos was to offer high-school students a range of careers to help them in their choice of school subjects.

It was planned to illustrate about 60 careers.

"Most important is the need to assist young children of all races to prepare themselves for the job opportunities that are available in the South African economy.

"Unfortunately, at a time when the country is short of skilled labour and with the demand for skills growing all the time, many students leave school or university prepared for careers in which there are no opportunities — at least not in the short term."

will be grate-  
Seaside Fund,

ent.

# Shell SA <sup>SPAR</sup> opposes <sup>21 318</sup> apartheid — and <sup>69</sup> sanctions

Shell South Africa does not support apartheid but does not believe in disinvestment, says chairman Mr John Wilson.

Commenting on the call last Friday by British and Dutch anti-apartheid groups for the parent company, the Royal Dutch and Shell Group, to withdraw from South Africa or face anti-apartheid campaigns, Mr Wilson said Shell believed apartheid was indefensible.

The group was singled out because of what the Anti-Apartheid Movement termed "a very significant involvement in and support of the apartheid regime". Mr Wilson said Shell denied this.

The company did not believe disinvestment was the best way to achieve peaceful political reform because the wholesale withdrawal of investments would stop the pressure for change exerted by multinationals, he said.

Enlightened employment and social policies of the multinationals had helped make significant improvements to the working and living conditions of the black community.

Shell had called for meaningful political participation for blacks, universal citizenship, an end to the forced removal of people and the further development of free and independent trade unions, Mr Wilson said.

He added that Shell South Africa had long been committed to providing all its employees with good, safe working conditions:

"There is no discrimination on grounds of race, colour, sex or creed in any of Shell's practices in South Africa."

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Cape Times 4/4/86

# Oil giant boosts SA education

62

By GORDON KLING  
Financial Editor

WITHIN 24 hours of Bishop Desmond Tutu's call for sanctions, the biggest US investor in South Africa has emphasized its determination to stay by injecting R40-million into a black development foundation.

The American oil company Mobil yesterday said the foundation would have two subsidiary trusts — one for education and the other for small business and rural development.

## Directors

The boards of directors of each of these have yet to be disclosed but Mobil sources yesterday said they would be manned by business people, community leaders and educationists.

A company statement said: "The announcement comes after 12 months of intensive planning and development with community leaders, and represents an important new emphasis to Mobil's commitment to social improvement."

However sources close to the company disclosed to the Cape Times that the initiative was unveiled earlier than planned as a direct response to Bishop Tutu's call.

Mobil has firmly committed itself to the corporate camp aggressively campaigning for change from within, as

opposed to those who had opted to assume an increasingly lower profile prior to a fade-out.

Some 20 US firms left last year and the Washington Post reported earlier this week that another five are busy quitting.

US firms emphasizing their intention to stay to promote political and social change from within include Coca Cola, IBM, and General Motors.

Mobil Oil Southern Africa chairman, Mr Georges Racine, said the establishment of the foundation indicated the company intended to stay in South Africa despite disinvestment pressure from overseas.

## Tension

The foundation had been established at a time when the lack of adequate education for black people had become a cause of tension and violence.

Mr Racine said: "We believe that there is only one way to answer the justifiable anger among blacks at the shortcomings in the education of their children — that is to improve teaching and

♦♦♦♦

To Page 17

## BUSINESS BRIEF

Gold (close)	\$333,50
Rand	\$0,4640/50
FT index (close)	1425,90
BD 100	1258,80
Dow Jones	1766,40

Cape Times 4/4/86

A From page 1  
62



the quality of education in one system."

A press conference to spell out details is to be called shortly.

Mobil sources say the company is the biggest American investor in South Africa, but no figures are given. It is also probably the oldest, with links going back to the late 1890s when the then Vacuum Oil Company (which eventually became Mobil) opened an office in Cape Town.

The company has played a major role in self-help and education programmes including TOPS (teacher opportunity programmes) — a coalition of the Urban Foundation, the private sector and black teacher bodies.

It offers an in-service training programme to improve teacher qualifications and competence in the classroom. Mobil was one of the first of 186 signatories to the Sullivan Code governing the conduct of US firms in South Africa.

WASHINGTON 11/4/86

# Tutu's plea may spur Congress to new sanctions calls aides



WASHINGTON — The plea for anti-SA punitive sanctions by Bishop of Johannesburg Desmond Tutu could touch off new US congressional pressure for a tougher line against SA.

"Many in Congress view Bishop Tutu as a credible leader and will therefore see his calling for more punitive sanctions as very important," said an aide of the House sub-committee on Africa.

"I think that helps the case (for tougher US sanctions) in Congress very much," she added.

The Reagan administration has rejected Bishop Tutu's plea for additional Western sanctions.

President Ronald Reagan, under heavy congressional pressure, changed tack last year and in a September 9 executive order imposed limited punitive measures

which barred bank loans to Pretoria and prohibited the export of nuclear and computer equipment to government agencies.

History could repeat itself this year if sufficient pressure could be generated, congressional aides said.

Congress, with its attention focused on Reagan's aid request for Nicaraguan rebels and budgetary issues, has appeared willing in recent months to give Reagan's SA package some time to work.

But House and Senate aides said Bishop Tutu's plea would help revive congressional concern and prompt new efforts to pass tough anti-apartheid legislation.

Any bill would have to be signed by Reagan. If he vetoed it, a two-thirds vote in both the House of Representatives and Senate would

be needed to pass it into law.

Rejecting new sanctions on Wednesday, the State Department repeated a long-standing US argument that such measures "would hurt SA's economy, which is central to the region's stability and a major force for change domestically".

Several bills are pending in Congress, including legislation for a trade embargo and withdrawal of all US investments from SA. The House has scheduled two hearings this month to review the SA situation.

"There will be an assessment at the end of the hearings and a decision made on whether they want to push the disinvestment Bill or decide to come up with something else," the House aide said. — Sapa-  
Reuter.

6/11/86  
CITY P  
**Many  
call for  
advice**

CITIBANK - the American bank which has started a black business unit - has had more than 1 000 calls since it launched the unit recently.

62  
The bank - which gives advice and offers loans to black businessmen - is committed to change in South Africa, Citibank managing director David Hexter said.

He said the bank is working towards a future which holds greater opportunities and prosperity for all. It supports moves leading to the scrapping of all legislation restricting black businessmen.

For more information, contact Peter Matlare and Cyril Jessiman at (011) 833-5763.

ARGAS 10/4/86 by [signature]

# Pull-out by GM 'would cripple PE'

WITHDRAWAL by General Motors from Port Elizabeth for political reasons would cripple the city, says Mr Andrew Savage (PFP Walmer).

Speaking in the second-reading debate on the Budget yesterday he said it was difficult to imagine the area if this were to happen.

However, the time would come when multinational companies such as GM would be forced to consider their "wider

constituency" and could not want to be seen as "playing along with the Government's repugnant political experiments".

Mr Savage said he had spoken to Cabinet Ministers about this. Their response was that they should not be expected to run their departments to suit individual companies.

There was a complete lack of understanding of the chain reaction a withdrawal such as that of GM



would have Mr Savage on industry, commerce, finance and service organisations — and the inevitable consequences of unemployment, racial polarisation and violence.

An exodus of whites from Port Elizabeth seemed evidential. About 1 000 fewer white pupils began primary school this year than in 1985.

There were hundreds of properties on the market and liquidations and insolvencies in the first three months of this year were higher than in the same period in 1985. Sapa

**Xerox boss not  
hopeful about SA**

ROCHESTER (New York) —

Xerox Corporation is considering pulling out of South Africa if tensions do not ease and pressures in the United States continue to mount, says the company's top executive.

"I am not optimistic about South Africa," said Mr. David Kearns, Xerox's chairman.

"If we go through the rest of 1986 and there really isn't any progress at all down there we might pull out."

In an interview published in the *Rochester Times-Union*, Mr. Kearns expressed doubts whether real change was occurring. — Sapa-Associated Press.

## 'US firms should stay to press for SA change' <sup>62</sup>

APG 4 11/1/86  
DETROIT. — American corporations should stay in South Africa to press for an end to apartheid, but they feel they could eventually be forced out unless the South African Government makes major changes, according to a leader of a group of major company executives.

Mr Michael Blumenthal, chairman of Burroughs Corporation, said in an interview US firms have had a positive impact in lobbying the South African Government to move away from white supremacy and racial separation.

Mr Blumenthal, former treasury secretary under President Carter, was co-founder last year of the US Corporate Council on South Africa, which has enlisted more than 100 chief executives of major firms to press for expanding the politi-

cal and economic rights of black South Africans.

"The influence we have is more than miniscule. I don't think the South African authorities or economy would like to see us pull out," he said.

However, he said US companies could not wait indefinitely for apartheid to be eliminated because conflict between the Government and the black majority would worsen without such changes.

"Sooner or later, forces will be unleashed, whether we like it or not, that will make it inevitable that people will have to leave if something hasn't changed significantly."

President Mr P W Botha appeared to offer new hope in recent months, he said, but it was up to the Government to back up its statements with action. — Sapa-Reuter.



# Changes needed to keep US firms in SA

15/4/86 STAR

By Richard Walker

DETROIT — American corporations should stay in South Africa to press for an end to apartheid, but they feel they could eventually be forced out unless Pretoria makes major changes, according to a leader of a group of major company executives.

Mr. W. Michael Blumenthal, chairman of Burroughs Corporation, said in an interview that US firms have had a positive impact in lobbying the South African Government to move away from white supremacy and racial separation.

Mr. Blumenthal, former Treasury Secretary under President Carter, was co-founder last year of the US Corporate Council on South Africa, which has enlisted more than 100 chief executives of major firms to press for expanding the political and economic rights of black South Africans.

"The influence we have is more than miniscule. I don't

think the South African authorities or economy would like to see us pull out," he said.

However, Mr. Blumenthal said US companies could not wait indefinitely for Pretoria to eliminate the major elements of apartheid because the conflict between the Government and the black majority would worsen without such changes.

## 'Ripple effect'

"Sooner or later, forces will be unleashed, whether we like it or not, that will make it inevitable that people will have to leave if something hasn't changed significantly."

State President Botha appeared to offer new hope in the past few months, he said, but it was up to Pretoria to back up its statements with action.

Mr. Blumenthal said declarations against apartheid by his corporate group — which includes chief executives of industrial giants like General Motors,

IBM Corporation and Dow Chemical — had caused a "ripple effect" on firms in Europe and Australia that influenced their stance on South Africa.

The group's actions had also had a "significant psychological impact" in supporting business leaders in South Africa who were pressing their Government for sweeping changes, he said.

Asked under what conditions he might change his view, the Burroughs chairman said it would be a "telling sign" if Mr. Botha's Government slowed or stopped a trend towards "total elimination of the critical elements of apartheid".

Burroughs last year revealed it had drawn up contingency plans for withdrawing from South Africa if the conflict over apartheid worsened.

However, he said he would "strongly resist" setting a deadline for pulling out of the country. — Reuter.

US companies in South Africa have begun to apply steady pressure on the Government to abandon its apartheid policies.

Recently the 186 biggest and most influential US companies attacked the racially segregated education system - one of the major causes of unrest.

The 186 companies, signatories to the Sullivan Code of Practice, telexed an urgent appeal to the Government in November to take "urgent" steps to "lower tensions in the continuing education crisis."

They followed it up with a request that the Government abolish its racially divided education system. The call was contained in a 15-page memorandum to Education Minister FW de Klerk and Co-operation, Development and Education Minister Gerrit Viljoen.

The memorandum, prepared by the Sullivan companies' task force on education, recommended as an immediate and essential objective the upgrading of the

# US firms put on pressure

CITY P.

23/2/86

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100 000 under-qualified black schoolteachers through in-service education and training.

But, the memorandum added: "Reforms in education without a commitment to the elimination of apartheid will lack credibility in the eyes of the majority of South Africans."

It offered to help in bringing about the fundamental changes needed, through independent programs to improve the quality of teaching and learning.

The lack of properly qualified teachers, the memorandum said, is the single most serious factor seen by pupils as hampering their progress at school

and "the most likely cause of school boycotts".

It said there would be a shortage of teachers for the rest of the century and the effectiveness of every teacher needed to be developed to the maximum.

"Unless the teacher problem is tackled the private sector will be doing remedial work in education forever and will struggle to train people effectively to run the economy."

Private sector action to improve the quality of education now seems essential, the memorandum said.

The Sullivan companies were prepared to help financially and actively in immediate steps to upgrade



VILJOEN

black teachers, as the future of black education depended on their competence.

Pat O'Malley, chairman of the education task force, said: "In the long term the survival of the free enterprise system in SA depends on such reforms."

"Certainly from black people's point of view reform in the education system is important, as they see the system as limiting their access to the economy and thus having a profound effect on their lives."

The Sullivan companies have changed the emphasis of their responsibility programs to include acting as a catalyst for structural reform.

APR 16/1986

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## Giant US firm to cut ties with SA

**The Argus Foreign Service**  
WASHINGTON. — In a deal with five of its employees the communications giant American Telephone and Telegraph Company is to sever business ties with South Africa for political reasons.

The company has agreed to initiate talks immediately to stop sales of its products in South Africa by Olivetti, in which it has a 20 percent interest. It has also undertaken six other actions.

While AT and T was eager yesterday to leave the impression it was not seeking a "cheap opportunity to look good", its move was hailed by US anti-apartheid groups as a major step and an important precedent.

### RESOLUTION

In return for the acts, a group of five AT and T employees working for Bell Laboratories in New Jersey have agreed to withdraw a shareholder resolution due to arise at a shareholders' meeting in San Francisco today.

The resolution apparently calls on AT and T to rid its employee pension fund of stocks of companies doing business with South Africa. AT and T rejected this.

"This is a terribly important precedent," said a spokesman for the Interfaith Centre on Corporate Responsibility, a church-run anti-apartheid group. "It's going to broaden the debate over disinvestment."

● See Page 16.

## Butchers meet



# US banks issue apartheid warning

The Star Bureau

WASHINGTON — American bankers favouring business ties with South Africa yesterday issued a blunt warning to the Government — get rid of apartheid, or no more money.

The bankers said Pretoria had to make visible changes and implement power sharing before new financing would be made available. But the banks did not specify how this had to be done.

Said the vice chairman of Morgan Guaranty Trust Company of New York, Mr Rodney Wagner: "We would like to see significant changes. We find it difficult to define exactly what these changes should be.

"And we find our leverage is perhaps stronger by not defining it, by saying to the South African Government: 'We will wait and see what you do and then make judgments on what you produce. But as of this point, there is no contemplation of any money'," he said.

Mr Wagner and two other bankers — Mr Gordon Phelps, senior vice-president of Citibank, and senior vice-president of Manufacturers Hanover Trust Company Mr John Zutter — were giving evidence at a Congressional hearing.

Said Mr Phelps: "We feel there must be an absolute end to apartheid.

"There must be a process that will allow all citizens of that country to have an equal voting opportunity. And there must be minority rights protection also."

Answering questions on South Africa's debt moratorium and partial re-scheduling of debt, the three bankers said they had stopped loans to the SA Government long before President Ronald Reagan forbade them last September.

"Nobody is making loans to South Africa right now. With the moratorium in place and with the negotiations we've had (with Pretoria), it is at an absolute dead standstill," said Mr Wagner.

South Africa still owes American banks about \$3,3 billion (R6,6 billion) and has total external debt of \$22,5 billion (about R45 billion).

ARGUS 8/4/66 (8) 62

## City priest hungers for US disinvestment

The Argus Foreign Service

WASHINGTON. — A Cape Town priest has entered the ninth day of a fast to persuade an American university to disinvest from South Africa.

Father Basil van Rensburg says he will keep up his water-only fast for three more weeks until the University of Notre Dame's board of trustees discusses sanctions on May 9 and 10.

He said: "The people of my parish of District Six and the great black majority of South Africa are looking to Notre Dame for understanding and for prophetic witness."

### PUBLICITY

The university was being asked to choose, he said. "Until it divests, the university has chosen to identify with the white establishment, its corporate institutions and State agencies." The agencies, Mr van Rensburg said, included the police and military.

His fast has drawn publicity on campus and in the local town of South Bend, Indiana.

Mr van Rensburg is on a year's sabbatical.

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# US firms here to stay (62)

US AMBASSADOR to SA Herman Nickel perhaps best summed up his country's feelings when he said chronic mass unemployment caused by inadequate investment and job creation would jeopardise the political stability of SA, no matter which government was in power.

But *Sowetan* journalist Sam Mabe said most blacks favoured disinvestment because they believed Britain and the US would bring greater pressure for change if they did not have commercial interests to consider.

The conference, titled "International Corporate Involvement in SA— Quo Vadis?", was organised jointly by the American Chamber of Commerce and the SA Institute of International Affairs.

It brought together speakers from across the



There seemed to be general consensus among delegates at a conference on international corporate involvement in SA that they should stay on, despite a growing campaign — especially in the US — for disinvestment, writes PETER WALLINGTON.

spectrum and hundreds of businessmen who wanted to discover what more they could do to end apartheid.

With the SA economy in recession, profits falling and a worsening political crisis, Nickel warned that 1986 was a "make or break" year.

"It is a year of decision, for better or for worse, a year of promise or peril. The clock is ticking away. And when it tolls, it will also toll for the corporate role in this country," he said.

A prominent US businessman, vice-president and treasurer of New England Asset Management Allan Nelson, agreed.

He told *Business Day* he believed the relationship between the US and SA was running out and mentioned the June 14 "rally for equal rights in SA" that will be held throughout the US.

Major organisations and states, like the State of New Jersey and the cities of Los Angeles and San Francisco, have enacted divestiture action. Banks like Wells Fargo and Chase have pledged not to lend to SA and, of course, President Ronald Reagan imposed limited sanctions last year.

Nickel added that further "stringent disinvestment Bills are sure to be before the US Congress this year and are sure to attract strong support".

And Nelson said he believed more companies would pull out. Of the approximately 300 US companies operating in SA,

about 28 pulled out last year.

There are three main factors that make continued involvement in SA difficult:

□ Firstly, the "hassle factor" which Nickel said had, for some time, been part of the extra cost of doing business in SA and which has escalated constantly.

Nelson pointed out that SA revenues make on average just 1% of multinational corporations' annual turnover, but said these corporations spent a disproportionate amount of time defending and justifying their involvement.

□ Closely tied to this is the "public image" factor. Corporations spent millions of dollars on advertising and public relations accounts, but all this could go down the drain through bad publicity because of an SA connection. □ Then there is the "profitability" factor. Profits are down, said Nelson, and the local economy is going through a recession. For companies, particularly those without substantial commercial interests, a combination of these factors made staying unattractive.

On the other hand, Nelson said, pulling out can be profitable in terms of good Press coverage. He noted that the *Wall Street Journal* periodically runs adverts saying: "Let us help you divest from SA" at a profit.

Yet for all this, most companies have committed themselves to staying in SA, where the US has about \$14m worth of in-

vestments, including bank loans.

One such company is NCR. MD Jim Houston told *Business Day* he believed there were two main reasons for staying — firstly, it was good commercial sense and, secondly, pulling out would not help the reform process.

Good profits are not the only good commercial reasons. Houston says most US American companies are multinational companies, and have commitments to other multinational firms companies in SA.

# Union wants a say in R20m fund

THE Food Beverage Workers' Union (FBWU) has criticised the Coca-Cola company for not consulting it about a decision to give R20m to improving business, housing and educational opportunities for blacks.

This follows Coca-Cola's decision to establish an equal opportunity fund. Trustees of the fund include Nobel peace prize-winner the Rt Rev Desmond Tutu, Archbishop-elect of

24/4/86 BUS DAY education.  
**CLAIRE PICKARD-CAMBRIDGE**

Cape Town, and the Rev Allan Boesak.

Transvaal FBWU chairman George Nene said: "Black workers at the company should have some say as to how the money is spent because they feel the company does not do enough to assist them with housing and the financing of their children's

Coca-Cola External Affairs Manager Hennie Viljoen said the company had told James Mndaweni, president of the Council of Unions of SA (Cusa), to which the FBWU is affiliated, on Monday that the company supported the principle of a trade unionist trustee.

He said he did not wish to comment on the union's allegations.

## "THE VITAL VIEWPOINT"

WASHINGTON — American Telephone & Telegraph, one of America's biggest corporations, will today announce a private boycott of SA.

The ominous move by a major multinational organisation covers communications, computers and minerals.

The private embargo is being brought about by only five employees who had intended introducing a shun-SA proposal at today's annual meeting in San Francisco.

AT&T PRO Edward Brock said last night: "We're not trying to look sanctimonious. This isn't a cheap publicity stunt."

At the meeting the company will announce a boycott on all dealings with SA. This includes contracts with Impala Platinum, worth \$5.5m last year, for platinum and palladium, which will not be renewed at the end of next year.

Only the handling of international telephone calls is exempt from AT&T's imminent boycott ruling.

Physicist Barbara Wilson, one of the five employees who threatened to propose similar sanctions at the annual meeting, said last night she was amazed at the multinational corporation's decision.

AT&T is also believed to have been under pressure from the Communications Workers of America. The labour union represents many of AT&T employees and has come out in support of a total embargo against SA.

Brock said all sales to and purchases from SA would cease and a contract with Olivetti, allowing the Italian company to distribute AT&T computers in SA, would also be terminated.

An Olivetti Africa spokesman said yesterday his company was not aware of AT&T's impending decision and could not comment until he had been fully briefed by head office in Italy.

AT&T holds a 25% share in Olivetti. The US company has no plant, sales

# AT&T to sever SA links

300 DAY  
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SIMON BARBER

office or employees in SA and, said Brock, computer sales through Olivetti were negligible.

An Impala spokesman said last night that AT&T's decision was "disappointing but not really significant," ALAN RUDDOCK reports.

AT&T's volume requirements were low so it would not be too difficult for it to source its supply elsewhere — probably from the Soviet Union, he added.

He said that the basic telephone service between the US and SA would not be affected but special services, including data transmission and tele-conferencing, would be dropped.

The Department of Posts and Telecommunications could not be reached for comment yesterday.

AT&T has decided not to divest its in-house pension fund of stocks in SA-related firms but will set up a new SA-free fund for employees who want it.

Anti-apartheid activists hailed the move as a watershed.

Tim Smith, head of the Interfaith Centre on Corporate Responsibility in New York, called the move "terribly important... it's going to put pressure on a lot of other companies".

Until now the only major US firm to take such a step was Phibro-Salomon which announced last year it would refuse to handle SA minerals or underwrite loans to SA.



# US giants may sell Westplat stake

April 1988

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By Don Robertson

AN analyst close to Lonrho's Western Platinum says two of the company's three main shareholders are about to sell a large part of their stake.

He says Falconbridge and Mobil, which together hold 49% of the platinum producer, will soon establish a listed company and hive off a large part of their interest.

This would reduce their stake in politically sensitive South Africa and allow them to remit funds abroad.

## Denial

Falconbridge's 25% interest in Westplat is held through Ranch Mining Company, and Mobil acquired its 24% stake through its acquisition of Superior Oil. Mobil SA has no knowledge of its parent company's interest in Westplat.

Lonrho holds 50,44% of the equity.

However, Chris Beatty, managing director of the SA division of Falconbridge, denies that any moves are afoot. A director of Mobil SA says only Mobil US knows what is going on.

London stockbrokers James Capel says Gold Fields of SA could be a suitor for the 49% stake.

But Terrence Wilkinson, joint managing director (with Mr Beatty) of Western Platinum, knows of no new plans to sell the joint interest.

Mr Beatty says his company is happy with its investment in Westplat and a decision to sell part of its interest "is not something we are looking at now".

In the year to last September, Westplat recorded an attributable profit of R37,8-million compared with R24,5-million in 1984 — in spite of an almost doubling of tax.

However, no dividends were declared as the com-

pany used cash flow to pay for a new base-metal recovery plant costing R23-million.

Provided prices of platinum group metals (PGM), nickel and copper hold at present levels and the rand does not improve too strongly, results for the current year should be higher.

In the past, matte containing PGM, copper and nickel was sent to Norway for recovery of the base metals and then returned to the Western Platinum Refinery on the East Rand for extraction of PGM and gold.

It is believed that refining matte in this manner cost about R4 000 a ton. Westplat has completed its base-metal recovery plant at the mine.

## R10m saving

The remaining matte is sent to the Western Platinum Refinery for recovery of the precious metals. Recovery costs are expected to be about R1 000 a ton and could, according to Mr Wilkinson, save the company about R10-million a year.

The company will also increase production of UG2 reef ore by 240 000 tons a year, which should boost last year's tonnage of 2-million tons.

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62 SPAR 25/4/86

# We won't pull out, says top IBM man

The Chief Executive Officer of American computer giant IBM, Mr John Akers, says he is "increasingly discouraged at the slow pace of change" in South Africa.

But he has denied IBM is to close its South African subsidiary. In a statement released by IBM South Africa today to "set the record straight", Mr Akers said he had told a *New York Times* reporter the company's policy towards South Africa had not altered but that he was increasingly discouraged about the slow pace of change here.

Today Mr Akers contacted IBM South Africa managing director, Mr Jack Clarke, to dispel uncertainty created among employees and customers following the appearance of the interview.

"I was quoted as saying that we were constantly reviewing whether to close down the South African subsidiary, in fact I told

the reporter that IBM was constantly reviewing its position in South Africa.

"Our stance on South Africa is the same as was published in the *New York Times* interview of March 1985 — we will maintain our presence for as long as we have a chance to have profitable business and effect change in South Africa".

Mr Akers repeated that IBM had not decided to withdraw from South Africa, but that he was more pessimistic than a year ago.

"I told the *New York Times* that the lack of progress was making it difficult for IBM to maintain sound business and contribute to peaceful change.

"I remain convinced that continued American presence in South Africa is an important agent for positive change — but whether this presence diminishes will be determined by the actions of the South African Government."

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RAVAN PRESS

# District 6 father in fast at US university

W/L ARGUS 26/4/86

Weekend Argus Foreign Service

WASHINGTON. — A South African fasting for disinvestment at a university in Indiana has urged the South African priesthood to openly support African liberation.

Father Basil van Rensburg, of Holy Cross Catholic Church in District Six, is taking water only at Notre Dame University.

The clergyman has been fasting since April 9. He has lost about 12kg and he is starting to feel weak.

He called on South Africa's priests to "make more noise now and support the African liberation movement" and said: "This is the moment of truth for all South Africans."

Father van Rensburg's fast is aimed at turning a vote by Notre Dame University's board of trustees on May 9 and 10, against links with companies doing business with South Africa.

He is trying also to influence Southern African bishops who are to meet at a special conference next month to decide on divestment. The meeting will be chaired by Archbishop Dennis Hurley of Durban.

"My prayer is that they decide on disinvestment," the fasting Father said.

He said he knew his campaign for disinvestment could be viewed as an act of treason.

"It does concern me, but the conviction of my crusade is to bring people more quickly to the negotiating table for talks with the real leaders."

The fast has attracted attention and media coverage at Indiana's university town of South Bend where he is on a year's sabbatical at Notre Dame.

His campaign has also drawn student and faculty support. On Friday he took part in an anti-apartheid rally on the steps of the administration offices.

## Chat show

Next Wednesday he will take part in a major Chicago radio chat show and is apparently considering invitations to other mainstream media cities.

Father van Rensburg has written to all members of Notre Dame's board of trustees urging them to divest South African-tied holdings.

And he plans to write to all the bishops attending next month's divestment conference in South Africa. The letters will contain details of his campus fast and how it was received.

He has apparently also lobbied the chairman of the board of trustees, describing in detail to him the apartheid system and its effects.

Despite his deteriorating condition, Father van Rensburg said he was able to attend all his classes, and was generally in excellent health.

"I find I'm able to concentrate more clearly because my energies are not being used to digest McDonald's hamburgers but are rather going to my brain," he said. Missing meals and pre-dinner cocktails enabled him to study three or more hours longer each day, he claims.



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AT & T

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## A warning shot

The South African pullout by US telecommunication and computer giant AT & T is something like a fairground lion — all noise but no teeth.

The company, under pressure from a small group of employees, announced last week it was cutting business ties with SA and would end computer sales, phase out its purchase of minerals and would not provide special long-distance and data transmission services.

Says Sapo deputy postmaster general Jimmy Taylor: "As far as we can establish, it has no bearing on us. AT & T provides our long-distance telephonic link to the US but this service is not affected. We have never used its special services and it is not an international data and telex carrier.

"Since the deregulation of the US telecommunications industry in 1984 we have a number of alternatives open to us. If the worst comes to the worst, we can always reroute calls through other US companies or other countries."

The pullout did come as a surprise to Olivetti SA, which handles the local distribution of the company's computers. But MD Virgilio Zaina says he has yet to receive official confirmation that AT & T will stop supplying computers destined for SA to Olivetti Italy.

The only AT & T product available in SA is the 32-bit 3B range introduced about 18 months ago.

The only local company hit substantially is Rustenburg Platinum which sells AT & T platinum and palladium worth some R12m a year for its telephone equipment. The supply contract will not be renewed at the end of next year.

A spokesman for Rusplats tells the *FM* the decision is disappointing, but it won't hurt.

An AT & T spokesman admitted last week: "This was no heroic act in economic terms" since AT & T had no direct investments in SA. But, he insisted, "it is a serious commitment to our employees."

The company has resisted pressure to shed its pension fund's \$30-billion worth of stock in firms doing business in SA. Instead, workers are being given the option to invest their savings in a portfolio of firms with no South African links.

But, however slight the effect of this move, observers point out that it is still part of a gradual process. While SA has yet to be materially hit by high-tech disinvestment, there could well be greater pain to come. ■

(62)

# CBS pullout from SA financial

By ANDREW DONALDSON

THE disinvestment in the South African recording industry by one of America's largest record companies, CBS, was a financial, rather than political, pullout.

Music from the company's roster of recording stars — including the world's biggest rock star and staunch anti-apartheid campaigner, Bruce Springsteen — will still be available locally for several years.

Commenting on the CBS pullout, record industry figures this week said it was highly unlikely that Gallo Africa would relinquish the 49 percent CBS

held in its GRC Company without negotiating extensive licensing rights. CBS, in severing its South African ties, sold its shares back to Gallo this month, but records by CBS artists, including Springsteen, The Rolling Stones, Barbra Streisand and Neil Diamond, would still be available in South Africa until their current recording contracts (with CBS) and local licensing rights expired.

Despite repeated efforts this week, the managing director of Gallo Africa and the chairman of the Association of South African Music Industries, Mr Doug Band, could not be contacted for comment.

But the local record industry still faced the threat of a cultural boycott from American artists, including CBS's Springsteen as well as the newly-formed British Lobby, Artists Against Apartheid (AAA), which features South African-born trumpeter Hugh Masekela, Sade and Dire Straits, who have donated all royalties from local sales to Amnesty International.

AAA have indicated their intention to boycott and campaign against all South African product released internationally.

Meanwhile, both Mr Derek Hannan, the managing director of Wea Records

(SA) — a wholly American-owned company, and Mr Paddy Lee Thorp, of Cape Town's independent Mountain Records, have indicated their opposition to any form of cultural boycott.

In particular, Mr Thorp said a cultural boycott would seriously discourage the growth of tolerance and hinder the free exchange of ideals — "possibly even create a conservative backlash".

"Why not rather donate money from South African sales to organizations like Amnesty International or even the African National Congress, like some artists do?"



Bruce Springsteen

# General Electric pulls out

GENERAL ELECTRIC (GE) of the US has agreed to a management buy-out of its South African operation for an undisclosed sum.

A weekend statement said local management concluded an agreement with GE to purchase all the shares in the SA company.

With immediate effect, SA General Electric (SAGE) has changed its name to Genwest Industries (Genwest).

The medical and plastics businesses have been sold to their respective managers and the locomotive business has been transferred to the Dorbyl Group. The remaining activities previously un-

28/4/86  
Industry Reporter  
undertaken in the SAGE wing will fall under Genwest.

Rationalisation of GE's interests has taken place against a background of other pullouts by American corporations.

GE's abdication makes it the third by a US company in recent weeks — Marriott Corporation and AT & T have already indicated they will withdraw from SA.

"GE has made it clear that it wishes to continue to make its products available to South Africa," said Ron Hoffman, who will head Genwest.

3W DA  
29/4/89  
62

# No big changes are planned by Genwest

Industrial Staff

GENWEST chief executive Ron Hofman says his new company will abide by all obligations undertaken by SA General Electric (SAGE).

Commenting on the takeover by local management of SAGE from US parent General Electric (GE) at the weekend, he said Genwest would also abide by the GE statement of principles on doing business in SA.

"Our company will be structured exactly as before. We do not envisage that the changes will have any significant impact on the structure of the organisation or on staff complement."

Asked whether Genwest would seek a listing on the Johannesburg Stock Exchange, Hofman said it was still too early to say, but he did not discount the idea entirely.

"When our business develops to the point that we think such an idea is feasible, then a JSE listing is possible. Certainly, plans are afoot — but a company such as ours, employing over 500 people, must cover all contingencies."

He said the transfer of the locomotive division to the Dorbyl Group did not entail any great changes as Dorbyl had been the licensee under the old structure and the move required the transfer of two staff members only.

(192) (62)

# GM reports income a bit down on '85

**GENERAL MOTORS (GM)** earned net income of \$1,0646m on record sales and revenues totalling \$26,8bn during the first quarter of 1986, according to a report by chairman Roger Smith and president F James McDonald received in Johannesburg.

The results compare with the \$1,0726m GM earned on sales and revenues of \$24,2bn during the first quarter of 1985.

Earnings attributable to the \$1,66 common stock during the first quarter amounted to \$986m, or \$3,11 a share compared with \$3,32 a share reported in the year-ago period.

First-quarter earnings attributable to Class E common stock, which are based on the earnings of Electronic Data Systems Corporation (EDS), amounted to 46c a share compared with 32c a share in the year-ago period.

Earnings attributable to GM's new class in common stock, which are based on the earnings of GM Hughes Electronics Corporation (GMHE), amounted to 66c a share during the first quarter compared with *pro forma* earnings of 63c a share in the first quarter of 1985.

While worldwide factory sales of vehicles during the quarter approached 1985 levels, earnings on the \$1,66 common stock declined, reflecting the costs related to marketing campaigns and the continuing impact of major capital investments to assure GM's long-term competitiveness. — Sapa.



RICHARD WALKER

NEW YORK — Coca-Cola chairman Roberto Goizueta could cover the entire cost of his company's South African philanthropy out of his personal stock gains in the current bull market.

Coca-Cola last month finalised plans to donate \$10m to "black advancement" in South Africa, through the creation of "Equal Opportunity Funds".

Goizueta — who owns more than 250,000 shares in the company — has posted paper profits of \$14.1m since September last year, about the time it took to formalise the South African plan.

In that period, Coca-Cola's share price rose from \$67 to \$115.

Goizueta's good fortune is not uncommon in the big-business world of America.

A review of 30 top executives with

(62) Bus D4  
30/4/86  
Coke chief's  
millions are  
on the rise

substantial holdings in their own companies found an average \$68.5m jump in the value of their stock.

Topping the lot is Hewlett-Packard chairman David Packard, whose shares are worth \$662m more.

Others doing nicely are store magnates Louis Wexner (\$609m better off) and Sam Walton (\$377m), Turner Broadcasting chairman Ted Turner (\$121m), and Digital Equipment president Kenneth Olsen (\$107m).

# IBM votes to stay in SA

30/4/86 BU-DAY

62

HOUSTON — International Business Machines stockholders defeated a proposal calling for IBM to halt operations in SA if apartheid was not abolished, according to results announced after Monday's AGM.

About 6.9% of stockholders — casting ballots — voted for the proposal, IBM officials said.

Chairman John Opel, who will retire on June 1, said IBM was discouraged about apartheid but would remain "as long as we can maintain an economically sound business and feel there is a chance we can contribute to change".

IBM president and CE John

MICROSOFT, a major US computer software supplier, will halt direct sales to SA, says international director Bob C'Rear. The company operates in SA through a distributor. No sales figures were given.

Akers told the AGM the company and computer industry had not "put the problems of 1985 behind us".

He said: "The US economy continues to show only moderate growth. We have yet to emerge from the long year-and-a-half of disappointing corporate profits and capital investment, now compounded by uncertainty over tax reform legislation."

But Akers cited several encour-

aging economic signs in 1986, including lower interest rates, the dollar's lower level and the avoidance of "protectionist legislation".

Akers added that IBM planned to reduce hiring this year.

When asked about the possibility of a stock split, Akers said the directors would consider it "as the opportunity presents itself more aggressively for our business to improve". — AP-DJ.

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CITY

# No winners — only survivors if violence continues, says Mobil

Staff Reporter

MOBIL, the largest United States investor in South Africa, is running an advertising campaign to distance free enterprise from apartheid and to promote the view that the violence spiral can have "no winners, only survivors".

The campaign follows the creation last month by the oil giant of a R40-million black development foundation.

"Business in general and Mobil in particular are normally disinclined to involve themselves in the political arena — but we believe things have gone beyond that," Mobil Oil Southern Africa chairman Mr Georges Racine said.

## Explain

Acknowledging that the advertisements showed business in a higher political profile than before, he said: "We wanted to explain our position. We would welcome others saying the same thing because it would strengthen our position."

The advertisements, which appeared in newspapers last week, appealed for an end to violence, saying failure would end further investment, new jobs and social improvement; financial chaos and a flight of capital from the country would follow.

"We believe there is little point in arguing about who is most responsible for the violence which is threatening to engulf our country. The crucial challenge is to break this spiral with justice," the advertisements said.

## Unadorned

Presented in the same unadorned style as the Government's "this is the reality" advertisements, they expressed the belief that "the next few months" would offer the country a "unique opportunity to launch a new dialogue for political and social change".

Mr Racine said this was a reference to the reform undertakings of President P.W. Botha, the work of the Commonwealth Eminent Persons Group and other, similar matters.

Mobil's sales were "not so much" directly affected by the upheaval in South Africa, but "our business is closely-related to the general prosperity of the country," he said.

Mr Racine dismissed criticism of "window-dressing" for a favourable image.

It was inevitable, he said, that sectors of opinion would be alienated. "But it must be recognised that we are acting in good faith."

CMT 1/10/86  
5/5/86 (62)

## Two US universities vote on disinvestment

NEW YORK. — Duke University's board at the weekend voted to sell all \$12,5-million (about R26-million) of its stock in companies doing business in South Africa, by 1988, if apartheid is not dismantled.

Washington University trustees voted on Saturday against selling \$95-million (R197-million) in such investments.

The Duke trustees in Durham, North Carolina, voted 21-3 to begin selling the school's South Africa-related investments in January if South Africa has not ended business and residential segregation and repealed laws con-

trolling the movement of blacks.

"I hate to see Duke University on the wrong side of a great moral issue," said Mr Samuel Cook, a trustee from New Orleans.

Washington University's decision not to sell its stock came in response to a request from a group of students.

"We agreed that apartheid is a compelling moral issue," the board said. "But we believe divestiture is a political action designed to influence government... and not an appropriate response for Washington University." — Sapa-AP

# Investment ultimatum for SA

The Star Bureau

WASHINGTON An American university has decided to divest itself of R25-million in shares in companies doing business in South Africa if apartheid is not dismantled by January.

Duke University's board of trustees decided that disinvestment would start on January 1 and be completed in 13 months if the South African Government did not move sufficiently on apartheid.

The trustees reportedly took the view that "university actions should be based on the conduct of the South African Government and not the behaviour of the corporations themselves."

Duke's decision at the weekend in Durham, North Carolina, follows divestment last year of about R72-million in shares and bank deposits in companies not aligned to a code of equal and fair employment practices on a nonracial basis.

Another major university, Notre Dame, is to decide on its holdings in South African-linked companies next weekend. It is estimated to have shares in about 20 such corporations.

American universities and colleges have so far divested holdings worth about R1-billion since 1976, according to estimates. Many more are reviewing their policies as protests on campuses, described as the most intense since the Vietnam War protests, continue.

# Shell shock in US for SA boycott drive

BUS, DAY 6/5/76 20/27 62

NEW YORK — Shell Oil is trying to fight off a three-month boycott campaign by insisting that it has no links with SA.

"Shell Oil supplies nobody in SA because it doesn't operate there," said company spokesman Norman Altstedter.

The charge that it fuelled the SA military was therefore ridiculous, he said.

Shell Oil is the US subsidiary of Anglo-Dutch giant, Royal Dutch Shell. Shell SA is a subsidiary of the same parent.

In February, Shell was singled out as the first boycott target of a new anti-apartheid campaign launched by the National Association for the Advancement of Coloured People (NAACP), the largest black rights organisation in the US.

The company's initial response was to protest against the boycott as "highly unfair" and to argue that it would hurt only Americans, especial-

RICHARD WALKER

ly its thousands of dealers, distributors and drivers.

Stung by the persistence of the boycotters, and a move by Harvard University students to select Shell stock for a special disinvestment drive, Shell seems to be going on the offensive.

The boycott "is misguided ... because we have no investments in SA nor do we operate there", Altstedter said.

Shell Oil "neither ships nor sells oil to SA, let alone the military, and no Shell company in the world ships oil to SA".

He described the Harvard disinvestment drive as illogical because Shell Oil stock "is not on the market".

Harvard is said to have \$8.7m in Shell stock — presumably of the parent company.

## Mobil campaign warns against violence

MOBIL, the largest US investor in SA, is running an advertising campaign to distance free enterprise from apartheid and to promote the view that the spiralling violence can have "no winners, only survivors".

The campaign follows the oil giant's creation of a R40m black-

development foundation last month.

"Business in general, and Mobil in particular, are normally disinclined to involve themselves in the political arena, but we believe things have gone beyond that," Mobil Oil Southern Africa chairman Georges Racine said in Cape Town yesterday. — Sapa.

US colleges  
warned on  
sanctions

PADDA  
SIMON BARBER

WASHINGTON — American colleges run the risk of losing their corporate backing if they heed student demands to sell their stock in firms that do business with SA, according to a study by the Investor Responsibility Research Centre (IRRC) in Washington.

The colleges benefited from \$14.3m in private sector donations in the 1983/84 academic year.

By March 1 this year, 100 schools had announced disinvestment policies, affecting \$410m worth of investments, IRRC found.

The study, based on a detailed survey of 175 institutions of higher learning, warned: "Corporate backlash against divestment by colleges and universities could increase as some of the larger corporate donors begin to be targets of divestment actions."

General Motors (GM) spokesman George Shreck said this week: "We would be justified in taking a very careful look at whether we were supporting institutions which were detrimental to the best interests of GM."

GM spends about \$30m a year on higher education grants.

# Chevron is determined to remain in Angola

BUD DAY 8/5/66 (62) 

ATLANTA — Chevron chairman and chief executive officer George Keller has rebuffed conservatives who protested against the oil company's operations in Angola.

He said he had no plans to remove Chevron's business from the country.

George Keller said Chevron's subsidiary had operated in Angola for more than 30 years under three different governments and had maintained an apolitical stance.

Chevron's presence in Angola came under fire at the company's annual shareholders' meeting when the Conservative Caucus Inc, which owns 30 shares of Chevron stock, charged that revenues from the oil exploration and production operation benefited the communist-backed Angolan government.

Members of the conservative group, which wants Chevron to cease its operations in Angola, dominated discussion during an hour-long question-and-answer session.

Meanwhile, about a dozen caucus members demonstrated outside the hotel where the stockholders were meeting.

Keller, who along with Chevron's directors, owns more than 90% of the San Francisco-based company's stock, rejected a proposed resolution offered by the caucus that would have made it Chevron policy to refrain from activities that aided the Angolan government.

"Our involvement with the Angolan government is purely commercial," Keller said. "They're our landlords, essentially." — Sapa-AP.





Ron Hofman (right) and John Pike in Genwest's Reid & Mitchell service shop

## Managers buy US giant's SA company

By David Carte

**THE** giant General Electric company of the United States is quitting South Africa, and is selling its operations to management for a secret sum.

GE is the third large American corporation to withdraw in the past two weeks. It follows AT&T and Marriot Corporation.

AT&T and Marriot had small operations here, but SA General Electric, with a multi-million rand investment in sophisticated plant and equipment and 500 staff, is big by SA standards, if not by those of its own parent.

These blue-chip withdrawals have raised fears that other mega-corporations might "rush for the disinvestment door" while it is still open and the rand is still worth nearly 50 US cents.

### Curb fears

Some companies may move for fear that if others withdraw, the Reserve Bank will curb capital and even dividend repayments, as it did on loan repayments.

GE of the US has concentrated on high-technology engineering and this prompted SA management to bid for some of its businesses.

Ron Hofman, who will head Genwest Industries, as the company is to be named, says: "We were surprised

when they offered us the entire company."

GE of the US will continue to make its products available to Genwest and it will have full backing on service and technology. Management will pay the undisclosed purchase price over several years.

Nobody is more delighted at the buy-out than University of Cape Town-trained electrical engineer Mr Hofman.

### JSE listing

Mr Hofman said the buy-out could affect the company only positively. There would be no change in company philosophy or operating principles, but a far greater portion of profits would be ploughed back into the business.

When Genwest has a satisfactory profit record, a Johannesburg Stock Exchange listing is a possibility. Because of recession, GE in SA has not been profitable.

Mr Hofman says: "Studies have shown that earnings increase by an average 20% after management buy-outs because of improved motivation."

Others shareholder-directors are Peter Massie (financial), Leon Steenkamp (personnel), John Pike (manufacturing) and Charles Shaw (systems). Jim Douglas, previously managing director, has retired but will remain in a non-executive capacity. The only non-South African is Mr Pike, who is British.

# 4 held in demo against Shell's links with SA

By Alan Dunn,  
The Star Bureau

WASHINGTON — Anti-apartheid demonstrators, including a Congressman, were arrested here yesterday after trying to stage a sit-in at Shell Oil's offices because of its links with South Africa.

Police handcuffed and took away the Congressional delegate for Washington DC, Mr Walter Fauntroy, who was part of a delegation which met the State President, Mr P W Botha, in Cape Town in January.

## FOUR ARRESTED

Arrested with Mr Fauntroy were Mr Randall Robinson, the head of Trans Africa, a leading anti-apartheid group, civil rights commission-

er Dr Mary Berry, and a Washington law professor, Dr Sylvia Hill.

A Shell spokesman, Mr Barry Lafield, said the four were from the same group which sat in at the Shell offices in January.

He said he talked to the demonstrators over an intercom as they stood on the other side of the glass front door in the second-floor hallway. They had no appointment and had asked for an im-

mediate meeting.

Mr Lafield said he agreed to meet them at their offices or any neutral venue. Shell then informed the office building's management of the group's presence.

He said Shell had not called the police or requested their arrests.

## MEETING

It is understood Trans Africa, which has been dormant for some weeks, arranged the sit-in to coincide with a Royal Dutch Shell meeting in Europe on Thursday.

Shell was selected as a target for divestment pressure late last year.

The four have been ordered to appear in a local court on charges of illegal entry.

# US pressure on Shell

WASHINGTON — Anti-apartheid activists plan more demonstrations in seven American cities to press Royal Dutch Shell to sever ties with South Africa.

Today activists plan to meet former American presidential candidate, the Rev Jesse Jackson, and trade union officials.

Four prominent anti-apartheid figures, including US Congressman Mr Walter Fauntroy, were arrested on Monday for unlawfully entering the Shell building. They were released on their own recognisances until their next court appearance on June 3.

Shell said a boycott against the company in the United States was misguided because it had no investments in South Africa nor did it operate there.

The boycott was particularly unfair to the independent business people who ran about 11 500 fuel service stations, it added. — The Star Bureau

## Xerox not pulling out — MD

Rank Xerox is not pulling out of South Africa, says the company's managing director in this country, Mr David English. *3 APR 1986*

Mr English was clarifying a statement made by Xerox chairman, Mr David Kearns, published in New York yesterday, which said Xerox might pull out "if there isn't any progress down there".

"Mr Kearns's views reflect growing international concern at the slow rate of progress towards reform in South Africa," he said.

"But there is definitely no timetable for Xerox's departure from this country. We have a schedule for the introduction of new additions to our range." — Sapa.

AREA B In all other areas.

AREA A: Alberton, Bellville, Benoni, Boksburg, Brakpan, The Cape, Durban, Germiston, Inanda, Johannesburg, Kempton Park, Kimberley, Klerksdorp, Krugersdorp, Nigel, Pinetown, Pretoria, Randfontein, Roodepoort, Simonstown, Springs, and Wynberg, Municipal Area: Port Elizabeth;

CEMENT MANUFACTURING INDUSTRY, R.S.A.

# Rank Xerox will stay put but ... 62

RANK XEROX MD David English yesterday ended speculation that the US-owned copying machine manufacturer was quitting SA.

"We are definitely not leaving," he said.

The situation would be reviewed in December and "if the pace of reform does not quicken by then, we may be forced to pull out".

There were no shareholder resolutions requesting Xerox to cut ties with SA at the multinational's AGM to be held in

HAMISH McINDOE

Los Angeles today.

The disinvestment rumours came after a statement by Xerox chairman David Kearns in a US newspaper on Tuesday, saying Xerox might pull out "if there isn't any progress down there".

English said Kearns' views merely reflected growing US concern over the slow pace of political reform.

Company officials in the US were mystified by the newspaper's interpreta-

tion of Kearns comments.

Doubts also surfaced in the US over whether Kearns had, in fact, spoken to the paper. "No record of the interview could be found on file, although he could not be contacted to confirm this," said English.

Asked about the consequence of Rank Xerox staying in SA amid worsening unrest, English replied: "Possibly millions of dollars in lost business to our US parent. There is tremendous pressure on us to leave."

15/5/86. BUS DAY

## 2. Meals

- All workers except watchmen must receive free meals for each meal time that falls within their working hours

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May 16 1986

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# Churches sell off shares in Shell

The Star Bureau

LONDON — Millions of rands in share investments have been withdrawn from Shell Oil by churches and other institutions to protest at the company's stake in South Africa.

The Methodist Church has sold its stake of 220 000 shares worth about R4,8 million, the United Reform Church has withdrawn about R1,8 million and the British Council of Churches an undisclosed sum.

London's Lambeth Borough Council and the University of Wales have also withdrawn their investments, the value of which is not known.

## WARNING

Activists campaigning to persuade Shell to pull out of South Africa warned shareholders at the annual general meeting in London yesterday that other investors would begin withdrawing more money soon.

Shell's chairman Mr P F Holmes said he recognised the "prime reason" for violence in the country was the "total absence of meaningful political rights".

He agreed pressure should be exerted on the Government but described demands for Shell's disinvestment as "ill-conceived".

He said rightwing Afrikaners "would be pleased to see Shell go".

**'Xerox not leaving SA'**

RANK Xerox is not pulling out of South Africa, says SA managing director David English.

Commenting on a statement by US Xerox Corporation chairman David Kearns this week that Xerox might pull out "if there isn't any progress down there", English said there was definitely no timetable for Xerox to leave the country. - Sapa

# Sullivan urges code of misconduct

9/5/86

BUD DAY

(62) (62)

WASHINGTON — US companies in SA must adopt "a stringent course of corporate civil disobedience to challenge actively all apartheid laws", the Rev Leon Sullivan told signatories of his employment code this week.

Companies must also immediately increase the number of blacks in senior management "to assure that, as quickly as possible, there will be appropriate representation of blacks in the management groups of each company at all levels".

## SIMON BARBER

In a letter to 192 chief executives, the Philadelphia Baptist minister said: "I am asking companies to use their legal and financial resources to the fullest extent possible . . . to assist blacks in the equal use of all private and public amenities, such as parks, beaches, hospitals, theatres, public transport, schools and housing".

This goes beyond the so-called fourth amplification to the Sullivan code which required companies to "work to elimi-

nate laws and customs which impede social and political justice".

Sullivan did not make clear whether his latest call was a formal addition to the standards, by which signatories are annually rated, nor did he make any reference to Pretoria's decision to scrap the pass laws.

Instead, he reiterated his warning of a year ago that, unless apartheid were completely dismantled by June next year, he would endorse total economic sanctions against SA.



# GM sales to security forces in the balance

By Alan Dunn,  
The Star Bureau

23/5/86  
Last year, GM sold about 35 000 vehicles in South Africa. The Government bought about 2 000 vehicles, including 900 cars, vans and trucks for the security forces.

WASHINGTON — General Motors shareholders will today hear the corporation's chairman announce whether vehicle sales to the South African Police and military will continue.

The car giant's chief executive, Mr Roger Smith, will be responding at an annual general meeting in Detroit to persistent efforts by anti-apartheid activists to halt these sales.

One report indicated Mr Smith would announce a halt of sales to the security forces. A GM official would not, however, confirm or deny this.

The Board of Trustees of the New York City Employees' Retirement System, which owns about \$22 million of shares, has given notice of a resolution at today's meeting to stop the sales.

GM and other American corporations operating in South Africa have been negotiating with Pretoria to change the terms of bids for Government business which, at present, disqualify a company from bidding if it wishes to exclude the security forces from that deal.

Mr Smith is expected to say how far these talks with the Government have progressed.

The New York pension fund has passed a law requiring it to divest itself of GM shares and could prevent the corporation bidding on city contracts if it continues sales to SA security forces.

However, GM spokesman Mr George Schreck stressed that the company did not intend withdrawing from South Africa. He described sales of vehicles to security forces as a "non-issue":

"You might as well say food and clothing shouldn't be sold because they are needed by the police and military," he said.

GM has said repeatedly its presence in South Africa was a good one for change. "We believe our presence has been a constructive one for ending apartheid in line with the Government's stated objectives," Mr Schreck said.

Mr Smith might today repeat the GM view that vehicles bought by police and military forces have no special capabilities when they leave the factory.

W/G ARGUS 24/5/80 (62) SA hand-hit by growing

# disinvestment moves'

By BRUCE CAMERON, Political Staff  
SOUTH AFRICA was feeling the pinch of the disinvestment campaign, which was growing increasingly worse, the Minister of Finance, Mr Barend du Plessis, warned last night.

But he told an Altron Group function in Johannesburg that it was questionable whether the current mood of depression was justifiable.

In a copy of his speech released here, Mr du Plessis said the time had come to show more courage in business decisions and "more confidence in ourselves and our own future."

"We should face squarely up to the realities of our day, be they positive or negative, and strive towards turning every possible disadvantage into an opportunity."

Mr du Plessis painted a grim picture about the disinvestment campaign.

"Although this campaign is long-standing it has gained greater momentum over the past few years and wider support, particularly in America."

The campaign was negative and destructive and manifested itself in many forms from legislative measures to putting pressure on companies to disinvest.

He said the out-flanking executive order issued by United States President Ronald Reagan last year to prevent Congress adopting more stringent measures was being overtaken.

Apart from congressional steps, 22 states had introduced legislation limiting or prohibiting investment in South Africa, while another 25 were preparing similar legislation.

A year from now, he said, 47 of the 51 states would possess legal restrictions on investment in South Africa.

Action was also aimed at American bank loans.

"The decision by some American banks to withdraw short term loans was the immediate cause of the debt standstill last year."



Anouska Bedase, 6, who was found apparently strangled and raped in her bed.

## Mom tells of torment at death of daughter, 6

Weekend Argus Correspondent

JOHANNESBURG. — Heartbroken mother Mrs Sharla Bedase spoke about her "precious baby", six-year-old Anouska, and her torment since the youngster was found strangled in her bed.

"She was such a cute little girl," sobbed Mrs Bedase yesterday as she spoke of the killing last Thursday at the family's dream home in the Indian township of Bakerton, Springs.

"Our new home, expensive car mean nothing. My baby was the most precious thing in my life."

Little dark-haired Anouska, already a star pupil in her first term at school, was found dead in bed — apparently raped and strangled — when her mother went to wake her up and dress her for school in the morning.

The girl's father, Mr Joychnd Bedase, 35, a research chemist was distraught by the incident and had apparently lost his memory since the ordeal.

The family had been disturbed by an intruder in the night and had taken him to the police station without realising what had happened.

A 27-year-old man is in police custody. He is due to appear in court on Monday in connection with the death.

### AGES

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#### OREROOMS

fitting MULTIFORM.



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SWET ADV. (Pty) Ltd

*GM Times 2/15/86*

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# GM to stop some sales to SA <sup>(2)</sup>

DETROIT. — General Motors Corp (GM) plans to stop selling vehicles to SA military and police authorities, but intends to continue sales to other agencies of the Pretoria government, chairman Roger Smith said.

Smith said the company continues to oppose withdrawal of its investment in SA, where it assembles vehicles and employs about 3 500 hourly and salaried workers.

Asked where GM will stand in a year relative to disinvestment, Smith said that it depends on the actions of the SA Government.

Debate occurred at the annual meeting over a shareholder resolution to force the world's largest auto manufacturer to terminate sales of all auto vehicles and parts for use by SA authorities until Pretoria

commits itself to the end of apartheid.

GM said holders rejected the stock holder resolution, however, with 90% of the shares voted cast against the measure.

● The marketing director of General Motors SA, Hal Carpenter, last night declined to comment on the possibility of halting sales to the SA Defence Force and the SA Police, our correspondent in Port Elizabeth reported. — Sapa-  
Reuter

GM Times 24/8/86

# GM to stop some sales to SA (2)

DETROIT. — General Motors Corp (GM) plans to stop selling vehicles to SA military and police authorities, but intends to continue sales to other agencies of the Pretoria government, chairman Roger Smith said.

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Reuter

# GM to suspend auto sales to SADF, SAP

23/5/86

BUS DAY

SADF, SAP

WASHINGTON — General Motors is to tell its annual shareholder meeting today that it is suspending sales of cars and trucks to the SA military and police.

The move is being made in compliance with US Commerce Department regulations, and not as a result of pressure from anti-apartheid activists, a company official said yesterday.

GM sold the SA security establishment about 300 vehicles last year out of

SIMON BARBER

countrywide sales of 35 000, the official said.

Pretoria has reportedly agreed to waive regulations under which government would only do business with GM if all departments could purchase its products.

"It's a messy situation, but the SA government understands our position," the company official said.

Commerce Department rules bar the

sale of any US-origin goods, parts and services to the SA military and police. GM vehicles could therefore only be sold to the security forces if every component was made outside the US, a State Department official explained.

New York City, whose pension fund owns \$31m of GM stock, has threatened to divest from the company and bar it from bidding on city contracts because of SA military and police sales. Portfolio managers intend to raise the issue at today's meeting.

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are yesterday to attend an economic summit in Burundi.

grammes affected," he said. — Sapa-AP

# US business drain increases

28/5/86

NEW YORK — The retreat of US business from South Africa is developing into a "pretty dramatic... sharply accelerated trend", says analyst Alison Cooper, responsible for the latest study of the situation.

RICHARD WALKER

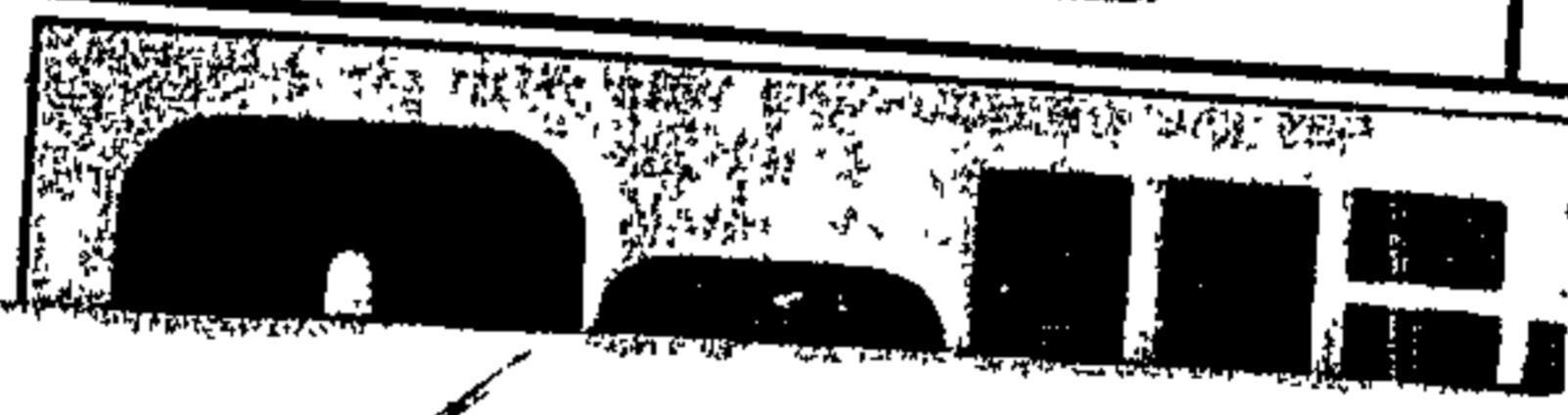
Firms were "very reluctant to say it is political pressure and I think it's true that if a company is doing well, political pressure doesn't have much impact," Cooper commented.

Cooper prepared a study for the Washington-based Investor Responsibility Research Centre that listed 48 US companies as having pulled out of SA since the beginning of last year. The study listed seven companies as leaving in 1984.

The study also found that a quarter of the top 100 American banks now made it a policy not to make loans of any kind to SA.

At the start of last year, only three banks had any sort of formal restriction on SA loans.

nds need



# More US business pulling out <sup>on Time</sup> analyst <sup>28/5/86</sup> <sup>62</sup>

From  
**RICHARD WALKER**

**NEW YORK.** — The American business retreat from South Africa is developing into a "pretty dramatic ... sharply accelerated trend," according to the analyst responsible for the latest study of the situation.

Miss Alison Cooper prepared a study for the Washington-based Investor Responsibility Research Centre that listed 48 United States companies which had pulled out of the Republic since the beginning of last year. The study listed seven companies as leaving in 1984.

## Problem

Firms "are very reluctant to say it's political pressure and I think it's true that if a company is doing well, political pressure doesn't have much impact," she commented. "If it's not doing well, political pressure is just one more problem they have to face."

The centre study also found that a quarter of top 100 American banks now make it a policy not to make loans of any kind to South Africa and that more than half rule out loans to the government or any of its agencies.

At the start of last year, only three banks had any sort of formal restriction on loans.

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AGCA 29/5/86 (62)

# GM ends sales to army, SAP

PORT ELIZABETH. — General Motors has stopped selling its products to the South African Defence Force and police but sales to other departments of the SA Government are not affected, the car manufacturer said in a statement today.

The statement said: "Following recent Press reports concerning General Motors South Africa's sales practices, it is considered necessary to clarify the company's position in respect to sales of its products to the South African military and police.

"Due to the burden of compliance with applicable US regulations prohibiting the sales of US-origin commodities or the products of US-origin technical data to the South African military and police, GM found it necessary to cease sales to the military and police.

"General Motors has explained its situation to the South African Government departments concerned, who understand the position of US companies. Sales to other departments of the South African Government are not affected."

— Sapa.

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FUN MAIL 30/5/86

US-SA DISINVESTMENT

## Blue chip blues

At the current pace of withdrawal, by 1995 every US company doing business in SA will have packed up and left.

In the past 16 months, 12% of the 311 American companies doing business on South African soil pulled out. Most cited economic reasons — a sluggish South African economy and concerns about continued unrest — but the heated disinvestment campaign in the US prompted many managing directors to hasten their exit.

According to a report by the Washington-based Investor Responsibility Research Centre, 48 US companies have sold or made plans to sell their South African operations since January 1985. The list has started to include a number of blue chip heavyweights: General Electric, Bell and Howell, Carnation, and Pepsi. That compares with just

53

seven firms that left in 1984.

While many companies were hesitant to cite political pressure back home as the primary reason for the sudden exit, a very organised and increasingly powerful disinvestment movement has proved a thorn in the side of many US firms. Rarely does a shareholder meeting pass these days where an anti-apartheid amendment is not introduced by some shareholder faction. The biggest threat comes from activist pension funds, such as New York's City's \$2 billion portfolio, which has exerted considerable pressure on companies whose South African operations violate their standards.

Even mighty General Motors (GM) cannot escape the disinvestment flames. In an effort to head off a showdown at its annual shareholder meeting this Tuesday, GM announced last week that it will no longer sell vehicles to the South African government.

Although GM's government sales (2 000 vehicles last year) were a tiny portion of its annual 35 000 sales in SA, its government dealings had become a target of US disinvestment forces, including New York City pension fund, which holds \$35 million of GM stock.

Last week two US firms, chemical and plastics manufacturer Rohm and Haas, and software maker Microsoft Corp, joined the wave. Rohm and Haas, citing economic losses at its South African unit, which has 100 employees, said it would sell the subsidiary to a group of unit managers. Rohm and Haas will take a loss on the sale of the unit, which manufactures industrial and crop protection chemicals and acrylic emulsions.

Microsoft, America's second largest software manufacturer and a major supplier of IBM compatible software, said it had stopped shipping products to SA in protest against apartheid. ■

GM on the  
lookout for  
corporate  
SA partner

DAVID FURLONGER  
Industrial Editor

GENERAL Motors wants a corporate partner in SA — but not at the cost of surrendering management control.

MD Bob White confirmed yesterday that the US-owned motor manufacturer was looking for a partner, but added: "Who in their right mind would want to get involved in the motor industry at the moment?"

He cited the two main reasons for partnership with a major SA corporation:

□ Association with a conglomerate would open the way for GM into the lucrative company fleet market;

□ Under local financial regulations, wholly-owned foreign subsidiaries are limited in local borrowing. Partnership would give GM access to financial markets.

SA conglomerates have become increasingly involved in the motor industry in the last two years — Anglo American through Samcor, and Sanlam through Nissan.

GM's name was linked with Old Mutual, while talks with German motor manufacturer BMW broke down last year.

Insisting that GM was presently not involved in specific partnership talks, White said: "It is our intention that we retain management control under any scenario."

He added that GM would not agree to any deal requiring it to leave Port Elizabeth.

# Rohm and Haas will not quit SA

BEULAH BROWN

ROHM & HAAS, the US-based chemical company, is not leaving SA.

It would be the same company as before, but with a different name, MD Peter Harding told *Business Day* at the weekend.

Earlier reports claimed that Rohm & Haas, with its parent company based in the US, was pulling out.

Harding said it was a leveraged buy-out by local management, structured and supported by Barclays Merchant Bank. The deal includes an extension of the current licence agreement, with the continued use of trademarks and technology from Rohm & Haas of Philadelphia.

"The company's employees, about 100 at the Heriotdale premises near Johannesburg, will not be affected. In fact, even the management will be exactly the same," said Harding.

"This will ensure continued production and sales of Rohm & Haas in SA and also improved products developed in the research facilities of the US company."

He said that there would be continued support from the parent company and this, together with the experience and dedication of the SA employees, would enable Rohm & Haas to continue servicing the needs of its customers.

Harding refused to say who had bought the company or to disclose the amount involved. He said it was sold because it was not as profitable as it had been in better times.

Harding will remain as MD of the company, for which a new name is still being discussed.

# Hope for motor plant staff

Post Reporter

MANY of the people left unemployed when Ford finally completes its move out of Port Elizabeth might find alternative employment — in the small businesses sector.

By the end of June most of Ford's remaining operations in the city will have closed down, leaving a further 1 500 people retrenched.

Busy winding down are Ford's parts and accessories warehouse, its product development section and the Sierra plant at Struandale.

But, on the positive side, about 500 of these people have, via Samcor which now partly owns Ford, approached the Small Business Development Corporation and expressed an interest in setting up small businesses.

The assistant manager of the SBDC in the Eastern Cape, Mr Willie Fouché, said this week that together with the Small Business Unit of the University of Port Elizabeth, the SBDC had held a comprehensive information seminar for them, defining prospects of starting their own businesses.

He said five categories of activity were covered at the meetings: motor and allied, building and allied, retail, service and manufacturing.

"It could give a lot of new impetus to PE if all 500 got actively involved in new businesses," he said.

Mr Fouché said the vacuum left by Ford's departure — only the Struandale engine plant is to remain — could be partially filled if those keen to get small businesses off the ground received assistance.

"Small businesses are regarded worldwide as the largest employer."

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# Petrol set to rise again

GERALD REILLY

A PETROL price increase within the next two weeks threatens unless there is a spectacular improvement in the rand's dollar value.

PFP energy spokesman Brian Goodall says a situation has developed in which, under current price-formula conditions, another fuel-price rise could be unavoidable.

Much would depend on the extent of under-recovery by oil companies in recent weeks, the state of the Equalisation Fund, and whether government is prepared to reduce pipeline charges and forsake some of its tax revenue from fuel.

Goodall says there is little likelihood that the price of crude on world markets will fall to an extent

where it could compensate for the higher costs of oil imports.

The crude price seems to have stabilised at about \$18 a barrel, and there is little hope of relief from another decline on world markets.

Mineral and Energy Affairs spokesman Theuns Burger says oil companies are currently under-recovering. The department is watching the performance of the rand anxiously, and the next two weeks would be critical as far as price decisions are concerned.

The price has been cut twice this year: on March 3 from R1,02/1 for 93-octane on the Witwatersrand to 92c, and from 92c to 83c on April 14.

# Union: No bid to talk 3M out of SA

CLAIRE PICKARD-CAMBRIDGE

THE Commercial, Catering and Allied Workers' Union (Ccaawusa) has rejected claims that it had tried to persuade US firm 3M to close its SA operation.

Ccaawusa member Joseph Mokoena said he had been invited to the US by the Oil, Atomic and Chemical Workers' Union, which was organised at the 3M company in New Jersey.

"I told people Ccaawusa had not yet adopted a clear position on disinvestment and would discuss it at its conference in July."

3M said from the US it was not considering a pullout.

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# US Congress to consider new sanctions

HAMISH McINDOE

MAJOR new sanctions legislation against South Africa which has been presented to the United States Congress could severely harm bilateral trade, according to political observers.

If passed, the legislation could result in SA losing 0,5-million tons of 1986's 2,5-million ton steel exports, the cancellation of the Transvaal Coal Owners Association 1-million ton coal export contract worth R60m and SAA losing some R150m by being denied landing rights in the US.

Anti-apartheid groups plan to challenge President Reagan to adopt a tougher stance against SA.

Jointly sponsored by Democrat senator Edward Kennedy and congressman William Gray, the proposed Bill could

- Ban new US investm. in SA.
- Deny landing rights to SAA in the US.
- Stop US bank loans to the private sector.
- Close SA banks offices in the US; and
- Ban imports of SA steel, coal and uranium.

"These proposals are wide-ranging enough to spell the end of normal trade relations with the US," said director of Rand Afrikaans University's Institute for American Studies Carl Nöfke.

Latest US Commerce Department figures put the level of US investment in SA at \$1,8bn.

An SAA spokesman said a landing-rights ban to the US would mean running a dog leg service to New York via London.



● REAGAN

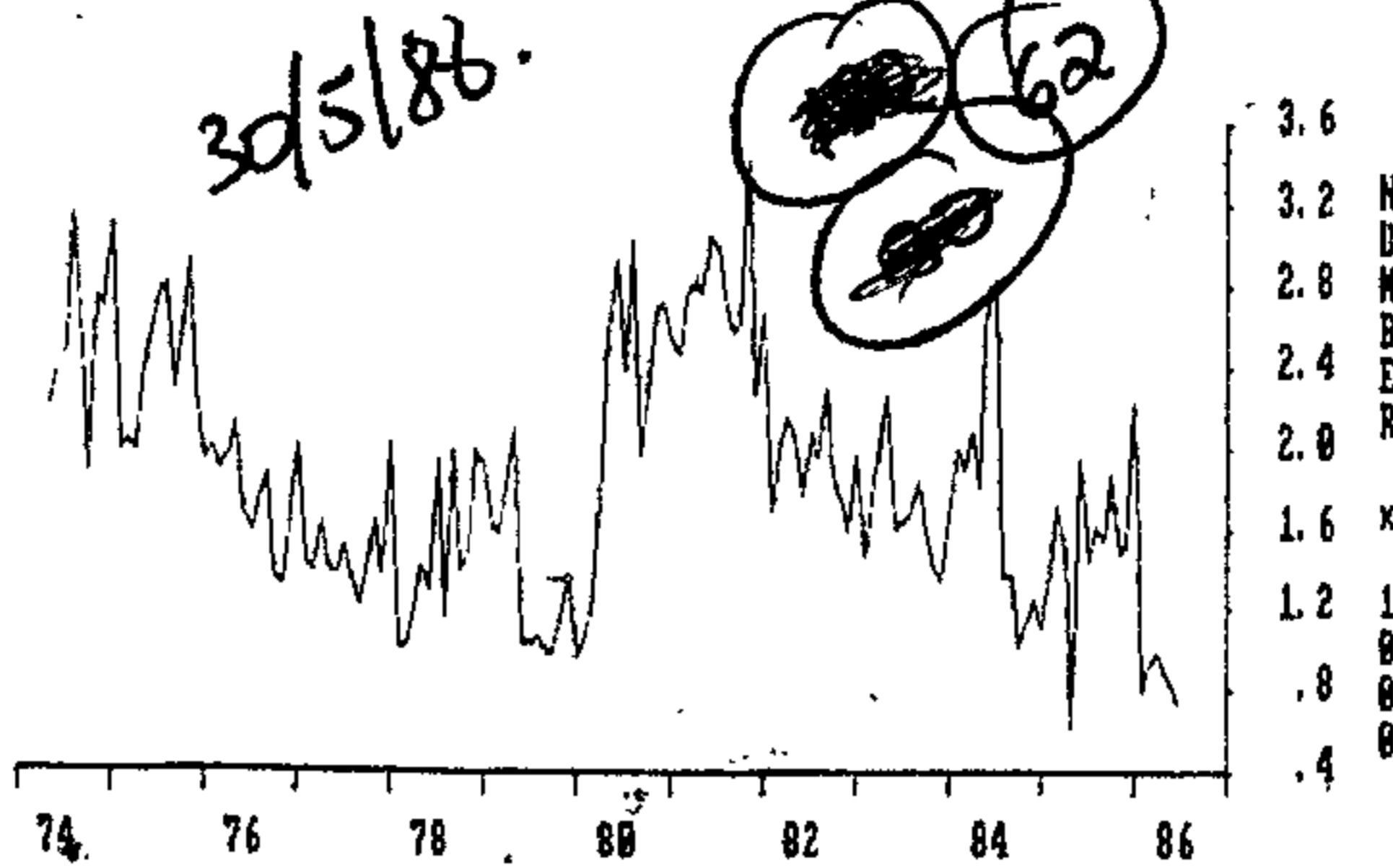


● KENNEDY

# GM seeks tie-up with local partner

By Trevor Walker

NAAMSA NEW CAR SALES - General Motors (SA)



General Motors SA MD Mr Bob White said the company is looking for a local partner to give the corporation better access to the local capital market and fleet buying, but that it is firmly committed to the Eastern Cape.

In a frank discussion with financial journalists yesterday he said GM was not in business to pull out of markets and the disinformation that the company has had to deal with in South Africa was unfortunate.

General Motors was one of the oldest assemblers in this country, with one of the largest and most stable dealer networks and in addition was next to market leader Toyota a very substantial seller into the market.

The company has an annual turnover of some R500 million and the 200 dealers employs no less than 6 000 people.

He said the corporation was busy at this moment negotiating a new five year agency agreement with its dealers and this was not the sort of operation one undertook prior to pulling

out of a country, unless one was a very dishonest businessman.

He said of the 40 or so GM plants around the world it would be surprising if five of these were making useful profits at the moment.

General Motors' world-wide turnover was around \$1 000 billion and it was certainly not group policy to withdraw from temporarily unprofitable markets, particularly while competitive manufacturers were still in those markets.

He said, for example, certain He said GM would be open to a tie-up with a local partner, but would insist on maintaining management control and also the possibility of moving from the Eastern Cape would not be open for negotiation.

The corporation had "tremendous staying power," backed by the world's largest motor manufacturer and the stable and skilled workforce and established operations in Port Elizabeth would not be abandoned.

government strictures such as transport costs which worked to the detriment of the company could easily be changed.

The company has a substantial share of the hatchback car market in South Africa and when the Monza saloon was introduced later this year it was expected that GM's market share would improve further.

Motor dealers said it was ironic that one of the country's oldest and, in the case of Toyota, biggest manufacturer was being forced more and more to compete in a "conglomerate" business climate.

Fleet buying by South African conglomerates is strenuously denied, for example by Nissan and Samcor, yet everyone in the industry knows that fleet switching to an in-house assembler is taking place on a wide scale.

One only has to look to the fleet switches in certain Sanlam companies recently to agree with motor industry observers that it cannot be due entirely to coincidence or quality standards.

# Amcham in favour of disobedience

By Hannes Wet

The decision by the American Chamber of Commerce to back proposals for civil disobedience is part of its strategy to come out against injustices in SA, the president of Amcham, Mr Frank Lubke, said today.

"We have a social conscience and we are not doing this to ease pressure on American companies doing business in South Africa," he said.

Mr Lubke confirmed that a two-page document, suggesting civil obedience as part of a programme for helping black employees, had been circulated to Amcham's 300 members.

The document was compiled by the Get Ahead Foundation, whose directors include Bishop Desmond Tutu and Dr Nthato Motlana.

Regarding the possibility that companies who apply the proposals could be prosecuted under a variety of laws, Mr Lubke said:

"Our duty was to draw up the document and circulate it to our members. It will be up to individual companies if they want to take the chance of taking action based on the proposals."



# Utah's SA assets attached by order

6/6/85  
BES DA/ 62  
280

THE legal wrangle between Utah International and Worcester Gold Mine deepened when an order attaching Utah's SA assets, believed to be worth more than R100m, was granted on Wednesday.

Yesterday the deputy sheriff of the Rand Supreme Court made the attachment to establish jurisdiction for action to be instituted by Worcester.

This will effectively prevent Utah — the Californian-based mining subsidiary of Australian giant Broken Hill Proprietary (BHP) — which is facing a hostile takeover bid from SA-born Robert Holmes à Court, from disinvesting or dealing with its SA assets.

Worcester contends that it has a legally binding merger with certain of Utah's subsidiaries that was to have led to a stock listing in June of an enlarged group with a market capitalisation of some R60m.

Worcester, involved in gold-mining on a small scale in the Barberton area, seeks to either legally force Utah into a merger or receive payment for damages amounting to R12m.

The assets that have been attached

BRIAN ZLOFNICK  
Investment Editor

include the significant interests Utah holds in partnership with Anglovaal, which were not included in the proposed merger.

They are an important 70% stake in sizeable steam coal reserves, estimated at about 1-billion tons, at Delmas and a 30% holding in a gold-mining project near Loraine.

Assets held by Utah subsidiary Southern Sphere, which were part of the mooted merger, include mineral deposits — chromite, nickel, gold and tantalite in Namibia — and a small diamond mine at Taung, in Bophutswana.

Worcester's lawyers, G B Liebmann, Behrmann & Co intend to issue a summons today and, based on the present backlog of cases before the courts, it could take at least 18 months before the case comes up for trial in the Rand Supreme Court.

In the meantime any thoughts that BHP might entertain about disinvesting shortly from SA will probably have to be shelved.

## THE VITAL VIEWPOINT

# US action could hit oil project

*BUD DAY*  
*6/6/8*

HAMISH McINDOE

LATEST US sanctions proposals against South Africa could severely hinder foreign oil company involvement in the R5bn Mossel Bay oil-from-gas project, according to political and oil industry observers.

Jointly sponsored by Democrat senator Edward Kennedy and congressman William Grey, the five-track congressional bill introduced in Congress late last month includes a ban on new US investment in SA.

Department of Mineral and Energy Affairs deputy-director Theuns Burger admitted such a ban could well have a serious impact on the project.

US oil companies Mobil and Caltex would be barred from offering technology and expertise in the development of Mossel Bay if President Reagan adopted the congressional bill's new investment ban.

"Mobil technology has been mentioned as a possible route in the liquefaction process at Mossel Bay," Burger said.

Three non-oil US companies have already been strongly urged to withdraw from the Mossel Bay project by the American Committee on Africa.

Soekor declined to comment on how government's open invitation to foreign oil companies to help develop Mossel Bay had been affected by latest sanction moves in the US. "We are not involved in the negotiations," a Soekor spokesman said.

'Strong economy will be needed'

11/6/86  
BUS DAY

(2)

# US firms must stay in SA, says GM chief

SOUTH AFRICA would need a strong economy, with jobs for all, once apartheid was abolished, General Motors chairman Roger Smith said in Detroit yesterday in a discussion with the US media.

For this reason, it is important for US companies to remain in SA, he added. "We must continue our work to end apartheid and help create the just society all South Africans deserve.

"There is no debate about the fact that apartheid must be ended. The only question is what is the most effective way to do this."

Smith co-chairs two groups which aim at hastening the reform process: the US Corporate Council on SA, which was formed in September and consists of more than 100 companies with SA operations, and a group of concerned leaders called SA Beyond Apartheid.

Smith, who visited SA earlier this year and spoke to political leaders, businessmen, journalists and others, said that for

Business Day Reporter

the sixth consecutive year GM had been given the highest-possible rating for its progress in implementing the Sullivan Code.

GM has operated in SA since 1926 and has taken a leadership role for many years in efforts to create a more just society, he said.

Smith said GM in SA follows a policy of equal pay for equal work, total integration of work facilities, and training programmes to enable blacks to become skilled workers and to move into supervisory positions.

"Outside the work environment, GM's efforts have included contributions of personnel, equipment and funds to the black educational system; contributions and low-interest loans to build or improve housing for blacks; and the donation of expertise and capital assistance for the development of businesses owned and operated by blacks."

SUNDAY TIMES  
FOREIGN DESK

US Vice-President George Bush yesterday backed President Reagan's firm stand against sanctions.

Mr Bush said he did not expect the US to drop its opposition to economic sanctions against South Africa to speed the end of apartheid.

"I don't foresee change in that regard," Mr Bush told a news conference in Ottawa, where he has been holding talks with the Canadian Government. "We have never been a great believer in sanctions," he said.

### Tough

Mr Bush said there had been some progress in dismantling apartheid but not enough. Sanctions would not be effective, he said, "so we want to stay engaged".

Mr Bush said the subject was raised during talks with Canadian Prime Minister Mr Brian Mulroney.

Canada yesterday announced further limited measures against South Africa, saying full economic and diplomatic sanctions

# Bush backs Reagan's SA stand

S TIMES - 15/6/86 62

were likely in the absence of real reforms.

The Canadian government asked newspapers, radio and TV not to carry South African advertising. It also said it would not buy any South African products and has revoked the diplomatic status of four US-based South African attaches who do some of their work in Canada.

PATRICIA CHENEY reports from Washington that despite the White House's defiant stand against sanctions, the issue will be resolved on the battleground of Congress. The crucial legislation

took shape this week in the House of Representatives. A tough sanctions Bill passed both the Foreign Affairs Committee and the Trade Sub-committee on its way to full deliberation by the House.

The Bill, which is identical to one introduced in the Senate by Senator Edward Kennedy, bans the sale of computers to South Africa, ends all bank loans to South African clients, halts new business investment, cuts off landing rights for all South African-owned aircraft and ends the import of uranium, steel and coal.

The Bill's backers are pushing to bring it up for debate in both the House and Senate during the next week, in the hopes of exploiting the emotional anniversary of the 1976 Soweto riots.

Senator Kennedy is expected to try to add the Senate Bill as a rider to another piece of legislation.

Republican senators who have previously blunted sanctions legislation with less onerous Bills indicated events in South Africa gave them little choice but to go along with the harsh Kennedy Bill.

### Protest

On Friday, some Senate Republican aides were discussing a non-binding resolution to expel the embassy's Press staff to protest against the suppression of Press coverage in South Africa.

A State Department source told the Sunday Times that despite his vows to the contrary, President Reagan would not be able to withstand the sanctions that are expected to get overwhelming approval by the Congress.

62  
**Bank of  
America  
bans new  
loans to SA**

SAN FRANCISCO. — The Bank of America, the second-largest bank in the United States, has banned new loans to South African borrowers because of apartheid.

"We believe that prosperity and stability cannot return to South Africa while apartheid remains," the bank's management wrote in a statement in its newsletter.

"Taking into account not only the credit risk apparent in South Africa, but also our abhorrence of apartheid, we will not make new loans to borrowers in South Africa as long as apartheid exists," the statement said.

**PRIVATE**

A spokesman for a group called Stop Banking on Apartheid said it was the first major US bank to "formalise its opposition to apartheid" and to refuse further loans to private-sector borrowers in South Africa.

"As far as we know this is the most comprehensive statement by a major bank," said Mrs Miloann Hecathorn.

Bank spokesman Mr. Peter Magnani said: "People for a long time have advocated that we get out of South Africa and this basically acknowledges that we've done that."

● The Argus Foreign Service reports that the Reagan administration is considering further steps against South Africa, according to news reports.

But US officials insist that there will be no further economic sanctions.

In a news broadcast the NBC network reported that the US could take action such as sending home more South African diplomatic staff. It might also withdraw landing rights for South African Airways. — Sapa AP.

SOWETO DAY

16/6/85

## US companies differ in their approach

PETER WALLINGTON

AMERICAN companies operating in SA have adopted different strategies for observing Soweto Day (June 16), despite a call by the Rev Leon Sullivan for it to be recognised as a paid holiday.

Sullivan, originator of the Sullivan code of business ethics, said last week black staff and white should be given a paid holiday today.

He said the task group that monitored compliance with the code regarded it as an "act of corporate and civic responsibility and a demonstration of the desire of US Sullivan signatories to stand with the black community on this important day".

Coca Cola Bottling Company and Colgate-Palmolive have declared June 16 a paid holiday, while General Motors has followed employer associations and adopted a "no work, no pay" policy.

IBM and Eli Lilly said they would be open but would not penalise staff who did not work.

# Sullivan launches disobedience campaign

The Staff Bureau

WASHINGTON — American architect of fair play and equal pay for black South Africans employed by American firms has launched a campaign for corporate civil disobedience.

The Rev Leon Sullivan, whose code of fair employment practices has been endorsed by the Reagan Administration, said all American firms had now actively to work against apartheid laws.

He would soon be calling directly on the 300 or so American firms in South Africa to "become part and parcel of the movement for liberation". If they did not, they should get out of South Africa.

Mr Sullivan, a Baptist preacher and member of

the Reagan Administration's panel of distinguished Americans probing future policy, said US firms should challenge discriminatory measures: "They must move in spite of the laws, in spite of the regulations of the Government, on the basis of justice..."

## CALL TO USE RESOURCES

American companies should use their resources — financial and legal — to end apartheid. Mr Sullivan cited the recent General Motors rejection of "whites only" beaches in the Port Elizabeth area.

"I'd rather have 50 (American companies) standing forcefully against apartheid, than 300 dragging their feet (in South Africa)," Mr Sullivan said.

Mr Sullivan noted his deadline for elimination

of all statutory apartheid still stood at May 31 next year.

If South Africa did not meet this deadline he would call for complete withdrawal.

A peaceful solution in South Africa was still possible if businessmen from Europe, Great Britain, Asia and South Africa itself joined in an all-out effort.

Mr Sullivan said separate facilities such as parks, beaches, hospitals, transportation, housing and any other public or private amenities should be targeted for challenging apartheid laws.

Changes in the workplace in South Africa had created a revolution in industrial relations, he said, but those workplaces were an "island in a sea of injustice and inopportunity".

Chick Tink  
17/6/66 (67)

## Citibank joins SA boycott

Own Correspondent

NEW YORK. — Citibank, American banking's most important continuing link with South Africa, is trying to reduce its involvement "as rapidly as we can", a spokesman said in the wake of Bank of America's decision to halt all types of lending to the country.

The Bank of America announcement did little more than formalize what already existed in practice, but the terms for a resumption of business were made unusually explicit.

"We will make no new loans to borrowers in South Africa as long as the apartheid system remains in place," said a spokesperson for Bank of America.

"We are attempting to bring our exposure down as rapidly as possible," said Citibank vice-president Mr Wilfred Koplowitz.



(62)  
6/6/80  
STAR

# Amcham denies call for civil disobedience

By Hannes de Wet

Civil disobedience is an unfortunate label for the proposals circulated by the American Chamber of Commerce (Amcham) for the advancement of blacks, says the chairman of Amcham's social justice committee, Mr Ian Leach.

"The concept of civil disobedience is unsatisfactory. Helping blacks, on the other hand, is commendable," Mr Leach told *The Star*.

He was commenting on the confusion that followed an announcement by Amcham earlier this week that it had distributed a document entitled "Civil Disobedience" to member companies. The two-page document contains proposals "for easing the lives of black employees".

Mr Leach said Amcham was in no way prescribing to its 300 members on how to act on the proposals.

Amcham president Mr Frank Lubke yesterday issued a statement denying that the chamber had "ever taken a decision to support a policy of civil disobedience which should be followed by its member companies".

## BLACK ORGANISATION CONSULTED

Mr Lubke said: "Rather than make suggestions from a white perspective, our social justice committee requested a prominent black organisation, the Get Ahead Foundation, to highlight those areas of legislation that have impact on and are matters of deep concern to them."

International Business Machines (IBM) said in a statement that it was a law-abiding company — "even when we don't like certain laws".

"Insofar as the Get Ahead proposals would contravene the law, IBM would not support them," an IBM spokesman said.

Assocom manpower director Mr Vincent Brett described the contents of the Get Ahead document as generally acceptable but said he could not associate himself with "civil disobedience".

Citibank said the bank would support most of the points made in the document as they reflected accurately what most companies were already doing.

## Kodak 'sold to SADF'

Own Correspondent

NEW YORK. — Kodak is in danger of losing an \$8 million (about R22 million) contract with New York because it admits to selling a few thousand dollars' worth of amateur film equipment to off-duty South African soldiers.

Confronted with this first test of an ordinance against awarding contracts to firms that are suppliers to the South African military, city officials say they may still give Kodak the business because of its candour in reporting itself.

The contract is for high-speed copying equipment.

Kodak listed the value of its suspect sales at under R30,000 and reported doing no further business with the military after September 1, 1985. The regulation was passed by the city council in July.

A final decision is expected this week.



MR JIM HOUSTON of NCR (left) handing over a cheque of R1-million to Mr Jan Steyn of the Urban Foundation.

19/6/84  
SOW ETAM

## Firm gives R1-m for education

b2

AN American company this week donated R1-million towards educational advancement and training of blacks in South Africa.

The managing director of the National Cash Registers (NCR) SA, Mr Jim Houston, handed the cheque to the director of the Urban Foundation, Mr Jan Steyn, at a Press conference in Johannesburg on Tuesday. The money was donated by the company to the American branch of the Urban Foundation established this year.

"South Africa is undergoing one of the greatest crises in its his-

tory. It is a time when we all seek anxiously for beacons of hope, for reassurances that a peaceful future for all of us is still possible. It is important for us to demonstrate our commitment to continuing developmental activity and the promotion of the process of change in South Africa," said Mr Steyn.

Mr Steyn said: "While the process of a negotiated settlement is fundamental to South Africa's future, developmental activity which demonstrates that we care about people is also of vital importance".

# 'We can do more if we stay in SA' <sup>CAPL Tins 20/6/66</sup> (62) US firms

DETROIT. — Three large US corporations announced yesterday that they believed they could do more to end apartheid by staying in SA than by selling their holdings.

"We obviously believe we have been right, and that is why we have stayed there," a spokesman for General Motors Corp, Harold Jackson, said this week.

He said this after the House of Representatives passed a Bill that would order US companies out of SA within 90 days and impose a total trade embargo.

GM, the largest US car maker, has operated in SA since 1926 and as of December 31 had more than 3 500 employees, Jackson said in Detroit.

Ford Motor Co, the nation's second-largest car maker, last year merged its SA operations into South African Motor Corp, in which it holds a 42% stake.

"Our position is that we feel we are doing more good by being there than by not being there," said George Trainor, Ford spokesman in Dearborn, Michigan.

Dow Chemical Co late last year had about 200 employees in SA, about a third of them black.

"The position basically has been that we feel we benefit the South African people and the blacks by being there because we are providing jobs and additional things to the economy," said spokeswoman Vicky Suazo.

All three firms have endorsed the Sullivan principles, a set of rules aimed at lessening the effects of apartheid on employees of US companies.

— Sapa-AP

(a) (ii) 1 June 1986.

(b) (i) Once. The Executive Committee has, however, met four times.

(b) (ii) The Board has considered the following matters at its meeting:

—reports of departmental examiners and moderators;

—prescribed books for the 1989 exam;

—appointment of examiners and moderators for the 1987 exam;

—complaints in respect of the November 1985 exam;

—applications for matriculation exemption;

—financial and policy matters.

(c) The candidates that sit for the JMB examination at the end of 1985, are as follows:

Total	en-rolled	White	Indian	Coloured	Black
2050	1219	46	105	680	

TUESDAY, 24 JUNE 1986

†Indicates translated version.

For oral reply:

General Affairs:

State President:

MAN SMO  
 American Chamber of Commerce  
 advertisement

\*1. Mr L F STOFBERG asked the State President:†

(1) Whether any representatives of cer-

(2) No. There is no official relationship between the American Chamber of Commerce in South Africa and the American Government.

(3) No. The activities of the American Chamber of Commerce in South Africa, in the first instance, do not fall within the ambit of responsibilities of the Department of Foreign Affairs.

American Chamber of Commerce:  
advertisements

\*2. Mr L F STOFBERG asked the Minister of Trade and Industry:†

(1) Whether any representatives of certain American companies doing business in South Africa consulted with him or members of his Department about a full-page advertisement of the American Chamber of Commerce which recently appeared in South African newspapers; if so, (a) when and (b) what companies were involved;

(2) whether he intends taking action in connection with this matter; if not, why not; if so, what action?

The MINISTER OF TRADE AND INDUSTRY:

(1) No.

(a) and (b) Fall away.

(2) No. The advertisement was placed by a private organisation which is at liberty to do so provided that the laws of the country are complied with.

Mr F R Modise  
 VAN DER MERWE  
 \*3. Mr J H VAN DER MERWE asked the Minister of Education and Development Aid:†

(1) Whether a certain Black person, whose name has been furnished to

the Minister's Department for the purposes of his reply, is or was attached to the staff of the Molembe Primary School near Warmbaths; if so, what is the (a) rank, (b) monthly salary and (c) name of this person;

(2) whether any criminal charges are pending against this person; if so, what is the nature of the charges;

(3) whether the person concerned is still teaching; if not, since when;

(4) whether this person is still receiving his monthly salary; if so, why;

(5) whether his Department has received any representations in connection with the transfer of this person; if so, (a) what was the nature of the representations and (b) (i) what action was taken as a result of the representations and (ii) why was this action taken;

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

†The DEPUTY MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) Yes, up to 30-06-1986.

(a) Principal PIII.

(b) R1 151 pm (Bruto).

(c) Mr F R Modise.

(2) Yes, housebreaking.

(3) No. He is still on the establishment of the school but is on sick-leave, vacation leave and school holiday for the period 17-02-1986 to 30-06-1986.

(4) Yes, as he is still in service although at present on leave.

(5) Yes, orally.

(a) That his services be terminated at the farm school in question.

# Response to plea mild 2

DIANNA GAMES

THE response by US companies in SA to an appeal by the newly-formed "Victims of Apartheid" group's appeal for funds, to help blacks leave the country as refugees, has been lukewarm.

The group, headed by the Rev Enoch Mabuza, of KwaMashu, near Durban, asks companies to sponsor a one-way air ticket out of SA for blacks desperate to leave.

Mabuza says no Western country has yet helped in the resettlement of the millions of starving refugees in Africa. He asks why they have been excluded from the world's resettlement programmes.

Mabuza adds that he wrote recently to the United Nations secretary-general to ask him to put the matter before the General Assembly.

Many organisations in SA expressed support for the programme but said they could not finance it.

The West German embassy also said that, although it supported the idea, it had no funds in its budget to finance it.

Letters have also been addressed to Denis Healey, Vanessa Redgrave, Neil Kinnock and the Archbishops of Canterbury and Dublin, but no replies have been forthcoming.

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## Venda soldier dies

A VENDA Defence Force member, Corporal NG Bhivhse, died in action against terrorists in the operational area of Namibia.

Defence Minister General Magnus Malan said the incident proved that SA was not alone in the struggle against terrorism in Southern Africa.

## THEATRES

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# Big future for O'town factory linked to GM

S/2/78

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By DENISE BOUTALL

A THREE-YEAR-OLD Queenstown factory, started by an American, Mr Russ Oliveto, will be responsible for all tooling, pressing and sheet metal fabrication operations for General Motors in Port Elizabeth.

The one-year management contract with Staeline Pressed Metal which came into effect on July 1 was announced this week by the director of manufacturing at GMSA, Mr Keith Butler-Wheelhouse.

In an interview yesterday

the managing director of Staeline Pressed Metal, Mr Oliveto, said he selected Queenstown as the site for his factory because the climate was suited to sheet metal processing and it was centrally situated for supplying South Africa's automotive manufacturers.

Mr Oliveto said he sold up in America three years ago and moved to South Africa because he had a lot of faith in the country and its future. He had worked in South Africa as a consultant to one of the automotive manufacturers in the mid-1970s.

He said he employed about 150 people at his Queenstown factory. He did not envisage this week's agreement with GMSA leading to an expansion of his staff or facilities there. The factory was working at between 80% and 90% of capacity of one shift at present.

He had been supplying GMSA for the last 18 months and currently supplied the Port Elizabeth company with about 20 major components.

The agreement with GMSA was for one year only "but we will work to-

wards a longer term contract", said Mr Oliveto.

In terms of the agreement Mr Oliveto will assume management responsibilities for all GMSA tooling, pressings and sheet metal fabrication.

In his statement Mr Butler-Wheelhouse says the agreement gives GMSA access to Staeline's facilities and expertise in Queenstown and it will considerably enhance both companies' pressing and toolmaking capabilities in the Eastern Cape.

This move is designed to consolidate all of GMSA's

own sheet metal pressing needs, thereby making best use of the present press shop facility.

In addition, the increased capability of GMSA's pressing operation will enable it to be more active in developing valuable export business and also in attracting local customers.

The move also creates a toolmaking capacity unequalled in South Africa through which GMSA can become a supplier of tooling to other manufacturers, both automotive and non-automotive.

# FORD LAYS OFF 500 IN PE

ABOUT 1 000 Samcor workers at Struandale car assembly plant in Port Elizabeth were retrenched last month - and 500 of the remaining 1 000 employees at the former Ford Sierra plant will lose their jobs by the end of the year.

This brings to about 5 000 the number of Ford workers retrenched since the merger with Samcor in January last year, said Samcor public affairs manager Ruben Els.

Els said the retrenchments were the "last foreseeable ones" and represented the final phase of staff rationalisation plans. Most of the staff affected were hourly-paid workers, but a few administrative and managerial personnel had also been laid off.

Some of the 500 workers remaining next year would either be absorbed at Samcor's Silverton Plant in Pretoria or retrenched. However, none of the 1 500 employees due to be laid off between June and the end of the year would be recruited by Samcor.

Production at the Sierra plant stopped last month and the model range is now manufactured in Pretoria. This leaves the Struandale engine plant, which produces engines for the Sierra and Bantam pick-up ranges, as the last remnant of Ford's activities in Port Elizabeth. - Sapa.

1/27/76 - CITY PK.



9/7/86 BAW DAP (2)  
Oil giant committed to change in SA

# Why Shell is staying in SA

OIL giant Shell's continued presence in SA must not be interpreted as support for apartheid, said its chief executive John Wilson.

In the company's business report, he said that Shell was committed to eradicating apartheid and ensuring a free and equal society.

"We will bring what pressures we can to bear on those who are in a position to change laws and to remake the structure of society," he said.

Wilson said this could only be achieved by the continued presence in SA of companies like Shell, which contributed substantially to

MICK COLLINS

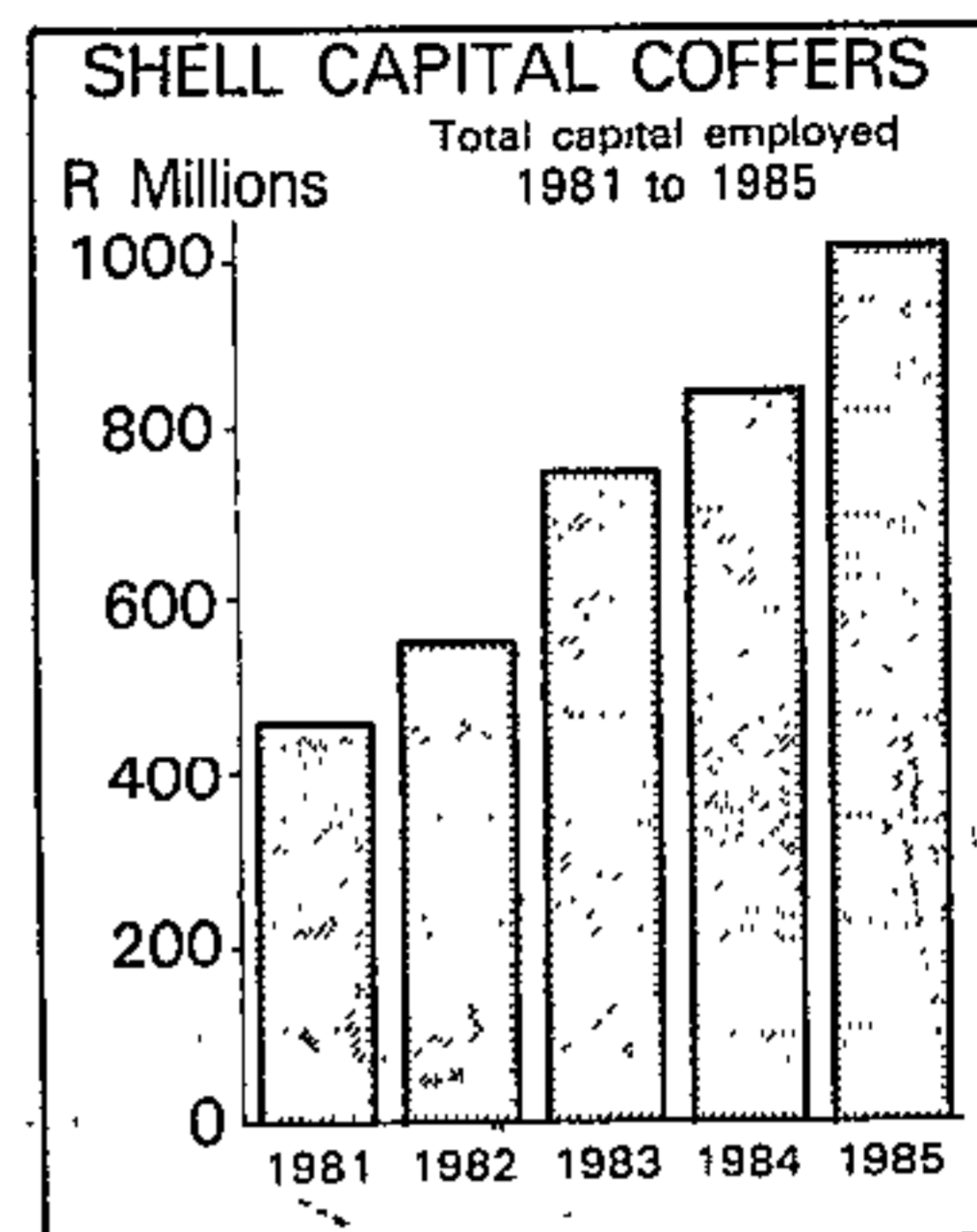
generating income and creating jobs.

"A US boycott of Shell, spearheaded by labour federations, has spilled over into Europe. The question of whether Shell will give way under these pressures has been asked.

"Shell's involvement in SA spans 70 years, and it looks forward to a continuing future," he added.

Despite a depressed economy, Shell's gross turnover in 1985 increased more than 40% over 1984.

Total capital employed over the past five years rose on average by more than 20% a year, from R430m,



in 1981 to more than R1bn in 1985.

In 1985, overall operating costs rose by 25%, marketing costs by 20% and manufacturing costs by 31% because of the rand's devaluation against the US dollar.

Both the oil and chemical divisions continued to return trading results that were above expectations while the coal division showed exceptional growth as a direct result of increased export volumes and higher revenues.

## COMPUTERS

WHILE MOST SA subsidiaries of overseas computer companies are reticent about their performances, Olivetti Africa has published an annual review giving a breakdown of its revenues and operations.

Though it lacks detailed accounting information, the review says that in 1985 the subsidiary achieved "a phenomenal increase in turnover of 51%" with net revenue of more than R112m.

According to chief executive Virgilio Zaina, Olivetti Africa is now the fourth-ranking company in the SA computer market. Zaina says 1985's growth was accompanied by a streamlining of operations coupled with rationalisation of personnel.

"The positive trend over the past five years in revenue per capita increased in 1985 by some 48% over 1984. These achievements were particularly significant in the light of the very poor economic conditions then prevailing in SA."

# Olivetti reports 51% increase in turnover

Established in 1948, Olivetti has 400 employees, sales branches in Johannesburg, Pretoria, Cape Town, Durban and Benoni, plus service branches operating from 41 centres in Southern Africa and a network of personal computer dealers and "value-added resellers".

Its factory at Robertsham has, since 1948, assembled more than 450 000 units, and last year began local assembly of the IBM-compatible M24 PC.

"It is our objective by the end of 1986 to be able to produce in SA both the M24 and the recently released smaller M19, with a minimum local content of 40%," says Zaina.

Personal computers have been a major factor in the subsidiary's growth. At present, says the review, more than 10 000 Olivetti PCs are in use in SA. Monthly sales went from 170 a month in the first quarter of 1985 to 650 a month in the last quar-

ter, giving Olivetti between 25% and 30% of the market in the R5 000 to R10 000 PC range.

Traditionally associated with the manufacture of typewriters, Olivetti — which is 25% owned by the US communications giant AT&T and 5% by Volkswagen — is now firmly entrenched as a supplier of products in most sectors of the computer market. More than 70% of 1985 sales were in this market.

# Sullivan firms raise R82 000 for refugees

Staff Reporter

SIGNATORY companies to the Sullivan Code have contributed R82 000 to Crossroads and KTC relief efforts, most of which has been handed to Shawco.

The chairman of the Cape Sullivan Signatory Group, Mr Arthur Swartz, said that signatory companies countrywide had responded "magnificently".

He said American companies operating in the Cape had also contributed extensively with donations of food.

In a further relief effort, the SA Association of Arts, Western Cape, is holding a sale of "anything from a Victorian tea cup to a Boonzaaier" in an attempt to raise R20 000.

## 'Fighting at KTC'

Also on sale will be a crayon drawing by three KTC refugee children housed at the Holy Cross Centre in District Six.

The children, James Nfiki, 11, Domesa Allie, 9, and James Allie, 11, who were asked to draw "anything they liked", have sketched Casspirs, soldiers and battle scenes in what they said was "fighting at KTC".

In terms of the emergency regulations the drawing may not be published.

The chairman of the Association of Arts, Mr Louis Jansen van Vuuren, said proceeds would be divided among the relief agencies assisting refugees.

He said that paintings, jewellery and art from Cape artists and galleries would be sold at "way under their current market value".

## Nafcoc raises R1 000

The sale, entitled "Art Aid", opened yesterday at 9pm at the Association of Arts, 35 Church Street.

● The St John Ambulance has been offered a fund-raising dinner for Sunday August 10 at La Galiote Restaurant, Kloof Road, Sea Point. Proceeds will go towards relief work in Crossroads/KTC.

A French four-course meal will be provided with wine and perfume gifts included in the price of R40 a head. Bookings: Cherie Immelman, 23-3140.

● Barry Streek reports that the National African Federated Chamber of Commerce has donated R1 000 towards Crossroads relief.

Shortly before the Nafcoc congress ended on Thursday, delegates raised R590, which the chamber increased to R1 000.

1257480

(102)



SUNTIMES

By Kerry Clarke

**SHELL South Africa derived 75% of its R3-billion turnover from its oil division last year, but the greatest growth came from the small business portfolio.**

The portfolio is expanding so fast that its net income now rivals that of chemicals — the third-largest division in the group.

Gross annual proceeds from the combined portfolio were more than R170-million in 1985, and capital expenditure totalled about R45-million — 52% of the year's total. Acquisitions included Valvoline, Cadac and a large forest in Natal.

The portfolio includes companies manufacturing and supplying candles, liquid petroleum gas, lubricants and gas appliances, as well as forests.

### Re-refiner

Price's Candles, SA's largest candle-maker, is in the portfolio. It makes 1.5-million white household candles every day. About 25 000 tons of candles — about 40% of SA's consumption — roll off the production line every year.

Cera Oil, Shell's re-refining subsidiary, achieved turnover of more

# Small business boosts Shell SA

than R20-million last year. Sales rose by 2% in spite of a 10% drop in industry sales from 1984. Marketing of Cera's products, previously confined to the Transvaal, will be extended nationally.

### Promotion

Shell bought the SA operation of Valvoline oil from its US parent and in six months sales volumes have grown by 20%. In the previous few years, the company had been losing market share. Shell says revitalised management and a promotion campaign arrested the trend.

Eastgas, which markets Shell's liquid petroleum gas, supplies mainly the black market. The company has more than 50 000 cash-and-carry customers and holds 20% of the packed LPG market.

Cadac, the major manufacturer and supplier of leisure and domestic gas appliances in SA, has an annual turnover of more than R20-million.

It is the only manufacturer in Africa of the Primus stove. It makes 3 300 of them daily.

Shell has been involved in extensive plantations in Brazil, New Zealand and Chile, and SA was identified as an ideal country in which to expand forestry operations.

Shell bought Loring Rattray, a company owning 4 000 hectares of forest land at Kwanbonambi, Natal. Most of the plantations are eucalyptus.

Shell says new technologies, which will improve the yield of timber, are being applied to re-forestation. Indications are that output a hectare will more than double.

The coal division was another strong performer — it achieved record export volumes. It accounted for 14% of annual turnover.

The oil division increased market share in a depressed market. Three price increases in 1985 resulted in a

cumulative 80% rise in the price of petrol, causing negative growth for the industry.

Shell's oil division is planning significant capital expenditure for the next five years to improve refinery product yields and reduce crude throughput. Substantial investment will also be made in upgrading service stations.

### Youngest

The metal division, the youngest of the group's operating divisions, is not yet producing income. It is involved in exploration, project evaluation and mine development. With the completion of its major project, the zinc and lead Poring mine, the division will contribute to corporate income for the first time in 1986.

The chemical division, operating in depressed conditions, experienced a decline in trading volumes, but proceeds increased by 25%.

Chase Manhattan MD's revival plan

# Call made for co-ordinated SA package

SIMON STEWARD, MD of Chase Manhattan in SA, has called for foreign investors, local businessmen and bankers to put a package to government to break the economic and political logjam.

The joint deal would pledge foreign investment in areas such as housing and education, and would guarantee a continued supply of trade finance for SA in return for political reform.

"SA needs a strong economy to implement the reforms that are necessary. By reform, I mean the eradication of apartheid, and negotiation involving all political leaders including those at present in detention. A siege economy would be unlikely to strengthen the overall economy in the long run," he said.

"What I am proposing may or may not be the view of Chase Manhattan Bank — I am speaking as a concerned SA businessman."

Steward said with five major Western conservative governments in power, there was at present a unique situation.

"Certainly for at least three of these governments, the idea of sanctions does

GERALD PROSALENDIS  
Economics Editor

not fit well with their political philosophies mainly because history proves they do not work. Also, sanctions would disrupt trade and investment in an area of the world where they have a sizeable interest."

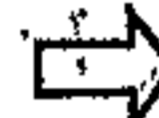
Steward warned the present mood of the foreign media, as well as liberal elements in Europe and the US, was such that it was becoming extremely difficult for political leaders to resist sanctions.

"In doing so, they are being identified, rightly or wrongly, with apartheid.

"It therefore seems an imaginative initiative — which has the concurrence of SA's black community, government and conservative elements of business and politics both here and abroad — is now necessary.

"The initiative, co-ordinated by SA business, would identify key areas in the SA economy which the Western powers could assist financially, such as housing

● To Page 2



# Call for SA package

and education. In addition, the West could ensure that trade finance were made available to SA.

"This would enable the economy to start moving again."

However, black nationalist organisations would have to see the purpose of the plan and give the country a grace period within which certain key objectives would have to be reached.

The first objective would be negotiation with black leaders and following this, a rapid removal of apartheid legis-

lation. The country would also have to agree on a new constitution.

"There is no quick fix and the grace period would have to extend over a period of three or four years."

The plan would have to give all those interested in a peaceful solution to SA's problems comfort, and should also give supporters of government a feeling of security during the transition phase.

● From Page 1



18/7/86. TUESDAY - (285) (62)

# GfSA target of campaign

LONDON — The Anti-Apartheid-Movement yesterday launched a major campaign to try to force the giant British mining finance house, Consolidated Gold Fields, to "get out of SA".

The CGF group is to become the non-stop target of demonstrations and "exposures" of its role in SA in a bid to cause maximum embarrassment to the group and the British government.

A wing of the Anti-Apartheid Movement, the Counter Information Services

IAN HOBBS

(CIS), has started the process by publishing a booklet titled *Consolidated Gold Fields -- Partner In Apartheid*. The CIS accuses the CGF of making "massive profits" through Gold Fields of SA while absolving itself of "responsibility for GfSA's employment practices".

The CIS publication claims GfSA employs 72 000 black mineworkers, making it the largest foreign employer of black labour in SA.

CAH Trunk  
24/7/86 62

# California decision boosts disinvestment

From ROBERT STRAND

SAN FRANCISCO. — The University of California's decision to sell all its securities of companies doing business in South Africa may be a turning point in the controversy over disinvestment in the United States.

The university is the nation's largest such state institution and in a dramatic switch Governor George Deukmejian, a conservative, has promised to push for disinvestment by the state's huge pension funds as well.

Stocks and bonds that the university will sell involve R7.7 billion (\$3.1 billion) and 29 major companies and the public employee pension funds would involve about R20 billion (\$8 billion).

The largest previous disinvestment programme was undertaken by the state of New Jersey, which is selling holdings of R8.75 billion (\$3.5 billion).

The California university regents acted after Deukmejian, who has firmly opposed total disinvestment, dramatically switched his position two days before the regents' meeting last Friday.

## 'Bandwagon'

Deukmejian, a Republican facing re-election, said pointedly that California's new policy will influence Congress and his friend, President Reagan.

For leaders of anti-apartheid groups, the California action was a big shove to the political tide toward efforts to put further economic pressure on South Africa in the hope of bettering the situation of blacks who comprise that nation's overwhelming majority.

"People are now getting on the bandwagon," said Damu Smith, executive director of the Washington Office on Africa, a group sponsored by churches and labour. "This has tremendous significance."

In recent years in much of the United States demonstrations in favor of disinvestment have become commonplace, especially on college campuses.

But the practical effect of disinvestment on the Pretoria government is debatable.

Disinvestment is powerfully symbolic and it would have some effect on stock value of American companies, but the securities sold would find other buyers.

A pro-disinvestment argument of Deukmejian's was that the university has a moral responsibility to send South Africa a strong message of disapproval.

## Commissions

The California regents worried that disinvestment might inspire lawsuits accusing them of violating their personal responsibility to beneficiaries of pension funds they hold.

Herbert Gordon, the university treasurer, estimated the sale could cost R295 million (\$118 million) in brokerage commissions and downward pressure on value when large blocks of stock are marketed. He said disinvestment would prohibit the university from having holdings in 40 percent of America's largest companies.

Among securities to be sold are those of Dow Chemical, Eastman Kodak, Exxon, IBM, General Motors and R J Reynolds.

But Deukmejian said unloading stock in companies involved in South Africa could be a smart move in view of a possible collapse of that government.

For several years some financial analysts have argued that certain "socially responsible" funds that avoid investment in South African-related issues have equalled and bettered the return from traditional investment strategies.

The California disinvestment plan will be phased over four years. After a one-year grace period, the university plans to sell one-third of its holdings in South African-linked firms in each of three years until 1990.

During the grace period, any firm that increases its South African investment would be dropped from the university's portfolio immediately. — UPI

# We'll stay in SA <sup>62</sup> — Mobil chairman

Political Staff

AKGUS 2/4/78

IN a major blow against the disinvestment campaign, the Mobil Oil company has spelt out the reasons why it will not withdraw from South Africa.

The company, one of the largest American investors in South Africa, was one of the original 12 companies to sign the Sullivan Principles for non-racial employment practices.

The chairman of Mobil Oil Southern Africa, Mr Georges Racine, has declared: "We intend to stay in South Africa and be part of the process of change."

In a letter accompanying the company's latest social report, Mr Racine wrote: "These are traumatic times for all large multi-national corporations. Some have chosen to quit South Africa rather than stay.

"But Mobil will not walk away from the problems."

The company's new 64-page illustrated social report, on the theme *The Challenge*, contains a statement by Mr Racine.

He wrote: "A new challenge faces us as South Africa enters one of the most testing periods in its history.

"We intend to play our part in meeting this challenge.

"This is why Mobil has established a R40-million foundation

that will be devoted primarily to the upliftment of black education, but also to assist small business and agricultural development."

Mr Racine said the company, as one of the largest American investors in South Africa, was committed to maintaining its business operations here.

"We are aware of the calls that are being made for companies such as ours to disinvest from South Africa.

"Our reply to these demands is that economic power and growth is vital to the black communities and to business survival."

Investment through jobs and training provided that power."



# Ford's SA future depends on change

By Jeremy Sinek

DETROIT — In future there could be real constraints placed on Ford's ability to do business in South Africa. That is the view of Mr Lindsey Halstead, Ford's US vice-president with responsibility for the company's South African interests.

Speaking to a group of South African journalists in Detroit, Mr Halstead said: "Despite some very positive actions in South Africa that we would not have conceived of three years ago, the gap between what people want to see happen, and expect to see happen, is wider rather than narrower."

He said there had to be substantially more change. "A year ago, if asked whether Nelson Mandela should be released, I would have said 'no'. Today, I think it's an absolute prerequisite."

Of Ford's continuing presence in South Africa, he said he believed the country was better off for Ford being there than if it were not.

Although from a business point of view, Ford had achieved its objectives since the Sancor merger, the political outlook had become less favourable, and damage done to consumer confidence was having a direct bearing on whether people buy cars.

Mr William Broderick, a director of Ford's Governmental Relations staff, said the US Chamber of Commerce in South Africa had outlined very specific points that needed to be addressed.

"How it gets resolved in some kind of political compromise is a job for South Africans to work out, not for the American people to dictate, even though they think they know what the answers ought to be."

"We don't, but we certainly know the process doesn't begin with the kind of negative actions we've seen so far from the Government," he said.

# 16 US companies pull out

Economics Reporter

US CORPORATE disinvestment from SA operations remains active, but the pace has dropped off slightly from that of last year, says a US research group.

Washington-based Investor Responsibility Research Centre (IRRC) research analyst Alison Cooper says 16 US companies have pulled out of SA so far this year. In 1985, 39 companies sold or shut down operations.

The latest disinvestments leave 257 US companies with some investment still in SA.

Cooper said the largest employers to leave this year were General Electric, with 700 workers, and VF Corporation, with 900. General Electric sold its subsidiary to management in April for an undisclosed amount; VF sold its 51% inter-

est in Berkshire International to local investors for R1m in January.

Other US companies to disinvest this year were: Ashland Oil, Cooper Industries, Eaton Corporation, GTE, Kidder Peabody, MacMillan, PennWalt, Phillips Petroleum, Manpower, WR Stamler, Applied Power, Stanley Works, CBS and Bell & Howell.

Cooper said the US Commerce Department had estimated American corporate investment in SA at \$1,3bn at the end of 1985, down from a peak of \$2,6bn in 1981.

In Johannesburg, US Information Agency director Harvey Leifert could not confirm the IRRC numbers, but said they were probably accurate.

28/7/86

# US disinvestment having little effect

Own Correspondent

JOHANNESBURG. — Disinvestment by American corporations, although expected to continue at unprecedented levels, has had a negligible effect on employment, management and the day-to-day operations of the SA subsidiaries affected.

In addition, most companies that have abandoned their SA operations have retained some presence in the country through substantial distribution, franchising or licensing agreements.

## Nominal

For many of the local companies involved — most of which involve little local manufacture — the effect of disinvestment is only nominal.

Of the 16 US companies that have disinvested so far this year, only two, WR Stamler and Kidder, Peabody, have completely dissolved their operations, according to the Washington-based Investor Responsibility Research Centre (IRRC).

Both the liquidated subsidiaries were small operations with less than 10 employees.

## Transferred

Twelve of the remaining 14 subsidiaries were sold to SA companies or individuals, and at least three of those to existing management.

The two others, Philips Carbon Black and Parker Pen Company, were part of worldwide organizations that transferred ownership of the SA companies to West German and British corporate owners, respectively.

Since January, 1985, a total of 55 American companies employing 8 679 in SA have disinvested, according to the IRRC.

Of those, only 14 have liquidated their operations, affecting just 594 workers. In only a few cases has employment been affected at companies that have continued operation.

## Marketing

"For most companies, it is just different people handing out the paychecks," said an IRRC analyst, Alison Cooper.

Most of the companies in which US owners have disinvested have been primarily distribution or marketing subsidiaries with only small manufacturing or assembly operations.

Government and business sources confirmed last week that most US companies had retained some ties to their disinvested subsidiaries.

## Parents

"With very few exceptions, the products or services of the companies that have withdrawn are still available here," said one US government official.

Indeed, most executives at affected local companies interviewed last week said they still relied on their former parents for goods or technology.

General Electric, for example, still supplies about 95% of the products sold by Genwest Industries, the subsidiary it sold to local management in April.

Genwest MD Rob Hofman said the company had negotiated 42 separate distribution agreements covering its many electrical, electronic and industrial products.

Genwest, one of the largest employers to be disinvested in this year, has reduced employment to 500 from 700 before the disinvestment.

Hofman said, however, that the retrenchments would have taken place

in any case, because of poor economic conditions.

Bob Frost, one of three managers that purchased the Stanley Tools subsidiary from its US parent, said the company had agreed to long-term exclusive distribution contracts — at better terms than most of Stanley's international distributors receive — for all the hand tools it previously sold as a subsidiary.

"Stanley wanted to keep its product in the country, but it wanted to take its name off it because of the political pressure in the US," Frost said.

Likewise, the US companies CBS, Pohm & Haas, VF Corporation, GTE, MacMillan and Bell & Howell, among others, have retained SA business through long-term distribution and licensing contracts.

APR 29, 1988  
Sullivan's  
'\$100bn' hammer

Own Correspondent

WASHINGTON — The Rev. Leon Sullivan, author of the Sullivan fair employment code, is seeking pledges from major institutional investors to sell off \$100-billion (about R250-billion) worth of stock in United States firms that do business in South Africa if his May 31, 1987, deadline for the abolition of apartheid is not met.

In an interview with the New York Times published yesterday, he called his new strategy a "\$100-billion hammer" designed to drive home his threat to advocate a complete US corporate withdrawal from South Africa if his deadline is not met.

A major state retirement fund has pledged to divest by the deadline, and many other states are setting their timing around the deadline. To date I have commitments to divest about \$40-billion (about R100-billion) worth of stock," the Baptist minister said.

Mr Sullivan said he was strengthening his demands because his code had been successful.

Negligible effect on unemployment

# US pull-out has had little effect so far

28/7/86 BUS DAY

DISINVESTMENT by American corporations, though expected to continue at unprecedented level, has had negligible effect on employment, management and the day-to-day operations of SA subsidiaries affected.

In addition, most companies that have abandoned their SA operations have retained some presence in the country through substantial distribution, franchising or licensing agreements.

For many of the local companies involved — most of which involve little local manufacture — the effect of disinvestment is only nominal.

Of the 16 US companies that have disinvested so far this year, only two — WR Stamler and Kidder, Peabody — have completely liquidated the operations, says Washington-based Investor Responsibility Research Centre (Irrc). However, the subsidiaries were small operations with fewer than 10 employees.

Five of the remaining 14 subsidiaries were sold to SA companies or individuals, and at least three of those to existing management. The two others, Phillips Carbon Black and Parker Pen

Economics Reporter

Company, were part of worldwide sales that transferred ownership of the SA companies to West German and British corporate owners, respectively.

The Irrc says that since January, 1985, 55 American companies employing 8 679 people in SA have disinvested. Of those, only 14 have liquidated their operations, affecting 594 workers. In only a few cases has employment been affected at companies that have continued to operate.

An Irrc analyst, Alison Cooper says: "For most companies, it's just different people handing out the pay cheques."

Most of the disinvested companies have been primarily distribution or marketing subsidiaries with only small manufacturing or assembly operations.

Government and business sources confirmed last week that most US companies had retained some ties to their disinvested subsidiary. A US government official said: "With few exceptions, the products or services of the companies

To Page 2

## Pull-out has little effect

that have withdrawn are still available here."

Indeed, most executives at affected local companies interviewed last week said they still relied on their former parents for goods or technology.

General Electric still supplies about 95% of the products sold by Genwest Industries, the subsidiary it sold to local management in April. Genwest MD Rob Hofman said the company had negotiated 42 separate distribution agreements

covering its many electrical, electronic and industrial products.

Genwest, one of the largest employers to be disinvested this year, had reduced employment from 700 to 500 before the disinvestment. Hofman said, however, that the lay offs would have taken place in any case because of poor economic conditions.

28/7/86 BUS DAY

## Foreigners cannot value their investments

By Neil Behrmann

LONDON — The collapse of the financial rand is playing havoc with calculations on foreign investment in South Africa.

Most analysts believe that the UK has £12 billion invested in South Africa. Some organisations claim that total foreign investment is worth around £32 billion, but the collapse of the rand has made these estimates nonsensical.

Let us take the UK as an example. The rand was trading at 59 pence two years ago and this was a steady rate. Now the commercial rand is worth only 27 pence.

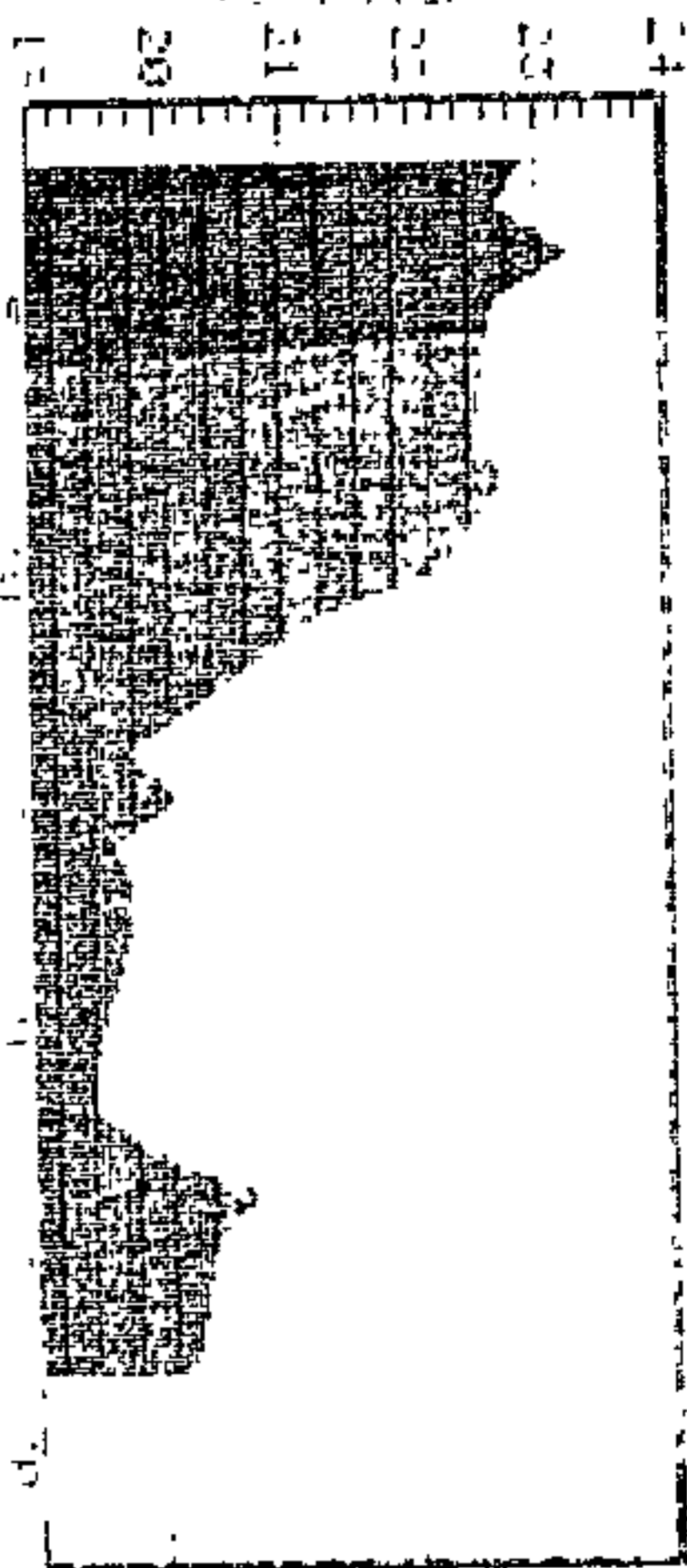
Foreign investors, however, are concerned mainly about the financial rand, the nation's effective investment currency. If they want to repatriate their assets from South Africa, that is, sell and export the cash they can only do so via the financial rand market.

That rate is around 14 pence to the rand.

British direct and indirect investments in South Africa were supposedly worth around £12 billion two years ago. Now the depressed financial rand reduces the worth of assets to only £2,85 billion.

Of course some assets, notably property, could have appreciated in line with inflation. On the other hand they could have also declined because of the political and economic situation.

# Collapse of financial rand causes havoc



A fund manager notes that a six bedroomed Johannesburg house with swimming pool and tennis court, for example, recently was on offer in London for £40 000. That money would buy, at best, a studio or a one bedroomed flat in London's prime areas.

But that is not the end of the story. The financial rand is a volatile currency traded in a very thin market. If a foreign company tried to repatriate large sums of cash, the rate would tumble.

In short, most foreign companies are virtually locked in.

So when they are talking of disinvestment, they really mean that they do not intend placing fresh capital into South Africa.

Standard Chartered is an excellent example — it should be remembered that Lord Barber was a member of the EPG.

Standard has reduced its stake in South Africa from 53 percent to 39 percent by refusing to participate in rights issues of its South African associate Standard Bank Investment Corporation (Stanbic). Its stake in Stanbic fell because its shares in the company were diluted by issues to other shareholders.

The latest defence document against potential predator Loyds Bank says that Stanbic is worth £109 million or 70 pence a Standard Chartered share. Those assets were calculated at a rate of R6,365 a share. So the rand value of Stanbic is R694 million.

Since the document was published the financial rand has fallen further, so the worth of the South African associated company in sterling terms is down to £97 million.

Other things being equal, the sterling value two years ago would have been £410 million.

Other companies with stakes in South Africa are Consolidated Gold Fields, Lonrho and RTZ. But they will benefit from the higher rand value of metals exports.

Glynwed, Pilkington, Hunting Associates, Reckitt & Colman, Telephone Rentals, Smith & Nephew, Cadbury Schweppes, Barclays, BTR, Rowntree Mackintosh and Unilever are at a disadvantage from an asset and profit point of view.

CMB Times  
30/7/86 (62)

# Call for changes in education

BLACK education is unlikely to return to "normal" until there is both a single education department and some sort of multiracial transformation in government, a Task Force on Education of the Sullivan Code Signatory Companies has found.

In a report released in Cape Town yesterday, the group reports that "Own Affairs" education departments are unlikely to resolve the black education crisis.

Black educationists are unlikely to accept standards other than those applying in the white system unless and until they are part of the process of setting those standards.

The report found that:

## Meaningful political change

- Educational reform, to be effective, must be accompanied by meaningful political change, which means bringing all South Africans into the decision-making process at all levels of government.

- Education should be the first financial priority of the government.

- The government's financing of education should be on an equitable and non-racial basis and if local communities are to become involved in school and other educational improvements through levies, then this must be on a voluntary basis. The essential quality of education should not depend on such involvement.

- The education system must be managed under one minister.

## Open to all races

- Access to educational institutions should be open to all races.

- Teacher education should be given urgent attention and should be on a non-racial basis, as should membership of all teacher associations.

- There is an urgent need to give attention to pre-school education and supporting facilities, particularly in the rural areas, where such services hardly exist.

Far-reaching changes in the economy and society are needed to upgrade black education in such a way that "we do not just produce unemployable school leavers" which will create a new problem similar to that experienced in other Third World countries, the summary of the report says.

The report says the failure to implement some of the recommendations of the De Lange Commission on education is likely to contribute to the growing failure of the education system to meet either the country's needs or the demands of the population at large.

## Hopes largely dashed

The hopes raised by the De Lange Commission were largely dashed by the government's initial response to the report in its Interim Memorandum of October 1981, the report says, in which the government set down five guidelines or "non-negotiables" which involved a continuing commitment to separate schools and separate education departments.

"Black anger and frustration arose initially because of the correct perception that they had of an education system which denied them any semblance of equality of opportunity."

The report notes that the quality of the teaching force is one of the most important factors which contribute to the high drop-out rate and the declining matriculation pass rate.

It says the present theoretical approach in most South African training institutions is out of line with international developments in teacher training — especially in Britain.

## No guarantee of competence

The South African approach is no guarantee of competence — which will determine the quality of education.

Among the problems are that many teachers are 30 years old and under, while senior pupils in black schools are either teenagers or in their early 20s.

This bred insecurity in teachers who adopted an authoritarian approach, giving pupils no opportunity to become independent, critical thinkers.

Another problem is "the generally low standard of English in the schools". College lecturers need guidance in developing a programme to help students improve both their spoken and written English.

This, together with low wages which go with their low qualifications, caused poor morale. — Sapa

Americans who think the continuing disinvestment lobby there is having any practical effect on the way business is done in SA are fooling themselves: US business here remains alive and well.

True, 55 US companies have abandoned their SA operations in the last year and a half, and more are on the way out. Eighteen companies have disinvested so far this year, and bankers here say the pace will continue.

But little really has changed. Of the 18 US companies that have disinvested in 1986, 12 have retained substantial business connections through distribution, licensing and technology contracts. Only two have actually shut down their local operations, and both of these were small. For the most part, employment and management has remained intact under new ownership, in fact, six of the companies were purchased by local management.

Here is what has happened to the 18 local companies sold by American corporations so far this year, according to executives at the affected companies and the Investor Responsibility Research Centre in Washington:

Applied Power sold its local distribution subsidiary to Jenda Holdings, the Lichtenstein-based holding company for Bosal Africa. The local company has retained all its 33 employees as well as exclusive distribution contracts for collision repair and hydraulic equipment from the American parent. These contracts account for all the SA

# Pull-out partisans achieving nothing

## K H HAMMONDS

company's turnover. Ashland Oil sold its Valvoline Oil, Mikropul and two other units to an SA company.

Bell & Howell sold its MGX and TL Electronics subsidiaries to the Ronnie Price Group, for R2 plus the assumption of ongoing liabilities. Management remains intact, and the companies' 170 employees have been kept on. Distribution contracts with B & H will account for R3m of the companies' R25m turnover this year.

CBS's interest in Gramophone Records was purchased by Gallo, an SA company that already controlled the remaining 51%. There has been no change in operations or employment, and Gramophone produces recordings under licence from its former parent.

Cooper Industries sold 85% of its Gardner Denver unit to five senior executives, headed by its American MD Terry Spratt, and the rest to Barclays Merchant Bank in a cash transaction. Employment at

the new company has grown to 170, from 140 at the time of the buy-out. Distribution contracts with Cooper account for 20% of sales.

Eaton sold its Cutler-Hammer and Eaton Truck Component units to Northern Engineering for an undisclosed price. Northern, which also holds franchises from Mack Trucks, International Harvester and Cummins Engine — all US companies — now distributes and services car transmissions and axles under an agreement with Eaton.

General Electric's local subsidiary was purchased by nine senior executives, who changed the unit's name to Genwest Industries. Of the 700 employees working before the sale, 200 have been retrenched because of poor business conditions. Distribution contracts with GE account for 95% of turnover.

GTE's Unistrut division was sold to Unistrut management in the US.

The sale has had no effect on Dorbyl Ltd, which makes the Unistrut product under licence. In addition, Dorbyl purchased General Electric's locomotive division from Genwest, and now manufactures under licence from GE.

Kidder Peabody, the investment bank, closed its representative office, retrenching fewer than 10 employees.

MacMillan's local book publishing subsidiary was sold to an SA company.

Manpower's local Parker Pen unit was sold to British management of the Parker writing instrument division as part of an international disinvestment. Employment of 100 has not been affected.

Marriott sold its airline food services operation in May to Fedics, which now runs the business under the name Air Chefs International. Proceeds from the sale have been kept in the country for use by Marriott's business at Jan Smuts Airport, which operates under contract to SAA. When that contract

expires in October, Marriott will not reapply for the concession.

Pennwalt's local distribution business was sold to local manager Peter Avery, who has retained the unit's five employees and still operates under distribution contracts from the former parent.

Phillips Petroleum sold its 50% interest in Phillips Carbon Black unit to Degussa AG, a West German corporation, as part of a worldwide withdrawal from the rubber chemical business. The remaining 50% is held by the Industrial Development Corporation.

ROHM & Haas sold its SA subsidiary to local management and employees headed by MD Peter Harding. None of the unit's 100 employees have been affected, and the company has retained contracts for the purchase of raw materials from the US company, as well as other licensing and technology agreements.

WR Stamler liquidated its SA operation, retrenching eight workers.

Stanley Works sold its local distribution and assembly operation to three senior executives, who have retained all but three of the company's 25 employees. The local company continues to sell Stanley hand tools through an exclusive distribution contract.

VF Corporation, maker of Lee jeans, sold its 51% interest in Berkshire International for R1.1m to Shelford Ltd, a local company controlled by Berkshire chairman Corder Tilney. Berkshire continues to manufacture and sell Lee products under licence from the American company.

Budd  
62





By PHILLIP VAN NIEKERK

# PE unions on horns of sanctions dilemma

Cape Times  
31/7/86  
[Handwritten initials and scribbles]

THE issue of sanctions and disinvestment poses an uncomfortable dilemma for South African unions.

Nowhere is this better illustrated than in "slump city" Port Elizabeth.

Unions, as part of the broad opposition to the government, would be loath to oppose international pressures against this country.

At the same time they are there to protect their members' jobs, which could be jeopardized in large numbers if sanctions inflict real damage on the economy.

For instance, a single American multi-national — General Motors — is all that prevents Port Elizabeth from collapsing into a ghost city with a large and hungry population in its back yard.

Statistics are already grim. It's anybody's guess just how bad unemployment is in Port Elizabeth.

But a Vista University survey a year ago which revealed 56 percent unemployment among blacks in the city is taken by employers as the most authoritative.

A year later, with the phased withdrawal of Ford on the go, it is believed to be running at more than 60 percent — surely the highest in urban South Africa.

The downturn in the city is all the more dramatic because of Port Elizabeth's massive boom in the early '80s.

## Detroit of the south

Then, with three of the country's major automobile assemblers — Ford, General Motors and Volkswagen — alongside one another, Port Elizabeth was deservedly known as the Detroit of the south.

However, because of the government's decentralization fantasies which favoured areas closer to the bantustans such as East London, Port Elizabeth has been unable to attract new industry and much industry has in fact been weaned away.

But Port Elizabeth was close enough to the Transkei and the Ciskei to attract tens of thousands of refugees from rural poverty in the homelands. Huge shanty slums such as Soweto by the sea have mushroomed on the perimeter of the older black townships such as Kwazakele.

Since 1982 Port Elizabeth's motor industry — one of the most sensitive to recession — has been whittled away. From a high of 17 500 auto workers in Port Elizabeth and Uitenhage in 1982 only 8 000 remain today.

The largest union in the city, The National Automobile and Allied Workers Union (NAAWU), estimated that for every one employee in the auto industry that loses a job, three jobs are lost in the adjacent auto components industry.

With an average of five direct dependants per bread winner, if General Motors (which employs 3 500 workers) were to close down perhaps another 84 000 people would be rendered destitute.

## Opposed to disinvestment

Of course GM has been a leader in the opposition to disinvestment in the United States but with pressures mounting daily one can never predict what might change. Workers at GM would certainly not support proposals which would mean that families would have to starve.

At the same time Port Elizabeth is an angry city. As one of the strongest areas of mass mobilization and a clear stronghold of the ANC, the Eastern Cape has experienced some of the toughest repression since the state of emergency was declared.

The blade wire fence which rings New Brighton and the strict curfews to keep the population under what local activists who have managed to escape the police dragnet described as "concentration camp" conditions.

The argument in favour of sanctions as described by one activist is that it is "better to die on the road to freedom than to die marking time"

For the unions, however, it is a much more complex decision. At the moment NAAWU is in the process of canvassing all its members about sanctions before deciding on a national policy. Perhaps it is under such deliberations — with the sanctions debate written large across so many thousands of lives — that new answers will emerge.

Phillip van Niekerk is a former labour correspondent for the Cape Times and Rand Daily Mail and now writes for the Boston Globe, the Weekly Mail and other publications

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Blacks may benefit but ...

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467 - CLOTH  
Superceding

# Coke's plans will stay under wraps

AFRICA

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AREA D: All

COCA-COLA'S plans to use the divestment of its SA interests as a means of involving black businessmen in the soft drink industry will remain under wraps for some time. But it is possible that groups of black dealers who distribute Coke will be offered a stake.

The investments to be sold by Coca-Cola are a 30% interest in Amalgamated Beverage Industries (ABI) and a 51% interest in Amalgamated Beverage Canners.

Coca-Cola external affairs manager Hennie Viljoen said yesterday the company was in the process of investigating the creation of a multi-equity participation in both companies.

This would involve selling part of its interests to black investors.

Coca-Cola is also negotiating the sale of its shareholding in ABI with co-shareholders SA Breweries (which has a 55% interest) and Cadbury-Schweppes (which has 15%).

The negotiations are expected to last between six and nine months.

Viljoen stressed the discussions

LINDA ENSOR

hinged on interests being acquired by black businessmen.

Asked if black dealers would be involved in the scheme, Viljoen said this was possible.

It made good business sense to involve black entrepreneurs because about 76% of Coke sales were to black consumers.

"Whatever the outcome of the negotiations, no changes regarding the existing production, manufacturing and distribution through the independent bottler network will occur," he said.

Coca-Cola's divestment of its SA interests has been couched in anti-apartheid jargon but it has been a long-term objective of the company since 1976.

Viljoen said the step would bring Coca-Cola's SA operation into line with its operations in the rest of the world, which operated purely on a franchise basis.

He said Coca-Cola had a limited direct investment worldwide but in SA this had grown to a formidable level and had been reduced consistently, in terms of company policy, since 1976.

# 170 stop work at Mobil

By LEN  
MASEKO

ABOUT 170 Mobil workers are involved in a sit-in strike at the company's three plants on the Reef in protest against the dismissal of a colleague.

These members of the Chemical Workers' Industrial Union (CWIU) began their work stoppage last Wednesday.

Plants affected by the strike are Langlaagte, Benoni and Isando. Negotiations between the union and management resumed last Friday.

A statement from the CWIU said: "The union finds the intransigence of the management in this dispute disturbing, coming as it does in the middle of a high profile media campaign pronouncing Mobil's commitment to social justice, equality and peace.

"This incident serves to expose Mobil's true interests in South Africa and the attitude displayed by them reinforces the workers' struggle against multinationals."

## Minimum

A spokesman for Mobil said they were hoping to reach a settlement soon with the union. He confirmed that the workforce at the company's three depots had downed tools in protest against a worker's dismissal at Langlaagte depot.

• The wage strike by 600 Dunlop workers at the company's Benoni plant entered its eighth day yesterday

The CWIU members  
downed tools a fortnight ago, demanding wage increases and improved working conditions. They demand a minimum wage of R3,10 an hour against management's offer of R2,43 an hour; improved maternity, leave benefits and shift allowance.

## Dispute

A Conciliation Board is due to sit this week in a bid to solve the dispute.

• Twenty members of the Transvaal Leather and Allied Trades Industrial Union, who went on strike in sympathy with a fired colleague a fortnight ago, have since returned to work at Johannesburg's Villani Shoes.

The workers resolved to return to work after management reinstated the dismissed worker.

# Detainees pay row rages on

Soweto  
130117  
62

THE controversy over the payment of full wages to detained employees continued yesterday with the American Chamber of Commerce saying it was up to individual member companies to use their discretion on the matter.

A spokesman for Amcham said the association had not addressed itself to this issue as it dealt only with "broad policies affecting employers".

Asked whether it was not in the spirit of the Sullivan Code, of which most American companies were signatories, to pay detained employees full wages they would have earned if not in detention under security legislation, the spokesman said:

"The Sullivan Code is a suggestion to companies as to what they (authors) feel could happen in the workplace. It is the employer's right to choose whether to accept this suggestion."

## Rejected

The controversy about payment of detained workers came to a head recently when American company General Motors refused to pay full wages to two detained employees, both members of the National Automobile and Allied Workers Union (Naawu).

Instead, the company has decided to pay detained employees 50 percent of their gross earnings — a move rejected by the union.

In a similar dispute, the Port Elizabeth branch of Paper, Wood and Allied Workers' Union is locked in negotiations with two paper companies — Sappi and Saveall — about the fate of detained members.

The companies have not paid employees detained under security legislation.

By LEN MASEKO

Meanwhile, the Chemical Workers' Industrial Union reports that the Port Elizabeth branch of Plascon has agreed to pay three detained employees for the first 14 days spent in detention.

However, the union is negotiating for payment for the full period of detention.

# GM slated by Cosatu

By LEN MASEKO

AMERICAN company General Motors has been accused of being party to a "double victimisation" of workers.

The Congress of SA Trade Unions (Cosatu) yesterday launched the scathing attack in response to the company's refusal to pay full wages to employees detained under security legislation.

Cosatu-affiliated National Automobile and Allied Workers' Union (Naawu) is locked in a dispute with the company about paying full wages to two detained employees.

A Cosatu spokesman said the federation viewed the company's standpoint as a "double victimisation" of workers.

It was high time employers showed that they opposed "the emasculation of trade unions by actively supporting the workers," he added.

Naawu has condemned General Motors' stand, saying the company's attitude was surprising, as some South African companies had agreed to pay full wages to detained employees.

## Reviewed

A General Motors spokesman said yesterday that the company had reviewed its policy of "no work, no pay", and decided to pay 50 percent of gross earnings to the dependants of any employee detained in terms of security legislation.

The amount was on par with wages paid to workers who were on sick leave, he said.

"Naawu appears to have rejected this offer as it falls short of the 100 percent demanded by the union and because the offer extends to the dependants of any detained employee as opposed to Naawu's membership only," the General Motors spokesman said.

Naawu could not be reached in the Eastern Cape yesterday.

The Motor Assem-

## Row over pay for detainees

blies and Components Workers' Union of SA, which represents workers at GM plants as well, had accepted the company's offer, the GM spokesman said.

A spokesman for Asocom told the *Sowetan* that no final agreement had been reached with the unions regarding payment of wages to workers who are in detention without trial.

• About 180 striking Le Carbone workers have distributed pamphlets around Johannesburg, calling on the unemployed not to accept "scab labour" at the company's strike-hit Industria plant.

The Le Carbone strike, which entered its second week yesterday, was sparked by workers' demands for the reinstatement of their dismissed colleagues and recognition of their union, the Metal and Allied Workers' Union. The company has since dismissed these workers.

A Mawu shop steward told the *Sowetan* that the French company had begun using scab labour.

Le Carbone management has declined to speak to the Press on several occasions.

# Ford to revamp engine plant

THE giant Ford Motor company, in partnership with Samcor, is planning tentatively to revamp its engine plant in Port Elizabeth, with a view to penetrating markets outside SA.

The focus is to produce a range of automotive components and engines to serve the after-sales market, and to provide an additional manufacturing source for Ford's other assembly plants worldwide.

An outline of Ford's plans were revealed to *Business Day* by Lindsey Halstead, vice-president of the corporation's Latin American automotive operations and the person directly responsible for Ford's interests in SA.

In an interview at Ford's international headquarters at Dearborn, Michigan, Halstead said the weak value of the rand on foreign exchange markets was one of the reasons Ford was looking to source some products out of SA.

CHRIS CAIRNCROSS

Another potential inducement was the favourable export incentives government was offering, particularly to the motor industry.

A Samcor spokesman confirmed that a number of export opportunities were currently being explored for the Port Elizabeth operation, but stressed they were tentative at this stage.

If they did come to fruition, it could provide a much needed fillip to the depressed Eastern Cape economy, providing opportunities for other automotive manufacturers in the region to ride on Ford's, and Samcor's, muscle.

Ford's continued presence in SA, through its 42% stake in Samcor, and its resolve possibly to strengthen its position, was bound by strategic considerations, and not just on short-term vagaries like the rand's value.

According to Halstead, Ford's global strategy was to diversify and spread its manufacturing and engineering base.

While maintaining a significant manufacturing base in the US, the global spread would, and already did, enable the company to reap the benefits of importing built-up vehicles or components from lower-cost sources to enhance its competitive situation.

SA and, directly, Samcor did therefore have a fundamental role to play in Ford's globalisation strategy which has, as one of its primary goals, a commitment to assist its suppliers to become full partners who could service fully the group's need for components, Halstead said.

It was an approach increasingly being adopted worldwide throughout the motor industry — and did, in effect, represent an ongoing global rationalisation of the industry.

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BUS DAY  
11/8/86

**Economics Reporter**

A GROUP of US companies and Witswatersrand University academics have launched a new attempt at creating jobs for blacks by encouraging development of small black-owned businesses.

At a news conference last week at the Wits Centre for Developing Business, business leaders announced the findings of the Sullivan Task Group 7, formed in March to investigate how the 192 Sullivan Code signatories could assist black business in SA.

Sullivan Task Group committee chairman and IBM consultant on corporate social responsibility (CSR) Roly Clark said: "The creation of opportunities for black businessmen is a most absolute priority for SA."

"We must somehow develop business for black South Africans, so they can participate in, and take rewards from, the free enterprise system."

The Task Group's recommendations were:

Companies should be willing to provide financial assistance to the black-owned businesses they deal with, including prompt payment for orders, extended credit and new financing to fund orders larger than a small business would normally handle;

Companies should appoint special officers to identify and contract with small black-owned businesses as suppliers. The Task Group encouraged signatories to award black businesses contracts to supply products previously purchased from other sources, and to identify in-house activities that could be sub-contracted to employees wanting to start their own businesses;

Signatory companies should pro-

(62)  
US firms  
in drive to  
create jobs  
for blacks

vide funds for the training and education of black businessmen in basic management concepts and in industry-specific source work.

None of these proposals is binding for Sullivan companies.

Of the recommendations, the one that would establish trading links with black-owned businesses is the most important.

Its proponents argue the programme would be an effective means of job creation among blacks — just as similar projects have created millions of new jobs in the US.

But it is not clear whether selective contracting to black-owned companies would really create new jobs or simply transfer employment from existing suppliers.

A survey of CSR executives at SA companies found several who questioned whether the intent of the Task Force's recommendation and the needs of a corporate buyer assigned to find reliable, low-cost suppliers could be resolved.

Other giants deny re-think

# Rank Xerox prepares for sanctions

7/18/86  
BUS DAY

AMERICAN computer giant Rank Xerox said yesterday it was preparing full-scale business contingency plans in South Africa in case of further US sanctions.

MD of the company's SA operation, David English, said options included a reduced shareholding in the company, or a 100% buy-out by local management.

Other American computer companies immediately denied they were considering similar contingency plans. IBM MD Jack Clarke said IBM would remain in SA "as long as it makes good business sense and while there is a chance we can contribute to peaceful change".

However, their denials were dismissed by industry sources. They said all major corporations would by now have considered ways of circumventing sanctions. Denials of such plans were aimed at the US, in order to avoid political comeback

DAVID FURLONGER  
Industrial Editor

from the pro-sanctions lobby.

English said: "It would be stupid and irresponsible if we did not have contingency plans to deal with various scenarios. The future may not be in our own hands."

He said plans were designed to ensure continuity of supply to Rank's 10 000 SA customers.

"We have to consider ways to safeguard them. Any deal depends on guarantees of continuation of supply. The level of our business that would be maintained would depend on legislation.

"Left to our own devices, we would remain a 100%-owned company. But the spate of sanctions bills could jeopardise

● To Page 2



BUS DAY

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# Computer giants think again

that position. Depending on legislation, one of the options under consideration is a local buy-out. We have looked at the question of 100% local ownership. Or we could continue here as Ford has done, with a reduced holding."

The US already bans sales of computers to SA government agencies. Industry sources say companies could get round a total ban on sales to SA by channelling parts from manufacturing facilities around the world for local SA sub-assembly.

English said: "Commerce has always found a way round sanctions."

● From Page 1



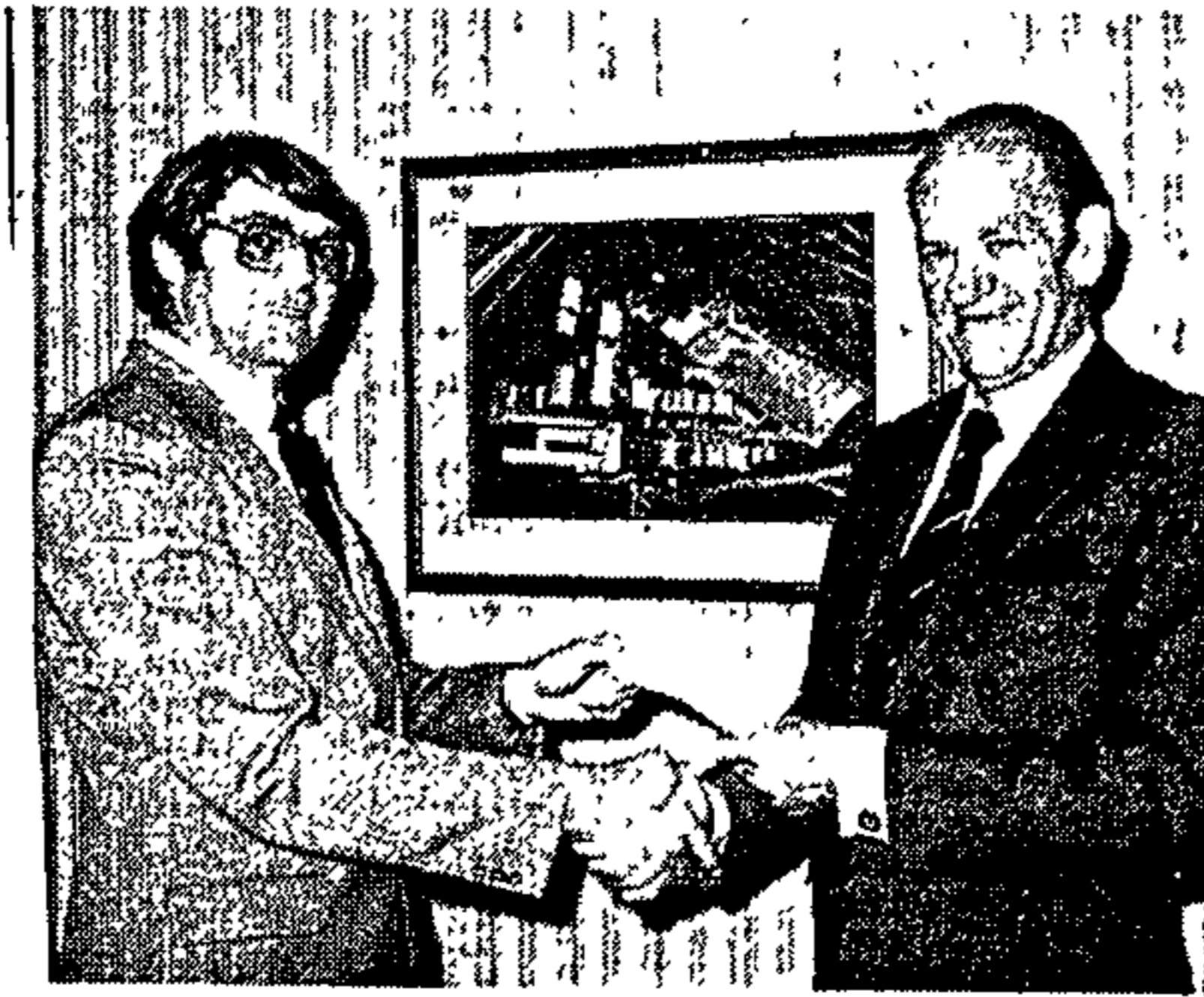
Sperry MD Pat Cullen yesterday insisted the company had no plans to reconsider its SA operation.

He said: "It is better to break down problems than to run away. They are a long way off, these sort of plans."

Burroughs MD Mias van Vuuren said: "If you leave, you must have a scenario that it is not worth being there. We have been in SA since 1930. It has been our posture all along that we are here in SA as a positive influence."



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Mr Peter Morum (right) presents a cheque of R126 975 to Mr Dieter Kûsel, director of the Emthonjeni Training Centre in Port Elizabeth, as part of Firestone's donation to black technical education in South Africa.

## R1,25m gift for education

### Education Reporter

FIRESTONE has given more than R1,25 million to 13 educational institutions countrywide as part of its ongoing commitment to non-racial technical education.

The money, part of a R3,75 million donation from the American-based Firestone Tire and Rubber Co, has been earmarked specifically for black education and training programmes.

The managing director of Firestone SA, Mr Peter Morum, said the money would be used for the upliftment of black education with special emphasis on technical skills.

"We have recognized that too little attention has been given to developing technical skills amongst the black community in South Africa. South Africa is a developing country and Firestone has identified black education and training as the area most in need of the kind of financial assistance we are able to provide."

This year's donation follows a similar one made last year and a further R1,25 million will be donated next year.

This year's donation is to be distributed amongst approximately

thirteen organizations throughout the country which include: The South African Council for Higher Education (SACHED), the Teacher's Opportunity Programme (TOPS), the Emthonjeni Training Centre, the Trinity/St Dominics Adult Education Programme, Promat College and the SOS Children's Camps.

The bulk of the company's financial assistance has gone to the Eastern Cape in view of the high unemployment there, Mr Morum said.

## R1,2-m black education gift

Own Correspondent

CAPE TOWN — Black education and training programmes are to benefit from a gift of R1,25 million distributed among 13 organisations across the country.

The money is part of a R3,75 million donation by the American-based Firestone Tire and Rubber Company.

Organisations to benefit include the South African Committee for Higher Education (Sached), the Teachers' Opportunity Programme (Tops) and a number of Cape institutions.

Firestone SA managing director Mr Peter Morum said the bulk of the aid was distributed in the Eastern Cape.

# GM head office reshuffles posts

5/10/86 EVERPOT  
192 62

## Business Editor

GENERAL MOTORS in Port Elizabeth has announced a series of top-level management changes as part of its streamlining programme following last week's announcement that 270 salaried and hourly staff were being retrenched or going on early retirement as part of a restructured organisation.

In a statement today, the company said it was making a number of changes in "executive assignments in its efforts to improve operating effectiveness and increase longer-term viability in the depressed South African

motor industry".

The changes are:

● Mr Keith Butler-Wheelhouse — former director, sales and marketing, of Ford in Port Elizabeth, who joined General Motors last year — has been appointed director of technical operations, combining the functions of product engineering, quality, manufacturing and assembly, and materials management.

● Mr Isaac van der Linde becomes director, materials management, combining the functions of purchasing, material scheduling and handling, supplier quality assurance, and logistics and

customs.

● Mr Rolf Mentzel becomes manager, engineering and reliability, effective September 1, replacing Mr Reinhold Metzger who is returning to Germany in a new assignment at Adam Opel AG.

● Mr Aubrey Adshade — formerly manager, reliability and quality control — is appointed special assistant to the managing director.

● Mr Herbert Eickhaus becomes GM South African's European liaison manager and will be relocating to West Germany in the near future to fulfil his new responsibilities.

These last three will report to Mr Butler-Wheelhouse

In GM's sales and marketing division, Mr Charles van Niekerk — formerly manager, parts and accessories — has been appointed manager, parts and service.

askly M.

# US motor unions to lean on SA

By PIPPA GREEN

PRESSURE on United States companies operating here is likely to increase following the visit of a delegation from the 1.1-million strong United Auto Workers of America (UAW), who have promised to investigate the policy of American companies on detained workers.

And the National Automobile and Allied Workers' Union (Naawu), one of the Congress of SA Trade Unions' most powerful affiliates, has put the spotlight on the policies of American companies in South Africa by embarking on an aggressive campaign to secure full pay for all detained union members, as well as job guarantees.

According to Naawu, motor workers in Port Elizabeth are wondering why they get support from a major United States-based company if they break apartheid beach laws, but substantially less support if they are detained under State of Emergency regulations.

It is a matter of some dispute between General Motors and its workers — the majority of whom belong to Naawu — that the company is prepared to pay only 50 percent of detained employees' wages.

Naawu issued a strongly worded statement before the UAW visit condemning GM "for their negative attitude towards employees of the company detained under security laws or Emergency regulations".

Last week, Owen Beiber, president of the UAW, said he would take up the matter of detained employees "with any American companies with which I have direct contact and that would include GM".

Beiber's five day visit to South Africa came in the wake of lengthy negotiations between Naawu and motor companies over wages for detainees. There are, at present, 11 Naawu members in the Port Elizabeth/Uitenhage region in detention, including three from GM, four from Volkswagen and one from Ford (now Samcor).

According to Naawu regional secretary, Les Ketteldas, VW has agreed to pay 75 percent of detained workers' wages and guarantee their jobs. Ford has settled for 60 percent and a guarantee "not to terminate" detained employees, according to Director of Industrial Relations, Fred Ferreira.

Indications are that Naawu has accepted this. However, Ketteldas asked how GM could justify supporting employees charged for using "so-called white beaches while refusing to support employees detained without contravening any law".

Bob White, managing director of GM in South Africa, said he had told both Beiber and Naawu that it was company policy to "campaign for the release of all detainees".

"We are supporting our people who are detained. They are still entitled to every benefit and we are paying their families," he said.

White confirmed that GM's policy was to pay detainees' families 50 percent of their normal wages. Asked to comment on Naawu's accusation that there was a contradiction in company policy by offering support to those who broke beach apartheid laws while not giving adequate support to detainees' families, White replied there was no contradiction. "It is company policy to take care of our people."

Meanwhile, the Paper Wood and Allied Workers' Union settled its formal dispute with Sappi this week after the company agreed to pay three detained workers between 75 and 100 percent of their wages.

Sappi Human Resources manager Quinton Stubbings said that if the employees were still in detention by the end of November, the company and the union would review the situation.

1/18/86  
EVE P007

# Laid-off GM staff say goodbye

By CATHY SCHNELL

THERE were emotional scenes outside General Motors today as retrenched workers said farewell to colleagues.

This week GM laid off 80 salaried and 190 hourly paid workers.

Many fetched their last pay packets and retrenchment benefits today.

"Not 270 workers bow out of jobs, but 270 families now without an income," as one put it.

Some of the men left hurriedly, others made plans for a last drink with former work mates.

No one seemed bitter. They said rumours of retrenchment had been rife for a long time and they were relieved that the waiting was over.

"I have been gently preparing my wife for this for a long time," one said.

Mr Richard Andrade, 25, of Fernglen, an hourly paid mechanic, has a wife and two children.

"I am looking for a job. I am prepared to do anything," he said.

Mr Tommy Bantom, 51, an hourly paid spray-painter from Salt Lake, was with GM for 20 years.

"I am old and sick now. My wife is working. All I want to do is stay at home and get well," he said.

Hourly paid evaluation technicians Mr G du Preez and Mr J Barkhuizen are going for farewell drinks with friends tonight.

"We got retrenched. They didn't. But rumours of further layoffs are rife and at least for us the waiting is over," Mr Barkhuizen said.

Mr S Abrahams, 23, of Gelvendale, said he had two children and a pregnant wife.

"I have been looking for jobs, but there is nothing in this town," he said.

## New York puts on pressure

NEW YORK — <sup>3/17/86</sup> <sup>STW</sup> <sup>62</sup> The \$1,6 billion (R4 billion) New York City Fire Department Pension Fund announced yesterday it would disinvest about \$40 million (about R100 million) in stock it has in companies that do business with South Africa to protest against apartheid.

The mayor, Mr Edward Koch, one of the fund's trustees, criticised President Ronald Reagan for not being more aggressive.

"The City of New York has put the nails in the coffin of apartheid, but there are more nails to be put in," he said. The Reagan administration could drive in "the nail that would make the difference."

Finance Commissioner Mr Abraham Biderman said that of the total \$26 billion (about R65 billion) in assets in all the city pension funds, about \$400 million (R1 billion) in stock was being disinvested. That includes the \$40 million (about R100 million) from the Fire Department Fund.

Mr Koch said: "Some still believe persuasion, not pressure, is the way to promote change. We disagree. Not until apartheid is dead will true justice be achieved." — Sapa-Associated Press.

# Wave of US disinvestment from SA quietly surges on

By Alan Dunn  
The Star's Foreign  
News Service

WASHINGTON — The wave of American companies leaving South Africa is still rolling — 23 have divested this year, bringing total US enterprise exits to about 69.

Their departures have gone largely unheralded in the US, drowned by the din of wide-spread debate in Congress and the Reagan administration on harsh economic sanctions against South Africa.

A tally kept here shows 250 US companies still maintain direct investments in South Africa.

Disinvestment by states, local authorities, universities, colleges and other institutions have also gone unnoticed recently.

"They seem to have taken on a momentum of their own, and

are continuing at a steady pace," said one Washington researcher.

According to latest statistics from the Investor Responsibility Research Centre Inc, a Washington group tracking these developments, 20 US states have divested totally or partially.

Eighty cities have done the same, and 51 universities have totally withdrawn all investments from South Africa-linked interests. Fourteen of these acted this year, involving about \$72 million.

At least three others have announced their withdrawals, such as the University of California which, with \$3.1 billion invested, is the largest single dent facing South Africa.

This year, California state opted for total disinvestment, Florida ruled out new investment, Maryland chose selective purchasing, Massachusetts

tightened its measures, Oklahoma imposed restrictions on banks with South African links, and Vermont and West Virginia decided on total disinvestment.

Fourteen of the cities started severing ties this year.

Several disinvestors are striking snags, however, as they move to join the wave.

The city of Philadelphia plans to plough \$5 million of pensions funds into local business.

But the proposed manager of the portfolio, Cigna Corporation, was found by city officials to have business relations with South Africa as part of its insurance operations.

## Pension funds

City Council chairman, Mr Joseph Coleman, reacted: "It would be an affront to all principles of freedom and personhood to place any of our pension

funds in the control of an investments entity who has business relationships with the Union (sic) of South Africa."

Officials and councillors are probing alternatives.

Apparently unresolved also is a dispute between New York City and the US Transport Department over a clause in the city's bidding rules.

They block contractors doing direct business with apartheid-enforcing agencies in South Africa, or those who supply goods from South Africa.

Transport officials insist, however, that federal bidding rules do not allow any restrictive clauses excluding certain bidders — all parties can tender.

Eighty-five percent of the city's transport contracts this year will be paid for with Transport Department funds.

"Neo-colonial states have gone on their knees to accept the structural adjustment programmes of the International Monetary Fund."

The people's response to the crisis, said Prof Nabudere, "is to try to survive". This struggle often took illegal forms such as smuggling. — Sapa.

# California decision tightens economic noose round SA

STAR 29/8/86

(62) (AAA) (SA)

By Neil Lursen,  
The Star Bureau

WASHINGTON — The noose round South Africa's economic neck has tightened sharply with the California state legislature approving the largest disinvestment Bill yet introduced in the United States.

By a vote of 50 to 26, America's wealthiest state yesterday gave the nod to a measure approved by its Senate on Monday — a four-year phased withdrawal of about R30 000 million invested in major companies which do business in South Africa.

On the other side of the continent, the Catholic Archdiocese of Baltimore announced that it would sell all its holdings in companies operating in South Africa — the first such step by a Catholic diocese in the US.

Both steps are being hailed by anti-apartheid activists as major victories in their campaign to squeeze Pretoria into abandoning apartheid.

The California decision in particular is expected to have serious ripple effects — providing a precedent for other states which have not yet enacted disinvestment Bills, and making corporate boardrooms nervous as they count the costs of staying engaged in South Africa.

## Top companies are affected

Some of America's top companies will be affected. California has R1 200 million invested in IBM, R500 million in Exxon and R300 million in Coca Cola — all of them active in South Africa.

Yesterday's decisions took place against a background of rising concern and anger about the resumed violence as Soweto's street fury again dominated the news throughout the US.

The White House and the State Department said further information was awaited, but that the South African authorities appeared to have used excessive force to restore order.

"It underscores the need for dialogue to avoid a descent into further violence," said State Department spokesman Mr Charles Redman.

The violence also comes at a time when senior Soviet and US officials, preparing a possible agenda for a superpower summit, are exchanging views on the world's regional problems — including the Southern African situation.

The California development has important political significance here.

The decision by the state's conservative Republican governor, Mr George Deukmejian, to support the Bill is a dramatic switch from his attitude last year when he vetoed disinvestment.

The change reflects Republican fears that the South Africa issue will cost them heavily in elections in November — and also a sense of disillusionment with the South African Government.

US companies whose shares are held by California pension and university funds will be given one year to withdraw from South Africa.

If they do not, the shares will be sold over the following three years — one third each year.

Economists predict that the state will lose money because of the Bill.



*we post 23/10/80*

## GM is again *(1)* top PE seller *(2)*

### Motoring Editor

FOR the second month in a row, General Motors South African has become the motor manufacturer to sell most new vehicles in Port Elizabeth, taking a 25,7% slice of total sales.

In June and July, 953 new units with CB registrations were sold by all manufacturers.

Of these, 247 (25,7%) were GM products, followed by 226 (23,7%) by Toyota and third 171 (17,9%) by VW. The VW figure includes Audi sales.

Of the others, Nissan sold 97 (10,2%), MMI 71 (7,5%), Ford 65 (6,8%), Mercedes 52 (5,5%) and BMW 23 (2,4%).

Samcor, therefore, with its MMI and Ford badging, sold a combined total of 136, or 14,3% of the market.

The final unit sold was a Magnis truck manufactured under the general Nissan umbrella.

In the passenger sales sector alone, PE-based GMSA still came out tops, selling 175 units to Toyota's 168 and the 153 from the Uitenhage plant of VWSA.

The public affairs manager of General Motors, Mr Mick Killeen, said the company was obviously very happy with the result over the past two months.

He ascribed this to the "better availability of the new Rekord models and Isuzu units as well as a welcome renewed interest in the Opel Kadett range".

"June was the first month that we managed to dominate the market in PE and we did it again in July. We hope to maintain that dominance," Mr Killeen said.

# Do US firms in SA comply with code?



24/8/86  
CITIP  
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**SULLIVAN:** There are more than 200 signatories to the Sullivan Code in SA.

THIS is the first of a series of articles on how US companies in South Africa conduct their businesses in relation to the Sullivan code of employment and a call on June 8 by the Rev Leon Sullivan for US firms not to comply with apartheid laws.

Sullivan, of Philadelphia in the US, has set a deadline of May 31 next year for the total withdrawal of US firms doing business in SA, if statutory apartheid is not eliminated by then.

Who is Sullivan, the moving force behind the set of principles for US companies in SA?

He has been the pastor of the Zion Baptist Church in Philadelphia since 1950 and is the founder and board chairman of the Opportunities Industrialisation Centres of America - a private-sector program sponsoring training for disadvantaged people.

The 20-year-old program has 140 centres in the US and operates in several African countries.

Sullivan organised and led an effective consumer boycott in Philadelphia in the late 1950s and early 1960s, demanding that industries employ more black people.

In 1971, he was elected to the board of directors of General Motors. He later proposed that General Motors "get out of SA" in pro-

## Interest grows as deadline looms for 'death of apartheid'

test against apartheid. The motion was defeated.

In 1975, during a trip to Lesotho, he made a brief stop-over in Johannesburg.

Several prominent black SA leaders approached him to try to get US companies

in SA to work more actively in opposition to apartheid.

In 1976, with prominent black SA leaders, he formulated a code of conduct for US companies in SA.

Initially, there were six principles - referred to as the Sullivan Principles or Code. The second phase of the code, called the SA Amplification, was inaugurated in December, 1984.

The principles are:

- Non-segregation of the races in all eating, comfort and work facilities;
- Equal employment practices for all employees;
- Equal pay for employees doing the same work;
- Development of training programs that will prepare non-whites for supervisory, administrative, clerical and technical jobs;
- Increasing the number of blacks and other non-whites in management and supervisory positions, and;

- Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

The SA Amplification attacks apartheid's roots and requires US companies to:

- Support the unrestricted rights of black businesses to locate in urban areas;
- Influence other SA companies to follow the equal right principles;
- Support the freedom of black workers to seek employment opportunities wherever they exist, and make possible provisions for adequate housing for employees' families, and;
- Support the ending of all apartheid laws;

The Sullivan signatories welcome comments on how their programs to meet Sullivan's call can be improved.

People with suggestions can get in touch with: D Thema at DeeTee Incorporated, 68 Von Wielligh Street, 5th Floor, Manchester House, Johannesburg. Tel: 23-8717 or 23-8848.

## R131 000 for education

CITY P. 24/8/86 62  
ELI Lilly, the American multinational company based on the East Rand, has donated R131 000 to black educational and community development organisations.

This brings the company's distribution to the black communities to R200 000.

Corporate affairs manager Louis Odendaal says the donation is aimed at helping people in the black community to help themselves.

"This is done in conjunction with the respective community leaders and by concentrating our efforts in two main areas - education and community development," he said.

Part of the R131 000 was divided among educational projects, including:

- Promat - a private college catering for teachers - which, apart from other forms of training, enables them to achieve matric in one year.
  - Read - an organisation which encourages reading by establishing libraries in schools, etc.
  - Educative Alive, a non-profit-making black educational organisation, which is active in the main SA cities, Lebowa, Bophuthatswana, Zimbabwe and Namibia.
  - The three schools adopted by Eli Lilly - Letsa Primary School, Heidelberg District; Nyiko Combined Primary, Tembisa and Mvelaphanda Primary School.
- The rest of the money was channelled to community development and health programs, including:
- Friends of Baragwanath - to buy video equipment for a hospital in KwaZulu.
  - Senaoane Clinic in Soweto, for medical equipment.

# New pressure on UK firms with SA links

*Capex Times 25/11/66 (62)*

**Own Correspondent**

LONDON. — A major new initiative by the London Borough of Lewisham aims to throw more than £3-billion (R11,4-billion) worth of financial muscle into what it terms "the fight against apartheid".

Chair of Finance councillor Martin Day has sent out a call for concerted action against firms with South African links to all the country's 28 Labour-controlled council pension funds.

He plans to bring fund representatives from these councils together for the first time in a "Joint Action on Apartheid Committee" at a conference to be held on September 20.

Lewisham's own share portfolio is currently valued at £140-million (R532-million), and many other Labour-controlled funds are worth that much or more.

Lewisham Council is already taking steps to exclude all South African-linked firms from its own pension fund.

Recently it announced it would sell its holding in Rio Tinto Zinc — which has the highest percentage of pre-tax profits earned from South Africa of all Lewisham's investments.

Fund managers would have to tread carefully however, Mr Day warned, because they must always be able to justify investment moves on financial grounds.

News 28/8/86

# California to withdraw R29-billion SA investments

**The Argus Foreign Service**  
WASHINGTON. — The noose around South Africa's neck has tightened with the California legislature approving the largest disinvestment Bill in America.

By a vote of 50-26 America's wealthiest state yesterday backed a measure approved by its Senate on Monday — a four-year phased withdrawal of R29,8-billion invested in companies that trade in South Africa.

And the Catholic archdiocese of Baltimore has announced that it will divest itself of all its holdings in companies operating in South Africa — the first such step by a Catholic diocese in America.

### Ripple effects

Both steps are being hailed by anti-apartheid activists as major victories in their campaign to squeeze Pretoria into abandoning apartheid.

The California decision, in particular, is expected to have serious ripple effects.

Some of America's top companies will be affected. California has R1 137-million invested

in IBM, R500-million in Exxon, and R329-million in Coca-Cola — all active in South Africa.

Yesterday's decisions took place against a background of rising concern and anger about resumed violence in Soweto again dominated the news throughout America.

The White House and the State Department said further information was awaited, but added that South African authorities appeared to have used excessive force to restore order.

The decision by California's conservative Republican governor, Mr George Deukmejian, to support the Bill is a dramatic switch from his attitude last year when he vetoed disinvestment.

The change reflects Republicans fear that the South African issue will cost them heavily in this November's elections — and also a sense of disillusionment with the South African Government.

The governor's decision is expected to make it even more difficult for President Ronald Reagan to head off a sanctions Bill that will be sent to him for signing by the US Congress about the middle of September.

### Deadline

American companies whose shares are held by California pension and university funds will be given a year to withdraw from South Africa.

If they do not the shares will be sold over the following three years — total disinvestment must be completed by 1991.

The Bill also bars the state from making investments in South Africa from its pooled money investment fund that usually has up to R52-billion to invest.

Economists predict the state will lose money because of the Bill, but they cannot say how much. They do not expect the American stock market to be significantly affected at this stage.

In Baltimore a diocese spokesman said: "We hope to provide a model for the bishops and dioceses around the US."

Mobil gives reasons for staying

# US firm defies pull-out campaign

SPR

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~~28~~

Political Staff

**Mobil Oil has given the reasons why it will not withdraw from South Africa — a decision which is a major blow against the disinvestment campaign.**

Cape Town

The company, one of the largest United States investors in South Africa, was one of the original 12 companies which signed the Sullivan Code for nonracial employment practices.

Mobil Oil Southern Africa chairman Mr. Georges Racine has said: "We intend to stay in South Africa and be part of the process of change." In a letter accompanying the company's latest social report, Mr Racine wrote: "These are traumatic times for all large multinational corporations. Some have chosen to quit South Africa rather than stay. But Mobil will not walk away from the problems. "A new challenge faces us as South Africa enters one of the most testing periods in its history. We intend to play our part in meeting this challenge. "This is why Mobil has established a R40 million foundation that will be devoted primarily to the upliftment of black education, but also assist small business and agricultural development." Mr Racine said the company was committed to maintaining its business operations in South Africa.

## Survival

"We are aware of the scalls that are being made for companies such as ours to disinvest from South Africa. "Our reply... is that economic power and growth is vital to the black communities and business survival." Investment through jobs and training provided that power, he said. A well-educated and well-trained labour force could provide the ultimate means to change the system. "Walking away from South Africa and its problems may make some people feel good. But we cannot accept that we should walk away from an active role that promotes change — and thereby surrender to those who are trying to hold back the process of change, and those who are trying to push us into a future of violence and disorder."

FOREIGN FIRMS IN

SA - USA

SEPT - NOV - DEC

SOVETAW  
25/11/87  
(b2)

# Kodak says warranties will remain

By KIN BENTLEY

KODAK SA today promised its one-year warranty on cameras sold this year would hold good through "the whole of 1987".

This was said from Johannesburg by Kodak's marketing manager for photographic products, Mr Andrew Tudhope.

He gave this assurance in the wake of reports of increasing consumer reluctance to buy Kodak products following the announcement that the company would withdraw from South Africa by April 30, next year.

Mr Tudhope said he expected the Kodak laboratory at Doornfontein to remain operational until the end of June next year.

Customers who wanted their Kodachrome slides developed, would be notified if this situation changed.

After the firm's withdrawal, the slides would have to be sent to similar laboratories in other countries.

On the warranty issue, Mr Tudhope said Kodak had in the past been using organisations around the country with repair facilities. The company would "make arrangements with them to handle our warranties".

He said negotiations were underway to secure

this guarantee, but said people buying Kodak products would in the meantime have to rely on the integrity of the company, which he believed had been established over the years.

Today, Mr Aron Katz, director of Katz Camera World in Port Elizabeth, confirmed there had been consumer resistance to Kodak products.

He said this was "only natural" in the light of the company's withdrawal next year.

Similar resistance has also been reported from Durban.

Mr Katz said the uncertainty about warranties and the processing of the Kodachrome film were factors which also inhibited sales.

"I have placed an order for Kodak products for Christmas, but I can't see myself selling them unless I know a full year's warranty will be handled by someone. I want to know what the situation will be this time next year," Mr Katz said.

He said Kodak had used a "tremendous promotional campaign", resulting in many people who were not "in the know" often automatically choosing their products.

However, he said, there was a variety of alternative choices.



# Court finds strike illegal

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25/11/81  
Cave post

By CHRIS RENNIE  
AN ORDER declaring that the Motor Assemblies and Component Workers' Union of SA (Macwusa) and about 600 workers were engaged in instigating, inciting, or conducting an unlawful strike, was granted by the PE Supreme Court today.

This follows the finalisation of a *rule nisi* issued by Mr Justice Jones on October 29 after an urgent application by General Motors SA (Pty) Ltd.

The rule sought against the National Automobile and Allied Workers Union (Naawu) — who opposed the application — was discharged with costs.

Prayers seeking a declaratory order to the effect that strikers persisting in the unlawful strike after November 3 could be dismissed without notice, and asking for costs, were also discharged.

Opposing the application, Naawu conceded the strike was unlawful but denied it had any part in it.

It submitted that, in seeking a declaratory order, GM was procedurally defective.

Mr Justice Jones found he had a discretion as to whether he issued a declaratory order or not.

Because such an order would have tangible advantages to GM and the strikers, there seemed to be compelling reasons to justify using that discretion.

The present facts concerned a delicate situation in industrial relations where the future operations of a large motor manufacturer were uncertain, and where its

workforce was genuinely concerned about rights.

The result was an unlawful strike by the entire body of workmen.

There was a dispute of fact about Naawu's involvement in the strike, but it was clear Gemsa had reason to believe it was behind the strike.

Some of the workers may have believed their actions were clothed with approval and authority.

While GM considered it was entitled to terminate employment of strikers without notice, it was anxious to avoid drastic measures and to maintain harmonious relations with workers and their unions.

It had sought the declaratory order as a full and fair warning to all of the consequences of their actions.

However, GM had abandoned the course of settling the dispute of fact by taking the matter to trial, as it had become academic and could only relate to a question of costs.

Mr Justice Jones accordingly found it highly undesirable to pronounce upon that issue.

Naawu had conceded a common law right to dismiss strikers, but indicated such dismissal might constitute unfair labour practice within the meaning of the Labour Relations Act.

As Gemsa intended conducting an enquiry into individual cases, it was unnecessary to incorporate the prayer in the final order.

Mr R van Rooyen (instructed by Oosthuizen, Hazel and Wilmot) appeared for GM. Mr H J van der Linde (instructed by P C van Staden, Venter and Co) appeared for Naawu

11605 26/11/86  
**Playtex  
leaves SA  
but 'business  
as usual'** 62

The Argus Correspondent

**JOHANNESBURG.** — American underwear giant Playtex has withdrawn from South Africa but its products will continue to be manufactured in this country, says local managing director Mr Bill Quinn.

Durban-based Playtex Africa has broken away from its US parent in a local management buyout arrangement that has assured continued employment for all 400 employees and the supply of existing products.

**SA-OWNED**

"From a wholly-owned subsidiary of International Playtex we have now become a totally South African-owned manufacturing business. Although the name of our company has changed from Playtex Africa to PTX Distributors (Pty) Ltd, all the traditional Playtex brand names will remain," Mr Quinn said.

He said the new company would have access to new developments by the former US parent.

"It is very much a case of business as usual. We have written to our local suppliers and customers throughout South Africa with the assurance that as far as our manufacturing operation and quality of product is concerned, nothing will change."

**Chinese diplomat**

Some ratings have improved

FUSDAY  
26/11/86

# Sullivan Code report given December date

THE annual report on signatories to the Sullivan Code, already one month late, will not be made public until December 9.

The report, which rates the social responsibility activities of US corporations operating in SA, will be released in Washington, a day before the annual meeting of the Sullivan Plenary Association in New York.

The Sullivan report has become increasingly important to the companies involved, because many state and municipal authorities in the US now consider Sullivan ratings in evaluating bids for government contracts.

The information contained in the report remains tightly guarded by Arthur D Little, the Boston consulting firm that compiles the study annually for the Rev Leon Sullivan's International Council for Equality of Opportunity Principles.

But executives at US subsidiaries here, who have received their own final ratings, indicate that some have improved since the Draconian preliminary grades were awarded last month.

Still, there remains some resentment over the way the ratings were

Economics Reporter

handled this year. Executives at some companies have complained that changes in the ratings process were not communicated well, and that the standards set for each grade were raised unfairly from last year.

"At first I was pleased," said an executive at one company whose rating improved from the preliminary report to the final report. "Then, I began to wonder whether it was all worth it. I mean, we seem to be playing games, don't we?"

Arthur D Little's Reid Weedon, responsible for compiling the ratings, said yesterday the final report was delayed initially because of problems in defining the criteria to be used in rating so-called "social justice" programmes — a new requirement of Sullivan signatories.

As well, Weedon said, Arthur D Little this year placed more emphasis on qualitative evaluations of effort, rather than on quantitative measurements of contributions made by corporations.

He said: "Some of the companies did not understand that change as well as they could have."

2. EMPLOYMENT

2.161 REGIONAL EMPLOYMENT BY INDUSTRY : 1980  
(As at 6 May. Based on Population Census data.)

STATISTICAL REGION 82:

	TOTAL		AFRICAN		ASIAN		COLOURED		WHITE	
TOTAL	162 835	161 116	29	176	1 514					
NOT ECONOMICALLY ACTIVE	137 423	136 063	26	145	1 189					
ECONOMICALLY ACTIVE	25 412	25 053	3	31	325	100.0%	100.0%	100.0%		
AGRICULTURE	6 782	6 712	0	7	63	0.0%	22.6%	19.4%		
MINING	2 150	2 050	0	7	93	0.0%	22.6%	28.6%		
MANUFACTURING	2 685	2 674	0	1	10	0.0%	3.2%	3.1%		
ELECTRICITY	189	189	0	0	0	0.0%	0.0%	0.0%		
CONSTRUCTION	1 278	1 266	0	2	10	0.0%	6.5%	3.1%		
COMMERCE	2 678	2 665	1	3	9	33.3%	9.7%	2.8%		
TRANSPORT	812	804	0	0	8	0.0%	0.0%	2.5%		
FINANCE	124	120	0	0	4	0.0%	0.0%	1.2%		
SERVICES	5 003	4 887	2	6	108	66.7%	19.4%	33.2%		
NOT CLASSIFIABLE	3 711	3 686	0	5	20	0.0%	16.1%	6.2%		

SOURCE: CSS, Population Census 1980, Report No. O2-80-08.

2. EMPLOYMENT

2.162 REGIONAL EMPLOYMENT BY INDUSTRY : 1980  
(As at 6 May. Based on Population Census data.)

STATISTICAL REGION 85:

	TOTAL		AFRICAN		ASIAN		COLOURED		WHITE	
TOTAL	157 455	156 953	33	266	203					
NOT ECONOMICALLY ACTIVE	138 359	137 916	27	238	178					
ECONOMICALLY ACTIVE	19 096	19 037	6	28	25	100.0%	100.0%	100.0%		
AGRICULTURE	1 591	1 583	0	3	5	0.0%	10.7%	20.0%		
MINING	188	187	0	0	1	0.0%	0.0%	4.0%		
MANUFACTURING	913	910	0	1	2	0.0%	3.6%	8.0%		
ELECTRICITY	149	149	0	0	0	0.0%	0.0%	0.0%		
CONSTRUCTION	3 187	3 180	0	7	0	0.0%	25.0%	0.0%		
COMMERCE	2 961	2 949	6	5	1	100.0%	17.9%	4.0%		
TRANSPORT	829	827	0	1	1	0.0%	3.6%	4.0%		
FINANCE	62	62	0	0	0	0.0%	0.0%	0.0%		
SERVICES	5 377	5 361	0	8	8	0.0%	28.6%	32.0%		
NOT CLASSIFIABLE	3 839	3 829	0	3	7	0.0%	10.7%	28.0%		

SOURCE: CSS, Population Census 1980, Report No. O2-80-08.

# The Great Trek

THE 20 US companies with the greatest number of employees in South Africa that have withdrawn or announced their withdrawal from SA this year are listed below.

The information was gathered by the Investor Responsibility Research Centre, a Washington-based non-profit organisation that researches social and public policy issues.

- General Motors Corp (3 056 employees), plans to sell.
- International Business

Machines Corp (1 484), plans to sell.

● VF Corp (960), sold to South Africans.

● General Electric Co (654), plans to liquidate.

● Coca-Cola Co (465), plans to sell.

● Eaton Corp (375), sold to South Africans.

● Marriott Corp (350-400), sold to South Africans.

● Foster Wheeler Corp (375), sold to South Africa.

● Procter and Gamble Co (290), plans to sell.

● Delaware North Co (262), sold to South Africans.

● Sara Lee Corp (203), sold to Dutch.

● Warner Communications Inc (181), plans to sell.

● Honeywell Inc (176), plans to sell.

● Bell and Howell Co (166), sold to South Africans.

● Phillips Petroleum Co (166), sold to West Germans.

● Cooper Industries Inc (140), sold to South Africans.

● Scovill Inc (130), sold to Americans.

● Manpower Inc (102), sold to British.

● Rohm and Haas Co (101), sold to South Africans. - Sapa

2 Full Bus Day

62

# Local buy-out team concludes deal with departing GM

AGREEMENT has been reached between General Motors and the SA management buy-out team which is to take over on January 1.

Formal signing of implementation documents is expected before the plant closure on December 19. The name of the new company will be announced prior to the January start-up.

"We are delighted this extremely complex negotiation is nearing conclusion somewhat ahead of schedule," MD Bob White said yesterday.

"It has of necessity been a long-drawn-out process, with significant financial and strategic implications for all concerned.

"We are greatly encouraged by the support of our dealers in this period of apparent uncertainty."

The new management team, White said, could now move forward quickly in putting its new marketing strategy into effect, including the renewal of the 5-year franchise agreement with dealers.

## THELMA TUCH

He said the situation with employees had essentially been resolved and that production was almost back to normal. The new owners, he said, would honour all existing agreements with the unions.

New appointments were announced yesterday. Bob Price is to become chairman and chief executive officer. Keith Butler-Wheelhouse is the new managing director. Andre van Rooyen will be director of product development and plan-

ning and George Stegmann designated director of personnel and public affairs.

I D J van der Linde, currently director of materials management and parts, retains his position.

Two positions still to be filled are those of director of sales and marketing and director of finance.

THE Port Elizabeth Supreme Court this week discharged with costs a rule nisi sought by GM against the National Automobile & Allied Workers Union

(Naawu).

The majority of workers wanted a three-week strike at GM plants are Naawu members.

Explaining the court's findings van der Linde, who represents the union in its opposition to the action, said yesterday GM had decided to proceed with the relief it wanted against Naawu by going for a defence because the matter was before the Industrial Court. The hearing was scheduled for December

*apt. Times 2/11/80 (62)*

## Cross our hearts, we're out

JOHANNESBURG — American underwear giant, Playtex, has withdrawn from South Africa, but its products will still be manufactured here, said local managing director, Mr Bill Quinn.

Durban-based Playtex Africa has broken away from its US parent in a local management buy out, but has assured continued employment for all 400 employees and the supply of existing products.

"We have now become a totally South African-owned manufacturing business. Although the name of our company has changed from Playtex Africa to PTX Distributors (Pty) Ltd, all the traditional Playtex brand names will remain," Mr Quinn said.

# GM take-over pact ahead of time

Dispatch Correspondent

PORT ELIZABETH — Agreement in principle has been reached ahead of schedule between General Motors Corporation and the local management buy-out team to take over GM South Africa on January 1.

According to a statement issued last night, formal signing of documents and reviews with appropriate South African authorities are expected to take place before the plant closes on December 19.

The statement also included the job designations of the new GM management take-over team, under the former GMSA manager, Mr Bob Price, as chairman and chief executive officer.

Two new appointments to the management team are: current director of materials

management for GMSA, Mr I. van der Linde who will become director of materials management and parts. Mr Russ Oliveto, a consultant to the company, will become director of manufacturing and assembly.

The following positions were announced: GM's current director of technical operations, Mr Keith Butler-Wheelhouse as managing director, GM strategic planning manager Mr Andre van Rooyen as director of product development and planning, and the current industrial relations manager, Mr George Stegman, as director of personnel and public affairs.



# SA loses support as Playtex quits

BUSINESS (184)  
27/11/86 (62)

UNDERWEAR giant Playtex International caused a storm in a D-cup yesterday when it announced it will disinvest from SA.

Announcing the shedding of its SA interest, MD of SA subsidiary Bill Quinn said Durban-based Playtex Africa had snapped ties with its US parent in a local management buyout.

He said the company would continue to support and cosset local suppliers and customers. Despite a name change, the shape of the company would remain the same.

MICK COLLINS

"As far as our manufacturing operation and quality of product is concerned, nothing will change.

"Although the name of our company has changed to PTX Distributors, all the traditional Playtex brand names will remain.

Dispensing with the frills, Quinn said: "From a wholly-owned subsidiary of International Playtex we have now become a totally South African-owned manufacturing company."

Information on the buyout was scant but Quinn added that the arrangement also ensured that the company's 400 South African employees would not lose their jobs.

In a brief statement Quinn did not disclose the price of the buyout or reveal anything further.

He said a two-way information stretch would continue, with the South African company continuing to have access to new product developments made by its former US parent.

DD  
27/11/86  
Call to  
release  
arrested  
children

Dispatch Correspondent

PIETERMARITZBURG  
— A resolution calling on the government to release all children and educational leaders in detention was passed by the principals of private schools in South Africa at a conference in Cape Town.

The adopted resolution stated that the Conference of Headmasters and Headmistresses of the Private Schools of South Africa believed that the present crisis in education was part of a greater crisis facing South Africa.

It called on the government to release all children and educational leaders in detention, to lift the ban on educational organisations and to negotiate with all South African leaders to build a just, democratic and non racial society.

In addition, the conference requested the government to consider community service for men as an alternative to national service, and to consider introducing voluntary community service for women "in view of the present state of violence and social disintegration in our country, and having regard to the needs of the country for extended teaching and health services".

Speakers at the conference included the director of the Cape Town centre of Sached, Dr Neville Alexander, a programme officer in the Masifundese Education Project (part of the Trust for Christian Outreach and Education), Mrs Nontobeko, and the head of the School for Economics and editor of South African Outlook, Professor Francis Wilson.

DD  
27/11/86  
Sanctions  
may  
hit  
US firms

Dispatch Bureau

WASHINGTON — Two United States nuclear processing companies, Kerr McGee and Allied Chemical, may lose important contracts and have to lay off workers as a result of the Congress' decision to ban South African uranium and uranium oxide imports, according to US officials.

Both firms process South African yellowcake into uranium hexafluoride so that it can be enriched into nuclear fuel, and both have major contracts with overseas nuclear utilities, primarily in Taiwan and other Far East nations.

These clients purchase their uranium from South Africa and send it to the US for processing and enrichment by the Department of Energy and Fabrication into fuel rods.

As written, the comprehensive Anti-Apartheid Act bans South African and South West African yellowcake outright, making no allowances for material to be imported for re-export after processing. However, the law does not ban South African uranium once it has been turned into uranium hexafluoride.

In a continuous series of inter-agency meetings involving the Departments of Energy, State and Commerce and the Nuclear Regulatory Commission, Reagan administration officials have looked in vain for a loophole before issuing the final regulations implementing the ban, which goes into effect on December 31.

*Kodak* 00 27/11/82  
*services*  
*may*  
*remain* (b2)

CAPE TOWN — There is a possibility that sections of the multi-national Kodak Corporation's services will continue to operate under new owners in South Africa after the final disinvestment deadline of April 30 next year.

The managing director of Kodak South Africa, Mr R. C. Ferris, said in a letter sent to clients this week that:

"It is possible that parts of our business, such as our photofinishing laboratories and equipment service organisations, may be sold and will continue to operate as distinct and separate businesses, and we hope they may enjoy your continued support".

He said "key elements of our sales and technical staff will remain in our employment to meet your needs and to minimise the impact of our decision (to withdraw) on your business".

Mr Ferris said Kodak's affairs in South Africa would be wound down in "an orderly fashion" and with the "utmost consideration for our employees and customers".

— Sapa

## 'Agreement' in GM takeover

JOHANNESBURG. — Agreement in principle has been reached between General Motors Corporation and the local management buy-out team to take over GM South Africa from January 1, it was announced yesterday.

Final reviews with appropriate South African authorities and the formal signing of documents are expected before closure on December 19.

The name of the new company will be announced before the January start-up.

GMSA managing director Mr Bob White said: "We are delighted that this extremely complex negotiation is nearing conclusion, somewhat ahead

*Cape Times 27/11/86 62*  
of schedule. "It has of necessity been a long, drawn-out process with significant financial and strategic implications for all concerned," Mr White said.

The GM team yesterday revealed the following key management assignments:

Mr Bob Price will become chairman and chief executive officer, Mr Keith Butler-Wheelhouse the new managing director, Mr Andre van Rooyen the director of product development and planning, and Mr George Stegmann director of personnel and public affairs. — Sapa

# GMSA's take-over talks are 'near end'

25/11/86

(62)

NEGOTIATIONS for the local take-over of General Motors South African from January 1 next year are "nearing conclusion, somewhat ahead of schedule", Mr Bob White, GMSA managing director, said yesterday.

In a statement, Mr White said: "It has of necessity been a long, drawn-out process with significant financial and strategic implications for all concerned.

"We are greatly encouraged by the support of our dealers during this period of apparent uncertainty.

"The situation with employees has essentially been resolved. Production is almost back to normal and we are beginning to make up the backlog of our Monza build.

"We appreciate the concern of our employees that their position might be affected by the withdrawal of the American company. But we have said all along that the new owners would honour all existing agree-

ments with the unions."

● The local buy-out management team was also officially announced

Mr Bob Price will become chairman and chief executive officer and Mr Keith Butler-Wheelhouse will become the new managing director.

Mr Andre van Rooyen was named as director of product development and planning, and Mr George Stegmann, director of personnel and public affairs.

Mr I D J (Van) van der Linde will become director of materials management and parts. Mr Van der Linde is currently director of materials management for GMSA.

Mr R D (Rus) Oliveto, who is currently a consultant to GMSA, will become director of manufacturing and assembly in the new company.

Two principal positions yet to be filled are for a new director of sales and marketing and a director of finance.

The names of non-executive directors will be announced shortly.

corp at f

28/11/86  
STAR  
62

# General Motors may have put \$100-m into SA

General Motors Corporation is believed to have transferred as much as \$100 million to its South African subsidiary just before the US ban on further investment took effect earlier this month.

Converted at the financial rand rate, this is equivalent to more than R400 million — considerably more than the amount

of the debts that General Motors had undertaken to clear as part of the sell-out deal to its South African management.

The company's director of personnel and public affairs, Mr George Stegmann, declined to comment but said an announcement on the financial arrangements would be made in due course.

Outside sources close to GM South Africa (GMSA) say the sum involved is sufficient to cover the new company's investments in new models up to 1990 or even 1992.

GMSA — the name for the new company has not yet been decided — is known to be introducing a revised Isuzu bakkie range next year.

It is thought the money will also be used to fund a replacement for the large Rekord/Commodore V-car range.

One source said that the money pumped into South Africa includes a sum set aside for introduction of the new-generation Kadett/Monza J-car, due in the early 1990s.

## 4 MNR rebels die in attack

The Star's Africa News Service

MAPUTO — Four rebels were killed when they tried to attack a consumer co-operative in Matola suburb in Maputo on Wednesday, said AIM, the Mozambique news agency.

Police sources said a group of about 35 anti-government rebels entered the suburb at about 10.30 pm and tried to kidnap local people.

Mr Manuel Banda, head of the Police Rapid Intervention Unit, told AIM his men set up an ambush for the rebels and opened fire on them when they tried to attack the co-operative.

He said were some "explosives specialists" in the rebel group. Four light machine guns and two mortars were among weapons captured.

In another dispatch, AIM said rebels ambushed a lorry carrying timber in the area of Nicoadala, about 40 km north of the port of Quellmane in the northern province of Zambezia.

This is the first time this stretch of road has been attacked.

Meanwhile, the *Noticias* newspaper has indicated that a major offensive against rebel positions in Zambezia is under way.

# Reported sale of plans of submarine to SA sparks W German row

The Star's Foreign News Service

MUNICH — A political row erupted in West Germany yesterday over the reported sale by a German shipyard of submarine blueprints to South Africa.

The opposition Social Democrats in the West German Parliament charged that the deal had, at least, the passive consent and possibly the active support of the Bonn Government, and Bavarian Prime Minister Mr Franz-Josef Strauss was challenged to describe his role in the affair.

The Bonn Government made no direct statement on the matter although the chairman of the Bonn Parliament's foreign affairs committee, Mr Hans Stercken, a member of Chancellor Helmut Kohl's ruling Christian Democrats, said the shipyard, the Howaldtswerke of Kiel and Hamburg, had applied unsuccessfully for permission to sell the plans to South Africa.

The application was "expressly rejected", he said. But a lead-

ing member of the Social Democratic opposition, Mr Norbert Gansel, suggested the Howaldtswerke might have been quietly led by the Bonn Cabinet to understand that it could proceed with the sale.

A statement issued last night by the directors of the shipyard said the firm had had business relations with the South African Government but this relationship at no time permitted the construction of submarines and no money had been involved.

### Not denied

The relationship was not of a nature requiring official approval by the Bonn Government and the relations were broken a year ago because of the deteriorating situation in South Africa.

The statement did not elaborate on the relationship the firm had with the South African Government nor did it specifically deny that submarine blueprints had been sent to South Africa. It said only that reports of the submarine blueprints deal were incomplete and incorrect.

Further comment on the reported deal was being withheld

because of the legal inquiries now being conducted.

Mr Uwe Barschel, Prime Minister of the state of Schleswig Holstein — which owns 24.9 percent of the Howaldtswerke stock — said he knew nothing about the reported sale by the shipyard of blueprints of its submarine model "209" to South Africa.

The "209" is one of the most successful of German submarines but Howaldtswerke is having difficulty selling it because of restrictions on delivering military equipment to "crisis areas" and the boycott of arms sales to South Africa.

● An Armscor spokesman said the company was aware of the report but did not comment on the purchase or sale of arms.

## Reed sails on i

CAPE TOWN — Bertie Reed was trying to trim his sails after Stabilogybed in fresh winds during the he neared the halfway stage to the second leg of the BOC Cha round-the-world yacht race.

'Economics major factor'

# Kodak closes the shutters on SA sales

US MULTINATIONAL Eastman Kodak is to pull out of SA and none of its foreign operations will be allowed to sell their products here.

The move will hit professional photographers and health services the hardest. Newspapers using the Kodak-owned Atex system do not expect to be severely hampered.

No timetable has been fixed for the withdrawal, which will cost about 500 jobs and involve the closure of five marketing branches around the country.

Kodak CE Colb Chandler said in Rochester, New York: "The economics of the situation are a major factor in our decision to withdraw."

"Our SA business has been affected negatively by the weakness of the economy. We also have no doubt the system of apartheid has played a major role in the economy's under-performance."

He said Kodak's hopes that reform would lead to the end of apartheid were not justified and added: "We must now make the business decision to withdraw."

Kodak agreed in June not to supply Pretoria as part of a \$8m municipal contract to sell high speed copying equipment to New York.

SA Institute of Photographers past president Mike Reed said Kodak was the biggest supplier of X-rays in Southern Africa and loss of Kodak equipment to professional photographers would be "a wrench".

He said Kodak stock was widely used for film-making and for video and sound

HAMISH McINDOE

material of broadcasting standard. He said: "It's a major shock."

A film laboratory, that did not wish to be named, dismissed suggestions it would not be able to buy supplies of positive material abroad.

And an Atex spokesman made it clear the company would abide fully by Kodak's decision to withdraw. He said: "This means that after April 30, no Atex products — hardware or software — will be sold in SA."

Slating US sanctions as "childishly illogical", SA Associated Newspapers (SAAN) MD Stephen Mulholland said last night: "We will find ways to continue to produce our newspapers without any disruption."

"Sanctions are aimed at damaging that element in SA society which has been campaigning against apartheid for decades at risk and cost to itself."

SAAN deputy MD Roy Paulson said the April embargo deadline would allow SAAN to build up its existing R500 000 stock of spares.

Atex systems are also used by Argus and Nasionale Pers publications.

News of Kodak's proposed disinvestment was leaked to *Business Day* late Tuesday night. Kodak (SA) MD Dick Ferris would not comment on the move and the company closed its Johannesburg office early yesterday afternoon.

● Comment: Page 8.

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# BRA-LESS

## Underwear firm Playtex quits SA

AMERICAN underwear giant Playtex has withdrawn from South Africa, but its products will continue to be manufactured in this country, says local managing director Bill Quinn.

According to press reports, Durban-based Playtex Africa has broken away from its US parent in a local management buy-out arrangement that has assured continued employment for all 400 employees and the supply of existing products.

"From a wholly-owned subsidiary of international Playtex we have now become a totally SA-owned manufacturing business.

"Although the name of our company has changed from Playtex Africa to PTX Distributors (Pty) Ltd, all the traditional Playtex brand names will remain," Quinn says.

He said the new company would have access to new developments by the former US parent.

"It is very much a case of business as usual. We have written to our local suppliers and customers throughout SA with the assurance that as far as our manufacturing operation and quality of product is concerned, nothing will change." — Sapa



# US disappointed by pullout from SA

Eye Post

2/2/86

62



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DETROIT — General Motors and other US companies in South Africa have "done America proud" and the Ronald Reagan Administration was disappointed by their withdrawal from that country, an adviser to the US president said yesterday.

"We can appreciate the kind of pressure a number of companies are under, as well as the difficult economic situation in South Africa," said Mr Chester Crocker, Assistant Secretary of State for African Affairs.

GM announced in October that it would pull out of South Africa. International Business Machines, Eastman Kodak, General Electric and several other major companies have announced similar plans.

GM has 3 056 employees in South Africa.

"We are disappointed

to see it happen," Mr Crocker said at a news conference. "Our companies have done America proud in South Africa."

Crocker said US companies had been a major force for racial justice in South Africa.

"They have brought the highest standard of affirmative action and decency," he said. "They have spoken out . . . to the extent they are leaving, it reduces that pressure point."

The debate over economic sanctions against South Africa had hurt prospects for peaceful change by hardening the stands of the Government and the white minority there, said Mr Crocker.

He said there appeared to be little chance in the near future for a peaceful transition to democracy and majority rights in South Africa because

black and white leaders were engaged in testing each others' resolve.

"They're talking about reform much less than they were two years ago," Mr Crocker said.

"What we have seen since the spring is a turn toward a more negative policy in a number of respects. You've had very heavy-handed police repression."

Mr Crocker said the South African Government had been preoccupied with how to cope with, or circumvent, the economic sanctions adopted by Congress over President Reagan's objections, rather than with carrying out needed changes.

The sanctions "have distracted a lot of attempts for reform" and "have fostered anti-foreign attitudes" among white South Africans, he said. — Sapa-AP

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## GM cuts salaried staff 'at all levels'

About 100 salaried staff at General Motors in Port Elizabeth have been retrenched in an effort to ensure viability for the new South African owners.

Mr. George Stegmann, director of personnel and public affairs, said staff reductions were made at all levels, from senior executives to administrative clerical staff.

"We do not contemplate any further reductions," he said.

There were no plans to cut hourly paid staff.

The latest retrenchments were necessary to enable the new company to enter 1987 with a more streamlined and rationalised operation. Some were related to the cutting of ties with the US which in the New Year would make certain functions unnecessary.

Mr Stegman said the plant had increased its working day by an hour to catch up with production lost during the three-week strike in November. Production was up to 95 units a day before the extended working hours and was now approaching the normal level of about 130 units.

Mr Stegmann said GM hoped to announce the new name of the company before the Christmas shutdown on December 19.

DP 5/12/86  
Systems  
firm ~~(2)~~  
sells (62)  
to SA  
company

MINNEAPOLIS —

Honeywell Inc, a leading computer and control systems concern, said yesterday it had sold its South African affiliate, joining the procession of US firms pulling out of South Africa.

Honeywell said it had sold Honeywell Pty Ltd for undisclosed terms to Murray and Roberts, a Johannesburg-based diversified construction and engineering company.

Honeywell's move follows the announcement of similar disinvestments by such leading US multinationals as Eastman Kodak, General Motors and IBM amid growing concern over South Africa's lack of progress in reforming its apartheid racial policies.

Honeywell, based here, said last month it was negotiating to sell the SA operation which markets and services control systems for industrial and commercial building customers.

The unit has offices in Johannesburg, Cape-town, Durban, Pretoria and Port Elizabeth. It employs 175 workers and represents less than one per cent of Honeywell's worldwide revenues. — Sapa-RNS

# Revlon, Honeywell cut ties with SA

NEW YORK — United States cosmetics giant Revlon and the Honeywell computer company yesterday announced they would pull out of South Africa.

Revlon said it planned to sell its South African subsidiary as soon as possible — not later than the end of next year.

The company said its board authorized the move due to the "uncertainty in the economic and political" situation in South Africa and the Government's lack of progress in dismantling apartheid.

Honeywell said it had sold its South African affiliate to a Johannesburg-based construction and engineering firm, Murray and Roberts, on undisclosed terms.

Honeywell employs 175 people in South Africa in an operation which represents less than one percent of the company's worldwide revenues of \$6.6 billion.

Revlon, which is controlled by New York financier Ronald Perelman, will not disclose its revenues from South Africa, the spokesman said.

The list of major international firms leaving South Africa has grown steadily. Eastman Kodak, General Motors and IBM have announced plans to wind up their operations in the country. — Sapa-Reuter.

# Revlon joins exodus from SA

62  
9/12/86  
ave  
post

NEW YORK — United States cosmetics giant Revlon and computer company Honeywell today became the latest foreign companies to announce they would leave South Africa.

Revlon employs about 300 people in the Republic, making hair care products, a spokesman for the company said.

Revlon said it planned to sell its SA subsidiary as soon as possible, not later than the end of next year.

Revlon said its board authorised the move due to the "uncertainty in the economic and political" situation in SA and the Government's lack of progress in dismantling apartheid.

Honeywell said it sold its SA affiliate to a Johannesburg-based construction and engineering firm, Murray and Roberts, on undisclosed terms.

The list of major international firms leaving South Africa has grown steadily. Eastman Kodak, General Motors and IBM have announced plans to wind up their operations in SA.

Honeywell employs 175 people in SA in an operation which represents less than 1% of the company's worldwide revenues of \$6.6 billion (R13.2 billion).

Revlon, which is controlled by New York financier Mr Ronald Perelman, will not disclose its revenues from SA, the spokesman said.

But it is known the company posted total revenue of \$1.24 billion (R2.4 billion) in the nine months ended September.

The Johannesburg unit's annual sales are believed to be less than \$20 million (R40 million).

The announcement came soon after Operation Push, a civil rights group headed by the Rev Jesse Jackson, said it was stepping up its boycott of Revlon cosmetic products because of the company's SA.

At the news conference in Chicago at which he announced expansion of the boycott against Revlon products, Mr Jackson said civil rights and church groups in 30 US cities had agreed to support the boycott and demand that the company hire and deal with more blacks and minorities. — Sapa-AP

# Aussie bans on SA piling up

AUSTRALIA is to ban all SA coal, iron, steel and agricultural imports from June 1, 1987.

The ban, under an agreement reached by Commonwealth leaders, follows an earlier announcement that Australia would sever air links between the two countries.

The move affects about US\$20m worth of trade each year.

SA export sources said the amounts involved were small and would not affect the country's export figures unduly.

Coal industry observers said the amount of coal exported to Australia was virtually nil.

A spokesman for Iscor said last night the move wasn't unexpected. "It's been on the cards under the Commonwealth package."

An Australian government spokesman said the action was being taken as a moral and political imperative in protest at apartheid policies.

Canberra is also planning action against SA tourism promotion.

# Honeywell selling out

HONEYWELL, the giant US electronics corporation, is to sell its South African subsidiary to local company Murray & Roberts.

A statement yesterday said Honeywell had reached agreement with Murray & Roberts to transfer ownership to M & R Technologies, formerly Westinghouse Bellamby.

Neither side would put a value on the deal or discuss details.

Honeywell admitted to *Business Day* in October it was engaged in talks with a South African company wanting to buy its 100%-owned subsidiary. The admission came in the same week IBM and General Motors confirmed they were pulling out of SA.

Markos Tambakeras, MD of Honeywell SA, said last night: "We have been talking to Murray & Roberts on and off for the past two years, since the initial approach came from them. We started talking again about three months ago."

M & R Technologies' main business is the supply of railway signalling equipment. Honeywell's SA operation, specialising in industrial process control, will permit M & R to significantly expand its activities.

BUS DAY

DAVID FURLONGER  
Industrial Editor



"Honeywell will allow it to get into hi-tech industry, so there are excellent prospects for expansion," a M & R spokesman said.

In terms of the deal, M & R Technologies will continue supplying Honeywell products in SA under the Honeywell name.

"Honeywell products will continue to be supplied and marketed," Tambakeras said.

"Our main objective during these negotiations has been to secure ongoing support for Honeywell customers from a major SA industrial group, while at the same time protecting the interests of our employees. We believe this transaction will accomplish both objectives."

According to the Investor Responsibility Research Centre in the United States, Honeywell has assets of less than \$46m in SA. Its SA sales in 1984 were worth about R61m.

The company employs 176 people. Tambakeras says he will be transferred out of the country by Honeywell but the remaining staff will all move to Murray & Roberts.

# Carolling takes a turn for the wors

A WORTHY organisation, saddled with 400m of boerewors, is set to feed the hand that bites it tonight.

The 400m of succulent sausage was ~~ready to have been eaten last~~

MICK COLLINS

sing-along.

The organisers will be taking the boerewors to the Steeldale Hypermar-

are any leftovers.

Administrative director Anthony Cosgrave says that, at R1,50 a hot dog, everyone will get jumbo-sized helpings.

vindication of the strategy it adopted to deal with the strike sparked by GM Corporation's decision to sell off its local interests to local management. The strike was broken without GM conceding any of the strikers' demands.

For the National Automobile and Allied Workers' Union (Naawu), the dominant union at GM, and the smaller Motor Assembly and Component Workers' Union (Macwusa), it was a humiliating experience. Union leaders evidently miscalculated the degree of worker backing for the strike.

The battle between GM and Naawu will now continue in other forums. December 3 is the return date for an Industrial Court hearing on a temporary order GM won in the course of the strike. Among other things, it interdicts Naawu against inciting GM workers to strike. Naawu has to show cause why the order should not be made final.

The two sides are also due to thrash out their differences before an arbitrator in terms of an agreement they reached at the Industrial Council. Naawu has given notice that it intends applying to the Industrial Court for reinstatement of workers dismissed during the strike.

These processes will take time. Meanwhile, the issues raised by the strike continue to reverberate in industrial relations circles and beyond. Both Naawu and Macwusa are affiliates of the Congress of South African Trade Unions (Cosatu) which at its launch in December last year adopted a highly controversial resolution wholeheartedly supporting disinvestment. Macwusa has always been a highly politicised union, while Naawu generally preferred to concentrate on shopfloor issues. There is therefore some irony in the fact that Naawu — and not some of its other Cosatu stablemates — found itself on the spot over disinvestment.

A critical question about Cosatu's position is whether its disinvestment policy is merely an expression of the political will of some of its leaders, or whether union members actually endorse its stance. According to Naawu PE branch secretary Gloria Barry, sanctions and disinvestment were being debated at grassroots level at the time that speculation about GM's future in SA first appeared in the press.

The demands Naawu submitted to the company gave effect, she says, to the Cosatu resolution. They embraced: a severance payment of one month's salary for each completed year of service; pay-out of employee and company contributions to group life and pension funds, as well as returns on investment of such funds; and that two of the directors of the new company should be appointed by Naawu members.

In subsequent negotiations, Naawu dropped the demands relating to the group

life fund and board representation. GM says it indicated all along that it was open to discussion on the pension fund demands but not on severance pay, and that it was Naawu's refusal to budge on linkage between the two which bedevilled the talks.

According to Naawu, management agreed at a meeting on November 4 to refer the question of severance pay to GM in Detroit. But when the answer came the next day it, too, was negative. That was also the day when police were called in and 566 workers who had been sleeping in at the plant were peacefully evicted and dismissed.

From then on the strike went management's way, although the company must have taken heavy losses due to the delay in the launch of its new model, the Monza. When GM placed newspaper advertisements to recruit new workers, for example, the unions threatened to mobilise the community to prevent scabbing. But as the overwhelming response to GM's advertisements demonstrated, the unions underestimated workers' willingness to cling to their jobs.

Barry says the strike was not about workers objecting to disinvestment. "Workers were not saying to GM that it should not go: they were saying that if you leave you have a debt to settle with us," she says. GM director of personnel and public affairs George Stegmann disagrees: "Naawu exploited the situation in which the GM Corporation withdrew from SA and used the workers as pawns in a political power play." ■

FINMAN

GM STRIKE

## Union disarray

In the face of a management ultimatum to return to work, and despite clashes between police and picketers, most workers at General Motors in Port Elizabeth returned to work last week, ending the strike that started on October 29.

It was a triumph for management and

The *FM* has been edited to comply with the emergency regulations. Information may therefore be distorted, incomplete and misleading.

CONFIDENCE IN THE BOARDROOMS, COCKINESS IN THE STREETS ... THE GM STRIKE STALEMATE GOES ON

# The painful reality under the bravado

FIVE hundred General Motors workers packed a Port Elizabeth church hall last month and held a rousing sing-song, with vernacular lyrics about their boss. "Bob White is running away," they chanted, a few of them stamping out the rhythm of the townships' war dance, the toi-toi. "He is frightened of Umkhonto we Sizwe (the guerrilla army of the African National Congress). We sent him to America to get our money, and now he is running away."

Barely 800 metres away, in GM's sprawling plant, the union's bravado rang thin. Despite the autoworkers' political strength in the radical townships, GM has still managed to execute the perfect act of disinvestment, over the heads of their union leaders, by announcing the sale of their South African operation to its local managers.

The deal virtually assures GM greater profits from South Africa, opens the possibility of new trade with the South African government and military forces, and, according to the recent issue of *Automotive News* published in Detroit, possibly earns for GM tens of millions of dollars in income tax deductions.

## The jobless: The strikers, the scared, the sacked

The people on the streets: MBULELO LINDA talks to some of those who have lost their jobs

FOR 16 years Lucas Bere built cars on the factory floor of the General Motors plant in Port Elizabeth.

In an office above the factory sat a company director who helped decide how to market those cars.

Today, both are out of work. Bere is on strike, with little chance of being re-employed. And the executive was among 100 salaried staff, from executive level downwards, who were retrenched on Monday.

The retrenchments were part of rationalisation aimed at floating the South African-owned company.

Most of the 100 axed salaried employees were employed in maintaining links with the American head office in Detroit, according to company sources. This followed GM USA's pull-out and hand-over to local managers seven weeks ago.

I interviewed Bere in his Kwazakhe township home. He has done much of the renovating himself: the wooden ceiling, the red stoep.

Above the excited squeals and shouts coming from the kitchen, where his three toddlers, aged two, four and six, were playing *undize* — hide and seek — Lucas said the family would be living on the salary of his wife, Nomzamo. A nurse at Livingston hospital, she earns R600pm.

He remained positive about the workers' action which had cost him his R120 weekly wage at the Kempston road plant.

"I still believe we did the right thing to strike — especially just before the launch of the Monza," he said.

He clings to the belief that he and over 400 others will get their jobs back one day, despite management statements to the contrary.

"I'm not too worried. In fact I'm pretty confident I'll be back at work in two weeks," he said.

A member of the detentions-hit Motor Assembly and Components Workers Union, (Macwusa) he expressed bitterness towards the leading union in the strike, the National Automobile and Allied Workers Union (Naawu) because "they admitted in court that our strike is illegal".

Bere was surprisingly conciliatory towards 228 mainly coloured workers, part of a group of 567 workers at the heart of the strike, who went back to work. (Over 100

If the General Motors strikers are still convinced that management has been pushed into a corner, they are mistaken. The company appears to have blithely sidestepped the union pressure. VIVIENNE WALT reports from Port Elizabeth

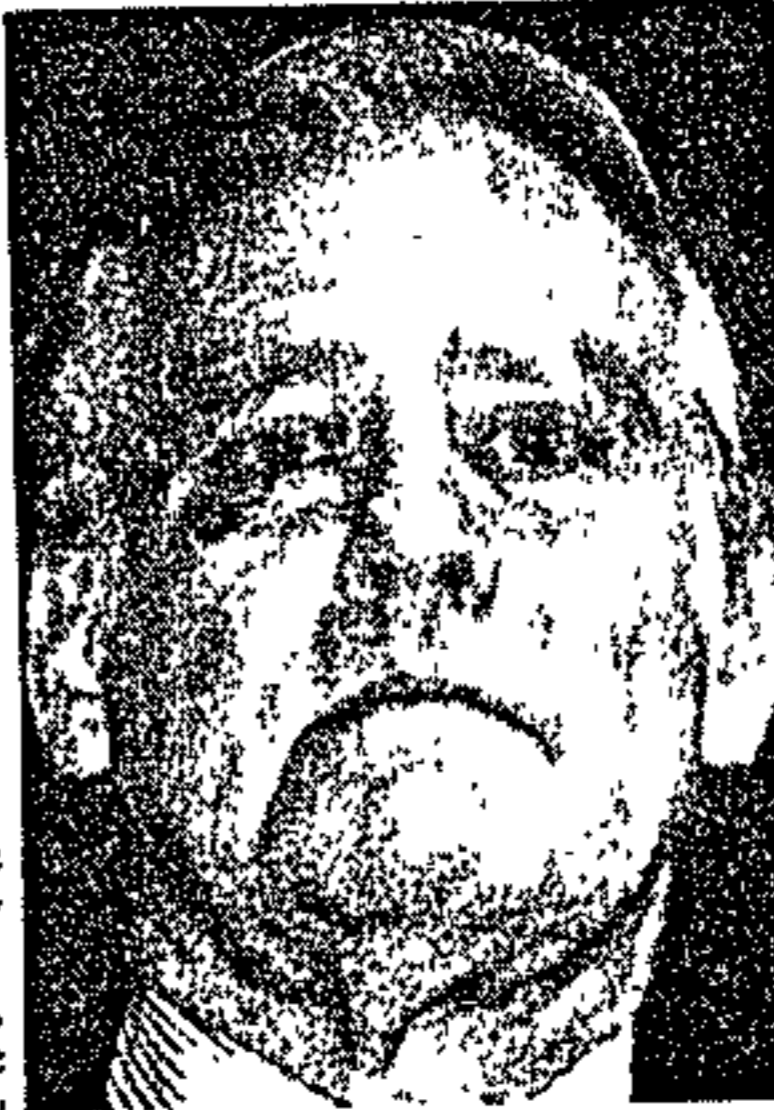
The only wild card is the National Automobile and Allied Workers' Union (Naawu), which called a strike of GM auto workers immediately it heard the company was withdrawing

from South Africa. Its leaders are furious at having been ignored by GM's negotiators

The three-week strike was a failure, with the company rejecting the union's demands for severance pay and pension refunds from the disinvestors.

Of the 867 strikers fired by the company, only 338 have regained their jobs and 320 new recruits have been hired. This means a reduction of 220 union jobs.

"GM has cut its losses at the workers' expense," says Naawu general secretary Fred Sauls. "They



GM SA's Bob Price

rejects the union's demands. He says that the withdrawal was a shrewd move. "We can diminish the political pressure while minimising the cost of going forward"

GM's South African operation employed 3 000 people last year and sold 35 000 vehicles. By the time the withdrawal was announced it was struggling to maintain its 10 percent of the market, and debts had mounted to at least R100-million.

"We had no alternative," says White. "We were flirting with technical bankruptcy. We had all the grief of being here with none of the profits."

The new GM South Africa management is a solidly loyal, GM-trained team. The new chief executive elect, Robert Price, has run GM operations for 35 years.

GM South Africa's technical director, Keith Butler-Wheelhouse, is the new managing director, and strategic director André van Rooyen, as well as personnel director George Stegmann, will keep their jobs in the new team

The withdrawal deal means GM South Africa will take over GM's local manufacturing and assembly plants, and make and distribute GM vehicles under a five-year renewable franchise agreement.

GM has the right to review certain South African management decisions without having a share in the company. In return, GM South Africa gets a cash injection which makes it financially the cleanest motor company in the country

At the time of the withdrawal announcement GM raced through a payment of \$25-million (about R63-million) to its South African creditors

The new company will be able to market its products more aggressively to the SA government without fear of transgressing the new US anti-apartheid law.

Government agencies represent one of the only growth areas in a market which is already severely overrated. Although White explains that US products cannot be sold to the South African government, he says the company has been working on re-sourcing components from elsewhere.

Under the new arrangement, GM can claim dividends via its non-South African subsidiaries, from its vehicle trade with the SA government. At the moment the bulk of parts for GM South Africa's vehicles comes from Opel, a wholly owned GM subsidiary in Germany and Isuzu in Japan, in which GM has a 33 percent stake.

*Automotive News* claims that GM stands to gain tens of millions of dollars in US tax deductions, by declaring its heavy losses in South Africa before the new US tax law comes into effect next month. The Internal Revenue Service would, says the journal, pay GM 46 cents for every dollar lost over the years in South Africa.



Two of the striking GM workers — Lucas Bere (l); "We were right to strike" and Busta Mdletye: "I won't desert the strikers" Picture: Mbulolo Linda

workers joined the strike after the 567 were fired, bringing the present figure to 450 )

"I feel sorry for the *inywagi* (back stabbers) because now they can be fired at any time. And it is not like it used to be. All the shop stewards are out on strike.

"I have heard that workers are not allowed to stand in groups because the supervisors are constantly on the look-out for what they say 'are conspiracies'."

He was sceptical about the new workers' ability to maintain standards set by the strikers: "When GM management changed its output figures from 150 to 50 cars per day, it was proof to us that standards could not be maintained because the new workers were inexperienced."

His colleague Buster Mdletye, 28, has worked for GM for seven years and is also supporting the strike.

"I've got a family of six to support," he said, "but that's not pushing me to desert the other strikers."

Mdletye's sister, who now supports the family on her wage as a domestic worker, said "There are no good weekends for me anymore. I am waiting for the better days."

Another black GM worker enjoyed "the better days" — but only briefly. Returning to the factory shortly after the strike began, he has now rejoined the strikers.

He had been unemployed for four years before getting a job at GM. He has four children to feed, and no money to spare for the house — with

peeling paint, broken furniture. In the yard are two shacks built out of wooden GM car boxes.

"Being unemployed is very frustrating," he said. "I am the only breadwinner. I support three families: my wife and two kids, my sister's two children, and my parents, who live in the Ciskei"

His sister's children came to stay after their father was retrenched when Ford closed down in Port Elizabeth last year.

"There are two others I support who are unemployed. They live in those shacks behind the house."

He said he had no alternative but to go back to work. When GM began to employ outsiders, he said, "I was sure we would never get our jobs back."

Now he is back on strike "because of community pressure. Some of us had our homes petrol-bombed."

"I couldn't oppose the pressure. I don't want to be seen as a collaborator because I do support the strikers' demands."

Unlike Bere, he does not believe the strikers will be reinstated. He has learned from a failed strike at a nearby factory, Industex, where the entire workforce was replaced after a strike.

Shock and uncertainty are the major reactions of salaried staff retrenched this week.

A secretary who served a departmental head said she had been told not to return the next day when she was about to leave for home. "I feel what has been done has been done," she says.

"GM was good to us all these years," said the wife of a retrenched executive. "It doesn't help to say anything about them now."

An executive was trying to be fair. "Some aspects make me bitter, but not the company itself," he said. "In three



months' time I will be able to look back at it logically. Phone me then."

Said another: "When I pick up the phone I keep hoping it will be someone offering me a job. We're all committed financially, and obviously I'm bitter about it."

But for at least one executive, retrenchment was a blessing in disguise

"It's the best thing that could have happened," he said. "It pushed me into starting my own business. I'm one of the lucky ones. I feel very bad for the others." — East Cape News Agency.

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BY PETER STEYN

Birds of prey

of Southern Africa

their identification and life histories

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DAVID PHILIP, PUBLISHER



# Pull-out plans announced by 2 more firms

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IRVINE (California) — Another two major United States companies, Fluor and Revlon, have arranged to pull out of South Africa.

Fluor Corporation yesterday announced that it has divested its South African operations, selling 100 per cent of the assets to an independent trust. Under the trust's ownership, operations will be directed by current local management, enabling continued employment for the racially integrated work force, Fluor said.

In a statement released in Johannesburg yesterday, the chairman and chief executive officer of Fluor, Mr David Tappan, said: "This divestiture ensures that clients in South Africa will continue to receive the high-quality engin-

earing and construction services the company has provided to them for the past 25 years.

"The management of Fluor believes that the enactment of sanctions and the departure of American companies are not an effective way to hasten an end to apartheid. We have reached the point, however, where an orderly transfer of ownership is in the best interests of the corporation, its employees, shareholders and clients."

Fluor has retained a repurchase option.

Fluor said the sale would have no material impact on the corporation's financial results.

Fluor is an engineering, construction and natural-resources management company.

The Revlon beauty products group is selling

its operations in South Africa for economic as much as political reasons, a senior manager with the company said unofficially yesterday.

No official comment could be obtained from the South African operation as the chief executive was unavailable at the time.

A statement from New York said: "Revlon will be terminating its involvement in South Africa through the sale of its subsidiary there by the end of 1987."

The announcement came the same day that Operation Push, a civil rights group headed by the Reverend Jesse Jackson, said it was stepping up its boycott of Revlon cosmetic products because of the company's South African holdings. — Sapa-AP

8/12/86 BUDAH

8/12/86 BUDAH

# Harare oil firms 'seek SA aid'

**HARARE** — Zimbabwean oil companies have asked their SA counterparts to supply 34 000 tons of petrol, aviation fuel and diesel to maintain essential deliveries in Zimbabwe over the next few weeks, the Zimbabwean *Financial Gazette* says.

It says shortages are feared if SA supplies do not arrive in time to meet an imminent upsurge in consumption because of increased travel over Christmas and peak activity on farms with the onset of the rain.

"The principal problem is not necessarily a national shortage of fuel, but the difficulty of moving supplies by rail from Faruka, the Beira pipeline terminus at Mutare.

"This is due to a shortage of loco-

**MICHAEL HARTNACK**

motives (one-third of the National Railways of Zimbabwe's fleet is believed to be out of action because of a shortage of spare parts), and the limited capacity of the Mutare-to-Harare railway line," the newspaper says.

By buying fuel from SA, trains hauling tanker cars can make deliveries at Bulawayo and in the Zimbabwean midlands en route to Harare, thus providing supplies at times of maximum use.

"While national fuel stocks are reasonable, problems are being experienced because of a reduced output on the pipeline from Beira to Mutari," the report said.

"There are six diesel generators

situated along the 300km pipeline, supplying power to drive the pumps. Several are out of action and the pipeline's capacity has been considerably reduced."

Tanks at Beira are reported to be transferring fuel directly into the pipeline, so the ships' pumps boost the flow of fuel to Zimbabwe. But this is slowing the off-take and the unloading of tankers is taking considerably longer.

The *Financial Gazette* says there are at least two tankers now in Beira harbour, one of which is incurring demurrage charges as it waits to discharge its cargo.

The present tanker quay at the port has only one pipeline through which ships can offload fuel.

# Revlon's pull-out not cosmetic

**US COSMETICS** giant Revlon has bowed to pressure and decided to pull out of SA.

Revlon said at the weekend it planned to sell its SA coterie as soon as possible — and not later than the end of next year.

The company's announcement has been welcomed by Operation PUSH, a civil-rights group headed by the Rev Jesse Jackson, which sees disinvestment as the essence of its operation and was due to step up its boycott of Revlon products.

Jackson recently sent Revlon an

**MICK COLLINS**

ultimatum and said civil-rights groups in 30 US cities felt the company should hire and deal with more blacks and minorities. He still had to be convinced the move was not merely cosmetic.

Revlon said its board authorised the move because of the "uncertainty in the economic and political" situation and the SA government's tardiness in dismantling apartheid.

Revlon, which is on the crest of a

wave, employs about 300 people in SA making various products for blacks and whites.

The company, controlled by New York financier Ronald Perelman, has repeatedly varnished over its revenues from SA but sources said they are thought to be in the region of US\$20m.

The company posted total revenues of US\$1,24bn in the nine months ended September.

Revlon also said it was reviewing hiring practices to "enhance" advancement opportunities for blacks and other minorities.

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# D & B silent on pull-out

WASHINGTON — Dun & Bradstreet (D & B), which owns A C Nielsen, SA's largest market research company, yesterday declined to confirm widespread rumours of its imminent departure from SA.

The firm's communications vice-president, George Jurkovich, said: "We have no such announcement to make. But clearly SA is a country requiring every company there to take a look at its situation."

Jurkovich said his company was under pressure from New York City, where

**SIMON BARBER and  
Industry Reporter**

it is based, and other municipal clients which had laws that restricted or denied contracts to firms with SA operations.

He said: "We provide credit rating services for a number of cities and municipalities and those laws and ordinances do affect our ability to do business."

D & B, which has been involved with SA for 85 years, has three SA subsidiaries: A C Nielsen, D & B Pty Ltd, which

● To Page 3



# D & B silent on pull-out

provides credit research and McCormack & Dodge, which sells and services mainframe computer software.

Jurkovich said the three companies employed "just under 900 people" and that their profits, revenue and assets were "less than 1%" of the company's worldwide totals.

Local officials of D & B and McCormack & Dodge said yesterday they were unaware of any moves. An A C Nielsen spokesman said the company would definitely continue to operate in SA.

*Business Day* understands a delegation from D & B in New York is flying to Johannesburg next week for talks. Jurkovich declined to confirm or deny if such a trip was planned.

US sources said D & B had been the

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target of a heated disinvestment campaign from anti-apartheid groups.

The SA subsidiaries said they were unaware of any impending disinvestment move from the US but said such a plan could be implemented from New York at short notice.

It is understood D & B will either disinvest from all three companies or not at all.

Reliable sources said A C Nielsen had been informing major SA clients that a pull-out was on the cards.

But A C Nielsen MD Patrick McHarry denied it, saying: "The A C Nielsen operation will, without question, continue in SA."

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# Grey New York reduces SA stake

**GREY NEW YORK** has sold 33% of its shareholding in the Grey group in SA to company chairman Darryl Phillips, a spokesman said yesterday.

This brings the total shareholding of the US company down to 41%.

Phillips said: "In view of the current pressure being put on US companies to relinquish their SA interests, we felt we'd rather have majority control in SA hands."

Grey Phillips confirmed in October it would no longer handle direct government advertising accounts. The decision came after Grey New York came under

**PETER WALLINGTON**

pressure to review its SA interests.

Stanford University threatened Grey New York with a R1,3m stock sell-off unless it provided "solid evidence of anti-apartheid commitment or terminates its investments in SA".

It is believed unlikely that Grey New York would consider disinvesting totally as the SA operation is apparently one of the most profitable of its worldwide offices.

□ Squibb Corporation, which is based in

Princeton, New Jersey, is to spin off its medical systems business, Westmark International Incorporated, as a tax-free dividend to its shareholders next year.

The spin-off will result in a separation of activities of Squibb Laboratories and Squibb Medical Systems.

Squibb Medical Systems in SA is to be renamed Scientific Medical Systems (SMS) and GM Herman Kluever will become MD.

The spin-off is unrelated to any sanctions pressure. Squibb is, in fact, increasing investment in SA and will retain a 4% common stock interest in Westmark.

the Mandini townships near

## A cross board cut in rates

Jobs and Sasol links unaffected

# Business as usual despite Fluor's pullout decision

HAMISH McINDOE

MAINTENANCE of Sasol's syn-fuel plants will not be disrupted by the Fluor Corporation's decision to leave SA.

The California-based petro-chemicals and engineering multinational, which designed and built Sasol 2 and 3, has finalised the sale of its SA assets for an undisclosed amount to a corporate trust company in Europe.

Fluor (SA) MD Ron Dean said yesterday none of the company's 1 850 jobs would be lost in the ownership change.

Heavy shareholder pressure in the US and the recent loss of at least two municipal contracts in Los Angeles because of the corporation's SA links are believed to be the main factors behind the withdrawal.

But Dean said clients and staff had become increasingly worried over Fluor's ability to stay in SA after a run of big US corporate pull-outs.

He dismissed suggestions that Fluor's dealings with government agencies, such as Sasol, had forced the US parent to disinvest.

Sasol said it regretted Fluor's decision, but that the move was not expected to affect Fluor's involvement in future Sasol projects.

Formal ties with the US parent would be cut, but "services can still be procured, and there will be support on technical agreements", said operations director Peter Down.

About 100 Fluor staff maintain Sasol 2 and 3 at Secunda, while 150 staff help to man Sasolburg.

The company, rated as SA's biggest contracting house for engineering and construction projects, also has strong ties with Escom and the mining houses.

Adding weight to the company's business-as-usual stance is the disclosure that it will continue operating under the Fluor name.

Down said: "This was a key issue in the negotiations and they agreed we could still use the company's name."

Less than half of one percent of the corporation's total turnover and revenue come from its SA operation.

# Publishers, chemical group join SA exodus

American publishers Dun and Bradstreet and the British industrial chemicals group Allied Colloids are the latest companies to announce they are pulling out of South Africa.

Dun and Bradstreet said in a statement yesterday it would sell its South African businesses, which employ about 900 people and account for less than one percent of its overall sales, to South African owners, including its local managers.

The company said the sale had already begun and was expected to be completed within six weeks.

The businesses are Dun and Bradstreet (Pty) Ltd, A C Nielsen Co (Pty) Ltd and McCormack and Dodge SA (Pty) Ltd.

Dun and Bradstreet said it had taken the decision because of South Africa's apartheid policy which had affected the company's ability to serve its customers worldwide.

The New York-based company's interests include the publishing of Yellow Pages telephone directories, Moody's Investors Service and the A C Nielsen market research group.

## NEGOTIATIONS

Other American companies which have withdrawn from South Africa this year include Coca Cola, General Motors, IBM, Honeywell and Revlon.

Allied Colloids said yesterday that it had begun negotiations to sell its 100 percent-owned South African subsidiary — Allied Colloids (SA) — to the South African company Speciality Chemicals.

Spokesmen for the Cleckheaton-based group would not be drawn on the price it hoped to get, but stressed that its profit, before tax, represented less than five percent of the group's profit for the year ending March 29 1986 of £ 19.5 million.

Mr Gordon Senior, the group's finance director, said the South African political situation had been a factor in deciding to sell.

"We had an offer from Speciality Chemicals and, bearing in mind the ramifications, we thought it was an opportune time," he said. — Sapa-Reuter, The Star Bureau, London.

# Is the writing on the wall for A C Nielsen in SA?

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A C NIELSEN, SA's largest market-research firm, has informed two of its main clients that its US parent company, Dun & Bradstreet (D & B), is to disinvest.

Nielsen has assured clients it will continue to operate in SA under new ownership, reliable sources say.

The prospective buyers are unknown, but *Business Day* understands a management buy-out is being studied.

Nielsen's MD in SA, Patrick McHarry, who on Monday denied that any clients had been advised of a pull-out, was unavailable for comment yesterday.

A D&B spokesman in New York said the firm has no announcement to make concerning disinvestment plans. "But clearly SA is a country requiring every company there to take a look at its situation," said communications vice-president George Jurkovich.

## Industry Reporter

D & B, which has operated in SA for 85 years, has two other SA subsidiaries: D & B Pty, a credit reference company, and McCormack & Dodge, which sells and services mainframe computer software.

New York sources say if D & B is to appease activists, it must sell off all three subsidiaries.

Together they have about 900 employees and represent less than 1% of D&B's worldwide totals.

The local management of AC Nielsen, D&B, and M&D were aware of strong pressures on their parent company to disinvest. But they had not been informed of any definite plans.

Nielsen's SA operation has an annual turnover of R13-14m and employs 430 people. South Africa represents 2% of Nielsen's global business.

# US colleges slapped by the hand they bite

By Neil Lursen,  
The Star Bureau

WASHINGTON — Large American corporations being boycotted here for continuing to trade in South Africa are fighting back with hard-hitting boycotts of their own.

Some of the companies are withholding prized grants, scholarships and bonuses from American universities and colleges that have chosen, or threaten, to divest their shares in the companies.

Many millions of dollars are involved in this latest development in the bitter anti-SA divestment campaign that is

being fought largely on campuses and in corporate board rooms.

It is a high stakes struggle since private corporations give the universities (or schools, as they are called in the US) more than \$1.5 billion a year. And some of the biggest givers are companies with long ties to South Africa.

Among the financial giants named as withholding or threatening to withhold grants are Mobil Corporation, FMC Cor-

poration and Marathon Oil. They are being accused of "imperiling academic freedom and campus debate."

But the *Wall Street Journal* has quoted some business executives, as saying that the schools are getting what they deserve for their hypocrisy which sees them shedding stocks in corporations while holding out their hand to the same corporations.

The newspaper quotes business executive Mr Alan Pifer,

former president of the Carnegie Corporation, as saying that if the schools want to be moral about South Africa, they should refuse donations from the companies that operate there.

Throughout the US, university boards, usually egged on by campaigning students, have started getting rid of shares in companies that refuse to leave South Africa. In some instances, the divestment programmes have been softened by restricting them to com-

panies that do not adhere to the Sullivan code of fair employment practices.

The departure of large companies like IBM, General Motors, Coca-Cola, Kodak and Honeywell has put more pressure on those that are staying by making them more visible to anti-apartheid campaigners here.

One of those fighting back, FMC Corporation, a Chicago-based manufacturer of food equipment, has cut grants to

SIX institutions and threatened similar action against others.

A spokesman for FMC said: "In other words, if our corporation isn't good enough for you, you aren't good enough for our corporation."

In the most recent report of the signatories to the Sullivan Principles, FMC was listed among the companies making good progress in meeting the requirements of the code, which include doing away with apartheid in the work place

and actively opposing racism in general.

According to Washington's Investor Responsibility Research Centre, 100 US universities have sold shares because of South Africa's race policies in the past nine years with 39 of them introducing stricter divestment programmes this year alone.

The Research Centre found that of 70 universities included in a recent survey, eight had been threatened with lost

grants and seven were nervous about the prospect.

The researchers found that many schools were unhappy about being mentioned in reports that listed share sales and that some companies were ordering the reports to see who was selling their shares.

The struggle between the companies and the universities is being waged mostly behind closed doors because neither side wants publicity. The companies do not want to attract even more anti-apartheid attention and the universities do not want it known that they stand to lose large amounts of money.



# R1bn divested in 50 days.

FOREIGN companies divested more than R1bn in their SA-held interests over the past 50 days — the severest run of corporate pull-outs this year.

The known cost of US divestment since October 21, when General Motors (GM) announced it was leaving, is \$226m. The actual figure is much higher, but Kodak and IBM will not disclose the level of their investments here.

The six companies that have followed GM's trail home brings to 36 the total number of US corporate pull-outs so far

HAMISH McINDOE

this year.

A US consular official in Johannesburg says privately the recent spate of withdrawals was triggered by the November 15 deadline barring new investment in SA in terms of Washington's Anti-Apartheid Act.

He says many US companies wanted to bring more dollars into SA to "tidy up their pallets". But the new investment

deadline passed 39 days ago.

The official rejects the suggestion that GM's and IBM's withdrawal has swayed the decision of other US companies to leave SA.

Figures from the US Investor Responsibility Research centre put the level of GM's investment in SA at \$150m, Honeywell (\$48m), Revlon (\$14m), Playtex (\$10.4m), Flour Corporation (\$2m) and

● To Page 2

# R1bn SA pull-out in 50 days

Johnson Controls (\$1.5m).

Only Kodak and Stamler have cut all ties with SA. The remaining 34 US companies to leave SA have opted for management buyouts or acquisitions by SA and foreign companies.

The consular official says: "It's a means of protecting employees and market share, especially for companies such as GM and IBM who have a heavy after-service chain."

"Frankly, no-one thinks that disinvestment is going to bring down the apartheid system or measurably accelerate the pace of reform."

And the backlog in the financial rand means that it could take some companies up to ten years to repatriate sales of their SA investments.

● From Page 1

# SA: US firms said to have done most

DD  
62  
11/2/86

**From SIMON BARBER**  
WASHINGTON — The Reverend Leon Sullivan said this week that United States companies have done "more than all the governments of the world put together, including the United Nations" to bring about change in South Africa, but he added that these companies should withdraw if statutory apartheid had not been abolished by May 31 next year.

Presenting the tenth annual report on signatory compliance with his employment code, the Philadelphia pastor said he would abandon his efforts altogether if his deadline is not met.

In addition, he would call for a total embargo and complete disinvestment from South Africa and would use the 60 billion dollars worth of stocks and investments he claimed were now pledged to his cause to force out all remaining US firms.

Mr Sullivan appeared torn by the contradictions of his position.

At one point, he urged all US companies to follow General Motors in leaving South Africa "right now". Then he admitted: "I spend sleep-

less nights worrying about black workers. People have to eat. I want them to work".

While advocating that leaving companies sell their business to black South Africans, he lamented that there was "not the massive economic strength or management and financial know-how among blacks" to make this possible.

The aspects of the 1986 report he highlighted were:

- All 184 signatories (a net increase of three over last year) met the basic requirements for desegregation of the workplace, equal pay for equal work and minimum wages.

- Companies spent R25 million on education of blacks who were not their employees, double the funds contributed in 1985, and devoted 7 800 man-days to over 146,000 adopted schools for more than 281 000 students.

- An estimated R30 million and 51 772 man-days were devoted to community development, housing, health and welfare programmes.

- The sum of R20 million and 12 471 man-days were devoted to "actions

aimed at the complete elimination of apartheid", including "lobbying, anti-apartheid advertising, anti-apartheid negotiation and legal assistance".

- Signatories were "successful in pressuring the South African Government to change the law permitting black businesses to occupy premises in central business districts".

- Companies helped blacks obtain leases, bringing the cumulative total to 2 470 leases, or 5.5 per cent of all such issued throughout the country.

- About 42 per cent of companies reported that they had black, coloured and Asian employees living in white areas.

- Seven firms reported having "non-white" board members, and 77 per cent said they had "non-whites" supervising whites.

The biggest controversy this year was over the so-called fourth application of the code. This called for efforts "to eliminate laws and customs that impede social and political justice".

Under the scoring procedures devised by Arthur D Little Inc, the

Massachusetts consultancy which prepares the report, many companies initially found their ratings reduced as a result of the new principle.

This triggered an unprecedented number of appeals, the consultancy's Mr Reed Wheedon said.

At least 11 signatories have nonetheless been downgraded into lower performance categories. These include Kodak, which is leaving, Good-year, Hewlett Packard, Joy Manufacturing, Sperry Corp, Mobil Oil and Warner Communications.

Sapa reports that Mr Sullivan, who is a director of General Motors, urged US President Ronald Reagan and Pope John Paul II to press South African President P. W. Botha to end apartheid, and American Methodists and Episcopalians to lobby their fellow members in South Africa.

"I am disappointed in the World Council of Churches," Mr Sullivan said. "They talk about disinvestment, but what about all their members over there participating in the system, he asked."

ABNS 1/22/86

# US companies hit back with counter-boycotts 62

The Argus Foreign Service  
WASHINGTON. — Large American corporations being boycotted here for continuing to trade in South Africa are fighting back with boycotts of their own.

Some of the companies are withholding grants, scholarships and bonuses from American universities and colleges that have chosen, or threaten, to divest their shares in the companies.

Many millions of dollars are involved in this latest development in the bitter anti-South African disinvestment campaign that is being fought largely on campuses and in corporate boardrooms.

It is a high stakes struggle since private corporations give the universities (or schools, as they are called) more than R1 175-million a year. And some of the biggest givers are companies with long ties to South Africa.

## Coca-Cola

The departure of large companies like IBM, General Motors, Coca-Cola, Kodak and Honeywell has put more pressure on those that are staying.

One of those fighting back, FMC Corporation, a Chicago-based manufacturer of food equipment, has cut grants to six institutions and threatened similar action against others.

A spokesman for FMC said: "If our corporation isn't good enough for you, you aren't good enough for our corporation."

The Wall Street Journal has quoted some business executives as saying the schools are getting what they deserve for their hypocrisy which sees them shedding stocks.

The newspaper quotes business executive Mr Alan Pifer, former president of the Carnegie Corporation, as saying that if the schools want to be moral about South Africa, they should refuse donations from the companies that operate there.

# Pull-out continues

14/12/86  
By ZB MOLEFE

Dun and Bradstreet this week became the latest American corporation to pull out of South Africa. A spokesman for the 900-employee group of three companies said the decision to disinvest had been taken in response to "direct and indirect effects of the SA government's apartheid policies". These had affected the corporation's ability to serve its customers worldwide. Dun's South African subsidiaries of the information services, publishing and marketing services group are McCormack and Dodge SA, AC Nielsen Company (Pty) Ltd and Dun and Bradstreet.

● British-based industrial chemicals group Allied Colloids is also pulling out. The company this week announced that it had begun negotiations to sell Allied Colloids SA (Pty) to Chemical Services.

11/12/86  
BUS DAY

# D & B pull-out catches SA interests off guard

62

DUN & Bradstreet (D & B) in the US announced its total disinvestment from SA a week earlier than planned, catching its three local subsidiaries off guard.

It became apparent yesterday that D & B's New York office confirmed the move to *Business Day* before informing its executives in SA of this action.

Employees of A C Nielsen worked around the clock on Tuesday night to warn clients of the pull-out before the story appeared in yesterday's newspaper.

The local management of Nielsen, SA's largest market research firm, is to buy the US parent company's shareholding.

Likewise, a management buy-out of D & B (Pty) is expected to be finalised within six weeks.

The third subsidiary, McCormack &

## Industrial Staff

Dodge SA, has entered into discussions with Comcon, an SA-owned computer management consultant company.

A team from D & B will arrive in Johannesburg from the US early next week for discussions with local managers.

The three subsidiaries and their 900 employees will continue to operate in SA as before, and all contracts will be fulfilled under the management structures.

Together, they account for less than 1% of D & B's turnover, and sources in the US say the move is motivated solely by political concerns.

D & B's SA MD Marc Olsen says the firm's name will be changed and strategic priorities reviewed. D & B management will buy the firm under very favourable terms, he says.

Firms are facing 'tremendous anti-apartheid pressures in America'

# 26 US firms ready to pull out

By Chris Moerdyk

Another 26 United States corporations are on the verge of withdrawing from South Africa in the face of increasing disinvestment pressure, according to the American Chamber of Commerce (AmCham) in Johannesburg.

President Mr Frank Lubke told The Star that since promulgation of the American Anti-Apartheid Act in October, South Africa-linked high-profile consumer goods corporations and others dependent on state and municipal contracts had been singled out by disinvestment lobbyists in America.

"We believe that most of the 259 US companies still operating in South Africa will remain, but 26 — representing consumer companies and those dependent on state or municipal contracts — will very likely not be able to withstand the tremendous pressure."

He added that while the Anti-Apartheid Act prohibited this kind of discrimination against companies with South African subsidiaries, it was unlikely that any of the affected corporations would take legal action.

"For example, who is going to take the City of San Francisco to court? Especially when that action would be seen by many in the US to be pro-apartheid."

Mr Lubke said the "tragedy of the disinvestment situation" was that US industry support groups and corporate head offices were "doing an abysmal job" in getting across to American legislators and the public the successful achievements of US companies in South Africa.

"Two years ago AmCham and the Sullivan Signatories Association here took policy decisions not to get involved in anti-disinvestment campaigning in the US, but to leave this to organisations like the Sullivan Industry Support Group and our members' principals.

"As far as we can see, they have done little with regard to informing anyone in America about the tremendous strides made by US companies in this country in terms of social responsibility and equal opportunity programmes."

## 'Silence' directives

He said most AmCham members were wholly owned subsidiaries of US firms, which made it inappropriate for local managements to carry out any form of campaign on "head office turf". In addition, most head offices have forbidden local managements to make public statements on disinvestment.


When AmCham tried to get a message across in the US, some members received communications from their head offices insisting that if the chamber persisted in this form of lobbying, they were to resign.

"We hear of groups from South Africa visiting the US and expressing concern at the lack of understanding among Senators and Congressmen on just what US subsidiaries have done in South Africa. We believe we are a considerable force for good in this country."

SMAR 18/12/86

62

# Pull-out continues

14/12/86 By ZB MOLEFE  62

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CNT *Travis 12/12/86* 62

## Business Report

**JOHANNESBURG.** — As many as 50 US firms are now actively considering withdrawing from SA, of which between 25 and 30 are already "poised" to withdraw, according to the latest estimates from the American Chamber of Commerce (AmCham) in Johannesburg, and from Pretoria.

However, the withdrawals will not necessarily mean a sizeable net outflow of capital from SA, or much change in the management and operations of the companies, says AmCham president, Frank Lubke.

Nor will it mean as large a reduction in AmCham's membership as might have been expected, as the chamber is still signing up new members. Current membership is about 300, and has shrunk by only one since the withdrawals gathered momentum.

The capital outflow from the repatriation to the US of the proceeds of disinvestment are being significantly offset by money coming into the country to help buy-outs by SA managers, or for similar arrangements.

# 30 US companies 'poised' to leave SA

Also, management is remaining largely as it was.

Apart from the obvious psychological shock of the withdrawals, the net effect on the SA business sector and economy is being substantially cushioned.

He adds that "firm" information on the US companies' plans is available only on most of those on the point of a decision to withdraw, which have indicated, as much to AmCham.

Lubke notes that following the promulgation of the American Apartheid Act in October, high-profile, SA-linked consumer goods organizations and others dependent on State and municipal contracts have received special attention by disinvestment pressure groups in the US.

"We believe that most of the more than 300 US companies still operating in SA will remain but 25 to 30 consumer companies or operations dependent on state or municipal contracts will very likely not be able to withstand the tremendous pressure to disinvest which they are experiencing in the US.

"Disinvestment is also the line of least resistance when they weigh the cost to all their other operation in the world of being in SA against the generally minuscule percentage of the world turnover produced by their SA operations."

He points out that Apartheid Act provides types of discriminatory practices with SA subsidiaries that any of the

zations will take legal action. "For example," he is quoted as saying, "who is going to take the City of San Francisco to court when this would be seen by many in America to be pro-apartheid?"

He says the "tragedy of the disinvestment situation" is that US industry support groups and corporate head offices "are doing a lousy job" in getting across to US legislators and the public the achievements of US corporations in SA.

"Two years ago AmCham and the Sullivan Signatories Association here took policy decisions not to get involved in anti-disinvestment campaigning in the US but to leave this to organizations like the Sullivan Industry Support Group and our members' principals.

"As far as we can tell they have done little to inform anyone in the

## Protea Chemicals listing

**JOHANNESBURG.** — The details of what is likely to be the first listing of 1987 have been announced.

Registered equity holders in Malbak and Malcor holdings who wish to participate in the early February listing of the chemicals trading and manufacturing company, Protea Chemicals, are being offered 4 752 000 Protea shares at 150c a share.

The offer, which is being made by way of a closed offer to holders of Malbak and Malhold equity, opens on January 2 and closes three weeks later.

On the issue price of 150c, and earnings of 13.9c a share for the 12 months to September 1, Protea stands on a pro forma price/earnings ratio of 10.8 times and an earnings yield of 9.3%.

Prochem declared a dividend amounting to 5.6c a share for the past financial year and anticipates that the dividend for the 12 months to August

31, 1987 will be 6.8c a share, putting Protea on a prospective dividend yield of 4.5% on the 150c a share issue price.

Prochem also says that the first dividend shareholders will receive is the interim dividend for the 1987 financial year, which will be payable in June next year. The company aims to have a dividend cover of 2.5 times.

Prochem, one of the gems in the Protea Holdings crown when Malbak acquired control of Protea, has three main thrusts to its over R200m a year operations — chemicals trading, chemicals manufacturing and plastic processing.

It is anticipated that Protea's 43 200 000 shares will be listed in the "Chemicals and Oils" sector of the JSE on Wednesday, February 4.

Full details of the offer will be published in the press and the prospectus will be posted to Malbak and Malhold shareholders on January 2.



Roger Simpson, president of Protea Chemicals



# About 50 US firms consider pull-out (62)

AS MANY as 50 US firms are considering withdrawing from SA, and of those 25 to 30 are already "poised" to withdraw.

This has been estimated by informed sources within the American Chamber of Commerce (Amcham) in Johannesburg — and by Pretoria sources.

However, the withdrawals will not necessarily mean a sizeable net outflow of capital from SA, or much change in the management and oper-

ations of the companies, says Amcham president Frank Lubke.

Nor will it mean as large a reduction in Amcham's membership as might have been expected, as the chamber is still signing up new members. Current membership is about 300, and has shrunk by only one since withdrawals gathered momentum.

The capital outflow from the repatriation to the US of the proceeds of disinvestment is being significantly

offset by money coming into the country to help buy-outs by SA managements — or similar arrangements.

Also, management is remaining largely the same in the case of many withdrawals of direct US ownership of the companies concerned, says Lubke.

Thus, apart from the obvious psychological shock of the withdrawals, the net effect on the SA business sector and economy is being substantially cushioned. — Sapa.

19/12/86 BUS DAI

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12/12/86

(62) (235)

# Keeping up the pressure



The Reverend Leon Sullivan is head of the Zion Baptist Church in the US. He was responsible for drawing up the Sullivan principles of employment for US companies in SA.

He has been a director of General Motors (GM) since the Sixties. An *FM* special correspondent, Louise Haysom, interviewed him in Philadelphia.

**FM:** You are a member of GM's board. As a director, what role did you have in the decision to sell the South African subsidiary?

**Sullivan:** I concurred with their decision, and raised the possibility of their divesting for many years.

We have been losing money for four years, but it was the reluctance of the South African government to change its ways that made us change our minds. If it had moved forthrightly towards dismantling apartheid, in spite of losing money, the corporation would still have been there. It was the intention of the corporation to stay if the social, economic and political climate was sure that it could justify it.

**You have a timetable for Sullivan Code signa-**

**ories to withdraw from SA after May 1987. What is the intention behind the deadline?**

We want more aggressive efforts by all American companies to back the movement to end statutory apartheid and continued oppression of black political opponents. I have also written to the chief executives of American companies, calling on them to use their legal and financial resources to assist blacks to have equal access to all public amenities — housing, schools, beaches, parks and all aspects of life — so that there will be an end to discrimination. We want to see a clear commitment to equal participation of blacks in the political process. If I do not see these things happening by May 31, then I will call for all American companies to withdraw from SA.

**It has been said that the Sullivan Code has been overtaken by sanctions and Federal policy on SA. Would you say they are now redundant?**

In 1975, I travelled to SA and spoke with labour leaders who appealed for help in their struggle for equal rights in and out of the workplace. Their demands were couched in the Sullivan Code, whose provisions were designed to be evolved and strengthened from step to step. My hope was that they would eventually challenge the government

to put an end to all apartheid laws. They are now mandatory law for American companies in SA. They have fulfilled my objectives. **President Ronald Reagan has quoted you as an opponent of sanctions, in support of his policy on SA. What is your attitude to sanctions?**

I am a pastor, not a politician running for office. I have fought against discrimination here in Philadelphia and in the South all my life. SA is the apex of racism in the world. That is why major governments, corporations and trade unions all over the world, and in SA, are bringing pressure to bear on your government.

**I am not opposed to sanctions; in fact I have been calling for moral and economic pressure on SA for 14 years.**

**Won't withdrawal of US companies cause more hardship than gains if the influence of the Sullivan Code, on bodies from trade unions through to the boardrooms of some of the US's most influential companies, ceases to be felt?**

Unless apartheid ceases to function in practice, and if representative white and black leaders still cannot sit down and find out what a free SA is like, then I will call that deadline. I don't want to, but if I have to I will.

By Neil Lurssen,  
The Star Bureau

WASHINGTON — Some of the large American companies that have announced pull-outs from South Africa seem to be pulling the wool over the American public's eyes, claims Mr Harrison Goldin, financial controller of New York City.

Mr Goldin has accused Gen-

The Star Thursday

# US companies quitting SA accused of 'smoke-screening'

eral Motors, IBM and General Electric of being less than sincere about cutting ties with South Africa.

"Those companies now virtually admit that their announced departures are little

more than a subterfuge to enable them to escape economic sanctions in the United States," he claimed in a New York Times article.

As the manager of \$26.5-billion in New York's pen-

sion assets, Mr Goldin is in charge of implementing the fund's five-year anti-apartheid selective disinvestment programme.

Mr Goldin noted that after saying it would not sell its vehi-

cles to SA security forces, GM had said its prospective licensee in South Africa would not preclude-selling vehicles to the police and military.

This, he said, was a demonstration of GM's cynicism.

"Other companies seem intent on trying the same con-game," he charged.

"Even as US firms claim to be leaving, franchise and license agreement are proliferating. About the only thing

the companies have really said goodbye to are the sanctions the US Government and various anti-apartheid programmes have imposed on them."

Mr Goldin claimed some 70 companies — among them Hon-

December 18 1986 13

eywell, Pahland Oil, Transamerica, General Signal Corporation, Engelhard Corporation and Navistar International — still profited from involvement in South Africa.

Not all American companies were playing the same game, he said. Eastman Kodak would not ship its products to South Africa after April 30, he noted.

YUEN

ers in New York last week.

Sampson, speaking at a symposium on free markets and strategic resources management, said he believed this proposition could become increasingly unattractive.

"It is more and more a military government, engaged in a kind of civil war," he said. He added that it was very easy for military governments to implement laws and enforce their policies when crises arose.

In the short term, interests would be best served by trading with Pretoria "on a week-by-week, day-by-day basis." However, he pointed out to the symposium — which marked 13 years of platinum futures trading at the New York mercantile exchange — that there was a difference between short and long term.

Talking about the effects of the current conflict on trading and business, Sampson said there would be bad news — riots, strikes and stoppages — and good news, the deals which would please traders. But the classic dilemma for business and trading interests would be whether they could face the likelihood, or certainty, of a major shift in government.

Beyond the crisis management of the short term, traders and business interests would have to cross the breach into the hazier longer term, he suggested.

Sampson said he believed SA offered long-term opportunities, contrary to what many people said. "I believe there is a possibility

that all interests will be able to reach an accommodation with future black governments," he said.

Sampson is the author of several books on SA and an expert on the British power structure. He is currently writing a book on the role of multinationals in SA.

He told the traders he believed that long-term prospects in SA had to be borne in mind all the time. Black interests would be looking to see who would be standing by them. He pointed out that seeking to make contact with outlawed political interests in SA, and establishing confidence, required some courage and far-sightedness. Black political groups had been virtually cut out of the race for the past 25 years.

Speaking with some authority, Sampson said he had arranged meetings between major business interests — including oil companies and Barclays Bank — and black political figures.

"This has convinced me that a growing relationship is possible in the future for foreign traders and business interests," he concluded.

Senator James McClure told the symposium that he believed it would be highly unlikely that SA would place an embargo on platinum sales to the US. The US was building up its stockpiles of strategic minerals to avert any possibility that a crisis would arise if there were supply bottlenecks from major supplier countries, such as SA. ■

ELN MAIL  
SANCTIONS

19/12/86

(62) (200)  
**Investing long-term**

"US corporations which stay on in SA will be compelled to be on good terms with the Pretoria government," Anthony Sampson, British author and contributing editor of *Newsweek International* told platinum trad-

## Kodak plans retrenchment deal <sup>62</sup>

WASHINGTON — Eastman Kodak, the giant American company that is to quit South Africa next year, plans to offer its South African staff a severance deal that will amount to about a year's pay for some and more for others.

Speaking from Kodak's headquarters in Rochester, New York, Mr Ian Guthrie, director of employee information, explained that approximately one year's pay would go to employees who had been with the company for nine years — the average employee service time for the company's South African operation.

This would be the base from which other severance deals would be calculated.

Employees who had worked for more than nine years would get more

than a year's pay and those with shorter service would get less.

"I believe our employees have been informed of this," Mr Guthrie said in response to a claim that Kodak's South African staff were waiting to hear how they would be retrenched.

"I cannot say at what exact date our operations will end in South Africa. It all depends on how we wind down the business and when we sell off the assets whether they be products or buildings," Mr Guthrie said.

"All shipments of our products will end by April 30. And, as far as Kodak is concerned, we are going to be absolutely done by the end of June. By that date, anything remaining in the way of assets will be turned over to a liquidator," he added.

# Kodak SA staff to get a year's severance pay

## The Argus Foreign Service

WASHINGTON. — Eastman Kodak, the giant American company that is to quit South Africa next year, plans to offer its staff an average severance deal of a year's pay.

Mr Ian Guthrie, director of employee information at Kodak's headquarters in Rochester, New York, explained that about a year's pay would go to employees who had been with the company for nine years which was the average employee service time at their South African operation.

He said this would be the base from which other severance deals would be calculated.

### SHORTER SERVICE

Employees who had worked for more than nine years would get more than a year's pay and those with shorter service would get less.

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how they would be retrenched.

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"By that date anything remaining in the way of assets will be turned over to a liquidator."

### OFFERED JOBS

Asked if any employees were likely to be offered jobs in Kodak operations elsewhere in the world, Mr Guthrie said there was one American official who would have been "rotated" to another position even if the company had decided to remain in South Africa.

Eastman Kodak have small operations in Zimbabwe and Kenya. These will continue after the closure in South Africa.

# THE ECONOMY

**PHILLIP VAN NIEKERK** argues that sanctions are being used as a cover to justify cost-cutting retrenchments

WHEN economic sanctions loomed distantly on the horizon, progressive unions gladly supported international pressure against the South African government.

When the threat moved closer, the unions faced a potentially invidious situation between political support for sanctions, on the one hand, and large-scale job losses for their members on the other.

Both the Congress of South African Trade Unions (Cosatu) and the Council of Unions of South Africa-Azanian Confederation of Trade Unions (Cusa-Azactu) have in the past year passed resolutions strongly supporting sanctions.

But in the current political climate this was entirely to be expected. What looked as if it could be more difficult was the practical application of this ideological position with members' jobs on the line.

The dilemma was exacerbated by public pronouncements by the government and employers directly linking sanctions and job losses, and thus forcing unions on to the defensive.

One of the most widely publicised was the Chamber of Mines' claim that if all coal exports were banned, 35 percent of the sector's 110 000 workers would have to be retrenched. The Chamber challenged the National Union of Mineworkers (NUM) to explain how it could support sanctions when the imposition of sanctions would mean massive job losses for its members.

Alec Irwin, education secretary of Cosatu, says unions should respond to this kind of challenge by refusing to go on the defensive or to concede that workers are the ones who will have to suffer.

He points out that unions are not

# Sanctions vice closes in on the unions

## Two views of whether the unions underestimated the danger of sanctions to their own members

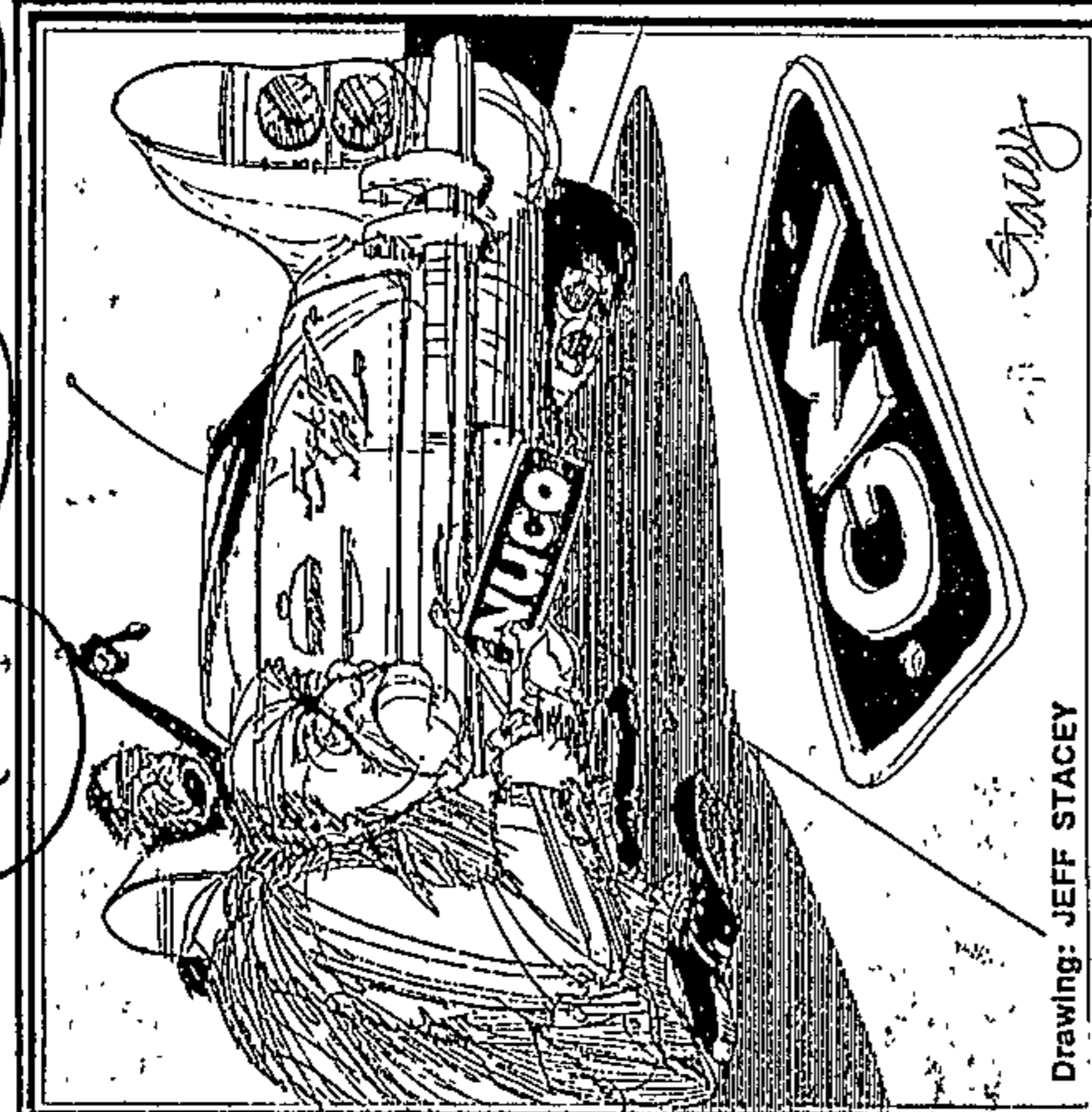
responsible for sanctions: the international community is putting pressure on South Africa because of the minority government and its actions.

Thus, the Chamber's challenge to the NUM over sanctions — "Is this really what you want?" — would be better directed at PW Botha than at NUM general secretary Cyril Ramaphosa.

Irwin says the manner in which jobs and sanctions have been directly linked is "propaganda" and that the issue is much more complex. In some cases, he points out, disinvestment is being used as a cover for rationalising production.

Perhaps even more germanely, South Africa already has an exceptionally high rate of unemployment. This has nothing to do with sanctions but everything to do with the government's political and economic policies.

The steel and engineering industry — under threat from an export ban — has shed more than 100 000 workers unexpectedly.



Drawing: JEFF STACEY

workers' opposition to disinvestment. Out of the GM dispute has emerged a new set of guidelines — reflecting worker concerns — for multinational companies disinvesting from South Africa.

It was drawn up by Naawu, the Metal and Allied Workers' Union and the Motor Industry Combined Workers' Union.

The basic demand is that when a company pulls out, it must negotiate the terms of the withdrawal with its workers.

Demands include that workers be given notice that a company is pulling out, that the company disclose full details of its plans and that the company "provide adequate information to allow workers and their organisations to make a decision on their future".

Thus, the initial demand by GM workers for a place on the board of directors has been supplanted by a demand for disclosure.

The guidelines set out certain negotiable minimum conditions for pulling out. These include no-retrenchment guarantees, severance pay of one month's pay per year of service and guarantees of full earnings for a year. They also insist that no benefits be prejudiced.

Thus, the GM dispute is an example of a concrete struggle over sanctions, forcing worker leaders to consider new solutions to tricky problems.

As Irwin points out, sanctions and disputes such as General Motors are forcing workers to look at shopfloor issues in terms of the macro-political situation.

And it looks as if, far from weakening the union movement, the depth of debate and soul-searching which black worker leaders are undergoing is having a mobilising and strengthening effect.

The withdrawal of General Motors in Port Elizabeth did not mean that the US parent packed all its assets into a box and shipped them home.

On the contrary, it sold its plants to South African-based management and prepared to move out of the firing line — while retaining the ability to make money out of the operation through licensing and franchising.

Members of the National Automobile and Allied Workers' Union (Naawu), concerned about their job security under a new management not bound by the pressures and scrutiny of a disinvestment lobby at home, went on strike and occupied their plants.

From initial demands for job security assurances, the dispute crystallised into a test case of the responsibility of multinationals who disinvest from South Africa. At no stage, however, was the strike over

... 24 ... 1986 ...

# Burroughs in transfer of SA assets

The United States company, Burroughs Machines Ltd, which has operated in South Africa for 56 years, yesterday transferred its whole business to a newly formed South African company.

The computer systems company brought an urgent application in the Rand Supreme Court in Johannesburg yesterday asking the court to transfer its business, assets and obligations to Unisys South Africa (Pty) Ltd.

The sole director of Unisys, Mr J J Janse van Vuuren, said in papers that Burroughs Machines was being volun-

tarily liquidated in the United States so the business could be transferred to Unisys. Unisys had been created three weeks ago for this purpose, he said.

Almost all of Burroughs Machines' assets were in South Africa and most of its business was carried out here, he said.

He said the entire authorised share capital of Unisys — 4,000 ordinary shares — had been issued to the parent company of Burroughs Machines, Michigan-based Burroughs Europe Africa Ltd.



27/12/86

November 27 1986 STML 19

# GM will make tax gain from pullout

DETROIT — By selling its South African subsidiary before the new American tax law takes effect, General Motors Corp will gain millions of dollars in income tax deductions, the *Automotive News* trade journal says.

GM officials denied that the decision was linked to tax advantages.

Tax experts at two large national accounting firms said that GM's sale of its South African subsidiary now — rather than after the tax law changes next year — meant, in effect, that the US Government would reimburse 46 cents of every dollar GM lost in South Africa over the years, the journal reported. The losses were believed to be in the tens of millions.

By selling in 1986, GM could write off those accumulated losses at the 46 percent current corporate tax rate, instead of at the reduced rates dictated by the tax overhaul legislation, the story said.

"Our decision to divest was not affected by a change in the tax code," a GM spokesman told *Automotive News*.

## END OF APARTHEID

When GM announced on October 20 that it would withdraw from South Africa, it said its main objective was to create a financially sound organisation that would "continue to be a positive force in the ending of apartheid".

Present tax law does not allow corporations to write off losses from an overseas subsidiary in their US taxes. But corporations can accumulate those losses over the years and write them off when disposing of an overseas subsidiary.

And the tax benefit from that deduction under 1986 US tax laws was worth more because the corporate tax rate was currently higher than it would be after January 1 1987 when the corporate rate dropped from 46 percent to 40 percent, *Automotive News* said. The rate will fall to 34 percent on July 1 next year.

In announcing the decision to disinvest, GM acknowledged that its losses and the poor economic conditions in the country were factors in its decision. — Sapa-Associated Press.

the Royal Navy left Simon's Town.

tried out his New Year g

# GM boss talks on SA's future

By KEN VERNON  
Weekend Argus Bureau

PORT ELIZABETH. — The executive chief of General Motors South African says he sees no political solution for the country in the short to medium term.

On the eve of the company's pull-out from South Africa — it is selling its interests to its local management — Mr Bob White said he thought the country needed a leader to emerge who could win the confidence of the majority of the people.

"However, I cannot see such a fig-

ure emerging from within the present political structures.

"He would have to come from outside those structures, but I don't think the present political structures would allow such a figure to arise from anywhere.

"I do not see the possibility of a military takeover occurring here, but unfortunately neither do I see any groundswell of demand among whites for reform.

"It seems as if the present situation will continue to drift along for some time to come."

He said he was concerned about

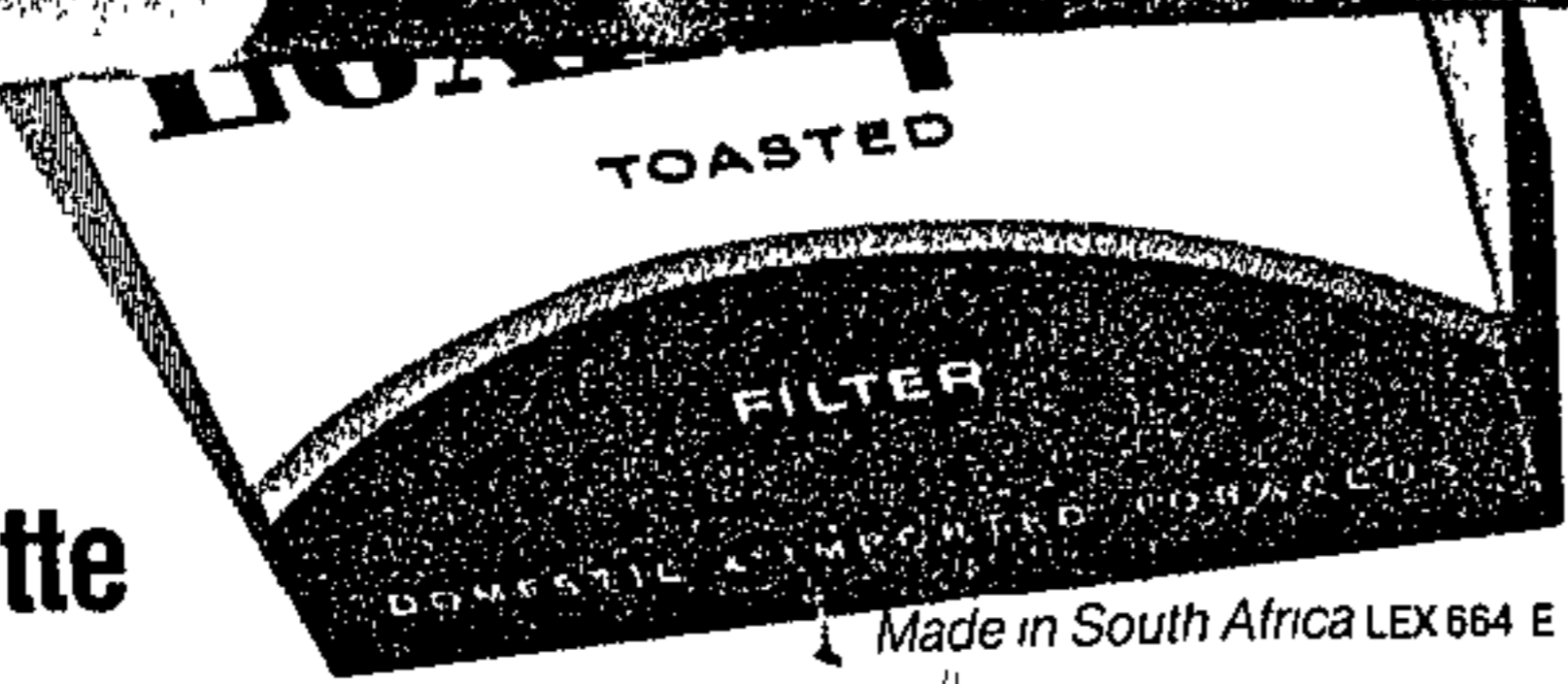
the short-term effect political uncertainty was having upon the economy.

"South Africa needs a massive job creation programme, but jobs come from confidence in the future, and that, in turn, can only come from political stability."

● Mr White said General Motors in America approved the sale of GM in South Africa almost two weeks before chairman Mr Roger Smith's announcement that the local operation was "under review" — and negotiations had, in fact, been going on for months.



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# Welfare: US won't fill gap

Business Day Reporter

THE US government is unlikely to fill the gap left by departing American companies by funding their social upliftment programmes.

United States Information Services (USIS) director Harvey Leifert said the US government funded projects of an entirely different nature to those undertaken by companies.

As the source of local funding for welfare programmes dries up, welfare organisations are apparently applying for tax exemption status in the US to facilitate their fund-raising efforts there.

A representative of one organisation which is in the process of applying said she had heard of more than 70 SA organisations making similar applications. Leifert could, however, neither confirm nor deny this at the time of going to Press.

The representative said: "Your

ability to raise funds from companies in America depends on whether you have tax exemption status. Then it does not cost the company anything, as its contribution is tax-deductible. It is a hell of a business to apply, and also very expensive."

Leifert said the tax-exemption status normally did not apply to foreign organisations, though there could be a provision in US law which made it possible to apply to the Internal Revenue Service for it.

"One way is for an organisation to open an office in the US and for that organisation to be granted tax-exemption status. Money raised can then be channeled into its South African counterpart," Leifert said.

He added that such status for SA

organisations would not overcome all obstacles to raising funds in the US where there were thousands of charitable organisations vying for donations.

They would, he believed, need publicity arms to make themselves known to US companies, and also specific fund-raising organisations inside the US to give them legitimacy.

Although an additional \$40m was allocated by the US Anti-Apartheid Act for assisting the disadvantaged, Leifert believed it would be spent in terms of existing guidelines.

The US government now spends at least R100m on about 160 projects — of which 150 are considered human rights projects.

It did not allocate large sums to any one project as did companies, Leifert said, but spread its allocation broadly over a number of projects

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# Sanctions a blow to

W/M 29/12/86

# packages US firms

62

Simon Barber

WASHINGTON—New regulations, belatedly issued by the US Treasury Department to implement the congressional ban on new US investment in South Africa, seem certain to further reduce the profitability and value of American subsidiaries in SA.

The only blanket exemption is for US investment in companies owned by the 'victims of apartheid', which must first be certified as such by the US Government.

The rules, which are to be published formally today, prohibit parent companies from injecting new resources into their SA operations, whose increasing obsolescence is thus virtually assured.

Furthermore, if US-owned plant is destroyed by accident or sabotage, the parent will only be permitted to restore it to its original, often outdated, condition if using outside funds.

Many of the methods US companies have used to pull out of SA while permitting their former subsidiaries to remain in business may now be illegal. General Motors' agreement to pay off GMSA's debts could now run foul of the law, for example, as would transfers of assets to SA buyers made subject to an agreement to repurchase.

Companies have been left dangling in confusion because even though the investment technically went into effect on November 16, bureaucratic delays prevented the administration issuing its official interpretation of the obscurely drafted law.

New investment is defined in the rules to include a commitment or contribution of funds or other assets, and a loan or other extension of credit. Rescheduling of existing debt is only permitted if no new funds or credits are transferred or extended to SA borrowers.

US firms may not use their non-SA foreign affiliates to circumvent the ban, nor may they knowingly act through or participate with any other overseas party

Exceptions are made for:

- Re-investment of profits earned by a US-controlled entity in that or another SA entity.
- Contributions required to enable a US-controlled SA entity to operate in an economically sound manner, without expanding its operations.
- The ownership or control of an interest in a SA entity, or of securities of the SA Government or an SA entity issued prior to October 2, 1986.

● The transfer or acquisition of such a pre-October 2 interest or security, where no payment, contribution of funds or assets, or credit to the entity or issuer results.

● Expenses to comply with the Code of Conduct (Sullivan Principles) as mandated by the Sanctions Bill.

● Market rate sales of goods, services and technology.

● Purchase of a residence for personal use by the purchasing US national.

● Charitable contributions.

US residents and companies may also continue to hold and open bank accounts in SA, but such accounts may only be used strictly to pay for and clear transactions.

In a meeting with business representatives on December 11, US officials conceded the rules then being finalised left many specific questions unanswered and urged firms to seek guidance from the Treasury on a case by case basis.

The regulations will substantially increase the paperwork required by the Government from firms operating in SA, and in any instance where the firm cannot obtain the necessary information from SA, the proposed loan or investment will be considered automatically prohibited.

In accordance with another section of the Sanctions Bill, the rules also bar depositary institutions located in the US from accepting, receiving, or holding deposit accounts of the SA Government and its controlled entities.

Exceptions are diplomatic and consular accounts authorised by specific license.

# Xerox delays making disinvestment decision

**The Star Bureau**  
WASHINGTON — The giant Xerox Corporation has postponed a decision on the future of its South African operations, citing uneasiness at the outcome of other United States companies disinvesting.

A Xerox spokesman said yesterday

the corporation wanted to strike a "better balance" than other American companies had in withdrawing, to serve its employees, customers, shareholders and ideals.

But the official, Mr Tom Abbott, noted that Xerox had not decided to disinvest.

## Claim of R700 000 fee for submarine blueprint deal

**The Star's Foreign News Service**

MUNICH — A former West German politician has been accused of receiving R700 000 for helping to arrange the sale of German submarine blueprints to South Africa.

The accusation was made in Bonn yesterday by the leading opposition Social Democratic Party member of a parliamentary committee of inquiry into the alleged deal.

The MP, Mr Norbert Gansel, said he had information proving that Mr Siegfried Zoglmann represented the Howaldtswerke firm of Kiel in arranging the deal, and was paid R700 000 for his services.

Mr Gansel charged that South Africa paid R53 million for the plans, and that a part of that sum — R4 million — was unaccounted for.

In May this year, Xerox chairman Mr David Kearns set December 31 as a deadline for progress in South Africa.

The corporation might pull out of South Africa if requirements were not met, he warned.

In October, Xerox said it was "discouraged" at the South African situation which had, in the company's view, "clearly deteriorated".

Mr Kearns said yesterday: "Any decision to leave South Africa would be irrevocable."

# Sanctions may cripple US firms in SA

A HAMMER blow from new sanctions measures seem certain to hurt — and even devastate — the profitability of US subsidiary companies in South Africa, many of which have in any case been suffering hard times in terms of profits.

Long-delayed, new regulations, finally issued by the US Treasury Department to implement the ban on new US investment in SA, close all the major loopholes by which US subsidiaries in SA have been able to carry on "much as usual" even where there has been disinvestment by the American parent companies.

fined in the rules to: "Include a commitment or contribution of funds or other assets, and a loan or other extension of credit."

Rescheduling of existing debt is only permitted if "no new funds or credits are thereby transferred or extended" to an SA borrower, says a Johannesburg

source. "US companies can no longer use their foreign affiliates outside South Africa to get round the ban, nor may they knowingly act through to participate with another overseas party."

Exceptions include: • Reinvestment of profit earned by a US-controlled organisation in that or another SA entity;

• Contributions required to enable a US-controlled SA organisation to operate in an economically sound manner, without expanding its operations;

• The ownership of control of an interest in a SA organisation, or of securities of the SA Government or an SA entity issued before October 2 this year;

companies may continue to hold and open bank accounts in SA, but such accounts may only be used "strictly to pay for and clear transactions."

It is reported that at a meeting with "business representatives on December 11, US officials conceded the rules then being finalised left many specific questions unanswered and urged firms to seek guidance from the treasury on a case-by-case basis. — Sapa.

The new US rules, published yesterday, prohibit parent companies from injecting new resources into their SA operations. It is reported that "their increasing obsolescence is thus assured."

## Strategies

Moreover, if US-owned plant is destroyed or damaged by accident or sabotage, the parent is only allowed to restore it to its previous, often outdated, condition if it is using outside funds.

Many of the strategies which American companies have used to pull out of SA while permitting their former subsidiaries to remain in business may now be illegal, say experts.

For instance, the General Motors agreement to pay off GMSA's debts could now run foul of the law. So could transfers of assets to SA buyers made subject to an agreement to repurchase.

## Confusion

"The 50 US subsidiaries in SA known to be planning possible withdrawal from the country could now be joined by another 50 next year," says a Washington commentator.

Locally, it is reported that many companies have been left dangling in confusion because even though the investment ban technically went into effect on November 16, bureaucratic delays have prevented the administration issuing its official interpretation of the obscurely drafted law for more than a month.

New investment is de-

## THE ECONOMY

# GM's iron hand vs BP's velvet glove

creation of a few integrated schools within a sea of apartheid.

It might be argued that this criticism is unfair, since on their own BP cannot be expected to bring down apartheid. After all, isn't it better to start somewhere, however small, rather than not to start at all?

The recently released BP social report for 1986 is full of statements like "BP believes", "we believe" and "we are of the opinion that" various proposals are in the best interests of reform in South Africa.

For instance, regarding the District Six project, chairman Ian Sims writes: "We start from the fact that existing steps to abandon apartheid are too slow for many people but too fast for others.

"By exercising a regional or local option we can see a way forward..." In the next paragraph we find the following: "A project like this depends ultimately on the wishes of the people of the actual area who will be involved. They will be consulted and will participate in the decisions and direction of the project."

This statement could have come from the mouth of our very own State President. It suffers from exactly the same inadequacies as do the government's own statements on reform.

First we whites, whether from BP or from the government, tell you what we think you blacks need and allocate some funds towards implementation. Then we whites invite you blacks to consult with us and participate in implementing our decisions (which are, of course, in your own best interests).

Perhaps I am wrong. Perhaps BPSA have consulted widely among the black community before announcing their grand scheme.

### ●From PAGE 11

If so, they do not mention it in their report.

Certainly, their report does provide statements of support from a very limited range of academics and black and white business leaders.

There is also a statement of support from Chief Mangosuthu Buthelezi.

But not a word from, nor mention of, anyone from the United Democratic Front or Black Consciousness groupings, nor from any trade unionist other than Kobus Jooste of the South African Agricultural Union.

While it is interesting to know that the rector of the Rand Afrikaanse Universiteit and South Africa's first Indian ambassador abroad support BPSA's social programme, the absence of any statement of support from most of the organisations with mass followings throws serious doubt on the credibility of BPSA's programme.

In its social report, BPSA refers to what it regards as "structural changes of fundamental significance to the political, social and economic framework of South Africa which have been introduced by government".

While some of these changes, such as the government's legal recognition of trade unions, can be regarded as "structurally" significant, many are clearly not so.

For instance, BP sees it as "structurally" significant that the government "has committed itself to the principle of equal education as a goal", while at the same time noting that this same government is "continuing its commitment to racially separate state schools". If that is an example of a structural change,



New GM MD Bob Price

then I'm a toasted cheese and tomato sandwich.

Again, it is "structurally" significant that the State President has committed himself to "setting a universal franchise within a geographically united South Africa as a goal", though he has made it equally clear that "it will not take place within a unitary system" and that "protection of minority (group) rights is a priority".

And best of all, it is "structurally" significant that "forced removals of blacks for ideological reasons" will end, though forced relocations do continue "to incorporate areas into 'homelands' and for health reasons".

Statements such as these suggest that BP is incredibly, if not dangerously, naive

Such naivety in turn suggests that the government will have little trouble in co-opting BP's recently announced initiative for social change.

'Now more firms will leave'

BUS DAY  
3/1/86

# US oil giant decides to get out of SA

(62)  
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(62)

NORMAN SHEPHERD

EXXON, which boasts that it is the world's largest oil company, announced yesterday it was pulling out of SA.

The second-largest US company has sold the shares of its former SA affiliate — Esso — into a trust which will continue the SA operations.

A spokeswoman said the trust was a legal entity that would be run by trustees who could not be employees of Exxon or its affiliates. Exxon would not have ownership or control over the SA units. However, it would select the initial trustees, who in turn would choose those to follow.

She also said Exxon would loan the trust the money to buy the South African units, but that the trust would be required to repay the corporation out of future earnings. The spokeswoman did not disclose the price at which the units were sold to the trust.

Last May, Exxon shareholders rejected a proposal to withdraw from SA until the abolition of apartheid. The proposal was submitted by Catholic, Lutheran and Methodist Church organisations.

At the time, Exxon said its board be-

lieved it could contribute more to the future of blacks by remaining in SA.

The decision announced yesterday was made by the board and did not require shareholder approval, Exxon president Lawrence Rawl said.

The company, the second largest in the United States, said the South African units accounted for 0.2% of consolidated revenues in 1985, which totalled \$91.62bn. Some industry spokesmen said that while Exxon had only about 5% of the SA market, its withdrawal would increase disinvestment pressure on other US oil companies.

Caltex public relations head Keith Bewick said that with the number of US companies which had already pulled out of SA, pressure to disinvest would be stronger on companies still in SA.

"Exxon has a high profile outside SA and, in the American context, their move will be very newsworthy. However, Caltex's position remains unchanged. We

● To Page 2 →

# US oil giant to leave SA

(62)  
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(62) BUS DAY  
3/1/86

will stay in South Africa," he said.

Explaining the pullout, Rawl said: "The deterioration of the SA economic and business climate caused by the continuing internal and external constraints has affected our business and its potential for growth.

"We were not able to sell our operations but did not want to shut them down and abandon our employees. So the trust was established."

He said Exxon had relinquished all ownership and management control of Esso.

Esso employed only 200 people and had neither refining nor manufacturing plants. It had interests in more than 100 service stations, a small company which sold petroleum products and another which sold chemicals.

Rawl said it was decided to use a trust

after Exxon was unable to reach agreement on the sale of its SA operations to local interests.

He said the trust provided for employee profit-sharing, continued support of SA social responsibility programmes and, after payment for the operations, profit distribution to social beneficiaries in SA.

Rawl did not reveal how much Exxon would receive for the SA operations or how payment was arranged.

Esso headquarters in Sandton was not receiving any calls late yesterday afternoon when the news filtered through from the US. An Esso spokesman, who did not want to be named, confirmed staff had been told of the pullout but said he was not authorised to give details.

← ● From Page 1



2 BUSINESS DAY, Wednesday, December 31, 1986

New US anti-apartheid regulations remain a mystery

# Departing firms in dark

US COMPANIES quitting SA are still in the dark about the implementation of stringent US anti-apartheid regulations.

The regulations are intended to enforce the US congressional ban on investment in SA.

Copies of the regulations are not yet available and affected companies say they are not conversant with them.

"Until we see the regulations, it is very difficult to know what is and what is not illegal," says Leo Cecchini, the US consul for economic affairs.

"The law is designed to prevent expansion and new investment and not to stop payment of debts. The intention of the regulations is not for companies to go bankrupt.

"What will probably change is the buy-back option and the concept of

share-selling to retain control of SA subsidiaries. This is at present a cloudy area," he says.

Outgoing MD of General Motors Bob White says that although he has not had an opportunity to see the regulations, he does not foresee any change in GM's plans to disinvest.

"The rulings have been in effect since the Senate veto and GM people in the US have worked with the Treasury concerning these regulations."

White does not believe GM would have gone this far if its actions were found to be illegal in US law.

"No funds will be transferred from the US to complete the change of ownership," he says.

A spokesman for Honeywell says the

main transfer will be in technology and so no immediate impact is expected.

"There will be no import of funds and growth of the company is financed locally," says Honeywell's market development manager Duncan Todd.

Coca-Cola is not aware of the implications of the regulations, but a spokesman says he does not see any difficulties.

Other US multi-nationals, not dependent on US funds, do not expect repercussions. Many companies are waiting to see how stringent the regulations are and what they mean before reacting to them.

A spokesman for IBM had no comment to make.

But market sources say the company, despite a recent announcement of a buy-out by local employees, will not be affected.

BUS DAY 31/12/86

## Lyd Plat pushes earnings up 44%

CHRIS CAIRNCROSS

LYDENBURG PLATINUM (Lyd Plat), whose main income comes from dividends received from platinum producer Rustenburg Platinum, has benefited greatly from this investment in the year to October.

In its annual statement this investment company, in which SA Mutual has a 56% controlling interest, reports an earnings improvement of 44%, from 72,7c to 104,7c a share.

Pretax income amounted to R15,08m (R10,69m), reflecting growth of 42% as a result of the sustained strength of the platinum price/market over much of the year.

These results have enabled Lyd Plat to boost the total dividend pay-out to 104c (72c), the final dividend being lifted to 64c (44,5c).

Apart from its primary holding in Rusplat, Lyd Plat's other investments are in Genbel, Free State Consolidated Gold Mines, and Orange Free State Investments.

Market capitalisation of these investments at Lyd Plat's year-end amounted to R523,2m (R270,4m).

## Tax gaps for mining

THE mining industry can save money by interpreting exemptions to the General Sales Tax act liberally.

So says Ernst & Whinney tax consultant Ken Walton in the latest tax bulletin of the Transvaal Chamber of Industries.

"Many mines are dealing with the tax question of GST on an ad-hoc basis. In consequence there is not the uniformity which one would wish. Some mines are unquestionably paying too much GST while others may not be pay-

ing enough," says Walton. An example is the exemption for parts and materials used to repair and maintain certain plant. Walton says the tax authorities have agreed that the plant specified in the act can be interpreted more widely than the list suggests.

He says companies supplying plant to the mines should examine the laws and then review what items have been taxed in the past.

CHERYLYN IRETON

19 December 1986

## NATIONAL PROPERTIES LIMITED ("NATPROP")

Reg No 68/04109/06

### ANNOUNCEMENT TO SHAREHOLDERS

Shareholders are advised, that in compliance with an extension of time granted by the Registrar of Companies, they were mailed Natprop Provisional Unaudited Financial Statements at 30 June 1986 on 30 November 1986. The audited financial statements for the year are still in the course of preparation. Recently settlement has been reached, in respect of disputed claims, with B&D Inry Teaters and Metropolitan Life Limited and

ADVANCE INFORMATION

# U.S. OIL COMPANIES PULLS OUT OF SOUTH AFRICA

N/M 0.31/286 (62)

Mercury Correspondent

CAPE TOWN—The world's largest oil company, the U S-based Exxon company — known in this country as Esso — announced yesterday that it is pulling out of South Africa.

Exxon, which has only a small share of the local oil market, said in a statement it had sold the shares of its former South African affiliates to a trust which would continue Exxon operations here.

The Exxon statement said it had two companies in South Africa, one selling petroleum products and the other chemicals. Neither had refining or chemical manufacturing plants, and the total employee workforce for both companies was about 200 people.

In the move, Exxon relin-

quishes all ownership and management control of its former South African activities.

The company, the second largest in the United States, did not disclose what was received for the operations or their revenues.

Exxon said a decision was made to use a trust arrangement after it was unable to reach agreement for the sale of its South African operations to local interests.

Exxon president Mr Lawrence G Rawl said the deterioration of the South African economic and busi-

ness climate, caused by the continuing internal and external constraints, had affected Exxon's business and its growth potential.

The trust includes provisions for employee profit-sharing, continued support of South African social responsibility programmes and, after payment for the value of the operations to Exxon, profit distribution to social beneficiaries in South Africa.

Other international oil companies with operations in South Africa last night said they would continue operating in this country.

Industry spokesmen said that while Exxon had an 'extremely small' part of the local market — only about 5% — the real impact of its withdrawal from the South African market was the increased pressure that other American oil companies operating in the country would now face.

## Pressure

Mr Keith Bewick, head of public relations for Caltex, an American based oil company, said that with the number of American companies that had already pulled out of South Africa, pressure to disinvest would be stronger on those companies still here.

'Exxon has a high profile outside South Africa and in the American context their move would be very newsworthy. However, Caltex's position remains unchanged — we will be staying in South Africa,' he said.

Mr Pat O'Malley, head of public affairs for Mobil — also American based — said he did not believe there would be increased pressure and said Mobil would be staying in South Africa.

A spokesman for BP said his company had made it clear in its November social report that it was staying in South Africa.

# Mobil: Exxon puff-out won't affect our role in SA

WASHINGTON — The Star Bureau — The departure from South Africa of the world's biggest oil company, Exxon Corporation, will not dislodge competitor Mobil Oil as the disinvestment flow swells.

Exxon's announcement has affected Mobil's position at John Lord after Exxon's dis-  
cure yesterday.

He would not, however, comment on the psychological impact Exxon's exit would have on other oil companies and Ameri-

can firms in general. Two other major American companies, General Motors and IBM have left in the past three months.

Multi-nationals such as Coca-Cola, General Electric, and Eastman Kodak have also announced their withdrawals.

Mobil, one of the largest American employers in South Africa, has been at the forefront of efforts to resist the growing

cry in America for disinvestment, believing the company could be a force for positive change in the country.

However, industry analysts and corporate spokesmen agree that huge corporations such as those leaving add enormous momentum to the disinvestment flow, influencing boardroom calculations powerfully.

Anti-apartheid activists have welcomed Exxon's departure, and hope other major oil companies will follow, thus damaging the country's fuel supply.

Exxon became the 36th United States firm to sell its assets in South Africa this year. There are still 234 American companies operating in South Africa, including 12 which have stated they intend leaving.

The Exxon move came as the

state of California prepared to sell off more than \$9.2 billion (R20 billion) in shares in American companies doing business in South Africa. The sell-off starts in terms of legislation passed this year and which takes effect tomorrow.

Exxon president Mr Lawrence Rawl said deterioration of the South African economic and business climate caused by "continuing internal and external constraints" had affected the corporation's business and potential for growth.

"In view of the fact that we were not able to sell our operations, we did not want to shut them down and abandon our employees. Consequently, a trust was established," he said.

An Exxon spokesman refused to name the company which had been appointed as the first trustee. "We are selecting the initial trustees based on business and financial expertise," the official said.

The names Exxon and Esso would disappear from South Africa within a few months. The trust would include provisions for employee profit-sharing, continued support for social responsibility programmes, and profit distribution to "social beneficiaries" in South Africa after Exxon had been paid the value of its operations.

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# SA's avenues to the world are closing

JOHANNESBURG. — From travel to sports, from business to academia and the arts, many of South Africa's avenues to the world are closing.

As foreign pressure against apartheid has surged recently, boycotts and economic sanctions have distanced South Africa from even long-time friends.

A plunge in the value of the rand, from 1,25 US dollars in 1981 to 45 US cents, has helped the country's isolation.

About 60 American companies have left South Africa

in the past two years. Most have sold out to local interests.

Earlier this month Eastman Kodak Co became the first major firm to announce it would leave and ban the import and sale of its products in South Africa. Its departure will cost 480 jobs.

Professor Carl Noffke, head of the Department for American Studies at the Rand Afrikaans University, predicts there will be further steps to isolate South Africa.

But he thinks South Africa's economy could benefit from

sanctions by using excess factory capacity to replace up to 40 percent of imports.

Arab, East-bloc and black African countries have long barred South African visitors. Travel agents now say South Africans are finding it hard to enter countries that welcomed them earlier.

In the US, South African Airways has recently had landing rights rescinded.

South Africa has been dropped from the International Grand Prix car racing circuit. The Organizers of the Mil-

lion Dollar Golf Challenge at Sun City in December are not identifying the 10 players "until they are on the plane", for fear of boycott pressure.

Sun City is being boycotted by entertainment stars. Lorimar, the US television distributor, this year halted sales of the "Dynasty" series to South African television.

Columbia Pictures says it will stop releasing movies in South Africa if all cinemas are not integrated by May 1.

In September the world ar-

chaeology body, the International Union of Prehistoric and Protohistoric Sciences, withdrew invitations to 26 South African scholars, although South Africans have been pioneers in the field and many key discoveries on man's beginnings were made here.

Foes in the past have supported isolation measures as a peaceful way for the world to demonstrate its rejection of apartheid. However, the current state of emergency makes it a crime to advocate sanctions or boycotts. — Sapa-AP

# Big grants to better black education

19/8/76

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10/8/76

Post Reporter

FIRESTONE SA on behalf of its US shareholder, the Firestone Tire and Rubber Co made grants-in-aid totalling R487 000 to five educational and training institutions in Port Elizabeth today.

The grants form part of a R3,75 million three-year programme. Grants totalling a similar amount were made last year.

A total of R1,25 million to go towards "the improvement of black education and community facilities" is to be handed over this year.

The chief executive of Firestone, Mr Peter Morum, said: "If South Africa has not got an educated group of people from which it can educate the country, it cannot go anywhere."

He said there was a pool of talent available

which had to be developed. Thus far, not enough had been done. He said he saw the programme as a small endeavour to set this right.

He handed over cheques to the following institutions: Sached (SA Counsel for Higher Education), which received R187 500; TOPS (Teacher's Opportunity Programme), which received R125 000; The SOS Children's Villages received R25 000 for its children's home in Grahamstown; Promat College of Pretoria received R75 000; and Cence (Centre for Continuing Education, University of Port Elizabeth) received R75 000.

Further donations of R25 000 each are to be made shortly to the Bethelsdorp Technical College and the Iqhayiya Technical College at New Brighton.

# Sullivan threatens to call a business pull-out

NEW YORK — The Rev Leon Sullivan warned at the weekend that, if SA did not abolish apartheid by the middle of next year, he would call on all US corporations doing business in the country to pull out.

He was speaking to about 100 business leaders at a seminar at Dartmouth College's business school in Hanover, New Hampshire.

The Baptist black clergyman is the creator of the Sullivan Principles, a corporate code of ethics aimed at ending apartheid.

"If by May 31, 1987, apartheid is not abolished and blacks do not have the right to vote, I will call on all US companies to leave, and I will call for a total American embargo against SA no matter what the President or Congress says.

"The SA government has become more intransigent. Every force must be brought to bear on the government to bring about change before the dam bursts," Sullivan said.

Developed in 1977 and expanded since, his principles suggest methods that US corporations with investments in SA can improve the economic and social conditions of SA workers.

Among the recommendations are that US companies pay blacks and whites equally for equal work, place more blacks in management, and develop job-training programmes.

Sullivan conceded many US corporations could be doing more for black SA workers.

"US businesses who follow the Sullivan Principles are doing more to bring about social, economic and political change than all other companies and institutions in SA at this time," he said.

"The problem is that too many companies, as well as governments, are doing little more than paying lip service to change in SA.

"They're using things like the principles as a camouflage."

SA would reach a crossroads next year, Sullivan said.

One road, he said, would lead toward a "bloody civil war in which millions of people will die".

The other would lead toward a peaceful solution to the growing civil unrest.

The key to preventing a civil war, Sullivan said, was for foreign companies in SA to put pressure government to end apartheid. — Sapa-AP.

APR 11/9/86

## Disinvestment call to 'bankrupt' Reagan

NEW YORK. — The New York Times has called on President Ronald Reagan to abandon what it called his "bankrupt approach to apartheid" and noted how disinvestment from companies doing business in South Africa is spreading in the United States.

"Divestiture measures have now been approved by 19 states and 65 cities," it said. "The Democratic House (of Representatives) calls for a total embargo on US investment. The Republican Senate calls for the wisest course — targeted sanctions.

"But there can be no

doubt why so many wish to go further, faster. Here, as in South Africa, Mr Reagan is perceived as Pretoria's defender, unwilling to show where America stands.

"Divestment is less a punitive policy than a way to express disgust. That so many states feel disgusted indicates how far America is ahead of its president."

● In a leading article in the London Sunday Telegraph yesterday, the editor, Mr Peregrine Worsthorne, compared the attitude of the liberal West to Libya and South Africa.

— Sapa-Reuter-AP

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# U.S. study warns of violence

By PATRICIA CHENEY

THE continued presence of US firms in South Africa — or their withdrawal — would do little to bring about a transition to majority rule, according to a new study published by a Washington research group.

But a complete American pullout would result in increased black-white polarisation, with more violence among black youths, said the study, published by the Investor Responsibility Research Centre (IRRC).

"Uncoordinated violence by black youths would be more likely as a US withdrawal would enhance the belief that revolutionary change was imminent, and as the economic slowdown accompanying withdrawal increased so would the number of young blacks unable to find jobs," Mr David Hauck, author of the study and IRRC director, said.

## Controversy

He undertook the research at the request of institutional investors — the principle subscribers to the IRRC's South Africa review service — who wanted an independent analysis of what a full American business withdrawal would mean.

Mr Hauck is a longtime observer of American corporate dealings in South Africa. Since its release last week, the study has caused a small storm of controversy because State Department officials began touting it as a weapon against pro-sanctions advocates.

A copy was apparently forwarded to the Secretary of State's Advisory Committee with a covering letter saying

it proved that sanctions do not work.

"The report does not say that," Mr Hauck said "What it says is that the presence or absence of US firms has less effect than what most people think."

The study concludes that as a result of such a pull-out:

- Whites would be drawn into a siege mentality.
- Support for the ANC and Azapo would increase because a US pull-out would be

seen as a victory for liberation movements.

● Black-white polarisation would increase because whites would see blacks as "disloyal to South Africa" and blacks would "view white reaction as further proof that they are more interested in maintaining their standard of living than in working for black political rights".

● The PFP and Inkatha would lose support as blacks moved to the left and whites to the right



o/k ARGUS 12/9/86

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## GM 'yes' on detainees' pay issue

**Weekend Argus Reporter**  
GENERAL Motors has agreed to union demands that detained employees receive their full wages.

A National Automobile and Allied Workers' Union spokesman said yesterday GM's undertaking ended "many weeks of negotiation".

He said: "GM accepted conditions relating to detained employees in a letter to the union yesterday."

The letter said no employee detained without trial will lose his job.

Half of a detainee's wages — less tax and benefit deductions — will be paid to his dependants for up to six months.

# GM AGREES TO PAY DETAINEES

By LEN MASEKO

**AMERICAN** company General Motors has finally agreed to pay full wages to detained employees.

This follows weeks of negotiations between the company and National Automobile and Allied Workers Union (Naawu) and United Automobile Workers of America.

In terms of the

agreement detained employees will not lose their jobs because of their detention; a payment of 50 percent of detained employees' wages will be paid to their families while they are in detention for up to six months (180 days).

On release without trial or acquittal after being charged during this six-month period, the employees concerned will receive the accumulated balance for the period they were in detention.

"The position adopted by General Motors is accepted by Naawu and we hope to have further discussions with the company regarding the issue of legal representations for the detainees," Naawu said in a statement at the weekend.

The settlement of this dispute was preceded by weeks of campaigning, which saw the local Sullivan Code co-ordinator and the American Chamber of Commerce wash their hands of the issue.

Meanwhile Naawu is involved in another dispute, with German company, Mercedes Benz, over the dismissal of workers at the company's East London plant for failing to meet management's ultimatum to return to work on September 8.

## Challenge

Workers at the plant had earlier been involved in an industrial action over working conditions.

Naawu would challenge the company's stand that Benz was not prepared to talk to the

union over the dismissals, general secretary Mr Fred Sauls said.

Members of the Paper, Wood and Allied Workers Union (Pwawu) have suspended their strike at Springs-based Amalgamated Plastic Industries pending further negotiations between the union and management on retrenchments.

The strike by 80 API workers was sparked by management's decision to retrench employees.

These Pwawu members returned to work last Thursday, after a three-day "sleep-in" stoppage.

The pay dispute between about 500 members of the Food and Allied Workers Union (Fawu) and Farmfare has ended, the union said in a statement.

*[Handwritten scribble]*

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ARGUS 17/9/86 (62)

# Stay in SA, urges Shultz

## US business told: 'Hang in there'

From NEIL LURSEN  
The Argus Foreign Service  
WASHINGTON. — US Secretary of State Mr. George Shultz has urged American business leaders not to quit South Africa, but to "hang in there".

He told a gathering of business executives at the State Department last night that Americans could be genuinely proud of what their companies were doing in South Africa.

American companies were providing equal opportunity employment and training, and were sponsoring health and educational facilities.

"So, they have been part of the solution. They have, in a sense, been helping people be prepared to do something with the end of apartheid when it comes," said Mr Shultz.

### More demands

Mr Shultz, who is planning a brief trip to South Africa during an African tour next month, was speaking against a background of rising demands here for American companies to close down their operations in the Republic.

Some companies, concerned about losing business in states and cities where disinvestment laws have been approved, have closed shop. Some are watching the situation carefully. Others have announced their intention to stay in South Africa.

President Ronald Reagan, under pressure to sign a congressional sanctions bill before it becomes law automatically, is trying to find a formula that will get the congressmen to withdraw their bill, but he is having little success.

### Trouble-shooter

Mr Shultz said South Africa was a dilemma for the US. The US seemed to be withdrawing just the things that were needed for reform and change.

Meanwhile, President Reagan sent his most-trusted White House trouble-shooter to the US Congress last night to seek a way out of the president's dilemma over anti-South Africa sanctions.

Mr Donald Regan, who is White House chief of staff and President Reagan's top political adviser, attended an hour-long meeting with Republican Senators Richard Lugar and Robert Dole, who are urging the president to sign the sanctions bill approved by both chambers of Congress.

(b2) DD 181918<sup>b</sup>

# Coca-Cola to sell SA investments

JOHANNESBURG — Coca-Cola announced in Atlanta, US, yesterday it would be selling off its remaining holdings in South Africa.

SA Breweries is a strong contender for Coca-Cola's stake in the bottling and canning industry.

It already holds 55 per cent of Amalgamated Beverage Industries, the franchise bottler and distributor of Coke in South Africa, after obtaining a 30 per cent interest when Coca-Cola reduced its holdings earlier this year.

The chief executive of SAB, Mr Meyer Kahn, said last night SAB and Coca-Cola were discussing the issue, but he would not reveal the nature of the discussions or the value of Coca-Cola's South African investments.

Coke fans would not be deprived of their favourite drink as the disinvestment would not affect the sale of Coke in South Africa, Mr Kahn said.

Coca-Cola's US president and chief operating officer, Mr Donald Keough, said: "We have been reducing our investment in South Africa since 1976 and we have now decided to sell our remaining holdings. We will disinvest in a way that creates significant multiracial equity participation in the SA soft drink industry."

He said the company's decision to complete the process of disinvestment "is a statement of our opposition to apartheid and of our support for the economic aspirations of black South Africans". — DDC.

# Coke and Firestone adopt opposing stances on disinvestment

By Peter Farley

The divergent views of US companies with investments in South Africa were vividly illustrated yesterday.

Coca-Cola announced it was selling its remaining shares in the SA soft drink business, while the executive vice-president of Firestone re-affirmed his company was firmly behind retaining its 25 percent stake in the local operation.

Coca-Cola has been steadily reducing its investment in SA for some 10 years and control of its Amalgamated Beverage Industries finally passed into the hands of SA Breweries earlier this year.

But, in an effort to justify its contribution to the local black community Coca-Cola is insisting a significant multiracial shareholding is built up in the company.

SAB owns 55 percent of ABI and negotiations are under way to work out how the 45 percent balance will be split up — in accordance with the US company's intention to have a black shareholding.

However, Firestone's Mr George Aucott told the SA firm's 50th anniversary dinner last night his company would "stay in South Africa as long as it can make a meaningful contribution to the community."

He pointed out it was company policy to allocate 40 percent of what would receive in annual dividends to social responsibility projects.

Last year this totalled

the US that Coca-Cola says it has disinvested to demonstrate its opposition to apartheid.

Coke will still export syrup to South African bottlers and donate money to foundations it established with a \$10 million gift

Coca-Cola's president, Mr Donald Keough, said in Atlanta the company wanted not only to speak out against apartheid but to show its support for black South Africans:

"We will disinvest in a way

that creates significant multiracial equity participation in the South African soft drink industry.

"Our goal is to structure the transactions in a way that improves the prospects of black South Africans and increase their ability to invest in their country's economy."

His statement drew immediate applause from critics in America threatening boycotts of the company and its products.

R1.3 million. This includes contributions to educational programmes, paying all school fees for the children of black employees through secondary school, and a bursary programme for higher education.

Although Coca-Cola is ending its direct presence in SA, both it and SAB have emphasised the supply of product to the market will continue.

The Star Bureau reports from

SA 1/16  
USA 1/16  
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# US oil corp to quit SA

Cape Times 31/12/86

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From SIMON BARBER

WASHINGTON. — Exxon, the world's largest corporation, announced yesterday that it has sold its two marketing concerns in South Africa with assets valued at about \$7 million (about R15 million) to a local trust set up to benefit employees and outside social programmes.

The oil giant's former subsidiaries, Esso South Africa (Pty) Ltd and Esso Chemical (Pty) Ltd, both based in Sandton, employ just over 200 people, and are tiny by comparison with the SA operations of such other US oil companies as Mobil and Caltex.

"The deterioration of the SA economic and business climate caused by the continuing internal and external constraints has affected our business and our potential for growth," the president of Exxon, Mr Lawrence Rawl, said.

The executive chairman of Shell South Africa, Mr John Wilson, said trans-nationals could not be replaced by merely buying out their assets.

Their contribution was not only capital but the most modern technology, business systems and world-class management and management philosophies.

Mr Wilson said the tragedy of trans-national withdrawals was that no positive changes would occur on the domestic political scene as a result of the action.

The subsidiaries' assets are to be placed in a trust fund whose trustees will have had no prior business or financial ties with either Exxon or its affiliates, according to a company spokeswoman, Miss Juliet McGhie.

Earnings from the trust will be used to pay back Exxon, support social programmes and continue the subsidiaries' operations. Remaining profits will be shared among employees.

Neither Exxon nor the former affiliates will have any say in the trust's management, and there is no repurchase agreement. Use of the Esso brand name will be phased out "within a few months".

The company decided to set up the trust after attempts to sell the subsidiaries to local buyers failed.

□ In Cape Town the head of public relations for Caltex, Mr Keith Bewick, said that with the number of US companies that had already pulled out of South Africa, pressure to disinvest would be stronger on those companies still here.

"However, Caltex's position remains unchanged — we will be staying in South Africa," he said.

The head of public affairs for Mobil, Mr Pat O'Malley, said he did not believe there would be increased pressure and said Mobil would be staying in South Africa.

A spokesman for BP

Cape Times 31/12/86 gr  
From Page 1  
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said his company had made it clear in its November social report that it was staying in SA.  
About 65 firms, nearly all from the US, have pulled out of SA this year, citing falling business and dissatisfaction with the pace of change in the country's racial policies.  
The companies include General Motors and IBM — respectively the first- and fifth-largest US companies — as well as Coca-Cola, General Electric, CBS, GTE, Procter and Gamble, and Eastman Kodak.  
Major British bank Barclays and Canadian shoe company Bata also announced last month that they would sell their SA units.

To Page 3

# R40-million boost <sup>Albus 22/9/86</sup> for non-racial S Africa

## Staff Reporter

THE Mobil Foundation is to put R40-million over the next five years into projects to help South Africa develop into a non-racial, democratic society.

The projects include education, entrepreneurship and rural and other community projects.

The chairman, Mr Franklin Sonn, who is also president of the Cape Teachers' Professional Association, issued a statement after the formal constitution of the foundation in Cape Town.

## Structural problems

He said it was committed to tackling structural problems in South Africa which prevented evolution towards a non-racial democracy.

-- Through its activities and the thinking of others similarly committed, it would work towards solutions to these problems.

Activities will be confined to South Africa and the homelands.

The foundation would support only programmes independent of the State or any of its departments.

The foundation and its subsidiaries were not party political bodies nor would their activities imply the taking of any party political position, according to a leaflet issued with the statement.

## Black businesses

The foundation aimed to improve the quality and relevance of education and to prepare people for post-apartheid education.

The foundation will be setting up a fund to encourage the development of independent black businesses.

It wants to demonstrate to the commercial lending sector that it can take a less conservative approach to small business loans to blacks.

Rural and other community projects will help create opportunities to improve incomes and the quality of life.

## Martin widens the gap

### Staff Reporter

JOHN Martin has increased his lead over Guy Bernardin in the BOC Challenge round-the-world race to 88 miles — and flying Frenchman Philippe Jeantot has moved up three places.

Martin in Tuna Marine Voortrekker II is 3 086 miles from Cape Town and Bernardin in Biscuits Lu has 3 174 to go.

Jeantot, lying sixth on Friday, is in third place — just 159 miles behind Bernardin.

0019/9/86 (62)

# Coke's plans remain under wraps

Dispatch Correspondent

JOHANNESBURG — Coca-Cola's plans to use the divestment of its South African interests as a means of involving black businessmen in the soft drink industry will remain under wraps for some time.

But it is possible that groups of black dealers who distribute Coca-Cola will be offered a stake.

The investments to be sold by Coca-Cola are a 30 per cent interest in Amalgamated Beverage Industries (ABI) and a 51 per cent interest in Amalgamated Beverage Canners.

Coca-Cola's external affairs manager, Mr Hennie Viljoen, said yesterday the company was in the process of investigating the creation of a multi-equity participation in both companies.

This would involve selling part of its interests to black investors.

Coca-Cola is also negotiating the sale of its shareholding in ABI with its co-shareholders, SA Breweries which has a 55 per cent interest, and Cadbury-Schweppes with 15 per cent.

Mr Viljoen emphasised that the discussions hinged on interests being acquired by groups of black businessmen. There were a large number of black

dealers, he said.

Asked if they would be involved in the scheme, Mr Viljoen said this was "possible" and industry sources said it was one means of involving black businessmen in the industry.

He added that it made good business sense to involve the black entrepreneur as about 76 per cent of Coke sales were to black consumers.

"Whatever the outcome of the negotiations, no changes regarding the existing production, manufacturing and distribution through the independent bottler network will occur," Mr Viljoen said.

Coca-Cola's divestment of its South African interests has been couched in anti-apartheid terms but it has been a long-term objective of the company since 1976.

● Sapa reports the US State Department has expressed disappointment at the Coca-Cola Company's decision to sell its interests in South African companies.

"The administration is obviously disappointed although the United States recognises it is Coca-Cola's private decision to make," a departmental spokesman, Mr Bernard Kalb said.

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# Coke will take its secret with it

**The Star Bureau**  
WASHINGTON — Coca-Cola's big secret will go with it when it withdraws from South Africa in protest against apartheid.

But the drink will be readily available because Coke in Atlanta, Georgia, will be shipping tankers of the famous syrup for the country's thirsty.

And it all makes good business sense. Coca-Cola is estimated to sell \$50 million (about R125 million) worth of syrup yearly to South African bottlers. Coke would not discuss this, but confirmed it had about 75 percent of the South African soft drink market.

The company will close its South African concentrate plant when it disinvests within nine months for political reasons.

### APARTHEID

The act was a "statement of our opposition to apartheid".

With the closure of the syrup factory in South Africa goes the Coke recipe which has been kept secret for 100 years. All bottling plants will do in South Africa after Coca-Cola's withdrawal, company officials say, is soda.

And Coke is smugly confident nobody will be able to discover their secret recipe:

"No-one has ever been able to do it," said Mr Randall Donaldson at Atlanta headquarters.

Doubtless, with today's technologies, chemists could establish the drink's ingredients.

"But nobody can tell you the way it goes together."

Coke's syrup is exported to many countries and transported to private bottlers throughout the United States which mix and market the drink. South Africa is one of several regions worldwide which has a syrup plant.

Some ingredients of that magic formula are still, however, mixed in the United States and shipped to the plant in South Africa where they are added to contents available locally.

Asked how secrecy was kept at those foreign syrup plants, Mr Donaldson said: "Secrecy is maintained probably because we do not talk much about it."

At stake is the recipe of pharmacist Dr John Stythpemberton of Atlanta who started it all in a backyard kettle in 1886. Now it sells in 155 countries at a daily rate of 400 million servings.

It was dispensed from a soda fountain in Jacobs Pharmacy from May 8, 1886, at 5c a glass. Revenue in the first year was \$35. It is now billions.

Thousands of Coke employees from around the globe met in Atlanta in May to celebrate the drink's centennial. At the party, Dr Pemberton's original recipe book containing his research notes was on display.

But it remained a carefully closed book to viewers who were kept at a safe distance by tight security measures.

## East Cane bush fires are

# GM's SA

# operations

(62) Eve Post 15/10/86

# for review

Post Reporter

## GENERAL MOTORS is reviewing its presence in South Africa for both political and economic reasons.

This is reported in the London Financial Times today by Roderick Oram in New York.

The report says GM is not satisfied with progress towards ending apartheid and is concerned about the rapidly deteriorating economic situation in SA.

The managing director of General Motors (SA), Mr Bob White, said today he would be issuing a Press statement. It was not available at time of going to Press.

Mr Roger Smith, chairman of the international giant, is quoted as saying GM is unhappy about the pace of political reform in South Africa.

He is the man who last year helped found the 100-strong United States Corporate Council, a watchdog on South Africa.

He visited the Port Elizabeth plant in April and saw for himself conditions in the country.

His conclusion was that "something had happened to that Government there that changed their mind and they are not doing what I hoped they would".

"Maybe the world did it to them. Maybe the siege mentality has set in," he was reported today to have told a Detroit motor industry newspaper.

"Every day we have to re-appraise what we are doing, how much help we are and what our prospects are."

The company was still studying the economic sanctions approved last week by Congress to see how it might be affected.

Mr Smith told the Financial Times that in addition to the worsening poli-

tical environment, GM was "struggling desperately" because of the rapid and continued decline of South African vehicle sales".

On May 30 Mr White was quoted as saying that the company had no intention of leaving South Africa and Port Elizabeth. He gave a R35 million investment by the company in its Kempston Road plant this year as evidence of that commitment.

At the time he confirmed that GM had been looking for a South African partner, but said any agreement would be conditional on GM retaining management control of the company.

General Motors told Oram it was weighing up how to fulfil its "fundamental purpose of supplying vehicles in a socially responsible way".

Mr Smith told the Detroit newspaper that as long ago as 1971 GM first considered withdrawing from PE, but it had stayed because it felt it made an important contribution.

He said GM's local truck and car sales were likely to fall to 27 000 this year from 35 000 last year and about 50 000 in 1981.

According to the Financial Times, GM is one of 300 US companies facing mounting criticism at home and a bleak financial outlook in SA.

The departures of US companies have been accelerating, with groups such as Coca-Cola, Procter and Gamble, the consumer products group, and Baxter Travenol, the drugs company, selling out to local interests while maintaining commercial links.

# Coca-Cola pulls <sup>62</sup> out of SA <sup>Cape Times 18/9/86</sup>

ATLANTA. — Coca-Cola, the world's biggest soft drinks company, said yesterday it would pull out of South Africa — although its products would still be sold there.

"We will be completely pulling out," spokesman Mr Randy Donaldson said.

The company employs 460 people in South Africa in marketing and advertising and has a 30 percent stake in Amalgamated Beverage Industries, a leading South African bottler, which will be sold.

Mr Donaldson said Coca-Cola products would continue to be bottled and distributed through independent companies.

Opponents of the country's apartheid system of racial separation have called on companies to withdraw from South Africa.

"We have been reducing our investment in South Africa since 1976, and we have now decided to sell our remaining holdings in that country," company president Mr Donald Keough said in a statement.

According to the Washington-based Investor Responsibility Research Centre, which tracks the presence of US companies in South Africa, 19 other firms have said this year that they would pull out of the country.

It said 39 firms withdrew last year.

The pullout by Coca-Cola would leave 247 US companies there, the group said. — Sapa-Reuter

(62)

LOS ANGELES — The county Board of Supervisors has awarded a \$304,345 contract to a Fluor Corporation subsidiary despite protests against the firm's business links with South Africa.

Under the contract, which was approved yesterday on a 3-to-2 vote, Fluor Technology Inc will conduct engineering studies for the expansion of jails.

Before the vote, liberal Supervisor Kenneth Hahn called on his colleagues to follow the lead of Republican Governor, Mr George Deuk-

## Contract to firm with SA links

mejian, who played a major role in recent moves by the state to order the sale of up to \$11.4 billion in public investments in firms doing business in South Africa.

He said by rejecting the contract, the board would be taking united

action against apartheid.

The contract was approved by the board's conservative majority.

Fluor Corp, an engineering, construction and natural resources concern, did about \$40 million in business in South Africa last year.

On August 21, Los Angeles' Mayor Tom Bradley supported a decision to deny the corporation a \$2.5 million American contract, saying Fluor's ties with South Africa violated a recently passed anti-apartheid ordinance. — Sapa-AP

# US fizz will be taken out of Coke

ATLANTA — Coca-Cola said it has adopted a plan to sell its remaining holdings in South Africa, in part to groups of black investors.

Donald R. Keough, president and chief operating officer, said: "We have been reducing our investment in SA since 1976 and we have now decided to sell our remaining holdings in that country. Our objective is not solely to disinvest. We will disinvest in a way that creates significant multi-racial

equity participation in the SA soft drink industry." *BUSDAY 8/9/76*

Keough said the company's decision to complete the process of disinvestment "is a statement of our opposition to apartheid and of our support for the economic aspirations of black South Africans".

Keough said details of the sale are being developed and that the process

should be completed within six to nine months.

Earlier this year, Coca-Cola reduced its stock holdings from 60% to 30% in Amalgamated Beverage Industries, a franchise bottler and distributor of Coca-Cola in SA. The stock was sold to SA Breweries.

Coca-Cola also holds a majority interest in an SA canning business which sells finished canned products to independent bottlers. — AP-DJ.

THE ECONOMY

Amcham urges bursars. Write against sanctions

INDIVIDUALS and organisations receiving aid from the American government or American companies are being pressured to ask the US Congress to oppose sanctions.

American-based companies — acting on American Chamber of Commerce in South Africa (Amcham) instructions — have been sending letters to recipients of their bursaries, encouraging them to write letters to the United States on the question of sanctions.

One such letter was sent by the major computer company, NCR Corporation of SA (Pty) Ltd, which has been sent to all individuals and

organisations, like Operation Hunger and Legal Aid Centres, receiving American aid.

“We have told them to write letters to bring to the attention of Congress what actions the sanctions will precipitate. It is Congress that is calling for disinvestment and it is never too late to reverse the decision,” Mason said.

Asked about the bursars who received the letter, Mason said: “If that student weren’t supported with

our money, go and ask him where he would be? He is biting the hand that feeds him and if he doesn’t like it, then he must find the sponsorship elsewhere.

“If I receive a sponsorship, I would feel honour-bound to the sponsor. However, no action will be taken against those who refuse to comply with the request except that they should realise that they would be supporting disinvestment and the non-continuance of their studies,” he said.

The NCR letter asks the student, as someone who has been assisted by the company, to in turn help it.

“I am endeavouring to rally support for the continuation of the US presence in South Africa. My request to you is that you write a letter expressing concern that the withdrawal of the US presence might — in fact would — result in loss of bursary not only to you but to many others who enjoy financial support. It will be quite apparent to you that by giving me your co-operation, you will directly be helping yourself.

“... Replies I receive will be submitted through the American Embassy to the members of Congress,” the NCR letter said.

W/Argus 20/9/86

# Secret of Coke goes — taste stays on

Weekend Argus  
Foreign Service

WASHINGTON. — Coca-Cola's big secret will go with it when it withdraws from South Africa in protest against apartheid.

However, the drink will be readily available because Coke in Atlanta, Georgia, will be shipping tankers of the famous syrup for this country's thirsty.

And it all makes good business sense. Coca-Cola is estimated to sell R110-million worth of syrup a year to South African bottlers.

Coke confirmed it had about 75 percent of the South African soft-drink market.

The company will be closing its concentrate plant in South Africa on disinvesting within nine months for political reasons, as announced this week. The act was, said Coke, a "statement of our opposition to apartheid".

## Recipe

With the closure of the syrup factory in South Africa goes the Coke recipe, which has been kept secret for 100 years.

All that bottling plants in South Africa will make after Coca-Cola's withdrawal, say company officials, is soda.

And Coke are smugly confident nobody will be able to discover their secret recipe.

"No one has ever been able to do it," said Mr Randall Donaldson at the corporate headquarters in Atlanta.

Mr Donaldson said chemists could doubtless establish with today's technologies the drink's ingredients... "but, nobody can tell you the way it goes together," he noted.

## Security

Asked about the recipe's security and how secrecy was kept at foreign syrup plants, Mr Donaldson said: "We find that secrecy is maintained probably because we do not talk much about it."

At stake is the recipe of pharmacist Dr John Styth Pemberton of Atlanta, who started it all in a backyard kettle in 1886. Now, it sells in 155 countries.

All these years, the recipe has remained a mystery to all but a handful of trusted Coca-Cola employees.

(B)  
DD 20/9/86

## R40m to upgrade SA life

JOHANNESBURG — The Mobil Foundation of South Africa — which has committed R40 million over the next five years to improve the quality of life in South Africa's deprived communities — was formally constituted this week, the foundation's chairman, Mr Franklin Sonn, said in a statement yesterday.

Mobil will fund activities in the area of education, the development of entrepreneurial business enterprise and rural and other community projects.

"The central aim and objective is to improve the quality of life and income of deprived South African communities and improve the quality and relevance of education in South Africa," the statement said.

Sapa



# Rev Sullivan's SA threat more rhetoric than reality

THE Rev Leon Sullivan's recent calls for American companies to disinvest from SA operations by next May could cause a damaging rift in the Sullivan organisation here.

Representatives of major US subsidiaries in SA say they would actively oppose disinvestment if Sullivan persisted in lobbying for it. In addition, they say, many Sullivan signatories ultimately could disassociate themselves from the organisation.

"I don't think there will be consensus on the issue," said one top executive at a US affiliate. "I don't think Sullivan can tell companies where they can be and where they can't be."

In a recent speech at Dartmouth College in New Hampshire, Sullivan said: "If by May 31, 1987, apartheid is not abolished and blacks do

not have the right to vote, I will call on all US companies to leave, and I will call for a total American embargo against SA, no matter what the President or Congress says."

Sullivan, a Baptist clergyman, is author of the Sullivan Principles, a corporate code of ethics defining behaviour for US companies operating in SA. Close to 200 companies have agreed to follow the principles and are monitored annually on their performance.

Some executives have suggested that Sullivan's latest stand on disinvestment could weaken his position in SA.

"There's no doubt that he has played a large part in the corporate social responsibility move-

ment, and he's a big factor in the sanctions movement," said Sperry marketing director Neal Harding. "But he's not the only factor."

In the long run, Harding said, "Sullivan will see that, by suggesting disinvestment, he'll be damaging what has been a very worthwhile exercise."

Harding and others questioned the motivation behind Sullivan's disinvestment strategy, some suggesting that the call was more rhetoric than reality.

Sullivan may retreat from his stand next year if he senses that no political change is forthcoming and that continued confrontation would damage his organisation, they said.

If Sullivan persists in pressuring

for disinvestment, said Simon Middleton, chairman of the Sullivan Association's Northern Projects Group and human resources manager at Hewlett-Packard, "he'll have set up a very difficult situation".

By next May, Middleton said, a retreat by Sullivan from his current position "may be perceived by the media as a sort of climb-down".

Human resource officers objected to disinvestment, per se, as counterproductive — eliminating the effects of educational and training programmes that the Sullivan Principles had helped to initiate.

The executives' comments indicate that, while Sullivan has acquired considerable influence in

determining US corporate policy in SA, that influence is limited mainly to the shaping of social responsibility programmes. He probably will have less success in determining when and where companies should operate.

"We are against disinvestment, no matter where the call may come from," said American Chamber of Commerce director Ken Mason. He said it was "highly unlikely that, even if Sullivan withdraws, that other groups wouldn't come in to take its place".

"We share the Rev Sullivan's sense of urgency; however, time-tables are not in our opinion the best way to deal with the problems in SA. A more effective policy is for US companies in that country to work actively for peaceful change," said an IBM spokesman in Armonk, New York.

26/9/88  
16/5/88

# Foundation aims to spend R40-m

JOHANNESBURG—The Mobil Foundation of South Africa, which had committed R40 million over the next five years to improve the quality of life in the country's deprived communities, was formally constituted last week, Mr Franklin Sonn, the foundation's chairman, said in a statement at the weekend.

Mobil will fund activities in the area of education, the development of entrepreneurial business enterprise and rural and other community projects.

The central aim and objective is to improve the quality of life and income of deprived South African communities and improve the quality and relevance of education in South Africa, the statement said.

Mr Sonn, rector of the Peninsula Technikon, was

elected chairman of the Mobil Foundation, and Prof Hermann Giliomee, Professor of Political Studies at the University of Cape Town, was elected vice-chairman.

The other trustees of the foundation are: Dr R H Lee (consultant), Dr K B Hartshorne (Wits), Prof L Schlemmer (director of the Centre for Applied Social Sciences, Natal University), Prof D J Welsh (Professor of SA Studies, University of Cape Town), Mrs D M Mabiletsa (Urban Foundation), Mr J A Kilcullen (Mobil), Mr M O A Kunene (Ilanga editor), Mr J M S Latakomo (Sowetan editor), Mr E Mafuna (consultant), Mr E M N'cula (Volkswagen executive), Mr K P O'Malley (Mobil) and Mr G P Racine (Mobil). — (Sapa)

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# British backing in SA 'wage struggle'

**Labour Reporter**

BRITISH workers, Labour MPs and a wide range of anti-apartheid movements have pledged to support South African workers "in their struggle for a living wage", according to the general secretary of the Electrical and Allied Workers' Trade Union (EAWTU), Mr Brian Williams.

Mr Williams has returned to Cape Town after 10 days in Britain where his campaign for solidarity between the labour movements in the two countries received widespread coverage.

He went to Britain earlier this month after EAWTU had levelled accusations of "union-bashing" at a Cape Town factory owned by the British Plessey group.

● The EAWTU has secured increases of between 45 and 60 percent to the minimum wage at three Plessey-owned factories in Cape Town — Laingsdale Engineering, Renak and Plessey South Africa Ltd.

The wages negotiated by the union will benefit all workers, including non-union members.

The EAWTU yesterday sharply criticized other unions with minority membership at the three plants for claiming that they had been instrumental in securing the increases.

25/9/86 Smoker

# Mobil to put R40-m into fund

THE Mobil Foundation of South Africa was formally constituted at a meeting in Cape Town, with Mobil reconfirming its commitment to fund activities up to R40 million over the next five years.

The activities will be primarily in the areas of education, the development of entrepreneurial business enterprise and rural and other community projects.

In its mission statement, the Mobil Foundation says that the basic philosophy of the Foundation is to support, develop or run programmes and other activities that will, in its judgment, impact on the current structures of South African society and help South Africa develop into a non-racial, democratic society based on the principle of freedom of association.

The central concept underlying the establishment of the Federation and its subsidiaries is that it should identify and address structural problems in South African society which prevent its evolution towards a non-racial democracy, the mission statement concluded.

Mr Franklin Sonn, director of the Peninsula Technikon, was elected chairman of the Foundation, and Prof Herman Gilliomme, Professor of Political Studies at the University of Cape Town, vice-chairman.

Other trustees are: Dr R H Lee, Dr K B Hartshorne, Prof L Schlemmer, Prof D Welsh, Mrs D M Mabilétsa, Messrs J A Kilculen, M O A Kunene, J M S Latakomo, E Mafuna, E M Ncuia, K P O Maley and G P Racine.

W/E ARGUS 27/9/86

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## 'Twsana plant plan angers unionists

Weekend Argus  
Foreign Service

LONDON. — British trade unionists are angry that platinum refining plants in Britain and South Africa are to be closed and the work switched to a new plant in Bophuthatswana — where union activities are restricted.

Mr Eddie Marsh, a divisional officer of the Iron and Steel Trades Confederation, said the move was "abhorrent".

Mr Tony Whiteley, a divisional officer for the Association of Scientific Technical and Managerial Staffs (ASTMS), said British unions would be "very sympathetic and supportive" of their colleagues in South African trade unions who were opposing the move.

Both unions have members working at the British plant at Royston, Hertfordshire, run by Johnson Matthey and Rustenburg Platinum.

About 100 British workers have already lost their jobs there — although there were no redundancies.

"Our argument is that in making changes the two companies at Royston should make sure the workers who previously carried out these functions in Britain should also have a continued opportunity of employment.

# Police sjambok Pepsi workers in Epping

Cape Times 30/9/86  
Staff Reporter

POLICE used sjamboks to disperse about 200 labourers outside an Epping Industria soft drink plant yesterday after management gave the workers an hour to return to work.

Confirming this from Pretoria yesterday, a spokesman for the Police Directorate of Public Relations, Colonel Vic Haynes, said that the workers, who had been paid off, were warned to leave the Pepsi-Cola premises and disperse three times about 10.45am.

"They were going to march to town when they were finally warned to disperse in Christiaan Street outside the factory. They ignored the warning and were dispersed with quirts. No arrests were made," Colonel Haynes said.

A spokesman for the South African Allied Workers' Union (SAAWU), which claims majority worker membership at the plant, said police had "aggravated a very sensitive situation".

Several workers showed a Cape Times reporter weals on their legs, thighs and heads.

The SAAWU spokesman said the dispute with management followed the summoning last Monday of drivers and deliverymen by Mr Graeme Winn, managing director of Pepsi Africa.

The drivers and deliverymen had demanded that he address the production staff as well, but in spite of repeated requests Mr Winn refused to address the entire labour force. This had led to the confrontation yesterday at the plant when Mr Winn had requested to see a worker-delegation.

The labourers had refused, and had then been given an hour to "return to work". Police arrived in a Casspir when the hour had expired and the workers had not returned to work.

Contacted for comment last night, Mr Winn described the union's version of events as "not in actual fact true", but he declined to comment further.

N/M  
2/10/86 (62)

# Natal Coke plant move

Mercury Correspondent

JOHANNESBURG—Coca-Cola faces more problems before finally fizzing-off from South Africa.

The latest puzzle facing management of the soft drinks-maker is whether to sell the Natal concentrate plant to local interests along with other assets, or close it down and ship direct from one of Coke's other concentrate plants around the world.

Coke officials say no decision has been made, but sources say the company is in favour of closing the plant. If it does, they say, Coke will be seen as throwing people out of work but continuing to reap profits from SA through local sale of its concentrate.

While insisting this week that the future of the Natal concentrate plant 'is not cut-and-dried', Coca-Cola external affairs manager Hennie Viljoen said a decision to close it would be in line with company activities elsewhere in the world.

'Coke operates in 155 countries, but it has only 20 concentrate plants.'

Importing the concentrate was more expensive than local production.

Despite the company's official statement that it was selling its remaining SA assets as 'a statement of our opposition to apartheid', Viljoen said the decision would also put its SA links on the same level as other countries.

'This is how Coke functions in the rest of the world. SA was an exception to the world franchise policy, which is to sell raw materials to distributors. Here we became more involved in manufacture.'

Coke's remaining SA interests are a 30% holding in franchise bottler and distributor Amalgamated Beverage Industries (ABI), and an 80% interest in canning operations. SA Breweries already holds 55% of ABI and is a favourite to pick up Coke's share.

With soft drink sales this year expected to increase after negative growth in 1985, Viljoen insists Coca-Cola will still retain some sort of presence.

'We still have a supportive role to fulfil. For instance, we will still give advertising support. There are functions to support, but how is still being worked out.'

The United States parent company has spent an uncomfortable year trying, and failing, to defend its SA links from the US sanctions lobby.

## Uncertainty at Coke

**UNCERTAINTY** and confusion has set in among Coca Cola's black workforce after the news of the multinational corporation's plans to pull out of South Africa.

In the wake of this announcement, hundreds of Coca Cola workers from all over the country are to meet under the aegis of the Food and Allied Workers Union (Fawu) in Johannesburg on Saturday.

The meeting will discuss — among other things — workers' pension funds and future of the company. It will be held at Khotso House, De Villiers, and starts at 10am.

Coca Cola recently announced it was pull-

ing out of this country, and would sell off its interest in the South African subsidiary.

• The Post and Telecommunication Workers Association (Potwa) is to launch its Eastern Transvaal region in Witbank on Sunday.

The meeting will be held at the Roman Catholic Church in Lynnville. The meeting starts at 9am.

• The Scooter and Transport Allied Workers Union holds its annual general meeting in Johannesburg on Saturday.

The meeting takes place in the offices of the Congress of SA Trade Unions building at Jeppe and End streets.



3/10/86  
LANDLOCK

62 FIN NUN

### Looking expensive?

On the strength of its recent reverse takeover by UK-based BBA, Landlock has hauled itself back into the black, with profits of R227 000 (R210 000 loss) for the six months to end-June. Interim earnings amounted to 1,2c, but had Girlock, the subsidiary it acquired recently from BBA, been included from January, Landlock earnings would have been 2,1c a share. Earnings this year are expected to total

### LANDLOCK'S RECOVERY

Six months to	Jun 30 '86
Turnover (Rm) .....	34,5
Operating profit (Rm) .....	1,4
Pre-tax profit (R'000) .....	169
After-tax profit (R'000) .....	227
Earnings (c) .....	1,2

15,6c, rising in 1987 — the first year in which Landlock will see the full benefits of rationalisation — to around 50c. This is based on chairman Ray Mitchell's prediction of R120m turnover, 10% pre-tax margins, and a low tax rate, but excludes a charge of some R2m reconstruction expenses.

That places the share, at 265c, on a 1987 forward yield of around 19%, providing some long-range justification for a share price that seems, on shorter-term considerations, somewhat expensive.

At 265c, Landlock trades at double its post-reconstruction net worth, and on a current year earnings yield of only 5,8%. What seems remarkable is that, with all its new acquisitions contributing, Landlock will earn only 15,6c this year, but the figure will rise next year to around 50c. Does this imply

that, while its automotive markets are expected to remain inert, Landlock will squeeze 35c additional earnings from merely rationalising various divisions?

That prospect, MD Eddie Ross tells the *FM*, is not as far-fetched as it may seem. In the wake of Landlock's deal with BBA, Ross says that group operating costs are falling sharply. The product range has been revamped, and loss-making lines either brought back into profits, or discontinued. Most importantly, Landlock's debt and interest burden has fallen sharply because it has acquired from BBA lowly geared companies, and paid for them with equity. And thanks to a R22m reserve of assessed losses, several years of profitable recovery will attract little tax.

In Landlock's automotive markets, demand for original equipment (for new cars) remains weak, but this is partly offset, says Ross, by continuing good demand from the replacement market. The impact on Landlock's bottom-line of an auto sales recovery, says Ross, could be powerful.

Landlock certainly looks to have excellent recovery prospects, but the share on immediate considerations looks far from cheap, given that the company needs still to translate its new-found confidence into profits.

Neville Glaser

# Harvard in new anti-SA move

(62)

ave Desk 3/10/86



CAMBRIDGE, Massachusetts — Harvard is selling almost \$159 million (about R353 million) in stocks and bonds in eight companies because some sell to the South African military and police, the university's treasurer said.

"We tried everything we could to avoid doing this," said Mr Roderick MacDougall, who is also chairman of the Harvard Corporation Committee on Shareholder Responsibility. "We'd much rather have companies move forward in meeting anti-discrimination demands."

The \$74,7 million (about R164 million) in stocks and \$84 million (about R186 million) in bonds that Harvard is selling represent 4% of the total school endowment of \$3,8 billion (about R8,4 billion), said Mr MacDougall.

The holdings also represent 37% of \$427 million (about R948 million) in university holdings in 80 or 90 companies doing South African-related business.

Mr MacDougall said Harvard advised the companies of its intent to sell the holdings in July and August.

Among the companies are five oil concerns — Mobil Corp, Texaco Inc, Chevron Corp, Exxon Corp and the Royal Dutch-Shell group of companies — that may serve the military and police because of a law that requires companies to supply oil products at the Government's demand.

The university also rid itself of stocks and bonds in the Ford Motor Company because the car company said a subsidiary it owns 42% interest in would continue sales to the police and military.

The Harvard report noted the strong record of the five oil companies and Ford in opposing apartheid and adopting progressive labour policies.

The university is also disposing of its stock in the Schlumberger Company, which drills oil wells off the coast of South Africa.

Although the company did not render services to the military or police, it did not sign the Sullivan principles, the report said.

The code of conduct was proposed by the Rev Leon Sullivan, of Philadelphia, to eliminate racial discrimination in South Africa.

The university disposed of stocks in Phelps Dodge, a mining company doing business in South Africa, because the company did not provide the university with sufficient information about its operations after dropping its Sullivan rating to IIIA, or "needs to become more active".

Under Harvard's policy of selective disinvestment, the school owns no shares in companies that do more than a small fraction, generally 1%, of their business in South Africa. — Sapa-AP

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11/10/86

# Bid to keep open 'elite' Soweto college

JOHANNESBURG. — The American Chamber of Commerce in South Africa (Amcham) is negotiating with the Soweto community on how to resolve the crisis threatening Pace Commercial College, says Amcham's executive director, Mr Ken Mason.

He said the recent interruptions of classes at the college were of deep concern to Amcham.

"We are currently in discussions with community leaders in Soweto, and these representatives have indicated that they will come up with suggestions and proposals," he said. Pace was established four

years ago at a cost of R10 million to create and strengthen black representation in commerce and finance.

But the college achieved disastrous matric results last year when, out of the 131 pupils who sat the exams, only 10 got matriculation exemption and eight others received school-leaving certificates.

There have been several boycotts, and on one occasion the school had to be temporarily closed.

Mr Rex Pennington, Pace's headmaster and former rector at Michaelhouse Boys' School in Natal, resigned suddenly in March.

The deputy headmaster, noted poet Mr Oswald Mtshali, offered his resignation in August after an incident involving pupils and the SADF. He described the incident as "the last straw on the camel's back".

Mr Mason believes that the location of the college — in Jabulani — could be a problem as it was a volatile neighbourhood.

Mr Mtshali feels that an elitist tag has been attached to the college.

"Because this school is in Soweto, it should serve the interests and wishes of the people of Soweto. It should not have been made to operate in

isolation from the other Soweto schools."

Mr Mason said that among problems at Pace were a lack of discipline among pupils, intimidation of teachers and damage to school property.

Only a small number of parents were paying school fees, he said.

Mr Mason said Amcham was prepared to meet any "prescriptive suggestion" the black community might have concerning Pace, but cautioned that quick action was needed as "we are having money trouble keeping the school going". — Sapa

## General Motors reassesses local operation

# Motor giant on brink of quitting SA

SMR  
62  
15/6/80

By Alan Dunn, The Star Bureau

Washington

General Motors, the world's largest company and one of the longest investing multinational corporations in South Africa, is again on the brink of pulling out.

The corporation's general manager, Mr Roger Smith, told *Automotive News* of Detroit that the poor economic climate and the country's political situation had led to General Motors reassessing its South African operations.

Mr Smith is co-chairman of the US Corporate Council on South Africa, a group of more than 100 American companies formed a year ago to work towards the elimination of apartheid through their operations there.

In Port Elizabeth, a company spokesman said GM South Africa was looking for a local partner.

*Automotive News* he was discouraged at progress in South Africa.

"Something happened at that government there that changed their mind and they are not doing what I had hoped they would. Maybe the world did it to them. Maybe the siege mentality has set in," he said.

Mr Smith has been a leading corporate figure against divestment, arguing that companies adhering to the Sullivan Principles — a code of fair, non-racial employment practices — could do, and had done, much to dismantle apartheid.

Mr Smith said GM had considered pulling out of South Africa since 1971. It had stayed because it provided 3 000 jobs, 1 800 of them to non-whites, and had 200 dealerships.

"Every day we have to appraise what we're doing, how much help we are and what our prospects are," Mr Smith said.

"We have been a positive force. But I guess you always have to measure that against what you can do and how much you can hope to do and what's the best thing for you."

### Struggling

GM was "struggling desperately" in South Africa, Mr Smith said.

It is understood the corporation will sell only 27 000 vehicles in South Africa this year after 35 000 last year and 44 000 in 1984.

A GM spokesman, Mr George Schreck, said GM operations were reviewed regularly worldwide. But those in South Africa had been reviewed more frequently because of the economic, social and political situations.

Mr Schreck said GM was willing to "examine any kind of business association that would facilitate our operations there". But he would not enlarge on this and declined to specify propositions or business relationships GM would consider.

He also refused to say whether GM was negotiating with any South African interests.

Industry sources said that, if GM were to pull out, the passenger car operation would be the first to go.

The Eastern Cape, the "Detroit" of South Africa, has already seen Ford move to MMI in Pretoria and, if GM decides to pull out, it would leave only Volkswagen of Germany in the region, together with such supportive industries as Firestone Tyres, now owned by Sanlam.

# WILL PLANNING TO PULL OUT OF SA?

DD 16/10/86 (b2)

Dispatch Correspondent

**JOHANNESBURG**

—The motor industry in Port Elizabeth was still in disarray yesterday as it awaited word on General Motors' (GM) future in South Africa.

New rumours that GM may abandon its South African operation have rekindled doubts concerning the future of Port Elizabeth as an industrial centre.

Contacted in Detroit last night a GM spokesman, Mr George Schreck, said he was aware of remarks made by the GM chairman, Mr Roger Smith, to Automotive News.

"We are familiar with the Smith interview. He did indicate that we are regularly assessing operations in South Africa. "As you are aware, we have frequent reviews of our operations world-wide. In the case of South Africa we have views more frequently due to the economic and social climate. Social change has not been as rapid as we initially thought."

Mr Schreck said that as part of the review programme the company had looked at the possibility of taking on a partner in South Africa.

He refused to confirm that the motor giant was about to quit South Africa.

A GM spokesman in Port Elizabeth declined to comment last night. "We may have something to say tonight or tomorrow."

Mr Smith, a leading defender of continued American business presence in South Africa, told the trade paper in an interview that the company was "struggling desperately" with the issue of what to do.

GM, the world's largest corporation, which several months ago announced it would stop selling vehicles to the Pretoria government's military and police, had seen its South African vehicle sales drop with the nation's weak economy.

"Every day we have to re-appraise what we're doing, how much help we are and what our prospects are," Mr Smith said.

● Meanwhile, a major General Motors distributor last night denied reports that the car manufacturer was considering pulling out of South Africa.

The head of Williams Hunt, Mr Brian Joffe, which sells 25 per cent of all GM vehicles in South Africa, said the company had assured him it was not leaving the country.

"We are confident GM is not pulling out," he said.

"In terms of existing arrangements and agreements, General Motors are obliged to continue the supply of motor vehicles to our company Williams Hunt for a further five years.

"The managing director of General Motors South Africa, Mr Bob White, informed me today that he intended to continue to comply with this arrangement."

# GM won't talk on SA future

that no statement will be made at this time."

In his notice to staff, Mr White says: "The SA newspapers and radio are reporting extensively on an interview which GM chairman Roger B Smith, gave to a US automotive newspaper last week."

"In it, Mr Smith expressed his concerns for the country, the economy and GMSA's position in the SA motor industry."

"I want to assure each employee that this company will be here next week, next month and next year."

"Each of us has an important job to perform, particularly over the next two months as we prepare to launch the new Opel Monza."

"I urge you not to be distracted from your individual jobs during this critical period of time."

The Williams Hunt advertisement consists of a full-page statement signed by chairman Mr B Joffe, and is headed "South Africa -- we are committed".

The text reads in part: "There have been reports in the media that General Motors is on the brink of quitting South Africa."

"This is contrary to our beliefs, and in terms of

By DENISE BOUTALL

**THERE is still no clarity on the future of General Motors South African and a spokesman for the company said today no statement would be made "at this time".**

But, meanwhile, the managing director of GMSA, Mr Bob White, has put out a notice to his staff giving the assurance that "this company will be here next week, next month and next year".

And Williams Hunt, which sells about 25% of GM cars in South Africa, has started an advertising campaign undertaking to buy back Opel and Isuzu vehicles bought from today if GM stops making these ranges in South Africa.

This follows the publication of a report of an interview with the chairman of GM worldwide, Mr Roger Smith, in which he was reported as saying that the operation of GMSA was under review because of the lack of progress towards ending apartheid and the rapidly deteriorating SA economy.

Asked about a statement on the future of the company in Port Elizabeth, a spokesman said

our existing arrangements and agreements with GM, they are obliged to continue with the supply of motor vehicles to our company, Williams Hunt, for a further five years. Mr White, managing director of GMSA, informed me today that he intends to continue to comply with this arrangement.

"We are confident that GM will continue to stand

by these arrangements in SA. As an expression of this confidence, if production of the Opel and/or Isuzu ranges are terminated in SA, Williams Hunt undertakes, with effect from 16 October, 1986, to guarantee to repurchase any new GM vehicle purchased from ourselves at our selling price, before GST, less the normal depreciation calculated

(b2)  
Ever Post  
16/10/86



Mr Roger Smith

# GM reviews staying in SA

62

The Argus Foreign Service

NEW YORK. — General Motors has put its wholly-owned South African subsidiary under review because of lack of progress towards ending apartheid and the rapidly deteriorating South African economy.

Attaching equal importance to economic and political factors, the world's largest vehicle manufacturer is deciding how to fulfil its "fundamental purpose of supplying vehicles in a socially responsible way", GM chairman

*Argus 15/10/86*  
Mr Roger Smith said yesterday.

GM is one of 300 American companies in South Africa trying to balance the bleak local business outlook with the belief that they are instruments of reform against pressure at home to withdraw because of Pretoria's uncertain road to change.

Mr Smith, who last year helped found the 100-strong United States Corporate Council, a watchdog on South Africa, said he was discouraged by the pace of reform.

He found on a visit to South

Africa in April that the Government had "changed its mind" and was not doing what he had hoped it would.

"Maybe the siege mentality has set in", he told a Detroit motor industry newspaper. "Every day we have to reappraise what we are doing."

GM first considered withdrawing in 1971, but stayed because it felt it made an important contribution, he said.

It employs about 3 000 people, 60 percent of them black.

GM was still studying the sanctions recently enacted by Congress over President Reagan's veto.

In addition to the worsening political environment, GM was "struggling desperately" because of the rapid decline of South African vehicle sales, said Mr Smith.

GM's local truck and car sales are likely to fall to 27 000 this year from about 35 000 last year and 50 000 in 1981.

GM declined to give financial details but said "no automotive company is making money in South Africa."

# Disarray over GM pull-out reports

Mercury Correspondent

PORT ELIZABETH—The motor industry here was in disarray yesterday as it awaited word on the future of General Motors in South Africa.

This follows renewed reports that GM may abandon its South African operation.

Contacted in Detroit last night, a GM spokesman, Mr George Schreck, said he was aware of remarks made by GM chairman Roger Smith to the magazine *Automotive News*:

'We are familiar with the Smith interview. He did indicate that we are regularly assessing operations there.

'As you are aware we have frequent reviews of our operations worldwide. In this case we have reviews more frequently because of the economic and social climate. Social change has not been as rapid as we initially thought.'

Mr Schreck said that as part of the review programme, the company had looked at the possibility of taking on a partner in South Africa but nothing concrete had been decided.

## Arrangement

He would not confirm that the motor giant was quitting the country.

A GM spokesman in Port Elizabeth declined to comment last night, saying his principals still had to hear from America.

GM's main local dealer, Williams Hunt, has taken a strong stand on the issue and chairman Brian Joffe said a pull-out would be contrary to an existing arrangement his company had with GM S A.

'They are obliged to continue with the supply of motor vehicles to our company for five more years.'

'The managing director of GM S A, Mr Bob White, informed me that he intends to comply with this arrangement.'

As an expression of confidence, Williams Hunt have announced they will buy back any new Opel or Isuzu vehicle sold after October 16.

The offer applies to vehicles purchased from ourselves at our selling price before GST, less the normal depreciation and calculated in accordance with the Income Tax Act.

## Scepticism

'You may be aware that GM has just invested R30 million in the development of a new model — the Opel Monza — which is to be launched in two weeks.'

'Does it make sense that the world's biggest motor manufacturer would quit on the eve of a launch?'

Industry analysts said the motor industry could easily survive a GM pull-out which, in any case, would encourage other manufacturers to stay.

They expressed scepticism that a withdrawal was imminent.

Mr John Farquharson, financial director of a large GM dealership in Durban, said top GM management in Port Elizabeth had told him there was no intention of the company withdrawing from the country.



THE motor industry in Port Elizabeth was still in disarray yesterday as it awaited word on General Motors' (GM) future in SA.

New rumours that GM may abandon its SA operation have rekindled doubts concerning the future of the city as an industrial centre.

Contacted in Detroit last night, GM spokesman George Schreck said he was aware of remarks made by GM chairman Roger Smith to Automotive News.

He said: "We are familiar with the Smith interview. He did indicate that we are regularly assessing operations in SA.

"As you are aware, we have frequent reviews of our operations worldwide. In the case of SA, we have reviews more frequently due to the economic and social climate. Social change has not been as rapid as we initially thought."

Schreck said as part of the review programme, the company had looked at the possibility of taking on a partner in SA but nothing concrete had been decided.

He refused to confirm the motor giant was about to quit SA.

A GM spokesman in PE declined to comment last night, saying his principals

# GM sets cat among pigeons

MICK COLLINS

still had to hear from the US.

He said: "We may have something to say tonight or tomorrow."

GM's main local dealer Williams Hunt has taken a strong stand on the issue, and has placed a full page advertisement in today's *Business Day*.

Chairman Brian Joffe said a pull-out would be contrary to an existing arrangement his company had with GM SA.

He said: "They are obliged to continue with the supply of motor vehicles to our company for a further five years."

"MD of GM SA Bob White informed me that he intends to comply with this arrangement."

The ad states that as an expression of confidence, Williams Hunt will buy back any new Opel or Isuzu vehicle sold after October 16.

The offer applies to vehicles "pur-

● To Page 2

# GM has set cat among pigeons

chased from ourselves at our selling price before GST, less the normal depreciation and calculated in accordance with the SA Income Tax Act".

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"Does it make sense that the world's biggest motor manufacturer would quit on the eve of a launch?"

Industry analysts say the motor industry could easily survive a GM pull-out which, in any case, would encourage other manufacturers to stay.

They expressed scepticism that a withdrawal was imminent, citing similar recurrent comments over the past 15 years.

National Association of Motor Manufacturers (Naamsa) director Nico Vermeulen said: "It would be disastrous for the eastern Cape, but one could surmise it would improve demand for those remaining behind."

John Farquharson, the financial director of a large GM dealership in Durban,

said the reports were ambiguous and second-hand.

Farquharson said GM's top management in Port Elizabeth told him there was no intention of the company withdrawing from the country.

He said: "I'm not worried. We have heard these stories before and the opposition grabs them to try to turn them to their advantage."

The closure of GM's huge PE plant could have crippling longterm effects on the area's black unemployment, which has reached 55% of the total workforce.

GM employs a total of 3 000, and about a third of the region's 7 500 hourly automobile workers. These jobs would be lost, and industry executives reckon between two and three jobs in component manufacture and retail sectors depend on each GM job.

Midlands Chamber of Industries executive director Brian Matthew said: "If GM closed down, it would be another big blow."

● From Page 1

Cape Times 16/10/86 (726) 62

## SA scorns GM 'pullout'

JOHANNESBURG. — SA's R3 billion automobile industry could easily survive a pullout by General Motors and the move would encourage other manufacturers to stay, auto industry analysts here said.

They also expressed scepticism that a withdrawal decision was imminent, citing similar recurrent comments and rumours about the company's intentions over the past 15 years.

GM chairman Roger Smith told the trade paper Automotive News in Detroit that the company was reconsidering its position because of SA's weakened economy and lack of progress in ending apartheid.

"This is not the first indication about GM's plans, we hear them every month and I don't think it will happen," said one Johannesburg analyst.

A major distributor here said the company assured him it was not leaving the country. "We are confident GM is not pulling out," said Brian Joffe, head of Williams Hunt which sells 25 percent of all GM vehicles in SA.

GM, here since 1926, controls eight to nine percent of the car market.

"A pullout would be disastrous for the E Cape, whose fortunes are highly dependent on GM, but one could surmise it would improve demand for those remaining behind," said Nico Vermeulen of the National Association of Motor Manufacturers of SA.

French manufacturers Renault, Peugeot and Citroen, and Italy's Alfa Romeo all left last year.

The six other car manufacturers operating in SA are the US's Ford, West Germany's Volkswagen, Mercedes-Benz, and BMW, and Toyota and Nissan from Japan.

"If anything, GM's leaving would encourage them to stay," said Tony Twine of the Johannesburg-based Econometrix, a marketing and research firm. "Other manufacturers will be eager to grab the GM share."

The SA market is just beginning to recover from one of the most severe slumps ever. But sales still are expected to stay relatively low, due mainly to sharply higher retail prices that have averaged 30 percent in the last 18 months. — Sapa-Reuter

Ratings unfair, say SA-US firms

# Sullivan Code on the way out?

CME Trinks 17/10/86 (62)

By GORDON KLING  
Financial Editor

HEADS of major US firms operating in SA are bitterly disappointed by a perceived demotion of their companies' ratings in terms of the Sullivan Code prior to possible termination of the initiative.

Frustrated executives complain they have no way of knowing the criteria on which their companies are being judged, but the consequences of a slip in ratings have severe repercussions in the US. There is a belief that smaller firms are benefitting in the ratings this year at the expense of those with large payrolls.

"If it was just one big company that lost out," says Caltex chairman and MD, Denis Fletcher, "I could accept it.

"But it is my understanding that practically every major company has been dropped at least one notch, and we don't know why."

Fletcher says managements have been advised that they may have misinterpreted the instructions relating to the code, or failed to write up their

**"If it was just one big company that lost out, says Caltex chairman and MD, Denis Fletcher, I could accept it."**

reports correctly.

He rejects this on grounds that executives of many big firms made trips to Boston last October to obviate any possibility of procedural errors. "We couldn't have all made the same mistakes."

Caltex, one of the original signatories to the code, is extremely unhappy with the number two rating (satisfactory as opposed to good) it was given.

The company had acted on all the recommendations made to it. If that was not sufficient, it questioned the integrity of the rating system.

"It is what we call a black box operation; every time we move, they move the goal posts."

Reid Weedon, senior vice president of the US industrial/management consultancy Arthur D Little and a key evaluator of performance in terms of the code agrees that there have been changes to the rating system.

He emphasized last night in an interview from Cambridge Mass., however, that the final report of the Sullivan committee was not due out until the end of the month. Firms unhappy with their ratings had three weeks, ending tomorrow, in which to appeal.

Weedon confirmed that 50% of the signatories are in this category, but he believed it was possible that "perhaps 75% would succeed in obtaining a re-rating".

A social justice category had been introduced this year, but the companies had been notified of this months ago and he did not believe the basic system had been changed.

Weedon agreed the ratings were ex-

tremely important since they directly influenced disinvestment actions by states, local authorities, and institutions in the US.

Responding to the viewpoint that heads of US subsidiaries in SA believed the code is about to fall apart, Weedon agreed this is obviously "a dark cloud on the horizon". He also



Leon Sullivan

agreed that he was one of the "tough guys" in the setting of code guidelines.

"My view, my belief, my knowledge, is that the Sullivan programme is the only one of the corporate social codes applicable to SA that has any guts to it whatsoever.

"The only thing that keeps the guts in is the requirement that companies must report each year with hard data, not platitudes."

The evaluation was done fairly and this had brought stature to the programme which had made the signatories perform in the social responsibility

**"Some years the little guys say they being persecuted; this year the big guys say they are. The perception goes back and forth."**

arena "far above any group of companies in South Africa that you can pick".

Weedon said information gained from queries on companies which had US shareholdings, but which were controlled by South African or European interests, indicated that a great many of these did not operate on the same level of social responsibility as the firms owned by US parents.

It was likely that more US firms would leave SA, if only because of the poor economic situation in SA, he believed.

Weedon accepts that the countdown has begun on the Rev Sullivan's involvement with the code, and possibly his own. Apartheid would not be disbanded in the next seven months.

AKG 30/10/80



# Consumer boycotts non-violent protests, court told



The Argus Correspondent

JOHANNESBURG. — Consumer boycott organisers are generally against intimidation because it is counter-productive and gives them "a bad name".

This was said yesterday by Dr Tom Lodge, senior lecturer in political studies at the University of the Witwatersrand at the trial in the Benoni Magistrate's Court of Mr Abiot Motswege of Daveyton on charges of subversion.

Mr Motswege is the first person to be prosecuted for organising a consumer boycott. Legal experts see his trial as a vital test case which will determine whether consumer boycotts are a lawful method of protest.

## SUCCESSFUL BOYCOTT

In evidence for the defence Dr Lodge said boycott committees took trouble to prevent or speak out against violence and made it clear intimidation was used on a "wildcat basis" by politically-excitabile youths.

Boycotts were "something of a tradition" in South Africa, he said. They were widely used through history by many organisations — in 1947 an Afrikaner nationalist group concerned with Afrikaner upliftment organised a successful boycott of Indian shops.

"And I wouldn't exactly call that a leftwing group," Dr Lodge added.

Boycotts had generally been seen as a legal, non-violent means of change. Recent ones were aimed at persuading white retailers — who had greater access to the Government — to use their influence to change policies.

Eastern Cape boycotts in the 1980s had been successful. Four shops with a mainly black clientele reporting a 90 percent downturn.

"It brought about, for the first time, negotiations between the boycott committee and the white community and certain reforms were agreed on."

## NOT SUBVERSIVE

The demands contained in the boycott pamphlet distributed by Mr Motswege in May — withdrawal of troops from the township, low rents, resignation of councillors, the unbanning of the ANC and the Congress of South African Students — could not necessarily be seen as subversive or a recipe for unrest.

Mr W McBain-Charles, Southern Transvaal president of the National African Federated Chambers of Commerce (Nafcoc), said the demands were consistent with Nafcoc's aims.

Mr Motswege is charged with "an attempt to cripple, prejudice or interrupt" the supply of goods on the East Rand and intending to destroy or undermine the State's authority to bring about constitutional or political change, and/or intimidate members of

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Alan Allsop  
Brackenfell

meeting and notice will be posted to

Cape Times 17/10/86

# Sullivan Code 'on verge of collapse' 62

By GORDON KLING  
Financial Editor

THE Sullivan Code monitoring the conduct of United States companies operating in South Africa is on the verge of collapse.

Major companies among the 184 signatories to the code are appealing to its evaluation committee against a deterioration in their latest ratings which could see them go out in a poor light.

Root cause of the anguish in business circles is a change in the rating system this year which has introduced a new category on social justice.

The change comes at a time when the count-down to the end of the code is perceived to have begun because its founder, the Rev Leon Sullivan, has set stringent conditions which are beyond the capacity of business to fulfil.

These include a demand that all American companies should leave South Africa if all apartheid has not effectively ceased by next May.

A key member of the Sullivan committee confirmed last night in an interview with the Cape Times from Cambridge, Massachusetts, that it was possible that he and Mr Sullivan would "be moving on".

See page 5.

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# Review is on says General Motors

The Star Bureau

WASHINGTON — General Motors (GM) headquarters has, amid an uproar in South Africa over a disclosure that it was reassessing its South African operations, restated that a review is on.

The confirmation came after GM's chief executive officer, Mr Roger Smith, indicated he was discouraged at the pace of reform in South Africa and at the country's poor economy.

But a GM spokesman, Mr George Schreck, would not elaborate on the re-evaluation: "I don't know anything I could add other than that we are reviewing our operations there as we have done in the past."

There is still no official Press statement from GM South Africa to counter the growing uncertainty over its future in this country.

However the company's managing director, Mr Bob White, has issued a notice to staff at the company's Port Elizabeth plant in which he says: "I want to assure each employee that this company will be here next week, month and next year."

Mr White is expected to make a definitive statement today.

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# Car-makers begin last rites for silent GM

Business Day Reporter

OFFICIALS of General Motors in Port Elizabeth remained silent yesterday on possible moves to quit SA.

In the absence of any official statement, speculation was rife in motor manufacturing circles that "there is no smoke without fire".

The general consensus was that any moves now by local GM management to seek alternatives — such as a buy-out or a partnership — have been left too late.

One source said: "By their silence they are damaging their own market. An emphatic statement from PE refuting the *Automotive News* allegations would have done a lot to restore confidence."

Business Day was unable to obtain comment from the motor giant's public relations department, but a secretary said she didn't think any statement would be made.

The industry was abuzz on what is to happen to the company's forthcoming launch of its Opel Monza. About R30m has been spent on tooling up for the model.

Analysts said it looked as if the company would take the loss.

"What's R30m on the huge losses already incurred?"

The motor manufacturer's ailing local operation has seen its market slowly whittled away with yearly units sold dropping from 44 000 in 1984 to a forecast 27 000 units for the current year.

GM chairman in Detroit Roger Smith said the company was reassessing its SA operations because of the political situation and the poor economic climate.

Commenting on Smith's statement, National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen said: "One can but surmise that it will improve demand for those (manufacturers) remaining behind."

Other sources shared this viewpoint, with one commenting: "It won't be nice for the people in Port Elizabeth, but what we are seeing is a natural attrition of a market place that is overcrowded."

# Dealer denies GM plans to quit SA

PORT ELIZABETH — The chairman of the General Motors dealer council, Mr Mike Niewoudt, has angrily dismissed speculation about GM withdrawing from the South African market as a "deliberate smear".

Speaking from Bloemfontein last night, Mr Niewoudt cited the renewals of dealers' five-year sales and service contracts — a process under way for the past month — as evidence of General Motors' continued commitment to selling its products in South Africa.

"Buyers of GM products have no reason for concern. This speculation about GM withdrawing is a deliberate smear.

"I can't understand how, on the basis of the GM chairman's statement in Detroit, people can reach these conclu-

sions. It's unfair and they're merely picking on GM.

"It is both unfair and not in the interests of South Africa. General Motors is the largest car maker in the US and the world, and if it got into a situation in which

were forced to pull out, do you realise what will be the repercussions? Imagine the pressure on the rest of the US companies in South Africa.

"The company has spent something like R40 million to produce the Monza and it's not reasonable to assume it will now pull out.

"All Roger Smith (GM chairman) said was that they are reviewing the situation. That could mean anything; it might mean that they intend making a massive investment. To interpret it as a sign that they're pulling out is ridiculous."

DDC.

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8/10/86



# *Sullivan Code on verge of collapse*

DB 18/10/86

CAPE TOWN — The Sullivan Code monitoring the conduct of United States companies operating in South Africa is on the verge of collapse.

(62)

Major companies among the 184 signatories to the code are appealing to its evaluation committee against a deterioration in their latest ratings — which could see them go out in a poor light.

Root cause of the anguish in business circles is a change in the rating system this year — which has introduced a new category on social justice.

The change comes at a time when the countdown to the end of the code is perceived to have begun because its founder, the Reverend Leon Sullivan, has set stringent conditions which are beyond the capacity of business to meet.

These include a demand that all American companies should leave South Africa if all apartheid has not effectively ceased by next May. Sapa

# Dealers optimistic GM won't quit S A

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## Mercury Reporter

GENERAL Motors dealers in Natal are optimistic that the company will not be pulling out of South Africa.

This is in spite of rumours within the industry which have been aired in the Press over the past few days regarding the possible pull-out of the American-based giant.

Dealers contacted yesterday said they believed new car sales would not be adversely affected.

Mr Mike Davison, general manager of Natal's biggest GM dealership, Key Truck and Car in Pine-town, said the feeling in his company was one of optimism and 'it's business as usual'.

'Without a doubt the bad publicity will have a cooling off effect on the market until the situation is clarified. We expect that to be in the very near future.'

Mr Davison said Key had not experienced a drop-off in sales during the past few days.

He said there was no way GM would renew the five-year sales and service agreement if the company had any intention of stopping production.

The chairman of Williams Hunt, Mr Brian Joffe, said there had been tremendous support from the public and sales figures had not been affected.

As far as Williams Hunt's relationship with GM is concerned, we believe we are here to stay, he said.

The dealership is offering a money-back guarantee to new buyers should GM pull out of South Africa in the near future.

# GM definitely staying in PE

(62) W/E Post 18/10/86

Weekend Post Reporter

**GENERAL MOTORS** will definitely be staying in Port Elizabeth, though there will be significant structural changes in the company.

This information was obtained from a reliable source, who said details of the impending changes could not be made known now as certain negotiations were at a very sensitive stage.

It is understood that a statement will be made within the next two weeks.

A condition of the new plan is that GM's presence in Port Elizabeth will be guaranteed for five years and it is highly unlikely that even after this period the giant motor company, which employs more than 3 000 people, will leave the city.

Telexes were dispatched by the company yesterday to all GM dealers re-confirming that their five-year contracts would be renewed from January, 1987.

Speculation this week about the future of GM in South Africa following remarks by the chairman of the parent company in the United States, Mr Roger Smith, has caused a great deal of insecurity in the motor industry and Port Eliza-

beth, which has still not recovered from the departure of Ford.

When the managing director of General Motors South African, Mr Bob White, told staff this week "I want to assure each employee that this company will be here next week, next month and next year", cynics remarked that "next year" could mean nothing more than January, 1987.

But the fact that GM plans to be around for a long time still is strongly underlined by the fact that there has been no let-up in arrangements for the launch of the new Opel Monza model next month.

Tooling up for the Monza has cost GMSA R30 million.

Also, Williams Hunt, which sells 25% of GM cars in South Africa, has launched a national advertising campaign undertaking to buy back Opel and Isuzu vehicles bought from Thursday this week if GM stopped making these ranges in South Africa.

It has been pointed out there was no way Williams Hunt could have given such an undertaking unless they were 100% sure of GM's future in this country.

There will be great relief in Port Elizabeth, which has been badly affected economically, not only by Ford's withdrawal, but also by the recession, which has had a particularly severe impact in this region.

The news that GM will not be leaving PE will do much to restore confidence in the city, which is desperately seeking not only to keep the industries it already has, but also to attract new business.

Speculation this week has ranged from a total blackout of GM products in South Africa to a take-over by BMW, with full production moving to Pretoria. There has also been a suggestion that a majority share of GM would be taken over by a financial institution.

All of these possibilities, however, have now been dismissed as groundless.

## Apple-blossom time in the 'Kloof'



# GM men mum on quitting country

## Mercury Correspondent

JOHANNESBURG—Officials of General Motors in Port Elizabeth remained tight-lipped yesterday on any possible moves to quit South Africa.

In motor manufacturing circles the consensus was that any moves now by local GM management to seek alternatives — such as a buy-out or a partnership — had been left too late.

It was also felt that lack of clarification on the company's plans and no mention of a reprieve may have sounded the death knell for GM in South Africa.

'By their silence they are damaging their own market. We are going to see massive buyer resistance after the proceedings of the past few days,' said one source.

'The feeling is that GM in America is looking for an out. Maybe not immediately but certainly early next year. An emphatic statement from Port Elizabeth refuting the Automotive News allegations would have done a lot to restore confidence.'

The industry was abuzz about what is to happen to the company's forthcoming launch of its Opel Monza on which it has spent R30 million on tooling up.

## Political

Analysts said it looked as if the company would take the loss.

The ailing motor manufacturer has seen its market slowly whittled away with units sold dropping from 44 000 in 1984 to a forecast 27 000 this year.

The chairman of GM in Detroit, Roger Smith, said the company was reassessing its South African operations due to the political situation and poor economic climate.

Commenting on Mr Smith's statement, National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen said: 'One can but surmise that it will improve demand for those (manufacturers) remaining behind.'

posting one of the most significant items to explain the political

# Heunis hits

By DAVID JACKSON

UNITED STATES companies operating in South Africa will not abandon their commitment to social change programmes — despite indications that the Rev Leon Sullivan may be preparing to pull the rug from beneath his monitoring "code of principles".

With the deadline looming for Mr Sullivan's May 31, 1987, ultimatum for the "abolition of apartheid", several US companies are unhappy about a deterioration in their latest ratings — particularly in the new category of social justice.

## Bitterness

And there were suspicions this weekend that Mr Sullivan was hardening up the code's criteria — "moving the goalposts" as one executive put it — in advance of a possible disengagement from South Africa.

But major companies among the 184 signatories to the

## Sullivan set to 'move goalposts' for American companies in SA

SUN 11/10/86 b2

code are already pouring millions of rands into social upliftment programmes for blacks.

And indications yesterday were that the programmes would continue — with or without Mr Sullivan.

The unhappiness with the new ratings — with at least half the firms involved currently appealing against their evaluation — came as a team of top US business executives, including Mr Dan Purnell, representing Mr Sullivan's US office, checked into a five-star

Johannesburg hotel. Mr Purnell yesterday described the visit as "nothing unusual... we're here to evaluate programmes and to see to administrative detail."

## Impossible

Some company executives complain that they have no way of knowing the criteria on which their companies are being judged. The ratings in turn can directly influence disinvestment actions by states, local authorities and institutions in the US.

Mr Sullivan, a Baptist clergyman, is author of the Sullivan Principles, a corporate code of ethics defining behaviour of US companies operating in South Africa.

Last year he said he would call on all US companies to leave South Africa if apartheid was not abolished and blacks did not have the right to vote by the end of next May.

With no possible expectation of this target being met, some sources believe Sullivan is now preparing to pull out.

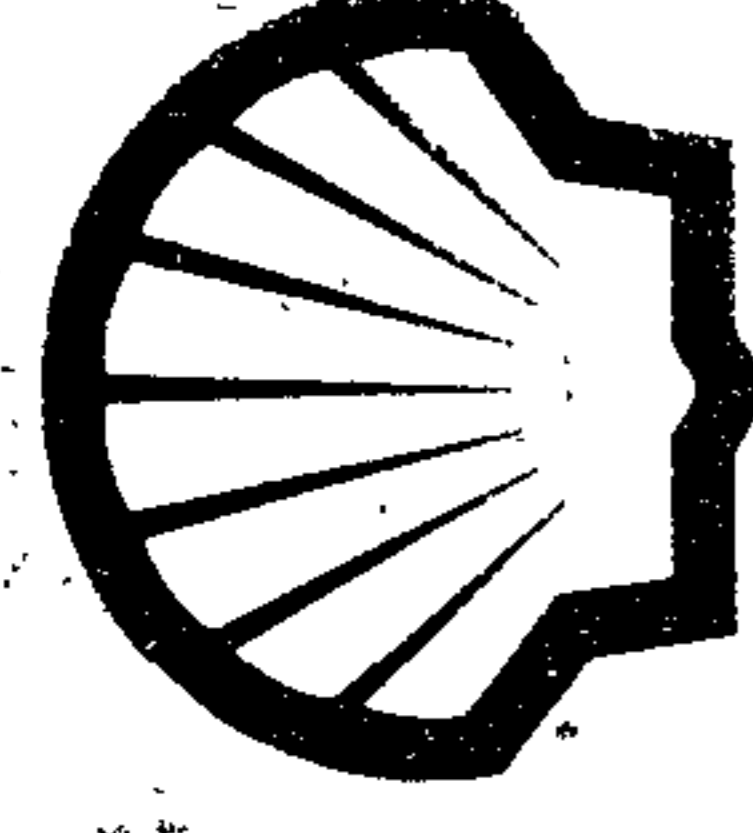
Caltex, one of the original signatories to the code, is reported to be unhappy with its latest number 2 rating — "satisfactory" as opposed to "good".

Mobil's Pat O'Malley said from Cape Town: "There has been a dedicated group in all companies working in areas of social change, and if this were to happen (a pull-out) it wouldn't affect Mobil's position at all."

"We would continue to act in this area as diligently as we are able."

# Oil giant threatens

# to quit South Africa



# Ditch apartheid

# quickly — or else

# SHELL'S SHOCK

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SUMMER



Shell boss John Wilson

Sunday Times Reporter

**SHELL has warned its employees in South Africa that the company may pull out of the country unless the Government speeds up race reforms.**

Mr John Wilson, the company's executive chairman in South Africa, has told senior executives that the company is involved in a struggle for survival, and is adopting a more open political stance to demonstrate its opposition to apartheid and to seek change.

"If the bottom line of Royal Dutch/Shell is adversely affected internationally, the shareholders will have to reconsider their position in South Africa," he told Sapa-Reuter.

Position Shell SA in that new society. Sources said Mr Wilson's address was enthusiastically received at the Dutch head office of Shell.

His comments — made in a considered, wide-ranging address recently and now being circulated in company magazines — go further than recent statements from Mr Lo van Wachem, senior managing director of the Anglo-Dutch oil giant, who has also come out openly in opposition to South African policies.

Mr van Wachem, in a letter to the group's chief executives round the world, says Shell wants to see political change and help the black population prepare for the ending of apartheid.

Mr van Wachem is the man who would ultimately have to take the decision on whether Shell should pull out.

But he warned against Shell selling out.

But he added: "It would have to get really bad before shareholders decide to pull out."

The company "would have difficulty in pretending" that it had not been influenced by external pressures and the threat of sanctions. But the company was committed to non-racialism and non-discrimination.

Shell is the biggest foreign oil company operating in South Africa, with annual sales of about R2 300-million.

Mr Wilson said the company had been operating in South Africa for 70 years, but its presence here is not a vote for apartheid.

Last night Mr Wilson emphasised Shell had no intention of pulling out now but conceded there was enormous pressure.

"I believe we can do more good pressurising the government than pulling out," he said.

Shell has faced "wider campaigns in the United States, where some of its petrol stations have been burnt.

A growing anti-Shell groundswell has been orchestrated by anti-apartheid groups in other countries.

This has also contributed to the decision to adopt a higher political profile.

## Commitment

Mr Wilson told his South African executives: "The situation is not comfortable. The threat of disinvestment is real.

"It is important that every-one accepts that the survival of this company depends to some extent on their own commitment to the company's stance."

Any move by Shell to run down its operations would be a heavy psychological blow to South Africa.

American groups have been reducing their South African exposure (the latest, this week, was General Motors), and many British companies have reduced their interest.

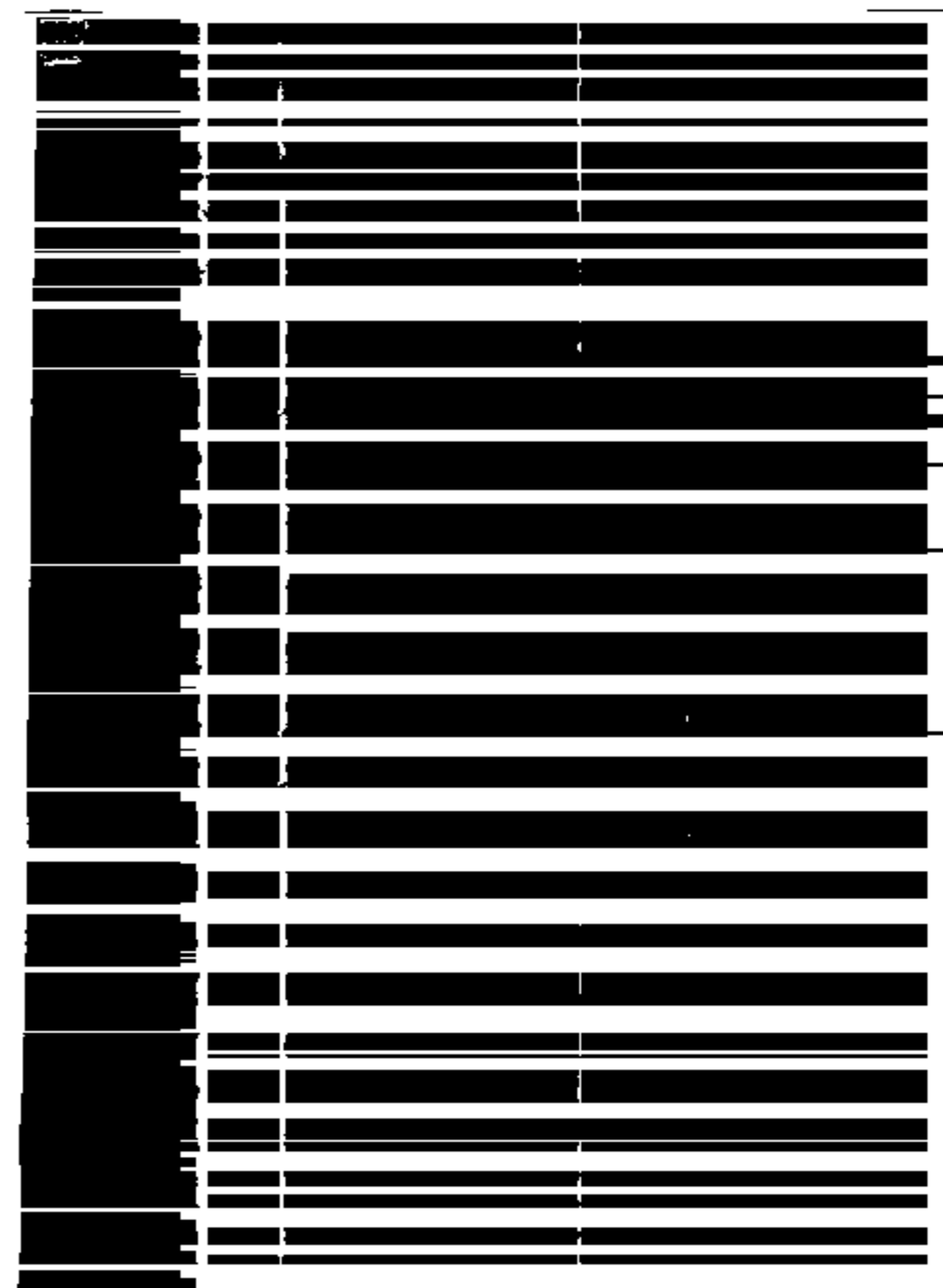
So far, however, no major European corporation has decided to pull out completely.

Shell has 2 500 employees, 49 percent of them white. In South Africa. It has oil refining, marketing and coal and chemical interests. It has a 50 percent interest — with British Petroleum holding the balance — in its 10-million-ton-a-year Durban refinery.

Shell would have to settle for much less than the market value of its assets if it decided to withdraw, because there would be no ready buyers apart from local purchasers, who would be looking for a knockdown price.

Its profits in South Africa are thought to run at about R100-million a year.

Saying that Shell had now "nailed its colours to the mast", Mr Wilson said senior executives would have to accept a post-apartheid South Africa.



# GM changes to be known soon

Post Reporter

OFFICIAL information on the major structural changes to be made by General Motors in South Africa will be released within the next few days.

A formal announcement containing full details will be made on November 3.

A source close to the company confirmed the Weekend Post story on Saturday that GM production would remain in Port Elizabeth and that, in fact,

its presence in the city is guaranteed for at least five years.

It is known that GM's operations in South Africa have been the subject of review for some time. Mr Bob White and his local management have been part of that exercise.

The suggestion, therefore, in the Sunday Times yesterday that "a final decision to withdraw came late on Friday and obviously took local man-

*62 Eve Post 22/10/86*  
aging director Bob White by surprise" is inaccurate.

According to our source, the report in yesterday's Sunday Times that the company would be taken over by individuals and not another company is correct.

The suggestion that a local shareholder has been found has been firmly squashed.

As reported in Weekend Post, no other company or institution is involved.

A group of GM executives will travel to the United States tomorrow for a meeting. Mr White will not be among them.

It is known that GM is anxious to make known its plan as soon as possible because speculation on the future of the company has caused it a great deal of harm.

"Once the details are known, I'm convinced confidence will be restored," our source said.

General Motors' future is key to the fate of a whole region

# Pullout could spell disaster for E Cape

By Chris Moerdyk

Port Elizabeth, once the "Detroit of South Africa", is again holding its breath — this time about fears of a pull-out by motor-industry patriarch General Motors (GM).

For some time now GM South Africa (GMSA) has been looking for a local partner to give it access to the local capital market and to ensure continuation should its American parent decide to give up on its 60-year-old South African offspring.

So far it hasn't managed to find anyone willing to sink millions of rands into the risky business of building motor vehicles.

The effect of abandoning this roughly half a billion rand investment would be nothing short of catastrophic for the already struggling Eastern Cape.

Mr Brian Matthew, executive director of the Midland Chamber of Industries, is quite emphatic about the consequences of a GM pull-out. It would simply mean disaster, he says.

"Even though GM and Volkswagen are the only two motor manufacturers left down here, the motor vehicle industry, with all its ancillary suppliers, is still driving the economy.

"At the moment black unemployment is over 50 percent and I don't know how much more we can absorb," he said.

"We have certainly had our share of violence here and to be realistic, there is no doubt that this has been caused by economic factors. In the days when car sales were booming, people down here saw their future getting brighter, — then suddenly they were dumped."

The disappearance of GM from the scene will also have far-reaching social ramifications. The company has been one of the front-runners in applying the Sullivan Code and was a founder member of the recently-formed US Corporate Council on South Africa which is directed toward the abolition of apartheid.

GM has an equal-opportunity, equal-facility programme that really works and it is involved in graduate in-training programmes, the Adopt-a-school project and pays for books and school fees for children of black employees. In 1973 the company made a

loan to the Port Elizabeth City Council of \$500 000 for the construction of homes in the coloured residential area.

In the industry itself, GMSA has been described as the "weaking" with declining sales and a market share of about seven percent. The point is, however, that this weakening has managed to make it through the bad times when others have withdrawn.

Only three years ago 11 of the original 20 car manufacturers present in the early 1970s still remained. Now there are seven and GM is one of them.

This seems to suggest that the company has staying power and with the imminent launch of a new model, the Monza, it should be able to weather the current storm on purely economic grounds.

Although Port Elizabeth would bear the brunt of a GMSA shut-down, a ripple effect would be felt throughout South Africa. The company has a 200-strong dealer network and the shock to these would be considerable.

## First-hand knowledge

In the past few days GM's largest dealer has advertised on television and in newspapers, refuting rumours of a pull-out, claiming GM is contracted to supply vehicles for another five years and offering to buy back GM cars should the company withdraw.

Those in the motor trade with first-hand knowledge of the way motor giants think, say current rumours amount to nothing but sensationalism. When GM chairman Roger Smith said in Detroit a few days ago that his company was "reassessing" its future in South Africa, this apparently did not mean a pull-out was on the cards, but was simply ongoing company policy.

However, there is more to what Mr Smith is saying than simple routine reassessment. He has long been in the forefront of championing the fight against disinvestment. He has made sure his company has done everything possible to promote change. He has bowed to pressure and seen GMSA having to stop selling vehicles to the SAP and SADF, which must have taken a sizeable chunk out of the company's turnover.

But what he hasn't seen is any significant political change.

In the 1986 General Motors Public Interest Report published in the US earlier this year, he claimed that not being able to supply the SAP and SADF was increasing pressure on an already-struggling South African subsidiary.

"Any further deterioration from currently depressed sales levels may make it impossible for GM to continue its operations in South Africa."

In any language, that is plain talking, and of course, the man-in-the-street doesn't understand the meaning of reassessments. He tends to smell smoke, imagine fire and buy elsewhere.

## 'At a loss'

The motor industry and GM itself have shown frustration and even anger at reports of a possible GM withdrawal. They suggest "sensation-seeking" by the media.

In May this year GMSA managing director Bob White said he was at a "loss as to what he could say or do to convince the Press and the public that GM intends to remain in South Africa."

Perhaps he should tactfully suggest that his chairman in Detroit stops making what have become fairly routine statements about being "discouraged" at the South African political and economic situation and saying quite openly that if things get worse for GMSA it simply won't continue.

More than 3 500 employees would join the unemployed in Port Elizabeth.

The dealer network would be rocked quite considerably although this blow would be cushioned by the fact that someone would still have to provide maintenance and services for the many thousands of GM products on the road.



# Shell denies making disinvestment threats

CME TRAILS 20/10/86 (62)

THE giant petroleum multinational, Shell, last night emphatically denied the company was contemplating pulling out of South Africa and denied it had "threatened" the South African government.

But its stand against pulling out would have to be reconsidered if the group's financial position was seriously threatened, Shell said.

Last night's statement by Mr John Wilson, chairman and chief executive officer of Shell SA, followed press reports in South Africa and abroad which had him threatening Shell would pull out of South Africa unless reforms were speeded up.

He was quoted as saying that "If the bottom line of Royal Dutch/Shell is adversely affected internationally the shareholders will have to reconsider their position in South Africa" although "it would have to get really bad before shareholders decide to pull out".

## Hill Samuel

And in a statement from General Motors, whose rumoured departure from South Africa has been a source of much speculation this past week, Mr Bob White, managing director of General Motors, South Africa, said: "The position of General Motors in South Africa is being reassessed. This has previously been stated by the chairman of the board of GM in the US, Mr Roger Smith. A detailed announcement will be made later this week.

And in yet another development on the disinvestment front, Hill Samuel, the merchant banking group which has been under attack for its involvement in SA, is to give up control of its SA subsidiary.

On the Shell front, Mr Wilson said last night that "at the outset, let me make an unequivocal statement: Shell is not about to disinvest, neither is it contemplating disinvesting from South Africa".

But, he added, "clearly if the group's financial

performance is significantly impacted" then "the group would be faced with a very unhappy choice".

Remarks made by Mr Wilson in a speech to senior managers of Shell in South Africa, which were quoted extensively in the Daily Telegraph, were made on August 4 at an internal conference.

At that conference "I ... made it clear that the company unequivocally condemned apartheid, and that it was committed to doing all it could to bring an end to this system".

## 'We were set up'

"Far from being a warning to government, my speech was a salutary reminder to the employees of Shell SA that the continued existence of the company in this country depended on their adherence to the company's stated principles and values, those of non-discrimination and non-racialism in all our operations."

Meanwhile, our correspondent in Johannesburg reports that the Federated Chamber of Industries (FCI) is taking a low-key approach to statements made by Mr Wilson in his widely-reported interview with the Daily Telegraph on Saturday. Mr Wilson is also president of the FCI.

In the interview Mr Wilson made uncomplimentary references to the 1979 and 1980 Good Hope and Carlton conferences, saying: "We were set up. Those conferences were nothing more than a forum for the propagation of government policies."

Mr N E Duncan, chairman of the FCI's board of management, yesterday stressed that Mr Wilson was speaking for his company and not for the FCI. "The FCI supports every possible contact with government. Anything is better than nothing," he said. — Staff Reporters, Own Correspondents and Sapa-Reuter

● Hill Samuel to be SA-controlled, page 8

# Major US firms unhappy over drop in their ratings under Sullivan Code

GORDON KLING

HEADS of major US firms operating in SA are bitterly disappointed by a perceived demotion of their companies in terms of the Sullivan Code ratings.

Frustrated executives complain they have no way of knowing the criteria on which their com-

panies are being judged, but the consequences of a slip in ratings have severe repercussions in the US.

There is a belief that smaller firms are benefiting in the ratings this year at the expense of those with large payrolls.

Caltex chairman and MD Denis Fletcher said: "If it was just one big company that lost out, I

could accept it. But it is my understanding that practically every major company has been dropped at least one notch, and we don't know why."

Fletcher said managements had been advised that they might have misinterpreted the instructions relating to the code, or failed to write up their

reports correctly.

He rejected this on grounds that executives of many big firms made trips to Boston last October to obviate possibility of procedural errors.

Caltex, one of the original signatories to the code, was unhappy with its No 2 rating (satisfactory as opposed to good).

The company had acted on all the recommendations made to it, he said.

Reid Weedon, senior vice president of the US industrial/management consultancy Arthur D Little and a key evaluator of performance in terms of the code agreed that there had been changes to the rating system.

Speaking from Cambridge, Massachusetts, he emphasised that the final report of the Sullivan committee was not due out until the end of the month.

Firms that were unhappy with their ratings had until last week to appeal.

Weedon confirmed that 50% of the signatories were in this category, but he believed it was possible that perhaps 75% would succeed in obtaining a re-rating.

A social justice category had been introduced this year, but companies had been notified of this months ago and he did not believe the basic system had been changed.

Locals keen to snap up assets

20/10/86

# Shell could lose billions from pullout

62  
BUSDAY

MICK COLLINS

SHELL stands to lose billions of rands of assets if it is forced to quit SA.

Heavy commercial pressure from US markets finally forced the company to indicate at the weekend that it would withdraw from SA, if reform was not speeded up.

The company will leave behind huge capital interests in oil refining, fuel marketing, agriculture, chemicals and coal, which local consortiums are waiting to snap up at bargain-basement prices.

Industry sources say Shell's continued operations in SA are not considered vital in an over-traded market.

When the Salem incident was made public it was obvious the multinational was no longer involved in bringing oil into SA. That function is now known to be handled entirely by the Strategic Fuel Fund (SFF), which in turn is managed by the Industrial Development Corporation.

While the withdrawal move would have been unthinkable a year ago, industry sources now point out that circumstances have changed.

World markets are glutted with oil. SA coal, in which Shell has large interests, is taboo on international markets.

The company owns 50% of Durban's Sapref refinery, and has a strong managing interest in it. But spare refining capacity is glutted. Many refineries, especially in Europe and the US, have shut down.

Refineries in SA have continued to operate, thanks mainly to government support that sees multinationals guaranteed profitability.

Shell owns Cadac, which it bought four months ago, and Shell Chemicals. Sources point out all these business interests could easily be absorbed by local consortiums.

Trek Petroleum, which Shell helped to set up, would be hit by any disinvestment. Analysts point out Trek was a joint venture between BP and Shell, and the

● To Page 2 →

## Shell stands to lose billions

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company does not own any tankers or oil depots. Many of the multinationals still operating in SA would be only too willing to take over Shell's thousands of petrol outlets, which would be up for grabs. Known as the most aggressive and effective petro-selling organisation in the world, the company has been forced to its knees by fierce pressure from anti-apartheid lobbyists.

One incident, considered the most serious, was the cutting in half of thousands of Shell petrol credit cards by anti-SA factions in the US. The cards were later mailed back to head office.

Various other incidents, including the bombing and picketing of Shell service stations in the US, have brought the message home — quit SA or pay for your

↑ ● From Page 1

presence in lost profits. The company employs about 2 500 in SA. Annual sales amount to R2,2bn, with profits in the region of R100m. PFP MP Brian Goodall said yesterday government should take the threat of Shell's withdrawal as a warning to speed up reform.

He said: "It would be most unfortunate for SA if Shell goes."

"It will have far-reaching effects in the long term. With the present state of the economy we must ask ourselves 'Can SA survive shocks like this?'"

"No country changes because of outside pressure, but SA has become the international pariah."

# Record giant in SA pullout?

AMERICA'S Warner Brothers Record Corporation is close to disinvesting from South Africa.

And its Johannesburg-based associate, WEA Records, is set to buy up the local rights to Warner's stable of international superstars.

These include Paul Simon, George Benson, Rod Stewart, Madonna, Frank Sinatra, Bill Cosby and Prince, all of whom are currently distributed by WEA South Africa.

A decision on the future of WEA (SA) and plans for the future of its artists — including local stars like Leslie Rae Dowling and Petit Che-

By DOUGLAS GORDON

val — is expected this week.

All artists sign distribution contracts for their records for five or 10 years.

These licences are expected to be sold by Warner to WEA so that the stars' records will continue to be on sale in South Africa for the duration of their present contracts.

## Dropped

After these contracts expire, it will be up to each singer to decide whether his or her records can be sold in South Africa.

WEA is the only American-owned record company in South Africa. Established in 1974 with a 10 percent share of the country's annual record sales, it is today one of the three giants, with 30 percent of the market.

Last year the SA record market's annual turnover dropped by

R30-million to R100-million, but WEA continued to hold its 30 percent share, with half of its yearly pop sales to the black market.

WEA's staff of 86 is 60 percent black, including two of its six managers.

Mr Derek Hannan, managing director of WEA (SA), said yesterday that he had developed a contingency plan to buy out the controlling Warner Brothers Records local investment.

It is expected that a buy-out will bring black directors on to the WEA board and a large part of its shareholding will be black-owned.

"I have been developing contingency plans to buy out the local WEA company with my financial director, Mike Oldfield, for the past six months," said Mr Hannan.

"I cannot comment on the plans of the American corporate board of Warner Communications because I have no idea of any decision it may have taken on its future involvement in South Africa."

# 'Pace of change' causes GM to pull out of SA

*CAPE TIMES 2/1/86 (62)*

DETROIT. — General Motors Corporation, citing disappointment with the pace of change in ending apartheid, announced yesterday that the world's largest company is pulling out of SA.

GM chairman Roger Smith said the corporation planned to sell its loss-making GM SA Ltd subsidiary to a group headed by local management.

GM has been operating in SA for 60 years and is the second largest US operation there, according to Alison Cooper, a research analyst at the Washington-based Investor Responsibility Research Centre, which tracks the presence of US companies in SA.

## 3 056 workers employed

GM's SA unit employs 3 056 workers and had sales of \$310m (about R690m) in 1984, the latest year for which figures are available. Mobil, the biggest US operation in SA, employs 3 182 workers there.

"The interests of our motorists, our 200 dealers and their employees, and our 3 000 employees in Port Elizabeth will not be prejudiced," GM's local managing director, Bob White, said yesterday in discussing speculation over GM's plans.

Last month Coca-Cola announced it was pulling out of SA, selling its share in a major bottler there and ending marketing and advertising support to

underline its opposition to apartheid.

In addition, 19 other US firms have said this year they would pull out of SA, including General Electric, Eaton and the clothes company, VF Corporation. Each had more than 300 employees in SA.

Smith said the SA operation "has been losing money for several years ... and with the current structure, we could not see our operations turning around in the near future".

## Industry rumours

The recession in SA and lack of progress in ending apartheid made operating there "increasingly difficult".

There were industry rumours that Sanlam, the country's largest insurance company, would acquire the GM operations. Sanlam, which owns Nissan SA, distributor of vehicles made by Nissan Motor Corporation of Japan, could not be reached for comment.

Nissan's SA marketing director, Stephanus Loubser, said he was not aware of any such acquisition plans by Sanlam.

The SA car market is now dominated by the major Japanese manufacturers, including Toyota, Nissan, Mitsubishi, Honda and Isuzu, and the three big West German companies, Mercedes-Benz, BMW and Volkswagen. — Sapa-Reuter

# GM to quit SA

DETROIT — General Motors Corporation, citing disappointment with the pace of change in ending apartheid, confirmed yesterday that it was pulling out of South Africa.

The chairman of General Motors, Mr Roger Smith, said the company planned to sell its loss-making GM South African Ltd subsidiary to a group headed by local management.

GM has been operating in South Africa for 60 years and is the second largest United States operation in the country.

GM's South African unit employs 3,056 workers — and had sales of \$310 million in 1984, the latest year for which figures are available.

Sapa-RNS —  
Full report P 13

00211/102

Press to

# Takeover of GMSA by local team confirmed

*eye doc (62) 21/10/86*

JOHANNESBURG — Local executives of the General Motors Corporation had been given the go-ahead to buy out the local subsidiary of the giant car manufacturer, the managing director of GM South Africa, Mr Bob White, said last night.

Mr White told a Press conference in Johannesburg that the US parent company has approved the move and would also liquidate GM South Africa's debt to make the local company viable.

The official announcement ends days of speculation about the fate of GM South Africa since last week's announcement by GM's chairman, Mr Roger Smith, that the multinational was reviewing its South African operation.

Mr White said the plan for a management buy-out, decided upon at an October 6 board meeting, had been speeded up by six weeks because of the US Congress's decision to overturn President Ronald Reagan's veto of sanctions against South Africa.

Mr White declined to name the executives involved in the buy-out but stressed that they were individuals in GMSA management or involved in the motor car industry.

He denied speculation that any South African company, including Sanlam, or other financiers were putting up the capital for the take-over.

Earlier yesterday the GM chairman said in Detroit that the corporation had been losing money in South Africa for years but lack of progress in ending apartheid had also made operating here "extremely difficult".

Mr White said: "From my point of view the South African position is clearly a proper economic decision to restructure the company. From the US point of view the motivation has to be political."

Uncertainty about its future in the country had forced GMSA to adopt a "defensive policy" towards its losses. Free of this yoke and its local debt, the new

company had a good chance to become profitable.

Asked if GM's undertaking to bring money into South Africa to liquidate the local debt would contravene US sanctions legislation, Mr White said the takeover had been speeded up to meet the implementation of sanctions in mid-November.

The new company would be obliged by US sanctions laws to continue GM's recently adopted policy of not selling to South African security forces, so long as it used parts from the US, he added.

Less than 10% of GMSA's purchases come from the US but these include important parts like transmission boxes and radiators. A much larger proportion of parts came from Opel in Germany and Isuzu in Japan.

The new company would continue to have access to General Motors technology, new models and trade marks, Mr White said. However it would probably not keep the General Motors name.

The local company was likely to continue its policy of promoting social development in the Port Elizabeth area and would honour all recognition agreements that GMSA has signed with black trade unions.

Mr White regretted that he was not one of the executives involved in the buy-out. "I am thrilled to death that we have a bunch of guys who know this business to go out and do battle, without this yoke around this neck," he said.

"The local executives' moves to acquire GM's interest in GMSA reflects their confidence in the company's ability to continue serving the South African motoring public and retain 3 000 jobs at its Port Elizabeth base.

"The objective of these negotiations is to create a viable, restructured company that will ensure the continuity of GM's products in the South African market through the sale of Opel passenger cars, and Isuzu and Suzuki commercial vehicles."

The local company was expected to take over operations from January 1 next year.

# GM move welcomed by many

(62)  
Eve Post  
21/10/86

By KIN BENTLEY  
and DENISE BOUTALL

THE announcement yesterday that the operations of General Motors are to stay in Port Elizabeth has been widely welcomed.

There is a new confidence among the local management team that the "South Africanisation" of the firm, which comes into effect from the beginning of next year, and the certainty about its future will enhance the firm's image, streamline marketing and boost GM's market share, which has plunged in recent years.

The firm's marketing manager, Mr John Cumming, said the "American image" of the company had been a negative factor in some quarters, with the company's top quality German and Japanese-sourced products often becoming secondary to this image.

The president of the Midland Chamber of Industries, Mr Bill Oddy, said GM's decision was a tremendous shot in the arm for PE.

"What you're seeing is

the private enterprise system at work with individuals getting involved in a new undertaking."

Mr Oddy said it was sign that the new directors had confidence in themselves, in PE and in South Africa.

The Deputy Mayor of PE, Mr Solly Rubin, described the move as "excellent", saying that after 60 years the South African people knew how to run the company and he was confident they would make a "tremendous success" of it.

"For many years people had a legitimate complaint that GM and Ford were in PE, but their shares were not on the stock exchange and so South Africans could never have a share."

A PE city councillor and the deputy chairman of the Regional Development Advisory Committee, Mr H van Zyl Cillie, said he was extremely happy about the announcement and was sure the new arrangement would safeguard the 3 000 jobs at GM.

Mr Cillie predicted that GM's market share would increase now that there was certainty over the company's future.

Mr Charlie van Niekerk, manager of the parts and services division, welcomed the removal of the uncertainty that had plagued the firm over the past two years.

This, he said, had led to staff "unease", which had affected productivity. It had also affected sales, with people opting for products from firms whose future was more secure.

Mr Van Niekerk listed the following positive aspects arising from the move:

- By becoming a local company, it would no longer be exposed to the "regular overseas pressure" from within the corporation and from politicians, which had "done a lot of damage to sales".

- The company would come in line with the current vehicle sales leader, Toyota, in that like all Japanese companies in this country, it would no longer use overseas capital investment.

- Restrictions on it — because it was an overseas-based company — from borrowing locally, would be removed. Furthermore, the profits of the company would be retained locally.

- The decision-making process would be shortened.

- A negative image in some South African quarters resulting from the political stance adopted by GM towards local issues would be removed. There was "no doubt" statements made by GM had resulted in some consumer resistance.

Mr Douglas Harrison, service manager at GM, said the whole management structure at GM was scheduled to hear more details about the move when they were addressed by its managing director, Mr Bob White, this afternoon.

rector of GMSA, said "some of the names" of those who would head GM when it was taken over by local executives would be announced on November 3 or 4 when the new Monza was introduced.

Mr Hal Carpenter, a di-



Management buy-out — brand names will continue

# GM quits but keeps open option to return

By Peter Farley  
Investment Editor

General Motors announced last night that it was selling its South African subsidiary to the local executives of the company.

And, although political considerations were cited as the major reasons for the withdrawal in a statement issued from the motor giant's Detroit head office, local managing director Mr Bob White said that not only will all GM's brand names continue to be represented here but that the US company had an option to buy the company back if the situation here improves.

Mr White ended months of speculation at a Press conference last night on the future of General Motors, the country's oldest motor company, which is the fifth motor multinational to withdraw in the last couple of years. Those that have already departed are Leyland, Alfa Romeo, Peugeot and Renault.

Ironically, however, GM will now probably end up making more money out of South Africa than at any time in the past five years. Mr White said that the last time GMSA made a profit was in 1981.

## Income

Under the new arrangements GM will not only get licence fee income for the use of trademarks by the South African company, but will also benefit from the sale of components and kits from its factories in West Germany and Japan.

Mr White said that this year GMSA spent more than R200 million importing parts from overseas, though only one

percent of these came from the US.

An end to the import of parts from the US and the severing of shareholding ties with the US company could also pave the way for the sale of vehicles by the company's new owners here to both the government and the military.

In the past these sales have been banned under US legislation, which prohibits the sale of equipment made by US companies to South African government agencies.

Mr White would not reveal who was behind the local "management buyout" of GM South Africa, apart from saying that they included existing executives of the company and "others close to the motor business."

## Going home

He stressed that he would not be involved in the new deal and would be returning to GM in the US. However, industry experts expect one of the major dealers — Williams Hunt — to participate in the new equity, either directly or through ultimate holding company W & A.

However, it is clear that the new management will be picking up the operation at a bargain basement price, with the money only payable out of future profits. And, according to Mr White, that will not be until 1988 at the earliest.

In addition, however, General Motors will be bringing a large amount of money into the country to settle all the corporation's local debts before it is handed over to the new owners.

Mr White indicated that the deal had been speeded up be-



Bob White breaks the news

cause of the US Senate's override of President Reagan's sanction's veto which prohibits new investment by US companies in this country.

That decision means that GM now has to bring the money into SA by mid-November, a move integral to the success of the change of control.

He said that discussions concerning the sale of GMSA had been taking place "since the end of August" and were finalised at a board meeting in Detroit on October 6.

Representatives of the new owners are currently negotiating final terms with the US parent company and Mr White said that full details of who is buying the company and on what terms will be revealed by November 3.

One important new aspect of the change of control is that the new owners are unlikely to be bound by either the Sullivan Code — a point which is currently under discussion — or

regulations which prohibit sales to Government bodies.

Mr White said, however, that safeguards had been built into the agreement with the new owners to protect GM's ongoing social responsibility programmes and to protect the jobs on the manufacturing side.

Mr White indicated that GM would have liked to have remained here on the basis of a partnership with another manufacturer. However, with no deals forthcoming the company was faced with either closing down or selling out.

For some years now, it has been struggling to maintain percent of the local vehicle market, a figure which has little bearing on the strength of the company's products.

It is therefore expected that massive marketing drive will follow the re-launch in an effort to obtain a bigger slice of the market.

# Warning over GM 'snowball effect'

The decision of General Motors to pull out of South Africa may have a snowball effect, the official Opposition warned today.

Mr Harry Schwarz, PFP finance spokesman, said today he was unhappy that GM had decided to quit South Africa because this was likely to influence and put pressure on other large foreign companies to sell their investments.

He added that it was obvious GM made its decision because of pressure in America and because South African motor industry profits had been hard to come by.

2/11/86  
SIAK  
GM last night ended months of speculation by announcing it was selling its South African subsidiary to the company's local management.

However, managing director Mr Bob White said GM's Opel, Isuzu and Suzuki models would still be produced here and the US conglomerate would retain an option to buy the company back.

The General Motors' name will be dropped.

The move was speeded up by the Senate sanctions vote, prohibiting new investment in South Africa.

However, GM is to settle the local operation's outstanding debts before the new operation starts. That means the US parent may have to bring over close to R100 million.

Mr White indicated the new owners were getting the company for next to nothing, with no money changing hands straight away.

Payments will be made out of future profits, which Mr White does not expect before 1988.

● See Page 16.

# GM move will trigger exodus, experts warn

By ALAN DUNN  
The Argus Foreign Service

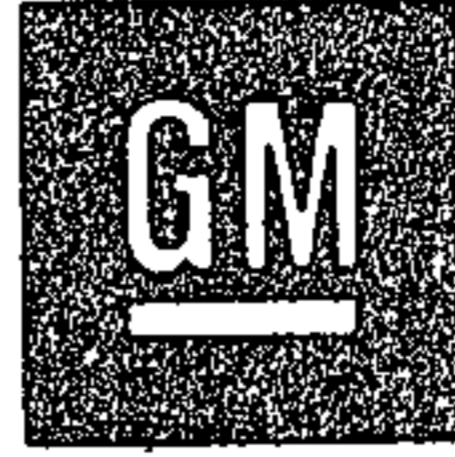
WASHINGTON. — The withdrawal of General Motors from South Africa by the end of the year, the biggest disinvestment blow so far, will trigger an exodus by United States businesses, American financial analysts believe.

"We expect the General Motors announcement will turn the trickle of companies leaving South Africa into a flood," said the Rev Timothy Smith, executive director of the Interfaith Centre on Corporate Responsibility.

The centre, a movement of America's National Council of Churches, was one of many anti-apartheid organisations which hailed the GM withdrawal.

He and several other business analysts said the psychological impact of GM's

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exit would be profound on other US firms and would persuade them to act.

"I think many US business leaders will be listening very carefully to what Mr Roger Smith, GM's chief executive officer, says," Mr Smith added. "Most US companies have a contingency plan for leaving South Africa and I think a number of them are going to activate it."

"It will be one of those catalysts that pushes companies."

Mr Roger Smith said in his announcement there were several factors leading to the decision: GM had been losing money for several years and could not see a turnaround in the near future; it was disappointed at the pace of change in ending apartheid and GM had taken a decision generally on economic, social and political grounds.

GM headquarters was vague yesterday on details of the withdrawal, apart from saying the company intended to be out of South Africa by the end of the year. It is understood much of the fine print still has to be worked out.

The US-held shares in GM(South Africa) are being bought by a consortium thought to include members of GMSA's top management and other interest groups.

The consequent injection of capital from the US will be used to liquidate GMSA's debts and to streamline its local operations.

A wholly-owned South African company is being constituted to continue with the manufacture and distribution of Opel, Isuzu and Suzuki products, but no further details are available.

WASHINGTON — GM of the US confirmed yesterday it was selling its Port Elizabeth operations to local management.

The decision, announced in Detroit by chairman Roger Smith, represents the heaviest no-confidence vote in SA yet delivered by US business. In the wake of recent sell-outs by Coca-Cola and Proctor & Gamble, it could trigger an avalanche of departures.

Smith said the company's SA subsidiary had been struggling desperately and that "we could not see our operations turning around in the near future".

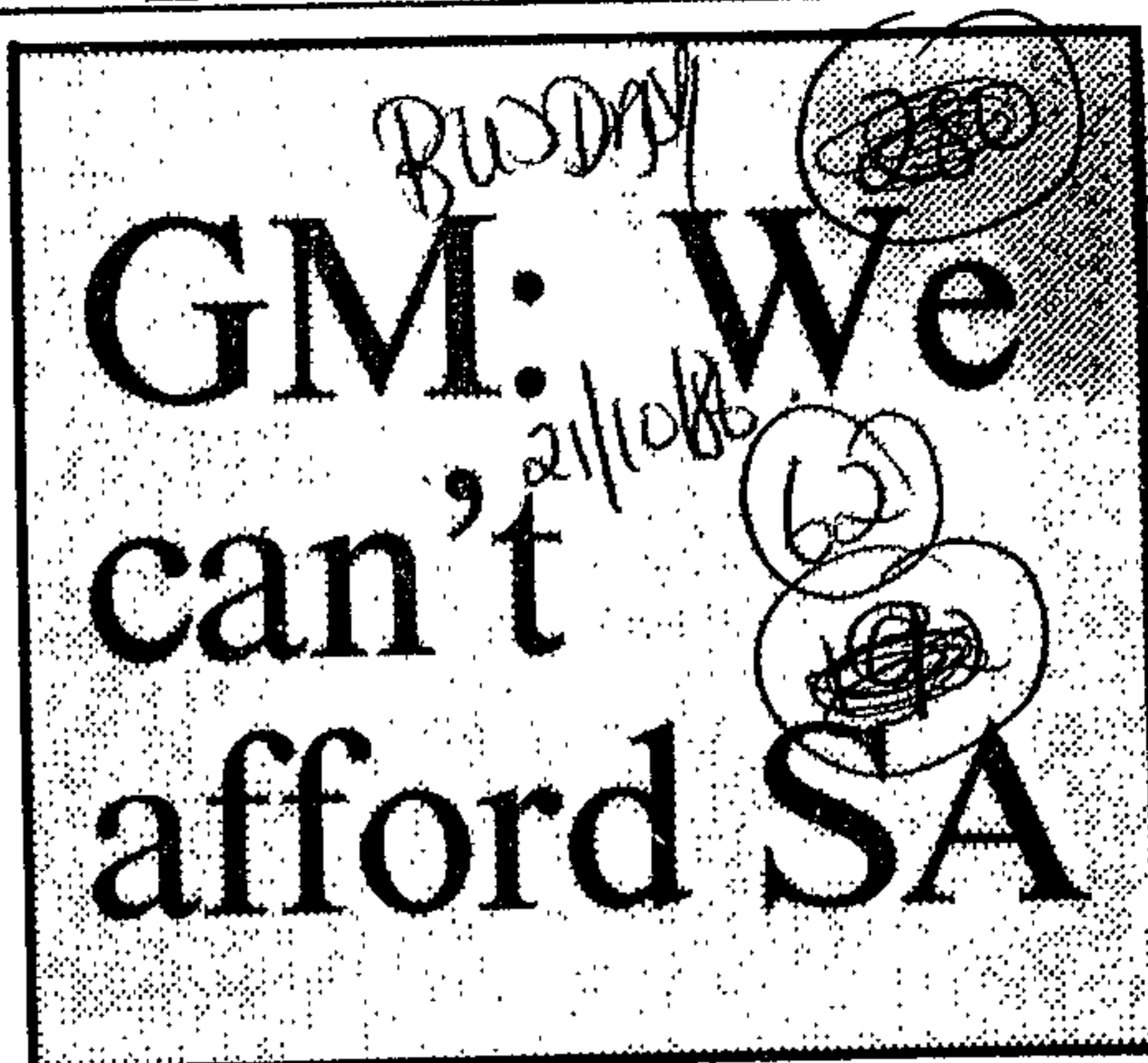
While GM SA had been "losing money for several years in a very difficult business climate", the decision to leave was not taken solely on economic grounds, he said.

"Decisions about our investment in SA have depended on an assessment of the economic, social and political environment... the ongoing economic recession in that country, together with this lack of progress (towards political reform) has made operating in SA increasingly difficult."

Bob White, MD of the SA operation, said last night the identity of the new owners should be known early next month.

He denied any of the new owners were financiers or associated with major finance houses. He said they were all on GM's payroll — "or will be shortly".

"There are no SA financiers involved.



DAVID FURLONGER  
and SIMON BARBER

There will be no Anton Rupert and no Sanlam. They are all individuals or entrepreneurs working on an individual basis."

He said GM would liquidate all its SA debts so the new owners could start off with a clean sheet. The agreement would include a buy-back agreement whereby GM could retrieve its interests at a later stage.

"A buy-back period hasn't been determined, but I would imagine it would run for a fairly lengthy period."

White said the new company, which would not include the GM name, would be expected to honour existing union recognition agreements.

# GM confirms it's to sell its S A plants

N/M 2/10/86 (62)

**Simon Barber**

WASHINGTON—America's largest car-maker, General Motors, has confirmed that it is selling its Port Elizabeth operations to local management.

GM chairman Roger Smith said bluntly that the company's South African subsidiary, GM S A, had been 'struggling desperately' and that 'we could not see our operations turning around in the near future'.

He made it clear that while GM S A had been 'losing money for several years in a very difficult S A business climate', the decision to leave was not taken solely on economic grounds.

'Decisions about our investment in South Africa have depended on an assessment of the economic, social and political environment in that area... the ongoing economic recession in that country, togeth-

er with this lack of progress (towards political reform) has made operating in South Africa increasingly difficult.'

The announcement came swiftly after reports that GM was reconsidering its situation in South Africa, and took even officials in Detroit by surprise.

## Massive loss

Hours earlier, company spokesman George Shreck said he knew of no such decision, adding that he 'would probably have been told' if indeed it had been taken.

GM is suffering domestically and is expected to show a massive third-quarter operating loss when results are released later this week.

It's main competitor, Ford, is expected to show a profit, according to Automotive News, an authorita-

tive industry journal.

Mr Smith emphasised that the company would not precipitately abandon its South African purchasers. 'Our aim is to enable the new owners to start from a strong position, to continue to provide job opportunities for the employees and to continue to serve our customers.'

At the end of 1984, GM's South African assets were valued at \$150 million (about R330 million), or 0.3% of its total holdings.

Between December 1985 and last September GM S A had cut its employees by 30% from 4 307 to 3 056, making it the second largest US company in South Africa behind Mobil.

A Mercury Reporter writes that, according to GM S A's managing director Bob White, the withdrawal of the parent company will

not affect GM S A's position in the country.

The parent corporation has authorised negotiations with a group of GM S A executives for the purchase of GM's shareholding in the local company, Mr White announced yesterday.

## Objective

Mr White said the objective of the negotiations was to 'create a viable restructured company that would ensure the continuity of GM's products in the South African market through the sale of Opel passenger cars and Isuzu and Suzuki commercial vehicles'.

'The local executive move to acquire GM's interest in GM S A reflects their confidence in the company's ability to continue serving the S A motoring public and retain 3 000 jobs at its Port Elizabeth base,' he said.

# US firms' withdrawal will hurt SA citizens'

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WASHINGTON — The withdrawal of US firms from SA could hurt ordinary SA citizens, White House spokesman Dan Howard said on Wednesday.

Commenting on withdrawal plans by GM and IBM, Howard noted these were independent actions by private firms.

He referred to earlier statements by the Reagan administration saying disinvestment or withdrawal by US firms — particularly those following the Sullivan principles and playing positive roles in SA — “would work to the detriment of SA's people”.

Following GM and IBM's announcements, leading West German industries said this week they were not considering pulling out of SA.

However, SA's recession had left its mark on economic relations with West Germany, its third

largest trading partner, they said. West German exports to SA and investments in SA had fallen.

About 300 West German firms — including Siemens, Volkswagen and BMW — had branches in SA. They employed about 45 000 workers.

Federal Union of German Industry spokesman Dieter Rath said one leading car concern had introduced a “social project” for black workers this year.

He added: “You don't do that when you plan to leave.”

IBM's plan to sell its SA subsidiary would provide a positive opportunity for customers, Sequel Computers MD Adriaan Dubbelman said in Johannesburg this week.

He added: “Most of the large companies in SA have invested millions of rands in IBM technology, and developed long-term plans

which include IBM products exclusively.”

Customers' data-processing plans would not be adversely affected as IBM had said it would still make new developments available, and supply products under long-term contracts.

The company had said it would honour commitments to its customers, agents and employees in SA.

In Ottawa, Canadian External Affairs Minister Joe Clark has said he would investigate allegations that federal sanctions against SA had been violated by government-owned Air Canada.

He said he would look into news reports that Air Canada helped arrange flights to London for a tour group headed to SA, contrary to government sanctions prohibiting air traffic and promotion of tourism to SA. — Sapa-Reuter-AP.

DETROIT — General Motors (GM), America's largest company, said yesterday its basic car operations lost \$338.5m in the third quarter because it spent heavily on cut-rate loans to buyers designed to boost sales.

The company said profits for the period were also hurt by heavy spending on capital projects.

GM car sales fell 15% worldwide, although total revenue was up slightly. Last year, in this traditionally slow period for the car industry, GM's operating loss was only \$20.9m.

"Although the cost of the marketing incentives adversely affected third-quarter results, the programme has provided an excellent basis for the launch of our 1987 models," said company chairman Roger Smith.

GM had a net profit of \$263.7m when special tax credits and record profits of the financing unit and other subsidiaries were added.

The net profit was down 49% from last year's \$516.5m.

The big operating loss was expected, and GM shares reacted little, rising \$0.75 to \$68.25 on the New York Stock Exchange.

The lower operating results contrast with the announcement earlier this week of record profits by GM Acceptance Corporation, the firm's financing subsidiary.

It reported third-quarter profits of \$313.7m — a 17.8% increase over last year's \$266.2m — and said this was because it had financed the purchase of more than a million cars.

The higher earnings by the financing

GM profit  
down

subsidiary are reflected in the net income of the parent company.

At the same time as the chairman's report was released, it was reported that GM said it planned to close several US assembly and metal fabricating facilities by the end of next year after an extensive review of costs.

The company did not identify the factories to be closed, but GM president F James McDonald said earlier this week that an announcement about the closing of some assembly plants could be expected to be made within the next two months.

In a statement attached to its third-quarter earnings release, GM said: "In the coming weeks, employees at the affected operations in the US will be notified . . .

"We will then be in a position to provide additional details on planned changes in our domestic production capacity."

GM also cited previously announced plans to restructure its Australian subsidiary and to sell its South African operations as part of "planned improvements that will serve GM well in both the near-term and the long run". — Reuter.

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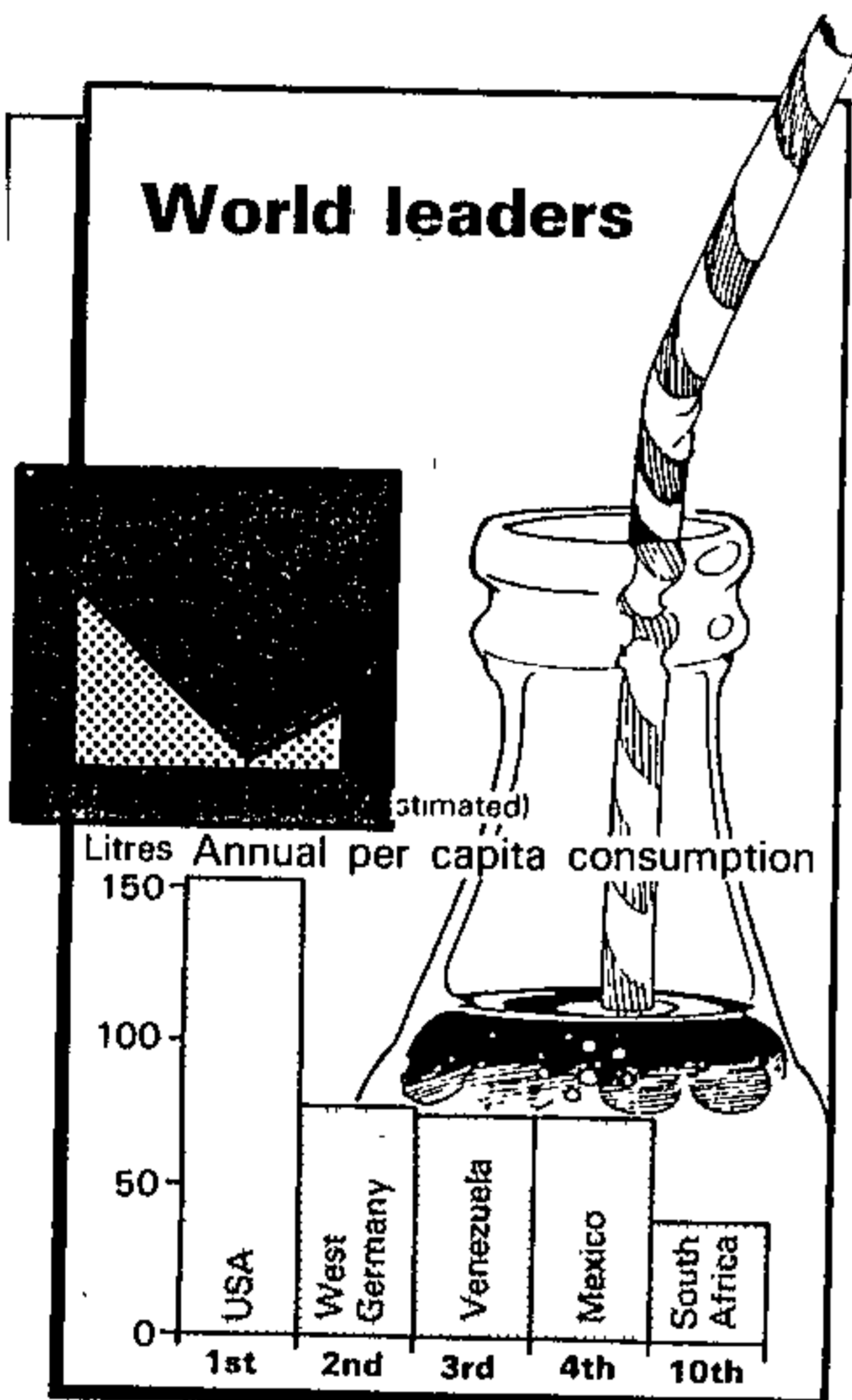
### Less fizz

Just how far was Coca-Cola's decision to sell off its remaining investments in SA really a statement of its opposition to apartheid?

We will probably never know, but the local beverage industry certainly offers little enough profit incentive for Coke to fight SA boycotters in the US, where per-capita soft drink consumption is the highest in the world. The competition in the US also means any lost market share would be difficult to regain.

As it stands, when Coke finally goes some-time in the next six months, the concentrate

### World leaders



syrup — made to a 100-year-old secret formula — will continue to be supplied to South African bottlers. The local operation will become one of 1 400 independent bottlers producing the drink worldwide.

The local soft drink industry has suffered over the last two years. Coke products — which include Coca-Cola, Sprite, Diet Coke, Fanta, Mello Yello, Krest and Tab, hold

some 65% of the South African market, worth R920m a year — small beer compared with Coke's international operating income of US\$10,575 billion. Sparletta with 19%, Schweppes with 6% and Pepsi with 4% account for the rest of local sales.

Up for grabs now is Coca-Cola's 30% interest in Amalgamated Beverage Industries (ABI) and its 51% stake in Amalgamated Beverage Canners. Obvious contenders for the shares in ABI must be the existing major shareholder SAB (55%) and Cadbury-Schweppes (15%). However, a US spokesman says everything depends on negotiations for shares to be acquired by black businessmen. The final decision is not expected for another six months.

The sad state of the South African industry will obviously affect the outcome. In August, for instance, trade sources say the soft drink industry only managed to break even. However, the summer months and top trading period is just around the corner, and overall the industry hopes for a 2% growth. Recession is not the only factor behind 1985's negative growth and the minimal gains estimated for 1986.

Manufacturers have been hit by rising costs of raw materials, particularly containers. The industry uses 110 000 t of sugar, a commodity which has risen in price by 15%.

The black community consumes some 76% of production and the unrest has hit township distribution. With a fully laden value of R300 000, vehicles run risks in the

townships which distributors are reluctant to take. Rural areas have also been hard hit, showing negative growth of between 4%-9%.

SA has a comparatively low per-capita soft drink consumption rate, ranking 10th in the world. Advertising is vital as the market is particularly sensitive to promotion. A major bottler who once tried to cut back on advertising is still, years later, trying to recapture lost market share.

Hennie Viljoen, president of the SA Federation of Soft Drink Manufacturers, believes the government could do something to help the industry. One sore point is the 1,7c/l excise duty payable on soft drink production — rather than sales.

Last year, despite the negative growth, 1,2 billion litres were produced and the levy applies whether the product is sold or used to promote sales. Viljoen says that fruit flavoured wine, despite its higher value, is not subject to duty.

So why pick on soft drinks? As he says: "We're all in the beverage sector." ■



DISINVESTMENT

**Titans in retreat**

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The withdrawal from SA of two of the giants of world business, General Motors (GM) and IBM will, on the face of it, have little immediate impact on the economy of the country (see *Leaders*).

Both US companies are adamant that their products will still be available on the local market and that technological know-how will continue to be made available.

The local operations, which in both cases are to be bought by companies formed by the SA managements, will probably suffer initially from a fall in customer confidence. But if tight and enthusiastic local control enables the companies to adapt more quickly to local consumer demands, and if they take full advantage of their new freedom in world markets, they should soon recover.

The independent company which will emerge from IBM's shadow (by March 1 at the latest) will be able to move strongly from its starting blocks. IBM is currently estimated to have an annual turnover of R400-R450m—some 20% of SA's total computer market. Its closest competitor is the merged Sperry/Burroughs operation with an annual turnover estimated at R300m.

The move has not caught the local operation napping. MD Jack Clarke, who will remain as head of the new company, says contingency plans were drawn up in SA some time ago.

"Our people," he says, "have been up to speed, but the final decision came from the (US) corporation. We wanted to do the right thing for employees and customers while we are in a position to do so."

In terms of the deal, IBM in the US will provide a loan (amount undisclosed) for the purchase of the local operation's shares, which will be placed in a trust "for the benefit of employees."

The loan will be paid off out of profits, and any distributable profits remaining after meeting the loan commitment will be transferred to the trust.

"Employees," Clarke explains, "will share in the profits of the company and if we ever went to the market or if we ever sold off the shares, they would benefit from the proceeds at a later stage."

What Clarke is understandably anxious to do is allay any fears among staff and clients. "We intend," he says, "to ensure that our customers continue to enjoy a leading edge and, as far as technology is concerned, we will be well served."

"In terms of our agreement, we will continue to obtain systems engineering support facilities, support from international centres and we will continue to have the right to attend IBM education courses."

The deal also secures at least short-term supplies for the new SA company from the US, with a three-year guarantee of product delivery and a five-year commitment to supplying spares.

For the rest, anything seems possible. Clarke says the new company may well look at a listing later on, but it will first have to be bedded down.

Local manufacture is another possibility, but a GM-style buy-back option is not on the cards. "I'm not interested in buy-backs at this stage," Clarke avers. "First we have to put our guts into this thing to make it work. What we have agreed is that if IBM wants to buy back at a later stage, we will negotiate in good faith."

Local management control will remain pretty well intact. Clarke foresees the board of the new company remaining pretty much as is. "I wasn't interested," he says, "in running a company on the basis of a show of hands on Mondays."

But will the move satisfy the anti-disinvestment lobby, particularly in the US? Long term, Clarke is hopeful it will. But for the moment he is realistic. "I don't believe," he says, "that this is going to get the monkey off our back."

In contrast to IBM, the company that takes over GM's Port Elizabeth assembly line will face a good deal more uphill. GM, which had turnover last year of R5231m, has not shown a profit since 1981, and in today's depressed car market competition is vicious.

But the Detroit parent is to bring in funds — some sources speculate it could be as much as R100m — to pay the local company's creditors. This will help clean up the balance sheet and to get it back on track.

MD Bob White, who is to return to the US parent, will not name the GM executives currently negotiating the takeover of the SA company, which has assets of R400m and had sales last year of R500m.

He insists there is no single big financier behind the deal, but industry sources believe that GM's main dealer, Williams Hunt, which sells 20-25% of the plant's output, or its parent W & A Investments, will take a stake in the equity.

GM's decline from the early Seventies, when its Chevrolet range was the undisputed market leader, has been exacerbated by the depressed SA car market, which has seen sales decline from last year's 204 000 to a forecast 177 000 this year.

And worse, the company has been losing share in the diminishing market. In the first nine months of this year, sales totalled 10 507 for a 7.9% share. In the same period last year, GM held 9.1% of the market.

But White is confident that, given commitment, the new operation will succeed. The object of the Detroit talks, he says, "is to create a viable restructured company that will ensure the continuity of GM's products in the South African market through the sale of Opel cars and Isuzu and Suzuki commercial vehicles."

He says GM's present operations in Port Elizabeth will remain intact, securing the current 3 000 jobs.

Meanwhile, the company is going ahead with the launch of the new Opel Monza on November 4.

While it seems clear that the executives are being offered the company at a bargain price, major new investment could be necessary down the line.

The current Commodore and Kadett range has been phased out in Germany in favour of the Omega, and tooling up for a completely new model in SA now runs at R60-R100m. ■

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# Activists to demand more disinvestment

JOHANNESBURG. — Leaders among disinvestment activists in the US have said they are unimpressed by the withdrawal of major US companies from direct participation in SA subsidiaries.

"It is clear," said one statement, "that the (US) companies are merely formalizing the de facto control of the SA companies in SA hands.

"They are willing to extend loans to SA interests to 'buy out' the SA companies, and they are also prepared to continue to supply them."

However, the activist groups have yet to finalize strategies for their new objectives, and it will take time for these strategies to acquire teeth and infiltrate formal political systems in order to influence foreign policy.

## More US companies to follow

But, in the words of a disinvestment specialist with one of the two largest SA banks: "It was always been on the cards among those who have thought through the disinvestment issue that the activists would get round to new targets."

Meanwhile, it is reported that several more US companies are ready to follow the withdrawal trail.

In virtually all cases the reasons given concern "the deteriorating political situation in SA".

Also manifestly important, however, is the politically-driven economic

malaise — which is swallowing the profits the US subsidiaries may have been making.

R J Reynolds Industries admits to mounting disinvestment pressure, and Smith, Kline and French is reported as saying: "Our patience with the pace of change is now running out".

Similarly, Xerox now says: "The situation has clearly deteriorated."

A senior manager at Xerox's competitor, Nashua, has a different perspective, however. "The truth is that Xerox is taking a beating in the marketplace from people like ourselves.

## Presence a force for change

"If we look at GM Southern Africa or Honeywell, similar situations could well be said to apply ..."

Companies which say they are staying in SA include Burroughs, which rebukes those leaving for "putting a moral cloak around a financial dilemma".

A spokesman for Johnson and Johnson, which employs nearly 1400 people, concedes that while IBM's decision is "certain to influence all companies doing business in SA, our presence is a force for peaceful change".

The parent of Caltex Oil SA and Texaco, Chevron, says much the same, adding that it spent some R5m on social programmes in SA last year and is doing all it can "to bring down apartheid". — Sapa. *in*

# US firms say 'we won't quit'

WASHINGTON—Many American firms are determined to stay in South Africa in spite of pull-outs by General Motors and IBM.

Caterpillar Inc, the manufacturer of construction equipment, said yesterday it had no plans to relinquish control of Caterpillar Africa Pty Ltd, its wholly-owned Isando parts distributor.

A spokesman for Johnson and Johnson, which employs just under 1 400, conceded that while IBM's decision was 'certain to have an influence on all companies doing business in S.A... our presence is a force for peaceful change'. Chevron which co-owns Caltex Oil SA Pty Ltd with Texaco, made the same case arguing that it had spent \$2 000 000 (about R4 400 000) on social programmes in South Africa last year and was doing everything it could 'to bring down apartheid'.

## Losing

Burroughs Corp, the computer company that co-founded the U.S. corporate council on S.A with departing GM, have hit back strongly against the leavers on putting a moral cloak

**Simon Barber**  
tion agreements that companies are leaving in their wake.

Randall Robinson, leader of the Free South Africa movement, called IBM's move 'somewhat hollow'.

'It says on the one hand it's leaving because of its abhorrence to apartheid and S.A's refusal to alter course. Then it continues to sell parts and services to the very system it deplores.'

Nonetheless, there were early indications that IBM would be rewarded for their decisions by being removed from divestment target lists.

Yale university trustee Cyrus Vance, the former Secretary of State who is advocating that the university sell its stock in firms that do business in S.A, said the Yale Corporation would take 'serious note' of IBM's move.

A spokesman for Xerox Corp, which warned last May that it would leave unless the political and economic climate improved by

Handwritten notes: 11/11/82, 22/10/82, and a circled number 6.

Dear Member,

We are now approaching our

This takes place on:-

DATE:

12th November,

TIME:

10 a.m.

VENUE:

Baxter Women's R

SPEAKER:

Dr. Rogers of Ph

SUBJECT:

" Human Stones -"

This will be an illustrated about stone diseases in general climate etc which produce or

END OF YEAR PARTY:

The 28th November, 1986 has

Booking for the U.C.T. Ballet the Beast" opens on the 5th

Please note that the seats us to make a block booking in seats required together with

Mrs. H. Hampton, 17 Ravensberg than Friday, 7th November.

Cheques or Postal Orders may

Club."

After the Ballet we shall ser

rated. We are discouraged'. R J Reynolds Industries, one of the largest U.S. employers in S.A. through its subsidiaries Heublein Inc, Del Monte Corp and Nabisco Brands Inc, said it felt pressure for divestment mounting on all fronts'. Local management are to buy out for an undisclosed amount WEA Records (S A) from the company's U S parent, the Warner Communications Group.

GM and IBM might have been losing money on their S A operations, a spokesman said, but we're profitable'.

A Mercury Reporter writes that other major American computer companies in South Africa have no immediate plans to follow IBM's decision.

Mr Neil Harding, marketing director of Sperry Computer Systems, said he thought the market might initially be 'a bit jittery'.

'But I think the reality of the matter will soon become evident. Effectively, they are still operating in the market and serving their customers.'

He said Sperry, which recently merged with Burroughs, had 'no plans to follow IBM'.

**Change**

Hewlett-Packard managing director, Mr Marius Furst, said the company's position was unchanged.

The company would continue to do business in South Africa and try to implement peaceful change.

Control Data managing director Mr D Mahoney said IBM's decision did not have a direct bearing on his company's position with respect to its operations in South Africa.

But Honeywell Inc, a computer and electronics firm has apparently decided to sell its 100% Johannesburg concern to a local company, according to a report in the Minneapolis Star and Tribune.

A company spokesman corroborated the report, but said the decision had yet to be finalised.

'We are considering withdrawal of operations from S A, but no final action has been taken.'

Meanwhile, disinvestment activists have said they were unimpressed by the departures and that their next target would be the licensing and distribu-

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# GM dealers have hope for a SA-run company

By ANDREW DONALDSON

SOUTH AFRICA had mixed reaction to the sudden escalation of American disinvestment with business experts saying the actions initially appeared more symbolic than meaningful, Reuter reports.

Honeywell Inc, a major United States computer company, and the Warner Communications group yesterday announced their withdrawal following earlier moves by IBM and General Motors to pull out.

Honeywell, unlike IBM and GM, has a small presence in South Africa and is believed to be leaving mainly for economic reasons.

The General Motors pull-out has filled existing GM dealers with optimism and a renewed hope that the future South African-run company could now be "run in a manner suited to South African markets".

The pull-out would have no effect on the man in the street, city dealers told the Cape Times this week.

"The entire GM range would continue to be marketed in this country," said one dealer. "Only this time, we'd be able to run the company more flexibly and in a manner suited to South African markets. Business practices (between SA and the US) differ considerably," he said.

Announcing the pull-out, outgoing GM (SA) managing director Mr Bob White said the US corporation would be selling its subsidiary here to local executives of the company. The new owners would be announced on November 4 together with a new vehicle range.

Meanwhile, Mr White replied to speculation that the new SA-owned company could now sell vehicles

to the SADF and other government agencies.

This was not possible "for a while" as all of GM's existing ranges and those that would be sold in the future — even the Japanese Isuzu vehicles — had US "technological" components that were affected by the Congress ban on the sale of US equipment to government agencies, Mr White told the Cape Times.

Dealers have expressed the hope that the business and commercial reputation of the new owners would restore public confidence in the company.

Major American computer companies in South Africa have no immediate plans to follow IBM, spokesmen for the companies told our Durban correspondent

A Burroughs spokesman said: "We are a very profitable and valuable subsidiary and there are no plans to enter into a management buy-out."

Sperry Computers Systems marketing director Mr Neil Harding said his company had "no plans to follow IBM". Sperry and Burroughs recently merged.

Hewlett-Packard managing director Mr Marius Fuirst said the company would continue to do business in South Africa and try to implement peaceful change.

"We are a profitable company and intend to maintain that trend."

Control Data managing director Mr Dennis Mahoney said that since 1977, when the matter first became an issue, the company had consistently stated that it would continue its operations in the country as long as it was legally and economically viable for it to do so.

Dispatch Correspondent  
WASHINGTON — Several major American companies were yesterday on the verge of following industrial giants IBM and General Motors (GM) in disposing of their assets in South Africa.

A spokesman for Xerox Corporation, which said last May that it would leave unless the political and economic climate improved by year's end, said "the situation has clearly deteriorated. We are discouraged."

R.J. Reynolds Industries, one of the largest US employers in South Africa through its subsidiaries Heublein Inc. and Del Monte Corp. and Nabisco Brands Inc, said it felt "pressure for divestment mounting on all fronts."

Smithkline-Beckman Corp., whose Johannesburg-based pharmaceutical subsidiary employing about 250, said through a spokesman that its "patience with the pace of change is now running out."

A number of other firms appeared determined to buck the tide. Caterpillar Inc, the Pretoria-based manufacturer of construction equipment, said it had no plans to relinquish control of Caterpillar-Africa Pty Ltd, its wholly owned Johannesburg parts distributor.

A spokesman for Johnson and Johnson, a South African presence in South Africa, said "our presence in South Africa is a force for peaceful change."

Chevron, which owns Caltex Oil SA Pty Ltd with Texaco, made the same case arguing that it had spent \$2 million on social programmes in South Africa last year doing everything it could "to bring down apartheid."

Burrughs Corp, the computer company that co-founded the US Corporate Council on South Africa with departing GM, issued a thinly veiled rebuke at the leavers for putting "a moral cloak around a financial dilemma."

GM and IBM might have been losing money on their South African operations, a spokesman said, but "we're profitable."

Meanwhile, disinvestment activists declared themselves unimpressed by the departures and said that their

next target would be the licensing and distribution agreements that companies are leaving in their wake.

The leader of the Free South Africa movement, Mr. Randall Robinson called IBM's move "somewhat hollow... it says on the one hand it's leaving because of its and South Africa's refusal to alter course. Then it continues to sell parts and services to the very system it deplures."

"Its departure has set it in the right direction — but it's not good enough."

# More US companies to disinvest?



The leaver of the Free South Africa movement, Mr. Randall Robinson called IBM's move "somewhat hollow... it says on the one hand it's leaving because of its and South Africa's refusal to alter course. Then it continues to sell parts and services to the very system it deplures."

"Its departure has set it in the right direction — but it's not good enough."

# Goodyear to stay in SA

By KIN BENTLEY

GOODYEAR Tyre and Rubber Company, the wholly-United States-owned subsidiary whose headquarters are in Port Elizabeth and production in Uitenhage, will not be following General Motors and IBM in selling out to South African interests.

Apart from GM, Goodyear is the only US-owned company in the Eastern Cape. The other tyre companies, Firestone and General Tire, are South African.

Mr Mike London, public relations manager for Goodyear, gave the assurance today following announcements

that several other US companies in South Africa had decided to leave.

It has been reported from Washington that Honeywell Inc, the Minneapolis-based computer and electronics firm, is considering selling its Johannesburg concern to a local company.

Xerox Corp, R J Reynolds (one of the largest US employers in SA through its subsidiaries, Heublein Inc, Del Monte Corp and Nabisco Brands Inc) and Smith Kline Beckman Corp, whose SA pharmaceutical subsidiary employs 250 at Isando, have all indicated that they are reassessing their continued presence

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## Opinion

# How business can identify with blacks

**T**HE immediate question facing American companies in South Africa, and for that matter all business institutions — South African and foreign — is not what they have already done, but what they must do to identify their interests with those of the black majorities who must eventually play an increasingly larger role in the governance of the country.

Time is running out for the business community to become more active in contributing to conditions leading to a peaceful transition in South Africa.

Their capacity to do so is indeed quite limited. However, it must be exercised to the fullest possible extent if private enterprise, as we know it, is to have any future in a post-apartheid South Africa. The question that will be asked of them is not what they have done, but what they should be doing in terms of their capacity for action and whether they are doing all that is possible.

The American companies should take highly visible measures that demonstrate their abhorrence of the apartheid system.

**T**HE primary focus of these measures would be to challenge the outer limits of the apartheid laws with a view to constantly confronting the government into admitting that these laws are unwarranted and must be changed.

Another measure in this direction would be to test the sincerity and commitment of the South African government by constantly pushing the compliance levels of those apartheid laws that have supposedly been suspended or repealed.

These could be undertaken in a variety of ways:

- Encourage workers to break the laws that on the face of it are hard to justify, thereby putting the South African government in an awkward position if they insisted on compliance. The example of General Motors in South Africa, where it promised to pay the legal expenses of black workers who violated the segregated beach laws in the

**ANNOUNCEMENTS** by General University of New York, who recently edited an issue of the US quarterly, Business and Society Review, which was devoted to South Africa. He is the author of books on business responsibility and advocacy advertising. His article was written before the recent decisions to disinvest were announced.

area of GM's operations, is illustrative of this approach.

- Acquire housing in predominantly white segregated areas and assign it to the company's black workers of similar socio-economic class to live there.

- Assign blacks franchisees and other operational privileges in company-owned premises or businesses activities that are primarily located in white areas or cater to a white clientele. Be very open and aggressive on the company's objective in doing so, and also be prepared to take some losses as a consequence of loss of white patronage in some of these facilities.

- Locate corporate facilities in areas where it is easy for the black employees to commute, thereby making it easier to hire and promote more blacks in supervisory and managerial positions.

**U**S companies, in co-operation with other like-minded firms from South Africa and other countries, should create forums for bringing together leaders of all political segments with a view to discussing possible ways of creating a more democratic South Africa, provide avenues for negotiating transition arrangements between the South African government and opposition groups, and



build higher threshold levels of trust among various groups whose co-operation will be necessary to develop and implement a viable plan for power-sharing in South Africa.

Similarly, US companies should also take the initiative and leadership position in disseminating the ideas generating through these forums, as well as their opposition, to the current form of apartheid-based and minority-dominated government, through news media and paid advertising, to make the black people in South Africa aware of the commitment of US private enterprise toward equality and fairness for all the people in South Africa.

They should create an employee stock-ownership plan where a company would allocate a certain amount of funds based on either annual sales, profits, or asset value that would be used to assist a company's employees to buy stock in the company. The fund would be a partial recognition of the company's excess earnings in South Africa that resulted through lower wages and other discriminatory exploitation resulting from the apartheid policies of South Africa.

Both the employee and the employer would con-

tribute toward the purchase of the company stock. However, the company's share of the purchase price would be weighed more heavily toward the lower end of the wage spectrum.

**A**LTHOUGH black employees will be affirmatively favoured under such a plan, it is recommended that the stock-ownership plan should be available to all of the company's employees. This is one of the necessary ingredients for a peaceful transition to a post-apartheid South Africa and should create a harmonious work environment.

There should be affirmative plans for encouragement of black entrepreneurship through allocating a certain proportion of a company's business to black-owned companies. Experience in the United States shows that such a plan can be highly successful if a company's purchase agents are encouraged, through salary increases and other forms of recognition, to seek out and nurture black-owned enterprises.

In education, companies should provide scholarships and fellowships to different schools that are tied directly to an institution's level of achievement in integrating their educational facilities above and beyond those considered acceptable by the South African government. Thus an institution's level of support per student would be increased when that institution increases its non-white enrolment above 20, 25 or 30 percent within a certain period.

Emphasis should be placed in creating greater black enrolment in professional schools, for example, law, engineering, business and medicine.

To the extent possible, scholarships and university-support programmes should be clearly identified with individual companies. This would provide the participating students, the institutions, and the community at large, with a recognition of US companies' commitment to South Africa and its black population. Furthermore, it will also create in people's minds a better association between private enterprise and public good.

Grogan's world

Some home remedies are simple (4)

Work to prepare soup (4)

Advertising, 14 Bramble, 16 Opossum,

17 Unfair, 19 Rheas, 21 Stain.

Letters

CAPT Ticks

23/10/86

(54)

stock beach until the action of the car rents has been ascertained.



ARGUS 23/10/86 (62)

# More American companies may join the sellout

**The Argus Correspondent**  
**JOHANNESBURG.** — The trend set by General Motors and IBM in selling control to local shareholders might well drive other US companies to do the same.

The senior United States commercial officer in South Africa, Mr Benjamin Brown, today said the "curious thing" about the current disinvestment was that it appeared not to directly distress the South African Government.

"It is an exchange of equity rather than loss of investment," he said.

Other US companies would assume that corporations such as GM and IBM had investigated the best possible options before making their decisions.

## "Loss of jobs"

"Any capable manager of a US subsidiary here might well feel there may not be enough local investment capital to go around before he has a chance to climb on the bandwagon."

Mr Brown added that up to last year the rate of withdrawal by US companies here was probably similar to that in Third World countries. There was a growing tendency worldwide for multinational corporations to "localise" operations.

"There will undoubtedly be loss of jobs involved. This happens in any management buyout," Mr Brown said.

"Equally there will be a relaxing of adherence to fair labour practices and the Sullivan Code."

"What these current moves seem to be doing is giving the new management of IBM, for example, the opportunity to buy products from areas other than the US, which is good for the South African company but bad for US industry."

"And General Motors will be sending in R100-million to pay off liabilities in South Africa. Surely this must be coming right out of the dividends of its US shareholders," he added.

## GM silent until sale of SA shares is final

**Staff Reporter**

GENERAL Motors will not disclose further details of the purchase of its South African shareholding by a South African group until the deal has been completed.

The US parent corporation has authorised the sale and representatives of the buying group are in America meeting GM executives to arrange the deal, which is believed to be sufficiently advanced for a formal announcement before the November 4 launching of a new model.

Mr Bob White, GM South Africa's managing director, said operations in Port Elizabeth would remain intact with products continuing to be sold and serviced through its 200 franchised dealers.

## CONFIDENT

Franchise holders are confident that the US parent company's severing of its South African ties would be to the advantage of all.

The purchasing consortium is thought to include members of GMSA's top management and other interest groups.

The resulting injection of capital from the US will be used to liquidate GMSA's debts and to streamline its local operations.

Mr Seymour Ezer, managing director of major GM dealer Reeds, said he had full confidence in the new move.

"The continuity of GMSA has been assured. We will carry on marketing their products, which I believe to be superior.

## RESALE VALUE

"The public need not fear for the resale value of their Opels, Isuzus or Suzukis, or for the availability of spares.

"Our company has R1.75-million invested in spares alone



Mr Bob White

and there will be no dumping or discounting of GM products, apart from the normal incentive schemes," he said.

A spokesman for Williams Hunt, the other major GM franchise holder, also expressed optimism about the move, but could not comment on the make-up of the consortium.

## No rest for the

**BOSTON** — Most people with jaundice as soon as possible, even if it is a prescription of a week in bed, harmful, new research suggests.

Dr Richard Deyo of the Serministration Medical Centre, cause patients to lose muscle the circulation.

In addition, he said, "there are people back to their usual are going to be fine" Saj

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62

SANCTIONS

# IBM set to gain from sellout to SA subsidiary

**From SVEN LÜNSCHE JOHANNESBURG** — As the United States cut-off date for banning further investment in this country draws near, the rush by US companies to restructure their equity interests has reached fever pitch.

On Tuesday it was General Motors, the biggest US employer of local labour, yesterday IBM joins the growing list of US-based companies disinvesting from South Africa, but all are kept their business options open through contacts with the new management team.

The computer giant announced that it was selling the South African subsidiary to a new local company, established by its former employees.

Mr Jack Clarke, former managing director of IBM (SA) and chief of the new company, said that external and internal political pressures had been taking their toll.

### BEST OF BOTH WORLDS

"Obviously US sanctions had a major impact on our decision, as this had affected the attitude of customers in South Africa."

And, although IBM cited political considerations as the major reason for the withdrawal, the company looks set to gain the best out of both worlds.

Its involvement in South Africa had cost the company dearly in terms of US sales, as IBM had been one of the prime targets of the disinvestment campaign — a situation that might now be resolved.

At the same time the company is keeping its options open for future business involvement in the country.

The newly formed company will not only continue to supply IBM equipment exclusively for three years and provide spares and services for five years, but could also move into the very profitable second-hand equipment market by offering products and services of other companies.

In line with the recent trend of IBM subsidiaries worldwide, the South African subsidiary was losing market share and this new deal could ironically provide the company with a much larger target market and subsequently improved sales.

In recent months IBM had been selling off their subsidiaries in India, Nigeria and Zimbabwe, but kept offices open on an agency basis.

### OTHER PRESSURES

Local business conditions were cited as a major reason, as overtures by these governments in line with socialist principles was threatening nationalisation of IBM's subsidiaries.

Mr Clarke admitted that there were other pressures for disinvestment.

"The Government told IBM about three weeks ago, that unless they had more local content in their PCs or assembled more locally they would not buy any more equipment and indications were that things would get even more difficult in South Africa."

Mr Clarke refused to give any figure on the final price for the sale but analysts said that

IBM turnover in South Africa amounted to more than R300-million

"The sale will be completed before next March and the loan will be paid back out of the new company's cash flow and profits over an as yet undetermined period of time," Mr Clarke said.

He added that the company was considering going public in order to raise the required capital.

The news came as a shock not only to the local computer market, but to the South African financial community as a whole, as IBM had been by far the largest supplier of computer hardware and software to the market.

Major financial institutions have invested huge sums of money to instal IBM equipment. Barclays Bank alone recently acquired more than R140-million worth of IBM hardware and it is known that many other major financial institutions rely heavily on their equipment to run their electronic banking and their internal computer systems.

While its five-year commitment to supply spares and services, a contract which is renewable, looks like a serious intention by IBM to supply their major customers with the necessary systems for this period, analysts said that their withdrawal must have their major clients "pretty worried at the least".

Most of the financial institutions' computer instalments

are long-term investments and the companies will either have to accept a write-off or supplement their existing equipment with hardware supplied by other computer manufacturers.

### GAP IN MARKET

This has obviously created a huge gap in the market which other computer companies are set to exploit.

Mr Mias van Vurren, managing director of Burroughs (SA), IBM's major worldwide competitor said "We are obviously all set to use any opportunity offered to us in the market and are ready to substantially expand our base."

"Their withdrawal provides better opportunities for IBM compatible suppliers and we hope to fill this niche," a spokesman for Olivetti said.

But IBM is well established to fight for the retention of their market leadership.

"We are now set to market more aggressively, perhaps more so than IBM did, and aim at the market leadership in South Africa," Mr Clarke said.

While the IBM compatible market is set to be less restricted as a result of the withdrawal, the new company's entry into the second hand equipment market could allow them to provide equipment on par with the compatibles.

IBM has recently lost market share and the new company will have to pull all the strings to retain the confidence of their customers and regain lost prestige in the market place.

Local firm to take over reins

# IBM jumps onto exodus bandwagon

DAVID FURLONGER  
Industrial Editor

IBM yesterday became the second major US corporation in 24 hours to announce it was selling its South African subsidiary.

A letter of intent to sell IBM (SA) to a new local company was signed in New York on Thursday. The deal was announced simultaneously in New York and Johannesburg yesterday, one day after General Motors made a similar disclosure.

Jack Clarke, MD of IBM (SA), will head the new company. He refused yesterday to put a figure on the deal — which guarantees the company exclusive

● See Comment Page 8

access to IBM products and technology — and said many details remained to be negotiated by the March 1 deadline.

However, he said the board of IBM (SA) would remain on the board of the new company, which had not yet been named.

Clarke said loan finance for the deal would be put up by the US parent. This loan would be repaid from profits generated by the new company.

Clarke said he had been told of the deal two weeks ago at IBM headquarters in New York. An IBM spokesman in New York said the sale proposal had been under serious consideration "for the past couple of weeks".

IBM sources in SA, however, said the question of a management buy-out had been under consideration for some months. Growing political pressures and sanctions-related business constraints had forced the company to prepare a number of contingency plans.

IBM, like other US computer companies, is prohibited from selling to the police, Defence Force and other apartheid-linked government agencies.

John Akers, chairman of the parent company, hinted that IBM feared further restrictions when he said: "By taking this step now, before our freedom of action is further limited, we can best carry out our responsibilities to our employees and

● To Page 2

# IBM joins exodus from SA

our customers in SA."

The new company will continue to hold the exclusive IBM franchise in SA. The deal includes a three-year renewable contract for IBM products and services, and a five-year renewable contract for spares and services.

It also guarantees the company continued access to new IBM technology, including international engineering systems support, the international terminal network and education courses.

"At the same time, we are not precluded from offering the products and services of other companies — even those of IBM competitors," Clarke said.

He added that the agreement offered "great opportunities".

IBM's SA operation is already a consistent money-earner. Industry sources said that with a preferential sale price, limited overheads because it is a distribution network rather than a manufacturer, and access to cheaper software and components, the new company had

every chance of success.

Clark assured IBM's 1 550 staff yesterday that their jobs were safe: "In effect, what we have is a change of ownership."

He said the new company would abide by IBM business principles, including equal opportunity and pay and promotion on merit. The US parent company would also continue its social responsibility programmes in SA, which amounted to R30m in 1985.

IBM board member Leon Sullivan, creator of the Sullivan Code of practice for US companies in SA, welcomed the decision to disinvest. "I hope this will send a message to South Africa. There will be other companies leaving, large and small."

Trade and Industry Minister Dawie de Villiers expressed regret when he said: "I don't believe disinvestment achieves anything."

# GM dealers happy about sell-out to SA

By Jeremy Sinek

GM dealers have reacted positively to news of the company's sell-out to its local management and other South African interests — but they reserve judgment until more is known about

who the new owners are.

"Having South African ownership could be very positive," said Mr Dave Rosevear, managing director of Williams-Hunt.

"The major question is how credible the new team is and what the financial arrangements are, but we understand they have done their homework and will be acceptable."

Another dealer said: "They won't have to run to Detroit to get things passed. They can make decisions on the spot."

"Some of the South African boys know their business better than the Americans did," he added. "They can come out of hiding now, and tell the public how good our cars are."

A cautionary note was struck about the as yet unidentified buyers from outside GM SA.

Senior executives in Williams-Hunt, the country's largest GM dealership chain, have been mentioned in this connection — a possibility that worried one rival: "You cannot have a major dealership having a major share in a car factory."

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12

# US firm's R1-m for bursaries

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**A UNITED States group has approved a grant of more than R1 million to the University of the Witwatersrand for the provision of bursaries for undergraduate black students over a seven**

**year period.**  
In terms of the provisions set down by the W K Kellogg Foundation, the grant is to be used for students pursuing degrees in the fields of education, commerce, health sciences and busi-

ness administration.  
The project started on October 1 this year and will end on September 20, 1993.

Undegraduates receiving these bursaries will be referred to as Kellogg scholars.

A spokesman for Wits University, Shelagh Blackman, said the generous grant comes at a time of great need when the number of students requiring bursaries to enable them to pursue their studies is growing all the time.

"In all, it has been estimated that between one third of all students at the university at any

one time are dependent on bursary support," she said.

• Tuition fees at the University of the Witwatersrand have been increased by an average 15 percent with effect from next year.

## Fees

There will also be a 14,3 percent increase in residence fees which will amount to R3 200 for the academic year.

The University Council has approved the increases although the fees for certain courses may be increased by more than 15 percent and for other courses by less.

Since the year, the university has been charging tuition fees on a per course basis instead of on a per year of study basis, which applied previously.

During 1986 the uni-

versity provided from its own funds, bursaries special grants and loans to 978 needy students at a cost of R2,1 million.

Based on a typical curriculum, first year tuition fees for 1987 will be:

B A — R 2 0 4 0 -  
R2 280, BPrim Ed —  
R 2 1 4 0 ; B C o m —  
R2 150, BSc — R2 520;  
B A r c h — R 2 5 3 0 ,  
M B B C h — R 2 5 2 0 ;  
B D S — R 2 5 2 0 , B S c  
(Eng) R2 580.

23/1/88  
Eye Post

# GM workers to meet for talks



Post Reporter

A MEETING of about 2 000 General Motors workers affiliated to the National Automobile and Allied Workers' Union (Naawu), would be held tonight, to discuss the implications of the company's takeover by a consortium of South African executives, the union's regional chairman, Mr Les Kettledas, said today.

The 2 000-strong GM branch of Naawu constitutes about two thirds of the production staff at the plant.

62 Mr Kettledas said the executive committee of the union's GM branch met on Tuesday. It was decided that all Naawu-affiliated workers at the plant would meet tonight at a hall in Schauderville to discuss the issue.

Only after the meeting would he be in a position to comment on the GM move, Mr Kettledas said.

He added that there had been no official discussions between his union and the management of GM on the SA takeover, which comes into effect early next year.

● Another union at the plant, the Motor and Component Workers' Union of South Africa (Macwusa) will probably meet next week "to get a mandate from the people about our future", the chairman of its 400-strong GM branch, Mr Maxwell Madlingozi, said.

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Ev Post 23/10/86 b2

NEW YORK — General Motors and IBM are the latest multinational corporations to join what has become a who's who of American companies announcing pullouts from South Africa this year.

Some investment groups and analysts say the withdrawals of the two corporate giants from South Africa will put more pressure on companies still there to leave.

But others question whether the pullouts are meaningful, or even permanent.

Among those who will not withdraw are Caterpillar and Olivetti.

Investment groups note that the sale of a South African subsidiary still leaves a corporation free to sell its products in that country and, in many cases, even receive regular licensing payments.

Tuesday's announcement by IBM that it was leaving came just a day after GM said it would sell its loss-making subsidiary.

Coca-Cola, General Electric, CBS, GTE and Procter and Gamble have either pulled out or announced plans to do so this year.

In addition, numerous pension funds and other big institutional investors have taken steps to sell their holdings in companies doing business in South Africa.

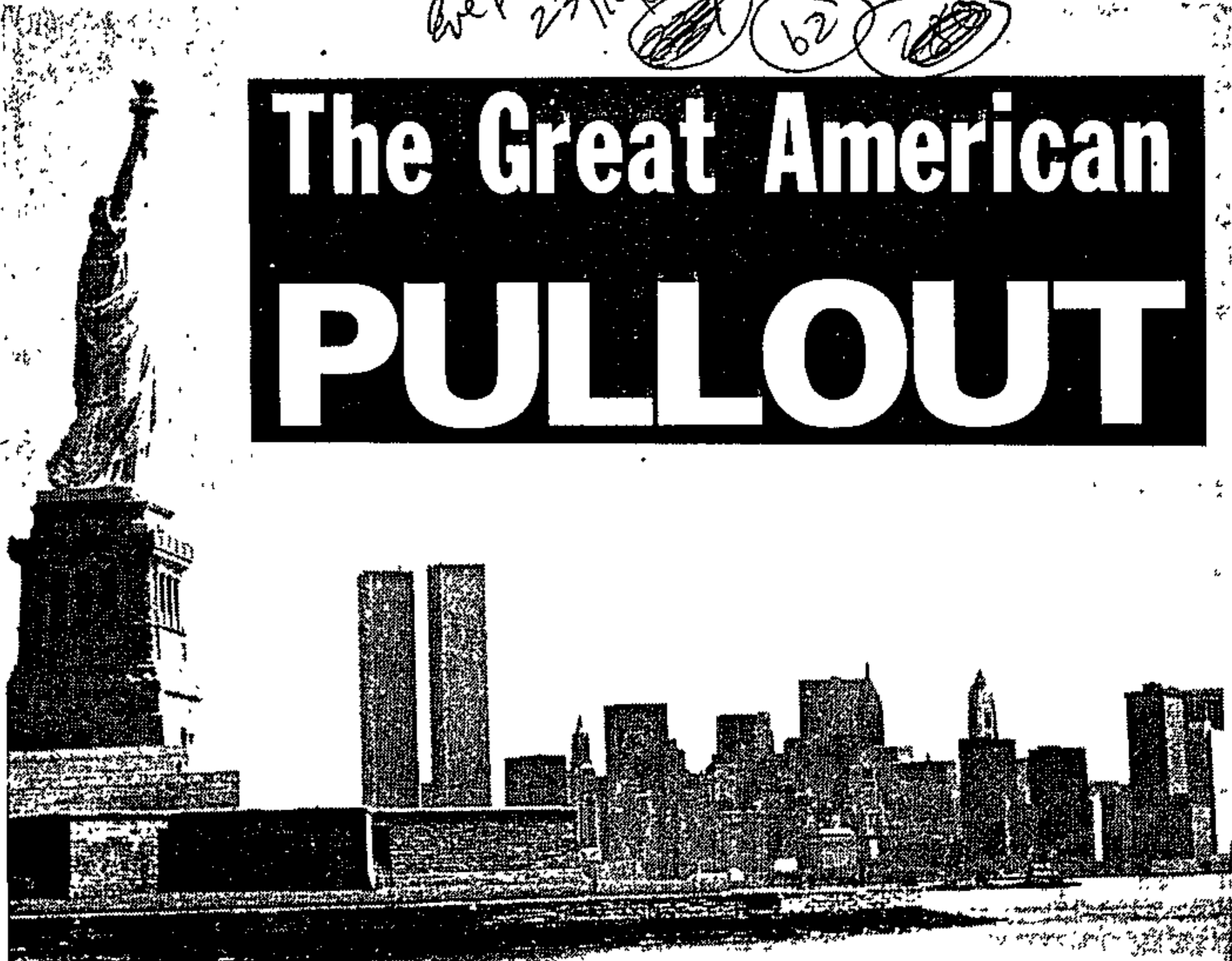
Those leaving have voiced disappointment in the pace of change by the South African Government.

"Unfortunately, the deteriorating political and economic situation in South Africa, and between South Africa and its trading partners, makes our action necessary," IBM said.

Investor groups pushing for US companies to leave South Africa in protest say the withdrawals will now put even more pressure on US companies remaining.

"It's something other US companies will look at," said Mrs Cathy Bowers of the Investor Responsibility Research Centre, which tracks the involvement of US firms in South Africa. "All the big employers are going to be feeling more heat."

"This will accelerate the pace of withdrawals by key investors in South Africa," said the Rev Audrey Smock, who heads the South Africa group of the Interfaith Centre on Corporate Responsibility,



# The Great American PULLOUT

a church group.

But Mr Peter Duignan, who has extensively studied South Africa for Stanford University's Hoover Institution in Palo Alto, California, said: "It really doesn't mean much in the long term. It's just a silly game the US companies are playing."

He said the sales would hurt the blacks while providing a windfall for white businessmen who can buy the subsidiaries at a bargain price.

Topping the list of companies remaining in South Africa is Mobil, which has more than 3 000 SA employees. Although it gets high marks for pushing for social change in South Africa, Mobil has refused to withdraw, citing the desire to work for change within the country.

The oil company, the second largest in the US, is a member of the US Corporate Council on South Africa, a business group that believes US companies should remain.

But Mobil may be feeling increasingly lonely. Other key members of the group include GM and IBM.

The Rev Smock said her group was especially pleased by the IBM decision since it had specially targeted the world's biggest computer company, handing out 200 000 postcards for churchgoers to send to IBM calling for a pullout.

IBM's South African

subsidiary had 1 550 employees and total sales listed at less than 1% of worldwide revenue.

The Rev Smock said the idea that US companies can work for change in South Africa was a concept that "had died years ago," a fact that was now being accepted by "key members of the corporate community".

"By the end of the year, several other key investors will leave," she predicted.

Hoover's Mr Duignan said any withdrawal was likely to be temporary and would probably be reversed when the current wave of violence faded. He noted that following US pullouts in the 1950s, 1962 and 1976 after periods of racial violence, the companies later returned.

"Don't assume they are truly getting out," he said.

The Interfaith Centre has a list of 12 companies that it sees as crucial to the South African economy. Since the list was begun in May 1985, three of them, GM, GE and IBM, have announced plans to pull out.

Still on the list are Mobil, the computer company Burroughs, Caltex (owned by Chevron and Texaco), Citicorp, and Ford, which has a 42% stake in SA Motor Corporation

Sporadic racial violence over the past two years has made US com-

panies more pessimistic about the prospects for change by the Government and investment in South Africa, whose economy has been in a slump since gold prices fell sharply three years ago, no longer makes economic sense.

US company profits from South Africa have fallen steadily since 1980, and in 1984 posted on average a loss of 9% of the book value of the investments

Already sensing victory in the effort to achieve a selloff of US assets in South Africa, the watchdog groups are now focusing on what they see as the next stage — ending all business links between the two countries.

Despite the pullouts, GM cars, IBM computers and Coca-Cola soft drinks will be available in South Africa and the companies may retain valuable licensing arrangements with their former subsidiaries.

"This is a violation of

The Statue of Liberty, symbol of America, which is rapidly cutting its financial links with South Africa. "Unfortunately, the deteriorating political and economic situation in South Africa, makes our action necessary," IBM said this week when it announced its pullout.

the intent of withdrawal," the Rev Smock said, adding that this would become the next area of focus for her group.

The withdrawals help forestall any action by institutional investors, who have also been under pressure from social groups to break any links with South Africa.

Analysts say that socially involved investment groups, which include universities, pension funds and state and local governments, have holdings worth up to 100 billion dollars (about R220 billion).

## Faith for Today

### A town called Pity Me

... and I, even I only, am left? And they seek my life, to take it away'. — 1 Kings 19:10 (Authorised Version)

IN the north-eastern part of England there is a small mining town called Pity Me. It is of little significance except to those who live there, but, figuratively speaking, it has a very large population of people who live in the atmosphere of "Pity Me". They are always sorry for themselves and thrive on the pity shown to them by other people.

they mean they have

AKGUS 23/1/86 (62)

# US investment flows into country as firms reorganise

From SVEN LÜNSCHE

JOHANNESBURG. — Millions of rands of United States investment is flowing into South Africa as American firms scramble to reorganise their equity or financial structure in this country.

The US Congressional decision to ban all further US investment here after November 12 has led to huge inflows of money to enable local businessmen to take over current businesses where the debt or asset bases have been re-written in the books.

General Motors alone provided R100-million to cover the debts of the local subsidiary and analysts say that IBM will certainly require similar amounts.

Coca Cola, Ford, GEC, which pulled out recently, are also estimated to have provided millions of rands and the list is now virtually open-ended.

November 12 is the deadline set by the recent legislation for companies affected to withdraw from this country and the pullout of General Motors and IBM could only be the beginning of departures by several companies which had been wanting to sell up for some time as a result of the unstable

political and economic situation in South Africa.

Some 350 US firms are trading directly or indirectly with South Africa, employing more than 150 000 people, of whom 120 000 are black.

## 80 PERCENT

According to a recent seminar on disinvestment more than 80 percent of all US multinational companies are affected by the Congress legislation.

The pullout by IBM will affect the computer industry particularly hard, as US electronic and computer companies, of which IBM is by far the largest, supply over 60 percent of the local market.

And it is well known that South Africa is most vulnerable in the field of high-tech technology.

IBM chairman John Ackers said this week: "We consistently have said that IBM would remain in South Africa as long as we could maintain an economically sound business and contribute to peaceful change."

"Unfortunately, the deteriorating political and economic situation in South Africa, and between South Africa and its trading partners, makes our action necessary."



# IBM to sell SA subsidiary

62

CALL TIME 22/10/86

By BARRY STREEK  
Political Staff

**SOUTH AFRICA suffered yet another disinvestment shock yesterday when the world's largest computer company, IBM, announced its withdrawal from the country — only months after it promised it would stay in South Africa.**

The IBM decision, which was announced in New York yesterday, came only a day after the US motoring giant, General Motors, said they were selling their South African subsidiary to local interests.

In its statement, IBM said it would sell its subsidiary to a new company established for the benefit of the employees of IBM South Africa and the new company would fulfill IBM South Africa's contractual responsibilities.

In Pretoria yesterday, the Minister of Trade and Industries, Dr Dawie de Villiers, warned that the disinvestment tide could retard reform in South Africa.

Dr De Villiers said: "We have taken cognizance of IBM's announcement.

"We have stated our policy at various forums. It is well known, namely that we don't believe that disinvestment from South Africa will speed up the reform process.

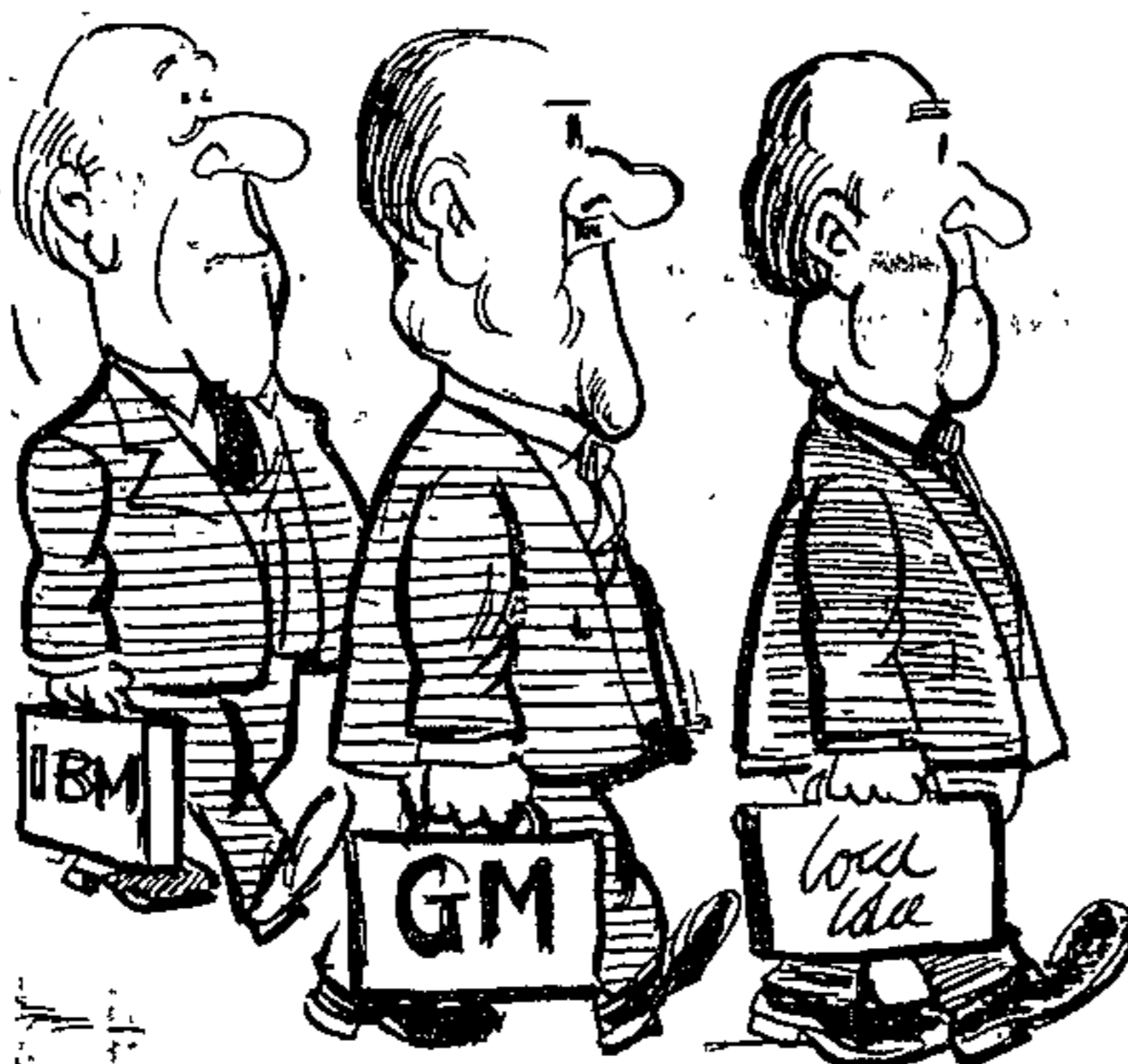
"In fact, we think it may have a retarding effect on the reform process," he said.

The sale of IBM would be completed by March 1, next year.

Mr Jack Clarke, currently the managing director of IBM South Africa, would head the new company.

IBM chairman Mr John Akers said in the statement: "We regret the need to terminate our 34-year-old subsidiary in South Africa.

Why are they leaving?



See Grogan, Page 12



"We consistently have said that IBM would remain in South Africa as long as we could maintain an economically sound business and contribute to peaceful change.

"Unfortunately, the deteriorating political and economic situation in South Africa, and between South Africa and its trading partners, makes our action necessary.

"By taking this step now, before our freedom of action is further limited, we can best carry out our responsibilities to our employees and our customers in South Africa," Mr Akers said.

IBM also announced it would continue its social-responsibility programmes in South Africa, initially through the existing IBM South Africa Projects Fund. Last year, it announced grants totalling \$15 million (more than R33 million) towards black education, black business development and legal reform.

The IBM decision comes in the wake of a growing momentum for disinvestment: Seven foreign com-

To Page 2

From Page 1

panies disinvested in 1984, 39 in 1985 and this year 30 companies have either disinvested or announced their intention to do so.

Most have cited economic reasons and lack of profitability for their decision to quit South Africa, but many have also given political reasons, particularly the slow pace of reform.

Most of the companies have sold out to local interests.

Apart from IBM and General Motors, those who have announced decisions to disinvest include: Coca Cola, Renault, Alfa Romeo, Polaroid, PanAm, Iberia, Scandinavian Airlines, Apple Computers, Hill Samuel, Bell and Howell, Rank Xerox, CBS records, General Electric, the Hitachi computer company, Elna, Singer and Parker Pens.

At a meeting in Witbank recently, Dr De Villiers said the government would not retaliate against companies who disinvested from South Africa because it did not believe retaliation would work nor did it believe in imposing sanctions on anyone.

However, the Minister of Manpower, Mr Pietie du

Plessis, said yesterday that the Archbishop of Cape Town, the Most Rev Desmond Tutu, should tell the 3 000 General Motors workers how very sorry he was their jobs had been saved and they would still have food in the home.

Despite these commitments, both IBM and General Motors have changed their minds during the course of this year, indicating that the disinvestment tide, particularly in the US, has turned against South Africa.

Sapa quoted a major IBM-user and customer as saying: "Obviously we are shocked and anxious about the disinvestment. We believe that with much the same team running the IBM operation, it will in future deliver the goods, and provide back-up, as well as in the past.

"But we worry about continuity of supply, both of hardware and software. It goes without saying that eventually the disinvestment lobbyists will get on to the fact that there is still IBM equipment and software coming into this country, and they will then apply pressure to have this lifeline cut off..."

According to IBM, the South African subsidiary accounted for about 0,5 percent of IBM's 50 billion dollars in worldwide revenue during 1985.

Simon Barber reports from Washington that the Rev Leon Sullivan, a GM Board member whose employment code was designed to make US companies a positive force for change in South Africa, welcomed the latest moves. "I hope this will send a message to SA. There will be other companies leaving, large and small."

The US State Department said it "regretted" the IBM and GM decisions.

"We regret any decision to reduce US private sector influence in South Africa," spokesman Mr Charles Redman said. "Such reductions could have harmful effects on black workers, injure the South African economy — which has on the whole weakened the premises of apartheid and provided a means of improving the living standards and skills of many people disadvantaged by apartheid — and might limit the extent of US influence in South Africa.

"We have maintained that US corporate involvement in South Africa has served as a progressive force in the overall anti-apartheid movement."

An IBM spokesman, Mr Richard Coyle, said it would be a "bedrock principal" of the sale agreement that employees would not suffer. In particular, IBM was insisting that the new company abide by fair employment practices equal to those IBM had implemented under the Sullivan code.

# Third US giant quits

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62

The Argus Correspondent

**JOHANNESBURG.** — The giant Warner Communications Group, which holds a 30 percent share of the local record market, has become the third United States company this week to withdraw from South Africa.

Like General Motors and IBM, Warner will sell its SA interests to a local associate. A statement issued by WEA Records South Africa today said negotiations had been in progress for "some months". A final decision approving the deal had been received from the US.

The buy-out would be implemented within three months.

A fourth major United States company, Xerox Corporation, is also considering pulling out of South Africa.

IBM and General Motors announced earlier this week that they are leaving.

Several other American corporations are under heavy pressure to pull out. They include Mobil, Burroughs Corporation, Caltex, Citicorp and Ford. Mobil said yesterday it would remain here.

Xerox Corporation is to announce before the end of the year whether it will leave. It was not happy with political progress and conditions in South Africa, a statement yesterday said.

Xerox employs 790 people in South Africa.

According to the Washington-based Investor Responsibility Research Centre, 55 American firms, employing 8 679 people here, divested from South Africa in the 18 months that ended in June.

Of those, only 14, employing 594 workers, liquidated their operations. Most were sold to South African companies or individuals, and some to existing management.

With few exceptions their products are still available in South Africa.

The two men involved in buying out WEA Records, Mr Derek Hannan and Mr Mike Oldfield, said Warner records and tapes by overseas artists would continue to be available in South Africa.

## Snowball

International artists who record for the company include Paul Simon, Madonna, Frank Sinatra, Rod Stewart, Prince and George Benson along with such local performers as Lesley Rae Dowling, Thomas Chauke, Petit Cheval and the Madlala Brothers.

The Argus Political Correspondent reports that many politicians believe the disinvestment decisions by such big American corporations as General Motors and IBM could snowball. But some said South African businessmen were also being provided with challenges.

The Minister of Trade and Industries, Dr Dawie de Villiers, said the Government noted the moves. He believed disinvestment would retard reform, he said.

## Jobs safe

The Minister of Manpower, Mr Pietie du Plessis, said he was grateful that GM's disinvestment would not jeopardise the company's workers.

There were 3 000 GM workers in Port Elizabeth as well as thousands of others employed by 200 GM dealers.

He said the way local industrialists planned to take over the activities of the American companies reflected their energy and resilience.

Mr Harry Schwarz, the Opposition's chief spokesman on financial matters, said jobs and new technology were both at risk, and the snowballing disinvestment move increased a feeling of isolation.

# 'Economic patriotism' is key to sanctions survival

## IBM sets stage for computer battle

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If boycotts of South Africa's exports were only 20 percent successful the balance of payments would be weakened by R2 000 million, white unemployment would rise by 120 000 and black unemployment would increase by 430 000.

The personal income of whites would decline by R520 million and that of blacks by R470 million.

In quantifying the impact of boycotts in this way in an address last night in the Cape, Mr Christie Kuun, president of the Afrikaanse Handelinstituut and senior general manager of Saambou National Building Society, said economic patriotism was the answer to economic sanctions against South Africa.

Mr Kuun, who was addressing the Afrikaanse Sakekamer in Worcester, said he believed that if everyone did his duty, South Africa would be able to stand its ground better than was imagined.

Economic patriotism meant, among others things, that South Africans should give absolute and spontaneous preference to South African products to stimulate further investment in our own industries, he said.

South Africans had to get away from the idea that South African manufactured goods were of lower quality.

He referred to the great volume of knick-knacks like brooms, washing pegs and dusters which were still imported.

These unnecessary imports cost the country millions of rand in foreign exchange every year. The women of South Africa, particularly, could do their bit for the country here.

Although economic sanctions would decidedly hurt South Africa, he believed that the South African economy had strengthened itself over the past two decades to such an extent that such onslaughts could be much better handled than was sometimes imagined.

He did not believe that sanctions would have catastrophic consequences. It had, however, to be expected that there would be a period of economic disruption, adjustment and sacrifice.

Foreign exchange would become a scarce item, so South Africans would have to do without luxury imports. Mr Kuun pointed out that scarce foreign exchange would therefore have to be rationed.

Economic patriotism also meant that South Africans should demonstrate confidence in the economic future and believe in themselves.—Sapa.

By Sven Lünsche

As the US cut-off date for banning further investment in this country draws near, the rush by US companies to restructure their equity interests has reached fever pitch.

Yesterday it was General Motors, the biggest US employer of local labour; today IBM joins the growing list of US-based companies disinvesting from South Africa, but all are keeping their business options open through contacts with the new management team.

The computer giant announced last night that it was selling the South African subsidiary to a new local company, established by its former employees.

However, the decision is sure to hot up the battle for market share as other computer companies endeavour to take advantage of the situation.

Mr Jack Clarke, former MD of IBM (SA) and chief of the new company, said that external and internal political pressures had been taking their toll.



Jack Clarke

"Obviously US sanctions had a major impact on

our decision, as this had affected the attitude of customers in South Africa."

"And, although IBM cited political considerations as the major reason for the withdrawal, the company looks set to gain the best out of both worlds.

Its involvement in South Africa has cost the company dearly in terms of US sales, as IBM had been one of the prime targets of the disinvestment campaign.

At the same time the company is keeping its options open for future business involvement in this country.

The newly formed company will not only continue to supply IBM equipment for three years and provide spares and services for five years, but could also move into the very profitable second-hand equipment market.

In line with the recent trend of IBM subsidiaries worldwide, the South African subsidiary was losing market share and this new deal could provide the company with a much larger target market and subsequently improved sales.

In recent months, IBM has been selling off their subsidiaries in India, Nigeria and Zimbabwe, but keeping offices open on an agency basis.

Mr Clarke admitted that there were other pressures for disinvestment. "The Government told IBM about three weeks ago, that unless they had more local content in their PCs or assembled more locally, it would not buy any more equipment and indications were that things would get even more difficult."

Mr Clarke refused to give any figure on the final price for the sale but analysts said that IBM turnover in South Africa amounted to more than R300 million.

"The sale will be completed before next March and the loan will be paid back out of the new company's cash flow and profits over an as yet undetermined period of time," Mr Clarke said.

He added that the company is considering going public in order to raise the required capital.

The news came as a shock not only to the local computer market, but to

the South African financial community as a whole, as IBM had been by far the largest supplier of computer hardware and software to the market.

Major financial institutions have invested huge sums of money in IBM equipment. Barclays Bank alone recently acquired more than R140 million worth of IBM hardware and many other major financial institutions rely heavily on IBM equipment to run their electronic banking and internal computer systems.

While its five-year commitment to supply spares and services, a contract which is renewable, looks like a serious intention by IBM to stay in business, analysts said that the withdrawal must have their major clients "pretty worried at the least."

Most of the financial institutions' computer installations are long-term investments and the companies will either have to accept a write-off or supplement their existing equipment with compatible hardware from other computer manufacturers.

Other computer companies are set to exploit the situation.

Says Mr Mias van Vurren, MD of Burroughs (SA), IBM's major worldwide competitor: "We are obviously all set to use any opportunity offered to us in the market and are ready to substantially expand our base."

"The withdrawal provides better opportunities for IBM compatible suppliers and we hope to fill this niche," a spokesman for Olivetti said.

But IBM is well established to fight for the retention of their market leadership. "We are now set to market more aggressively, perhaps more so than IBM did, and aim at the market leadership in South Africa," Mr Clarke said.

While the IBM compatible market is set to be less restricted as a result of the withdrawal, the new company's entry into the second-hand equipment market could allow them to provide equipment on par with the compatibles.

## Nel backs privatisation and fewer ties on business

By Stan Kennedy

South African edition of "International Who's Who in Trade and Industry" Mr

The more privatisation and the less...

# GM takes on 200 workers

*Eve Post 22/10/86*

*(62)*

*(Handwritten marks)*



Soaking up the warm early summer sun is attractive LIZ HOPPE, 25, who adds a touch of glamour to the beach landscape. A beautician, Liz knows the value of a healthy tan, but is careful not to overdo it.

**Liz adds glamour**

By KIN BENTLEY

**GENERAL MOTORS has taken on 200 men to help build the new Monza, which goes on sale in a month's time.**

This was confirmed in Port Elizabeth today by Mr Hal Carpenter, marketing director of GM South African.

These are among the first jobs created in the motor industry in the last 18 months.

The men are all engaged in a production capacity.

People within the motor industry believe that once Detroit relinquishes control, the new management will be free to tender for Government contracts — abandoned by GM some time ago under anti-apartheid pressure in the States.

With this, and the dispersement of any sales resistance incurred by American sanctions, the new management team no doubt is hoping for a steady growth in production next year.

Mr Carpenter said the launch of the Monza would mean that GM would be competing in a substantial part of the vehicle market from which it had previously been excluded.

He said light cars constituted 62% of the total market. Of this, 25% were booted light cars like the four-door Monza. He believed the vehicle was ideally suited to the economic climate, with many people attracted to smaller cars.

The Monza production line has been fully on stream for two weeks.

The company public relations manager, Mr Mike Killeen, said the duration of the 200 men's employment would depend on demand for the new car.

He said the company last recruited for the launch of the Kadett T car about two years ago and retrenchments since then had reduced the workforce to about 3 000.

The official launch of the Monza to dealers, fleets and the media will take place from November 4 in Johannesburg, Durban, PE and Cape Town.

He said the public launch would be November 23, when the vehicle would be on sale from dealers' showrooms.

Mr Carpenter confirmed that Mr Bob White, the managing director of GM, had a lengthy question-and-answer session with the top three layers of management yesterday concerning the takeover of the company by local executives from January 1.

He also met union officials, Mr Carpenter said.

## Watsons plead not guilty to all charges

Court Reporter

THE three Watson brothers, who are charged with arson, fraud and attempted murder, entered a plea of not guilty to all the charges and elected not to make any statements or answer questions when they appeared in the Port Elizabeth Magistrate's Court today.

Before Mr M T Morgenthal were Mr Valence Michael Watson, 34, Mr Ronald James Watson, 35 and Mr Daniel John (Cheeky) Watson, 32.

Their appearance today brought together members of two rival groups, the Kwazakele Rugby Union (Kwaru) and the Zwide Rugby Union, which broke away from

Kwaru after complaints about maladministration.

Members of the Watsons' families and businessmen of all populations groups were also present at the hearing, which lasted exactly 15 minutes.

The atmosphere was relaxed as the three brothers hugged and

kissed their wives and relatives. They also exchanged greetings with members of the public.

A video crew from the SA Police was also in attendance in the courtroom. They left only seconds before the magistrate entered.

The case was postponed to December 1

# GM 'allies in change' in S A, 22/10/86 (62) B N/M says Jan Steyn

## London Bureau

URBAN Foundation director Jan Steyn yesterday paid tribute to General Motors as 'most valuable allies in the process of change in South Africa'.

Speaking in a BBC radio interview during a visit here Mr Steyn said it was 'sad' that General Motors had decided to withdraw from South Africa.

'They have had very considerable leverage and the changes which have taken place have been, in part, attributable to the role that they have played.

'They have made a very real contribution in the area of industrial relations and worker conditions in South Africa,' Mr Steyn said.

'I am not saying that they were necessarily trend-setters but they were very important allies to those of us working for the improvement of life of people both in and outside the market place,' he said.

He said it was essential that South Africa developed a system 'which gives every person in South Africa full participation in the political process'.

Mr Steyn said that changes brought about by

the Urban Foundation represented 'the beginning of a redistribution of wealth'.

Asked about the impact of sanctions, Mr Steyn said: 'We realise that our contribution to that debate is miniscule

'We must see that black advancement in business, housing and education are not affected by any punitive actions which may be imposed on us.'

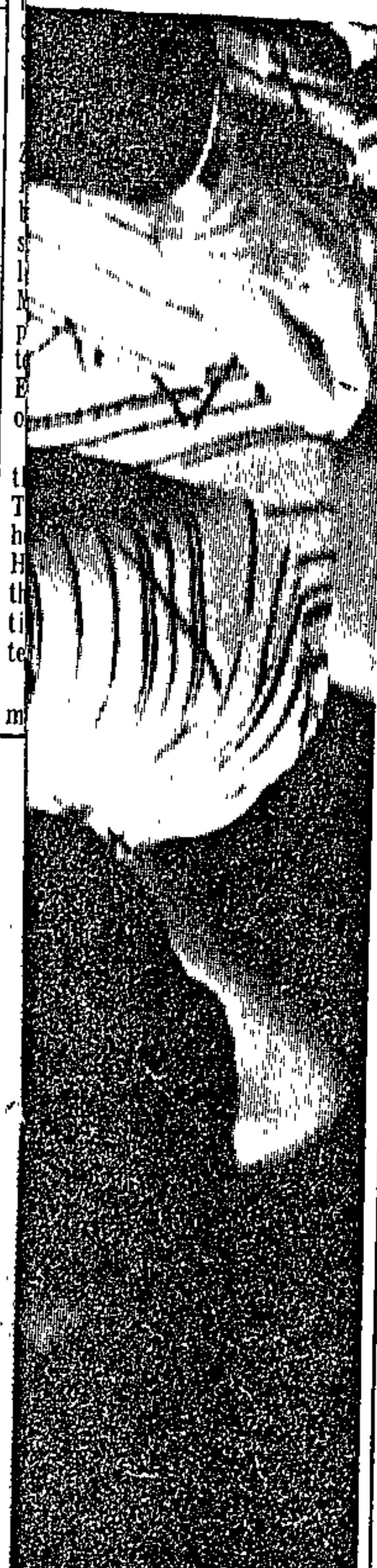
## Consortium

From Cape Town Sapa reports that local GM franchise holders are confident that the US parent company's severing of its ties will be to the advantage of all concerned.

The US-held shares in GM South Africa are being bought by a consortium thought to include members of GM's top management in South Africa and other interest groups.

In Pretoria the Minister of Manpower, Mr PTC du Plessis, has said Archbishop Desmond Tutu should tell the 3 000 GM workers how very sorry he was their jobs had been saved.

In a Press statement Mr du Plessis said he was grateful GM's disinvestment would not jeopardise the company's workers.



The Nat 2

## aloon car built

BUS JAM 22/10/85

**G**ENERAL MOTORS finally did it. After more than a year of insistent denials that it was planning to leave South Africa, the giant American motor corporation finally plucked up the courage to do what everyone knew it would — quit.

Despite GM claims of the market's strategic importance and of the company's commitment to the Port Elizabeth area, it became clear GM could not suffer heavy financial losses indefinitely.

In bowing to the inevitable, GM follows Alfa Romeo, Renault and Peugeot, who have all pulled out of SA in the past 18 months.

GM has not made a profit in SA since 1981 and has seen its share of a declining vehicle market in this country slashed by almost half.

In announcing that GM was selling out to local management, GM chairman Roger Smith cited the slow pace of SA political reform as a reason for the withdrawal. Few doubt, however, that the decision was based on cold economic facts.

As Bob White, MD of the SA operation, put it on Monday night: "GM's been taking a hiding in the US for its investment here. You can take it a little better when you're making money, but we've been losing for years."

GM's share of the SA car market this year is little more than 5%, compared to 12% five years ago. Even the commercial vehicle market — a traditional GM strength — has gone sour for the company, with its share down to less than 10% from around 16%.

That in a market that is itself in difficulties — car sales this year are running at record low levels, while vehicle production as a whole is operating at little more than a third of capacity — spells trouble. The SA motor industry lost an estimated R500m last year, and some sources expect that to grow to R700m this year.

**T**hat, however, is small-fry compared to the losses of GM's parent. The biggest US car manufacturer is expected to show a third-quarter operating loss ranging from R222m to R2,2bn when results are released later this week.

All that, and political resistance, too, for its SA operations, made it a straightforward decision to disinvest from SA. In doing so, however, GM has turned a loss-maker into a likely profit-maker — at least for its own ends. The deal will earn GM more money from SA than it has made for years.

It is rid of infrastructure, labour problems, import surcharges, high interest rates, perks taxes, local content programmes, soaring import costs and poor market conditions. In their place is a captive company that will pay GM licence



□ BOB WHITE . . . "we've been losing for years"

# Economics — not politics — forced GM to get up and go

DAVID FURLONGER/Industrial Editor

fees for use of its trademarks and buy vehicle kits and components from GM in the US, Japan and West Germany.

GM is also protecting its long-term interests by insertion of a buy-back clause in the sale agreement. Politics permitting, and if the SA market becomes profitable once more, GM would be able to step back in. According to White: "The buy-back period hasn't been determined, but I would imagine it would run for a fairly lengthy period."

To guarantee its future profits, however, GM must first put its hand in its pocket to pay off its SA creditors, enabling the new owners to start off with a clean sheet. It is likely, too, that the new owners will be offered a favourable deal in determining the value of GM's holdings in SA. Gross value of GM's SA assets is about R400m and fixed assets a quarter of that.

No one is saying yet who the management buyers will be. But White's assurance that they are all on GM's payroll — "or shortly will be" — suggests experience in the motor industry.

That — and the fact they are taking over a debt-free company with modern production facilities and dealer network intact — gives them a running start in the market.

They have the added advantage that there is no immediate need for

major capital investment. There is no replacement on the horizon for the Opel Kadett, and GM has already toled up to introduce the new Opel Monza range. Likewise, the Isuzu and Suzuki commercial ranges are long-term propositions.

What to deal doesn't do, however, is solve the problem of the over-traded SA vehicle market. In that respect, GM's buy-out decision is the one the market needed least.

**P**eter Sarle, Volkswagen MD and head of the manufacturers' organisation Naamsa, said yesterday: "In worldwide terms, the SA market is big enough to support one manufacturer."

In spite of earlier departures, the car market is still serviced by GM, VW, Toyota, Nissan, BMW, Mercedes/Honda and the Samcor stable of Ford, Mazda and Mitsubishi. The commercial market is even more fragmented.

Industry officials are concerned at the effect GM's decision will have on the Eastern Cape motor industry, already devastated by Ford's departure and heavy layoffs at GM.

Said Sarle whose own company is based at Uitenhage, near PE: "Any uncertainty is bad for the region. When GM pulls out, even if

manufacturing continues, it is a weakening process — and that isn't helpful at a time we are trying to build up the area. Any uncertainty is bad for the region."

That uncertainty will continue at least until November 3, when White expects to announce details of the deal and the identity of the buyers. He has already denied a corporate buy-out along the lines of Sanlam's purchase of Nissan and Anglo American's effective takeover of Ford. Sanlam, Old Mutual and Rembrandt had all been named as potential GM buyers.

He also discounted suggestions of a takeover by major motor dealers, although he did not rule out them becoming shareholders. Nor did he rule out that some of the buyers were Americans.

He stipulated only that the buyers were all "individuals or entrepreneurs working on an individual basis".

White, who succeeded Lou Wilking as GM MD in mid-1985, won't be involved in the new company, although he has offered to stay on during the transition period. He expects to return to the US by the end of February. Of the new company's prospects, he says: "The

new owners will have a better balance sheet than we've had in the last 15 years. I think they have a hell of a chance to pull it off."

# Urban Foundation

## pays tribute to GM

JOHN BATTERSBY

*Handwritten: POWD 22/10/70*

**LONDON** — Urban Foundation director Jan Steyn yesterday paid tribute to General Motors as "most valuable allies in the process of change in South Africa".

He said in a BBC radio interview during a visit to London it was sad that GM had decided to withdraw from SA.

"They have had very considerable leverage and the changes which have taken place have been, in part, attributable to the role they have played."

"They have made a very real contribution in the area of industrial relations and worker conditions in South Africa."

"I am not saying that they were necessarily trend-setters, but they were very important allies to those of us working for the improvement of life of people both in and outside the market place," he said.

It was essential for SA to develop a system giving every person full participation in the political process.

He said that changes brought about by the Urban Foundation represented the beginning of a redistribution of wealth.

# Computer giant poulls out of SA

WASHINGTON—In the second no-confidence vote by American business in two days, IBM announced yesterday that it was joining General Motors in selling its South African subsidiary to local management.

The departure of two of America's biggest corporate powerhouses was not co-ordinated, company sources insisted, but they could trigger a stampede among the estimated 240 U.S. concerns still operating in the Republic.

## No guarantee

Both decisions, though based on reviews that have been under way for more than a year, came suddenly. According to IBM spokes-

man Richard Coyle, the sale proposal had been under serious consideration only for the past couple of weeks.

IBM chairman John Akers, in a statement issued early yesterday morning, explained his decision: 'We regret the need to terminate our 34-year-old subsidiary in South Africa. We have consistently said that IBM would remain in SA as long as we could maintain an economically sound business and contribute to peaceful change.

Unfortunately, the deteriorating political and economic situation in SA, and between SA and its trading partners, makes our action necessary.

By taking this step now, before our freedom of action is further limited, we can best carry out our responsibilities to our employees and our customers in SA.

The reference to problems between South Africa and its trading partners indicated that the recently-enacted sanctions Bill played a key role in IBM's decision, even though the legislation, as it currently stands, does not prohibit computer sales to the private sector.

However, there is no guarantee that Congress will not try to cut off all computer sales next year, as Mr Akers appeared to imply when he said the company was acting 'before our freedom of action is further limited.'

As of August, IBM SA, which has long received top marks in the Sullivan Code rating system, had 1 550 employees, down from 1 937 at the end of 1985.

The departing firm would continue to provide training on its products, possibly through its European headquarters in Paris. According to IRRG, 22 U.S. firms have left SA this year and six, including Marriot, Coca-Cola and Proctor and Gamble have announced they intend to. This continues the trend of last year when there were 39 departures. U.S. investment in SA is currently estimated at \$1.3 billion, half what it was in 1981.

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Such reductions could have harmful effects on black workers, injure the SA economy — which has on the whole weakened the premises of apartheid and provided a means of improving the living standards and skills of many people disadvantaged by apartheid — and might limit the extent of U.S. influence in SA.

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Simon Barber

The company declined to disclose the value of its assets in SA and would only report its 1984 sales as 'less than \$460 million', according to the authoritative Investor Responsibility Research Centre.

Mr Akers said the new South African company, which will take over under a yet to be finalised purchase agreement by March 1 next year, is being formed for the benefit of employees of IBM SA and would continue to honour existing contracts and market IBM products and services. It will be headed by Mr Jack Clarke, IBM SA's general manager.

Sensing yet another severe blow to U.S. influence

62/11/11 22/10/86



SOWETAN, Wednesday, October 22, 1986

(67)

# IBM to pull out

**NEW YORK — IBM** yesterday said it would sell its South African subsidiary because of the deteriorating political and economic situation in the country.

The announcement came a day after General Motors, the second biggest US-based employer in South Africa after Mobil, said it would sell its South African operations to local interests.

IBM said in a news release it would sell the

subsidiary, which accounted for less than 1 percent of the parent company's sales in 1984, to a new company established "for the benefit of the employees of IBM South Africa."

IBM South Africa employed 1 914 workers in 1984, according to the Investor Responsibility Research Centre, a

Washington-based group that studies US investment in South Africa.

## Situation

The sale is to be completed by March 1, IBM said. The new company will be headed by Mr Jack Clarke, currently general manager of IBM South Africa.

"Unfortunately, the

deteriorating political and economic situation in South Africa, and between South Africa and its trading partners,

makes our action necessary, chairman Mr John Akers said in a statement.

"By taking this step now, before our freedom of action is further limited, we can best carry out our responsi-

lities to our employees and our customers in South Africa."

The Investor Responsibility Research Centre says 22 American companies have left in 1986, and six say they will, including Coca Cola, Procter and Gamble, and Marriott Corp.

That compares with 39 companies that left in 1985 and seven in 1984.

The number of companies remaining totals 244, with investment totalling R2,8-billion, down from R5,4-billion in 1981, the centre said.

IBM has operated the South African subsidiary for 34 years, Mr Akers said.

The subsidiary only markets and services information equipment and is not involved in manufacturing or development, according to IBM spokesman Mr Richard Coyle. — Sapa-AP.

Warner, IBM join GM in disinvesting

# US millions flow in as firms leave

STAR  
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By Sven Lünsche

Millions of rands of investment is flowing into South Africa as United States firms scramble to reorganise their equity or financial structure in this country.

The US congressional decision to ban all further US investment here after November 12 has led to huge inflows of money to enable local businessmen to take over businesses whose debt or asset bases have been re-written in the books.

General Motors alone provided R100 million to cover the debts of the local subsidiary and analysts say IBM will certainly require similar amounts.

## Americans pulling out 'due to threat of more sanctions'

The Star Bureau

WASHINGTON — American companies were withdrawing from South Africa partly because they expected tighter US economic sanctions and tougher restrictions on them next year.

So says Mr David Hauck of the respected Investor Responsibility Research Centre, which is closely monitoring the disinvestment storm in America.

The possibility of more congressional laws next year imposing additional sanctions on South Africa was the primary domestic pressure on US businesses operating there, he said. This could include a "mandatory exit for all companies".

"I think most people do not believe that the sanctions Bill that just passed is the final word on the subject... that there will be additional sanctions measures enacted into law next year," he said.

Another main pressure on US companies was American cities boycotting firms doing business in South Africa through selective buying or contracts. This pressure was growing, he said.

Mr Hauck said a lesser reason was the sharp surge in shareholder resolutions. At annual general meetings this year, there were about 50 calling for varying degrees of action on South Africa. Next year, there would be about 130 resolution at company general meetings.

On the pull-outs of General Motors, IBM and others recently, Mr Hauck said a lot of US companies had been losing money in South Africa in the last couple of years. "So they've been holding on, thinking that things are going to get better.

"The problem is that politics and economics have become so closely linked in South Africa that it looks like the economy is not going to get better until some kind of political compromise is worked out," he said.

"Compromises are difficult while the economy is bad."

This, and the looming possibility of further sanctions against South Africa, led companies to think: "Our assets are not making money in South Africa, we may be forced in future to sell off those assets — we will try to get what we can before we are forced to sell."

A shift in business relations between the US and South Africa had started towards a Japanese-type direction of licensing and distribution agreements.

The giant Warner Communications Group, which holds a 30 percent share of the local record market, has become the third US company to withdraw from South Africa this week.

Like General Motors and IBM, Warner will sell its interests to a local associate. A statement issued by WEA Records South Africa said negotiations with Warner had been in progress for "some months" and approval of the deal had been received from the US.

IBM announced yesterday that it was pulling out of South Africa and that it was assisting local businessmen to form a new company and restructuring the new company's share capital. The company did not indicate how much money was involved.

Coca Cola, Ford and GEC, which pulled out recently, are also estimated to have provided millions of rand.

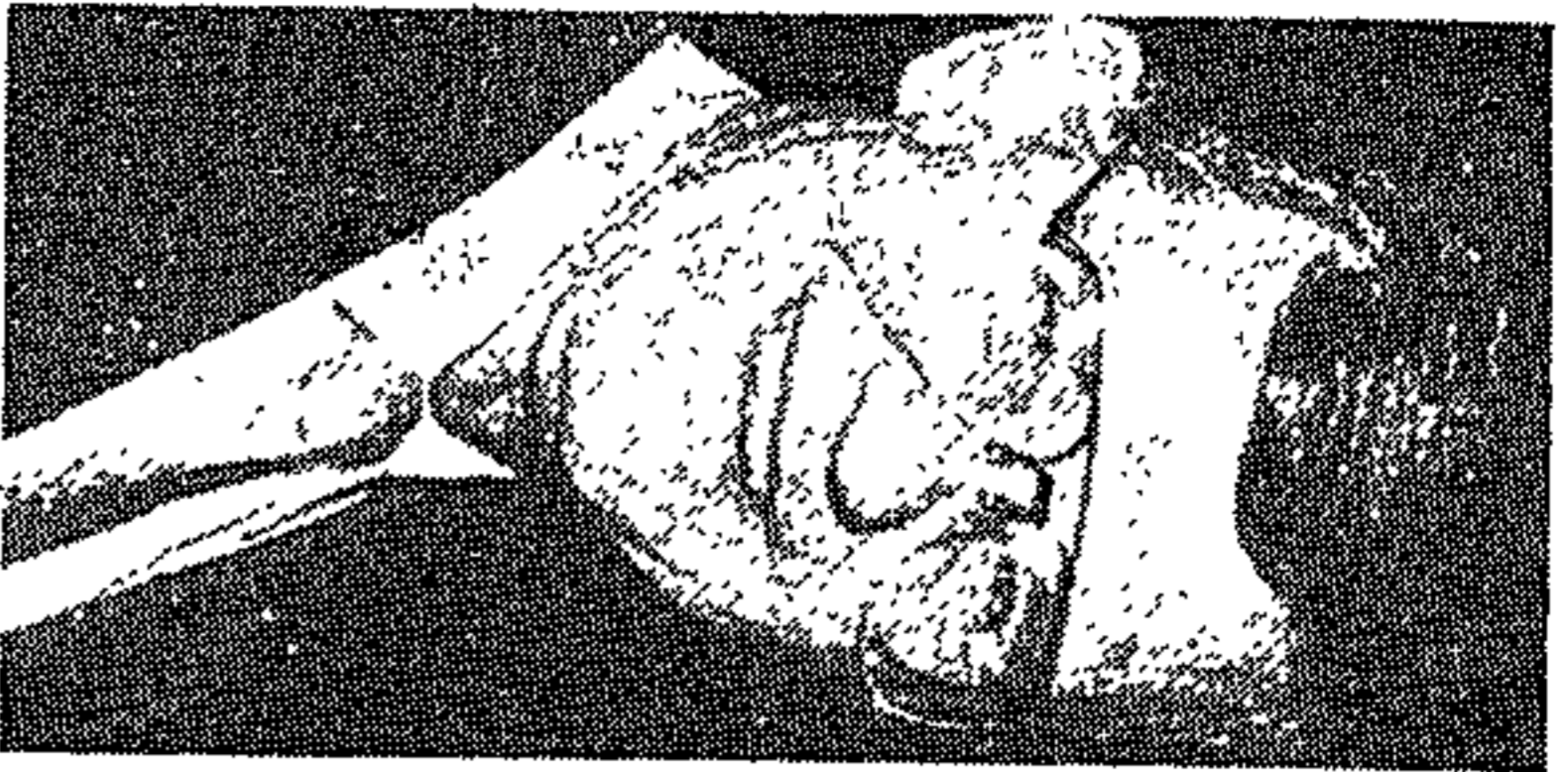
### Departures

The latest withdrawals may be only the beginning of departures by several companies which have been wanting to sell up for some time as a result of the unstable political and economic climate in South Africa.

Some 350 US firms were trading directly or indirectly with South Africa, employing more than 150 000 people, of whom 120 000 are black. According to a recent seminar on disinvestment more than 80 percent of all US multinational companies are affected by the legislation.

IBM chairman Mr John Ackers said yesterday: "We consistently have said that IBM would remain in South Africa as long as we could maintain an economically sound business and contribute to peaceful change.

"Unfortunately the deteriorating political and economic situation in South Africa, and between South Africa and its trading partners, makes our action necessary."



Mr Bob White

# Disillusioned GM pulls out of SA

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TNR 21/9/86 (62)

Own Correspondent

**PORT ELIZABETH.** — General Motors (GM) will be out of South Africa by the beginning of next year with a group of top executives taking over the motor giant's operations in Port Elizabeth.

In statements issued in South Africa and Detroit yesterday, it was confirmed that GM was negotiating with top executives of General Motors South Africa to sell its shareholding in the loss-making South African subsidiary.

Disappointment with the pace of change in South Africa and the increased difficulty faced by American firms in South Africa were cited as reasons for the decision.

The managing director of the South African operation, Mr Bob White, stressed in his statement yesterday that the "objective of these negotiations is to create a viable restructured company that will ensure the continuity of GM's products in the South African market".

Mr White also gave the assurance that the 3 000 jobs in Port Elizabeth and the 200 dealerships would be safe in the new deal.

"The interest of our motorists, our 200 dealers and their employees, and our 3 000 employees in Port Elizabeth will not be prejudiced," he said.

Last week dealers were given notice that their franchises had been guaranteed for a further five years from January 1, 1987.

And in the US, GM chairman Mr Roger Smith also announced plans to sell the South African subsidiary to a group headed by local management.

Mr Smith said the South African operation "has been losing money for several years... and with the current structure we could not see our operations turning around in the near future".

The recession in South Africa and lack of progress in ending apartheid made operating there increasingly difficult, he said.

"Our aim is to enable the new owners to start from a strong position to continue to provide job opportunities for employees and to serve our customers."

GM has been operating in South Africa for 60 years and is the second largest US operation after Mobil.

Reacting to the announcement, Mr Andrew Savage (PFP Walmer) said it would be hard to imagine Port Elizabeth without GM, which had been a cornerstone of the city's industrial history.

"The fact that the world's largest manufacturer should take such a step is an indication of the antipathy which the Nationalist government has succeeded in marshalling against South Africa."

The chairman of the GM Dealer Council, Mr Mike Nieuwoudt, last night welcomed the announcement of the US corporation's withdrawal from its South African operation, saying the change in shareholding would free the company from political pressure being brought to bear on GM in the US.

He said it was possible the South African-owned company would operate under licence from GM in much the same way as manufacturers of Japanese vehicles did. The operation and product were likely to remain the same.

● 'Pace of change' causes GM to quit, page 6



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# 'Others will follow motor giant's move'

By Alan Dunn, The Star Bureau

WASHINGTON — The withdrawal of General Motors (GM) from South Africa by the end of the year, the biggest divestment blow so far, will trigger an exodus by US businesses, American financial analysts believe.

They said the announcement in Detroit yesterday would touch off departures by those corporations which had been wanting to sell up for some time because of the ongoing political and economic turbulence.

"We expect the General Motors announcement will turn the trickle of companies leaving South Africa into a flood," said the Rev Timothy Smith, ex-

## 'Step backward' — Jesse

The Star Bureau

WASHINGTON — A General Motors pull-out which favoured white businessmen would be a "step backward", a spokesman for the American civil rights leader, the Rev Jesse Jackson, has said.

Mr Jackson has been a disinvestment advocate, but his reaction yesterday to the General Motors withdrawal announcement was similar to that of anti-divestment circles in the US.

They have warned that divestment and sanctions will hurt those they are attempting to help in South Africa.

## GM chief to work for apartheid's end

The Star Bureau

WASHINGTON — The Chief Executive Officer of General Motors, Mr Roger Smith, still believes he can be a force for positive change in South Africa.

A corporation spokesman said yesterday Mr Smith intended retaining his co-chairmanship of the US Corporate Council on South Africa, an influential group of more than 100 US business chiefs with operations in the country.

The spokesman was reacting to Mr Smith's announcement that GM was quitting South Africa.

Mr Smith was, a year ago, one of the founders of the council, whose members believed they could and should work for an end to apartheid through their presence in South Africa.

### PEACEFUL CHANGE

"We would hope to be able to continue to make a contribution to peaceful change through the US Corporate Council," said a GM spokesman, Mr George Schreck. "Roger Smith will still be co-chairman."

General Motors became the sixth American business this year to announce its intention of leaving South Africa, the Investor Research Responsibility Centre said yesterday.

General Motors was the second-biggest American employer in South Africa with 3 056 employees. Mobil, with 3 182, was the largest.

According to usually reliable centre statistics, 22 American businesses had left South Africa so far this year. Thirty-nine left last year, and seven in 1984. Those left in the country totalled 244.

ecutive director of the Interfaith Centre on Corporate Responsibility.

The centre, a movement of America's National Council of Churches, was one of many anti-apartheid organisations which hailed the GM withdrawal: "We in the churches, who have been working on GM for 15 years, are today commending them for their leadership and expecting other companies will follow," said Mr Smith.

He and several other business analysts said the psychological impact of GM's exit would be profound on other US firms there, and would pressure them into acting.

"I think many US business leaders will be listening very carefully to what he (Mr Roger Smith, GM's chief executive officer) says," Mr Smith added. "As you know, most US companies have a contingency plan for leaving South Africa and I think a number of them are going to activate it."

"It will be one of those catalysts that pushes companies," he said.

The GM chief said in his announcement there were several factors to the decision: GM had been losing money for "several years" and could not see a turnaround in the near future, it was "disappointed" in the pace of change in ending apartheid, and it was a decision taken generally on economic, social and political grounds.

Corporate analysts said yesterday disinvestment campaigns in the US were also a factor which would not have been mentioned by GM.

"I expect this will encourage some other companies to follow suit," said one expert on disinvestment, "especially those in the same position — under intense harassment at home and abroad ... and not making any money to boot."

"That is a hard combination of things to stand up against for very long. Typically your American chief executive officer does not like to have problems linger. And this situation has all the earmarks of a festering crisis for American industry."

GM headquarters was vague yesterday on details of the withdrawal, apart from disclosing an intent to be out of South Africa by the end of the year. It is understood much of the fine print still has to be worked out.

Unlike Coca-Cola, which announced its withdrawal for political reasons recently, GM will apparently not be carefully designing its exit to advantage black investors wishing to buy into the new locally-owned operation.

General Motors said its sale after 60 years in South Africa would take place, regardless of race, to those who could make the best contribution to the new organisation in South Africa.

# US computer, record firms to pull out of SA

MINNEAPOLIS Honeywell Incorporated, a middle-range computer company, has become the third major US corporation this week to decide to sell its operations in South Africa, the Minneapolis Star and Tribune reported yesterday.

The decision was made on Tuesday at a Honeywell board meeting in Scotland, the newspaper reported, adding that negotiations for the sale were in their final stages, but a definitive agreement had not

nounced on Monday and IBM on Tuesday, that they planned to sell their South African subsidiaries.

Mrs Bailey said profits from the South African operation had declined in recent years.

The announcement by IBM that it intends to sell its South African subsidiary provided a positive opportunity for customers, the managing director of Sequel Com-

available and supply products under long term contracts. The company has said it will honour commitments to its customers, agents and employees in South Africa.

Another advantage was that the new company would be able to react more rapidly to local problems, which previously had to wait for overseas decisions, January.

puters, Mr Adrian Dubbelman, said yesterday. "Most of the large companies in South Africa have invested millions of rands in IBM technology and developed long-term plans which include IBM products exclusively," he said in a statement.

Customers' data processing plans would not be adversely affected as IBM has said it will still make new developments

Mr Dubbelman said. Local management will buy out for an undisclosed amount. WEA Records (SA) from the company's US parent, the Warner Communications Group.

Another advantage was that the new company would be able to react more rapidly to local problems, which previously had to wait for overseas decisions, January.

Pressure from the US anti-apartheid lobby on SA caused Warner to hand over WEA to its local management.

The WEA managing director, Mr Derek Hanan, said that the changeover would not affect the availability of recordings of overseas artists in SA.

International artists that record for the company include Rod Stewart, Madonna, Frank Sinatra and George Benson — Sapa-AP-DDC

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Mrs. White said in London Division of the University will pay R400

# GM leaves door open in SA

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Dispatch Correspondent

PORT ELIZABETH — General Motors has left the door open to re-enter the South African motor industry should political and economic prospects improve.

In a radio interview, the managing director, Mr Bob White, said a return to South Africa was "totally possible ... but the best way forward at this point in time is for someone else to carry the mantle".

Mr White said an integral part of the agreement concluded with the new owners was that GM would retain the option to repurchase shares in the company at a market price to ensure that the people who had owned and managed affairs in the interim would be equitably compensated.

And in a light-hearted conclusion to the interview, Mr White agreed to supply a new-model car as first prize in a naming competition for the new South African-owned company to be formed before next year. In agreeing to the competition, Mr White quipped that "seeing I'm leaving, I can give them away".

Mr White said although GM was making a "reluctant" financial withdrawal, political pressures from America had been considerable.

Asked how the new company could

overcome a possible American "onslaught" on its licensing agreements with GM's divisions in West Germany and Japan for the supply of technical know-how and components, Mr White said any "activists" would have to "go after the German and Japanese governments" because there would be no license agreement with the United States.

Mr White said GM would do nothing to prevent the sale of expertise and parts from these sources. GM had pledged, in terms of the formal agreement and without stipulating a time limit, to supply production technology, components and provide access to new models.

Mr White said any rationalisation in staff and the dealer network would hinge more on the company's performance rather than the change of ownership. The new company would honour dealers' recently renewed five-year contracts.

Prospects for the company would improve rather than diminish, he said. Ties with the GM corporation had deterred sales and the company was seen by the public as being too political, both in its activities in the US and South Africa.

"I don't feel sorry about that, but the fact is that it has detracted from our sales potential," he said.



# Blacks hit GM for not talking first

By Sheryl Raine  
and Mike Siluma

Black employees of General Motors SA have slammed the multinational company for failing to consult them about plans to withdraw from South Africa.

The National Automobile and Allied Workers Union (Naawu) said yesterday that a meeting of 2 000 GM employees in Port Elizabeth this week criticised GM management for not consulting workers about plans to sell out and demanded an expensive severance deal.

Naawu's regional secretary, Mr Les Kettleidas, accused the company of unilateral management and of making Press statements about its withdrawal before informing employees.

"They can make all the statements in the world that there will be job security, but what happens when the new guys come in and start talking restructuring or retrenchment? What control will GM have then?" asked Mr Kettleidas.

## PAYMENT

Naawu members at GM sent a list of demands to the company yesterday, asking it:

- To make a separation payment to all workers "as they would now all cease to be employed by the company"
- To refund all company and worker contributions paid into benefit funds to the members of those funds.
- To clarify the appointment of the new directors of the company and indicate how workers would be involved in these appointments.

The *Saturday Star* contacted GM in Port Elizabeth. A spokesman, Mr Mike Killeen, was said to be in a meeting and did not return our call. Two other spokesmen were also not available until Monday.

● The National Union of Mineworkers (NUM) will only formally inform the Chamber of Mines at the weekend whether union members have accepted the Chamber's revised wage offer.

A NUM spokesman, Mr Marcel Golding, said late yesterday the union was still awaiting feedback from members.

COMPUTER corporation Honeywell became the third high-profile business to disinvest from South Africa on Wednesday in what has been dubbed the week of "a pull-out a day".

General Motors announced on Monday that it was selling its SA operations, and IBM followed on Tuesday because of the deteriorating political and economic situation in SA.

The Honeywell decision was made at a board meeting in Scotland on Tuesday. Negotiations for the sale to a local company were in the final stages, but a definitive agreement had not been reached, according to the *Minneapolis Star and Tribune*.

The decision was confirmed by board member Elizabeth Bailey, the newspaper said.

Bailey said the decision "had nothing to do with" those by IBM and GM. She said profits from the SA operation had declined in recent years.

Honeywell's SA subsidiary employs about 159 people, 49 of whom are black.

Reacting to the pullouts this week, Richard Knight of the American Committee on Africa — an anti-apart-

# A pull-out a day keeps US firms away

CITY PRESS 62  
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heid organisation — said: "This will be great news.

"Three major corporations leaving in as many days. This shows the success of the divestment movement."

Meanwhile 3 000 General Motors workers in Port Elizabeth are bitter and disappointed.

This comes amid the company's assurances that it would not leave them in the lurch.

*Mono Badela* reports that the workers' bitterness and anger centers on what happened to their colleagues employed by the Ford Motor Company when it pulled out of SA recently.

The GM workers believe that like Ford workers they may be "dumped" by their company.

In two weeks GM will announce the implications of its pull-out.

Cape Midlands Chamber of Industry director Brian Mathews could not say what GM's pull-out implied for the workers.

"We are waiting for November 3, but it seems assurances have been made to the workers."

*City Press* interviewed several workers this week and discovered that despite management assurances the workers were anxious about the future of their jobs.

They charged that PE car manufacturers have a poor "track record" when it comes to retrenchments."

● The US corporations' pull-out was triggered by Coca Cola when it announced last month that it had sold its SA franchise to local businessmen.

In a comment about GM and IBM's pullout, the *Wall Street Journal* suggested once more that "Americans who want a scorched earth in Southern Africa will probably get one", citing events like the killing of Soweto activist Masabata Loate and the World Council of Churches' R177 000 grant to the ANC and R244 000 to Swapo.

IBM SA employs some 1914 workers in 1984 and the sale of the company is to be completed on March 1.



# US business waits for new assault

SUN TIMES  
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**AMERICAN** companies with interests in South Africa are battering down the hatches, expecting a new assault by the anti-apartheid lobby in the US.

According to American business people in South Africa, the SA-bashing fraternity in Washington is not satisfied with management buy-out arrangements announced by General Motors, IBM and General Electric.

Gold shares and the financial rand weakened on the Johannesburg Stock Exchange on Monday because of a report that a ban on gold-share ownership was next. The US Congress is expected to ask for tighter sanctions when it reconvenes.

## Pressure

Although some US liberals regard the withdrawals as a victory, others are reported to regard the buy-outs as "business as usual" or attempts to circumvent sanctions.

They are concerned that other companies may try to emulate them. One Washington report has it that all members of the US Corporate Council on SA, a grouping of US companies in SA, will follow the GM, IBM and GE example, but this has been denied. They are acting independently.

The objection among some US liberals is that buy-outs benefit SA because it obtains US assets cheaply — and continues to receive products and technology without accountability to Washington.

## Business Times Reporter

Liberal groups have exerted pressure on US companies in SA by persuading churches, universities, state and municipal pension funds as well as "moral" investment trusts with billions of dollars of assets not to hold the shares of companies represented in SA.

Once buy-outs have been effected, this leverage falls away. The stock prices of IBM and GM both rose on news of the deal. Other US corporations are under pressure to follow GM, IBM and GE.

IBM and GM will both step down from the US Corporate Council on SA. Although their SA off-shoots will continue with progressive employment policies, the two companies will no longer be subscribers to Sullivan principles.

## Parent happy

Honeywell, another US computer giant, says it is "considering various options for the sale of its SA affiliates". But other American companies interviewed by Business Times profess to be hanging tough.

TV, video and radio group National Panasonic, a subsidiary of Barlow Rand, has confirmed its commitment to its SA operations. Last week, however, a small part of the operation, the Industrial Systems division, was involved in a management buy-out.

A spokesman for Burroughs Ma-

chines says there has been no pressure on the company to quit SA.

"Burroughs Machines is profitable in dollar terms so it is valued by the US organisation."

A spokesman for Dow Chemical says that although there is pressure from some people in America, the parent company is happy with its SA presence.

At least three major US-owned companies supplying SA agriculture are determined to continue unaffected.

Bill Hubbard, managing director of John Deere in SA, says: "It is our firm intention to maintain our operation here. But there is no knowing what political events can happen that will change this decision."

"We are in an important market and we continue to believe that our presence is beneficial to most South Africans."

At the end of the day, says Mr Hubbard, economic factors are stronger than political ones in determining whether a company stays in business in SA.

Barney Strydom, managing director of Case International in SA, says it is "business as usual".

"We are not privy to board decisions in the US about whether to stay or not, but we have had no indication from our parent that it intends to get out."

Mr Strydom says not one of the US-owned companies which are leaving SA will stop selling its products here.

"There are going to be about 50-

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● From Page 1

withdrawal of high-tech multinationals, says Mr Clarke. "Technology transfer is fastest through multinationals, but they are not the only channel."

For now, tighter sanctions are a vague threat. Under the status quo or under more relaxed political conditions, Mr Clarke believes he and the IBM staff have inherited an outstanding blue chip.

**Priority**

A JSE listing (not within two years) is essential to permit staff to deal in their shares, he says.

At least one SA company was not deterred by this week's event.

Mr Clarke says: "The day after we announced the withdrawal of the corporation we signed one of our biggest orders this year — a major win from a competitor."

*advice*  
**New IBM SA confident**

Assuming no tighter sanctions, how does Mr Clarke intend to run the South African company?

He will not be changing much. A priority will be to maintain IBM's moralistic ethos, which is celebrated in books and articles on excellence.

It concerns "respect for the individual his rights and dignity, service to the customer of the highest standard, intelligent and enterprising management, attractive returns to stockholders, fair dealings with suppliers and good corporate citizenship."

Mr Clarke says: "After being steeped in that for 30 years, I would only want to reinforce it."

Other immediate priorities are:

- To find a new name, probably within a few days.
- To keep present management intact.
- To restructure and streamline the company from a subsidiary of a multinational to a free standing entity.
- To improve focus on the market and on service levels.
- To look at non-IBM opportunities.

**Price**

IBM Corporation and IBM SA have still not negotiated a price for their management buy-out. The price for the company, says Mr Clarke, depends on profits and profits depend on the price of IBM products and parts in the future.

He admits IBM SA is powerless in the negotiations.

All it can bring to the negotiations is continued access to sales in SA estimated by competitors at R650-million (\$292-million, which is less than 0.5% of IBM's world sales).

The prospect of repayment of the corporation's equity investment in SA is equally paltry in relative terms.

IBM has really been a trading house, so its main assets are stocks, debtors — and, adds Mr Clarke, its first rate people.

But Mr Clarke is confident IBM, ever decent, will be generous in setting the price of the company, repayment

terms and product and parts prices.

**Loan**

IBM Corporation is converting equity in its SA operation into a loan. It is not clear whether repayments will be through the commercial or financial rand.

IBM likes to appoint natives to head foreign branches and Mr Clarke, like South African as biltong.

Mr Clarke has been travelling abroad eight times a year — "reduced travelling is one thing I shall enjoy in the future" — but has never worked away from SA there for any length of time.

He joined IBM before its first computer landed here.

"The first computer I encountered was an IBM 650 with drum valves, programmed with binary coded decimals."

Everything he knows about computers today is the product of self-education — "but I don't profess to know everything about our machines."

**Degree**

Mr Clarke obtained a BComm and teacher's diploma at Wits in 1954 before joining first Goodyear, then Vacuum Oil Company, which later became Mobil. He

joined IBM as a marketing trainee and rocketed through the ranks to become marketing director at 35 and managing director at 39 in 1973.

He is 52 and has been at the helm for 13 years.

Mr Clarke is married with four children, all grown up. He relaxes by playing "jousy" squash, gardening and spending a weekend a month on his "beautiful" farm stocked with cattle, sheep and horses in the mountains near Lydenburg. He spends his holidays fishing at the seaside.

Having grown up at Wilbank, he's tough. His will is done at IBM SA.

"I can be nasty when I have to be."

American newsmen in Johannesburg can testify to that. He refused to see them this week, referring them to Armonk, New York.

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# GM to carry on making locomotives

THE sale of General Motors' South African to a SA executives will not effect its huge locomotive business with the South African Transport Services.

A spokesman for Sats said: "The issue surrounding GM will have no effect on the supply of locomotives for the foreseeable future."

GMSA has sold 679 ultra-expensive diesel-electric locomotives to Sats. Of these 584 were built at GMSA's Aloes plant near Port Elizabeth.

GMSA has a contract for the supply of 45 Class E11 locomotives for the Richards Bay coal line. Twenty-five have still to be taken into service. But Sats says this does not mean they have not been built, but perhaps have not been commissioned.

The SA Government has given its blessing to the sale of GMSA to SA businessmen.

It is believed that the matter was discussed at a Cabinet meeting on Wednesday and Minister of Manpower Pietie du Plessis commented on the resilience of the businessmen involved and wished them success.

Details of the deal are expected to be announced within 10 days. Negotiations between GM in Detroit and the new owners continue. The formal documents are being studied by lawyers.

General Motors America said several factors lay behind the decision to withdraw.

They included the difficult SA business climate, disappointment in the pace of political change and the fact that the SA operation had been losing money for many years.

The proposed sale is designed to place the operation in a position which will make it more competitive.

By Don Robertson

It has been suggested that GM America will inject about R100-million into GMSA to liquidate its debts.

Managing director Bob White said this week that the buyers would "get the best balance sheet in 15 years".

GMSA's assets are about R400-million. The sale will be based on net assets less the amount owed.

The deal is being put together by a "few friendly financiers" and no merchant bank is involved.

## Favourable

Preliminary reports from a project team set up to establish SA reaction has been favourable.

Dealers have offered their support and a full-page advertisement has been placed in today's Sunday Times congratulating "our South African entrepreneurs for their foresight and faith in the SA motoring industry". It is signed on behalf of 200 dealers.

Fleet owners have also indicated that they will continue to support the company, provided they are assured of service and back-up. The launch of the Kadett with a boot — the Monza — will go ahead on November 4.

The project team has also established that GMSA staff favour an SA-owned company. GMSA employs 3 000 people.

Last year the company imported about R200-million in components. It last made a profit in 1981.

Mr White says: "The company has been on the defensive for the last few years. We are thrilled to have a bunch of guys dedicated to the industry ready to buy the company."

# Prestige Pace college temporarily closed

by Sol Makgabutlane

The R10 million, ultra-modern Pace Commercial College in Jabulani, Soweto, has been temporarily closed by the American Chamber of Commerce in South Africa (Amcham).

The college is a brainchild of United States companies doing business in South Africa and South African companies.

Amcham president Mr O F C Lubke said the closure was "pending the outcome of ongoing negotiations with the black community" which would "formulate a new direction".

The college had been affected by the crisis in black education.

Executive director Mr Ken Mason has said Amcham is negotiating with a Soweto group comprising educationists, parents, pupils, teachers and political and church leaders.

"We are committed to on-going education and the promotion of education in the community," he told *The Star*.

Mr Mason said matric pupils at the school currently writing final examinations would not be prevented from proceeding with them.

The college has been plagued by crises since the resignations of the headmaster, Mr Rex Pennington, in March, and the acting principal, Mr Oswald Mtshali.

## Division of GMSA

to carry  
27/10/86  
on in PE

By DENISE BOUTALL

THE electromotive division of General Motors South African will continue its operations in Port Elizabeth under the umbrella of the new South African company.

This was said today by the joint manager of the electromotive division of GMSA, Mr R J Schwager.

He was asked to comment on progress on GMSA's current contract to supply 45 locomotives to the South African Transport Services (SATS) and prospects for further contracts once this one was completed.

The delivery of 45 Class 11E locomotives currently being built at the Aloes plant was expected to be completed in November 1987, he said.

There was no firm order to slot in immediately after the completion of that contract, but they were looking at various opportunities.

The current contract took up all the capacity at the plant.

Asked to comment on reports that GMSA had failed to tender for a recent SATS contract, Mr Schwager explained that the tender in question, for 50 Class 10E locomotives, "was not in our line of business".

DD 28/10/86

# Union wants GM to pay up

**Dispatch Correspondent**  
PORT ELIZABETH — General Motors has dismissed a union demand that workers be given "separation payments" because they were no longer employed by the company.

A GM spokesman said yesterday it appeared the National Automobile and Allied Workers' Union (Naawu) was demanding "some form of conscience money from GM for withdrawing from South Africa".

Implications of GM's withdrawal were considered by union members employed at the Kempston Road assembly plant and the

Aloes locomotive division at a meeting on October 23, according to the union's regional secretary, Mr Les Kettle-das.

Workers had demanded that GM:

- Pay a separation payment to all workers as they would now all cease to be employed by the company.

- Refund all company and worker contributions paid into benefit funds to members of such funds.

- Clarify the appointment of the new directors and how the workers will be involved in such appointments.

Yesterday, GM responded by saying the company was doing everything possible, in forming the new company, to preserve jobs and ensure continuity of employment.

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# GM rejects union call

Own Correspondent

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Naawu regional secretary Les Kettledas said implications of GM's withdrawal were considered by union members at a meeting on October 23.

The meeting, attended by about 2 000 workers, had criticised GM management for allegedly not consulting Naawu about plans to withdraw and sell the company.

GM has said the company is doing everything possible in forming the new company to preserve jobs and ensure continuity of employment.

DISINVESTMENT

# US shareholders in quandary over IBM, GM disinvestment

The Argus Foreign Service

WASHINGTON. — Exit announcements by General Motors and International Business Machines last week have thrown a wave of United States shareholders considering disinvesting into confusion.

Some billion-dollar shareholders seem satisfied that the withdrawals from South Africa meet their demands. Others, like the anti-apartheid groups, see the announcements as a "shell game" and a sham.

American business analysts specialising in the disinvestment campaign believe the dust must first settle after the flurry of corporate announcements, denials and hints of impending moves to leave South Africa.

Only then will a trend emerge, they say. But some large investors and pro-divestment bodies have already indicated their positions on the GM, IBM, Warner Communications and Honeywell actions last week.

New York State controller, Mr Edward Regan, who used pension fund billions to pepper companies with South African links with shareholder resolutions calling for withdrawal, said that the GM and IBM announcements were adequate for now.

"Since mid-August, 13 companies have pulled out of South Africa, and all of them have called us in advance to ask what is our definition of a pull-out," said Mr Regan. "We've been saying it means no assets and no employees in South Africa."

Another shareholder, the University of Minnesota, was due to sell its \$2.6-billion of IBM stock and \$925 000 of IBM shares by June 30 next year. According to the university's director of investments, this will no longer happen.

While shareholders examine and redefine what they mean by "divest", some US cities which have exerted domestic pressure on American companies by applying selective contracts, have stated their views.

"None of the actions taken by IBM, GM or Coca-Cola would satisfy our contracting policy," said Mr Mark Fabiani, legal counsel to Mayor Tom Bradley of Los Angeles.

"Even if they've sold off assets, they're continuing to sell products there," he charged.

## BUY BACK SHARES

New York city's Mayor Ed Koch last week urged an acceleration in divesting employees' pension fund shares (it has \$25-million invested in 1 200 companies) with South African links.

San Francisco has suggested it might, on the other hand, buy back the IBM and GM shares it sold and Washington DC officials are scrutinising last week's announcements.

The largest private US pension fund, the \$50-billion Teachers Insurance and Annuity Association-College Retirement Equity Fund, is considering its responses. It has pushed for more than 30 companies to leave South Africa.



# US firms' exits set divestment poser

By Alan Dunn  
The Star's Foreign  
News Service

WASHINGTON — Exit announcements by General Motors and International Business Machines last week have thrown a wave of US shareholders considering disinvesting into confusion.

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emerge, they say. But some large investors and pro-divestment bodies have already indicated their positions on the GM, IBM, Warner Communications and Honeywell actions last week.

New York State Comptroller, Mr Edward Regan, who used pension fund billions to pepper companies with SA links with shareholder resolutions calling for withdrawal, said the GM and IBM announcements were adequate for now.

"GM and IBM are to be commended, and for the time being it's important to encourage others to follow their action... If it turns out to be transparent, that is if it turns out to be a sham, we have the power to escalate our definition — and to enforce it."

"Since mid-August, 13 com-

panies have pulled out of South Africa, and all of them have called us in advance to ask what is our definition of a pull-out," said Mr Regan. "We've been saying it means no assets and no employees in South Africa."

While shareholders examine and redefine what they mean by "divest", some US cities which have exerted considerable domestic pressure on American companies by applying selective contracts, have stated their views.

"None of the actions taken by IBM, GM or Coca-Cola would satisfy our contracting policy," said Mr Mark Fabiani, legal counsel to the mayor of Los Angeles, Mr Tom Bradley.

He said the city policy defined "doing business" as selling or licensing products as well as producing them in South Africa.

"All three of those companies are still doing business and significant business in South Africa. Even if they've sold off assets, they're continuing to sell products there," he charged.

New York city's mayor, Mr Ed Koch, last week urged an acceleration in divesting employees' pension fund shares (it has \$25 million invested in 1200 companies) with South African links.

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The largest private US Pension Fund, the \$50 billion Teachers Insurance and Annuity Association-College Retirement Equity Fund, is considering its responses.

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The Facts

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REPORTS in the Cape Times about American firms that have withdrawn from South Africa or have been reviewing their SA links have referred to a company called "Perkins Elna".

It has been pointed out by Elna SA in Johannesburg that the name of the American company is not Perkins Elna but Perkin-Elmer.

A spokesman for the firm in Alberton, Transvaal, that has taken over the interests of the Perkin-Elmer Corporation SA (Pty) Ltd, specialists in analytical scientific instruments, said yesterday that Perkin-Elmer had withdrawn from SA about two years ago after selling its interests in this country to local employees.

● The American company was incorrectly referred to as Perkins Elna in a survey conducted in New York last year, and quoted in South African newspapers.

□ □ □ □ □ □ □ □

A CAPTION on page 2 of yesterday's Cape Times incorrectly stated that Mr Reginald Koster was standing with his wife, Aletta. A relative has pointed out that the woman is in fact a friend, Miss Roberta Manje.

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## **US must not pull out — Ackerman**

CAPE TOWN — Pick 'n Pay chairman Mr Raymond Ackerman last night made a plea to American businessmen to stay in this country.

“By investing and not running away,” American businessmen could create the jobs necessary to bring peace to South Africa.

Mr Ackerman was speaking at the pre-opening function for the new Ottery Hypermarket, at which he presented R50 000 to the Mayor's Relief Fund.

Mr Ackerman, who is to attend a conference this month between the Government and top local businessmen, said South Africa had two years in which to fight sanctions and disinvestment.

“It is time for us to get off our butts and talk, not adopt a hard-line attitude,” he said.

Mr Ackerman said black leaders would have to realise that “they must put their hands across as well”. — Sapa.

# Talks on demands by GM workers

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A MEETING of black workers at General Motors has been called for tonight to hear a report back from the National Automobile and Allied Workers' Union (Naawu) officials on the company's response to demands put to it last week.

On Friday a GM spokesman dismissed a demand arising from a similar Naawu meeting last Wednesday that workers be given separation payments because they would no longer be employed by GM when it was bought by a consortium of local directors.

Other demands made at the meeting were that GM:

- Refund company and worker contributions, paid into benefit funds, to members of such funds.
- Clarify the appointment of the new directors and how workers would be involved in such appointments.

The meeting was also critical of GM management for allegedly not consulting the union about plans to withdraw and sell the company.

The GM spokesman was reported as saying conditions of employment for all employees, including the continuation of pension benefits based on years of service, would remain unchanged.

The union spokesman said a statement would be issued after today's meeting in Schauderville, starting at 5pm.

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# Anti-apartheid monitor on US firms leaving SA

WASHINGTON — Efforts are being made to determine if US companies are complying with anti-apartheid demands in the manner in which they are pulling out of South Africa, spokesmen for investors said yesterday.

The pullout of IBM and General Motors has left their products on the SA market and their plants running.

Spokesmen for some institutional investors said they are taking a close look to see if such arrangements satisfy divestment demands.

Mr Mark Fabiani, legal counsel to Los Angeles Mayor, Mr Tom Bradley, said the city's three-month-old anti-apartheid law still would prohibit the city from entering into contracts with IBM, GM

and other firms keeping ties to SA.

Miss Heidi Soumerai of Boston investment firms said: "There is going to be more attention focused on just what is meant by divestment... what it means varies."

A University of California spokesman said the action of GM and IBM seemed to fulfill the university's disinv-

vestment policy although this was "open for interpretation."

Several specialists at colleges and local governments said IBM and GM appear to have satisfied their divestment rules.

A mission from eight non-aligned countries met Italian officials in Rome yesterday at the start of a trip to persuade Western

Europe and Japan to clamp comprehensive sanctions on SA.

Zimbabwe's Foreign Minister, Mr Witness Mangwende, said comprehensive mandatory sanctions were the only peaceful alternative to armed struggle.

The Nonaligned movement had made progress on setting up a fund to help the frontline states endure the

effects of sanctions, an Indian official said yesterday.

A Kenyan delegation to the first World Livestock Producers' Conference has walked out in protest against the presence of a SA representative.

The SA delegate, Mr Jan Van Der Walt, was placing his nation's flag with the flags of 30 other participating nations

when the Kenyans decided to leave. "I was rather sad when I learned what they had done," he said.

In Mexico City the World Boxing Council (WBC) has announced it will break ties with any promoter, manager or agent who promoted boxing in SA in any form. This will KO a number of SA title hopes. — Sapa-AP

Anti-apartheid activists not all happy with methods

# Watch on US pullout

WASHINGTON — Efforts are being made to determine if United States companies are complying with anti-apartheid demands in the way in which they are pulling out of South Africa, spokesmen for investors said yesterday.

International Business Machines (IBM) and General Motors (GM) announced last week that they were selling off their operations in South Africa — apparently in part because

of demands by institutional investors.

But IBM and GM are withdrawing in a way which still leaves their products on the market and their plants running, and spokesmen for some institutional investors said they are taking a close look to see if such arrangements satisfy disinvestment demands.

Mr Mark Fabiani, legal counsel to Los Angeles Mayor Mr Tom Bradley, said the city's three-month-old anti-

apartheid law would still prohibit the city from entering into contracts with IBM, GM and other companies which maintain any ties to South Africa.

"It's still possible to support the South African economy through these arrangements," Mr Fabiani said of the licensing and franchising arrangements that are leaving some US companies in the South African market despite their withdrawal announcements.

draw from South Africa, they won praise from anti-apartheid activists, even though they said they would maintain licensing and franchising agreements with the new owners, former local managers. The arrangements meant GM cars and IBM computers could still be sold in South Africa.

The Investor Responsibility Research Centre, which tracks US companies in South Africa, said 116 colleges, 19 states and more than 60 cities and counties have some type of disinvestment regulation.

## Sale of stock

The restrictions range from full disinvestment, calling for the sale of stock in companies operating in South Africa, to partial disinvestment banning stock ownership in firms which do not adhere to the Sullivan Principles, a code of conduct for US companies operating in South Africa which spell out hiring and promotion policies for blacks.

IBM and GM, among the 30 US firms which have either left South Africa in 1986 or announced plans to do so, cited the worsening political climate and the white government's failure to eradicate apartheid as reasons for selling.

Despite the corporate action, Mr Richard Knight of the New York-based American Committee on Africa predicted that "these companies are still going to feel a lot of pressure" from the anti-apartheid movement until they end their involvement totally.

He said the activists' next step in the drive to end apartheid will be to attempt to cut off all technology to South Africa, effectively blockading the country. — Sapa-Associated Press.

Firms which handle "socially responsible" investments also seemed inclined to keep GM and IBM off their list of acceptable investments, said Miss Heidi Soumerai, of the US Trust Company in Boston.

Miss Soumerai, who analyses such investments for the Calvert Group of mutual funds, said the action by GM and IBM, while laudable, was not enough for the group.

"We try to go beyond direct investment," she said, adding that there is "a lot of confusion" about what US companies are doing in South Africa.

"There is going to be more attention focused on just what is meant by disinvestment ... what it means varies," said Miss Marcy Murningham of the social investment division of Mitchell Investment Management in Cambridge, Massachusetts.

The University of California adopted a disinvestment policy in July requiring that its R6 800 000 investment in South Africa be sold by January 1988.

The actions by IBM and GM seem to satisfy that policy, so the university can continue to hold stocks in those firms, said spokeswoman Miss Linda Fried, even though the situation is "open for interpretation".

## No judgment

Mr Roland Machold, director of investment for the State of New Jersey, said the state has not made a judgment on whether the two companies are in compliance with state law.

Columbia University spokesman Mr Fred Knuebel said he did not know what the school would do about GM and IBM.

When GM and IBM announced their plans to withdraw from South Africa, they



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# GM pull-out financial — Sterling

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29/10/86

By RALPH JARVIS  
Motoring Editor

THE withdrawal of General Motors from South Africa was inspired less by political than financial demands, the managing director of Samcor, Mr Spencer Sterling, said in Knysna yesterday.

Mr Sterling was addressing motoring journalists at the official launch of the new Mazda 626 series.

He said a report on third-quarter profits for the motor industry in the United States showed that General Motors made R263 million, 49% down on the first quarter of 1985.

"This R263 million came almost entirely from the finance company. They lost money on the automotive operations and broke square on electronics."

Mr Sterling said this indicated that GM's withdrawal from South Africa

was without question dictated more by financial than political motives.

"I believe it was fortuitous. There are two things about the GM withdrawal that are clear," he said.

"I can tell you from first-hand knowledge that GM have been contemplating withdrawal for four years and have tried to find a way to withdraw, as someone said, 'elegantly', with the least pain possible.

"They also wanted to leave here with their franchises intact. That was critically important.

"This is a real withdrawal. There is no doubt about that. A reason for the management buy-out is that it is a last-resort way out of leaving the franchises here.

"This is going to cost them (the US company) a bundle — but a bundle of rands, not dollars. With the financial rand down to

18c this morning (Monday) — what a breeze!"

Mr Sterling said that once the local GM management was in place they would be free to do whatever they wished.

"But they are going to have to be very innovative to survive. They are going to have to negotiate extremely favourable supply contracts with their overseas franchisers, Opel and Isuzu."

● Samcor, through its MMI division, has to move into motor racing in 1987.

This was also announced by Mr Sterling.

Mr Sterling said MMI would race two cars, a Mazda RX7 in the Wesbank modified saloons category, and a Mazda 323 EGi in Group N.

Both cars will be driven by Ben Morgenrood, the reigning Class A Wesbank modified saloons champion.

See Page 10.

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# 3,000 GM employees go on strike

FRIDAY

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ALAN FINE

THE saga of the General Motors (GM) withdrawal from SA and its sale to as yet unnamed local interests took an unexpected twist yesterday when 3 000 workers downed tools in support of various demands related to the pull-out.

The strike followed the rejection by management of proposals submitted by the National Automobile and Allied Workers' Union (Naawu) on Friday.

The proposals included one month's severance pay per year worked, the repayment of employer and company contributions to the group life and pension funds, and the appointment by the union

of two representatives to the board of directors of the new company.

GM met Naawu and the Motor Assembly and Components Workers' Union of SA (Macwusa) late yesterday afternoon.

Naawu said workers were concerned at the lack of information regarding the pending sale.

GM industrial relations manager Robert McIlwaine replied yesterday that, following the initial withdrawal announcement and with delicate negotiations in progress, union shop stewards

were given as much information as the management group.

Workers had been assured there would be no change in their conditions of employment and that the new management would honour all obligations, including contracts with trade unions.

Therefore, said McIlwaine, there was no question of any severance arrangements.

● GM was yesterday granted a court order calling on its striking employees to show cause why their strike should not be declared unlawful.



*Ever Post* *20/10/86* *(b2)*

# Motor workers won't budge on demands

Post Reporter

GENERAL MOTORS workers last night remained adamant in their demands for severance pay and for the refund of their pension contributions.

They expressed this determination at a report back meeting with union officials.

Mr Freddie Saul, general secretary of the National Automobile and Allied Workers' Union, said he had told workers of GM's guarantee that working conditions and benefits would be continued under the new management deal, but said the workers were still not satisfied.

"For one thing, they are thinking that in the light of US sanctions, GM will not be able to inject any new money into South Africa to back up their assurances — and in a way you can't blame them."

Asked if he explained to the workers that the pension fund was protected from being touched by the new management, Mr Sauls said that explaining

pensions to SA workers was historically difficult, and pointed out that GM management were trustees for the pension fund.

"This difficulty is compounded by the fact that the directors of the fund have refused to allow the union or workers access to an audited financial statement of the fund."

● Yesterday's court order, requiring GM's striking workers to explain why their strike should not be declared illegal, took the union by surprise.

"We have not yet received a copy of the court order so we do not know exactly what its wording is or what we are obliged to do," Mr Saul said.

"Until we do that, any negotiations with General Motors is very difficult. We have been taken totally by surprise."

He said the first priority for his union was now to analyse the implications of the court order and to gauge exactly what its ramifications were.

# Strike at GM enters its second day

By KIN BENTLEY

THE General Motors strike which has brought production of the new Monza model to a halt, entered its second day today after hundreds of workers spent the night at the company's Kempston Road and Aloes plants.

Asked today if it was irresponsible for General Motors' men to strike on the eve of the Monza launch, Mr Les Kettleidas, Eastern Cape regional chairman of the National Automobile and Allied Workers Union (Naawu), said: "The strike is not related to the launch of the Monza — that is of no consequence to us."

When asked if he was concerned about the strike affecting the Monza launch — upon which a good deal of GM's immediate prospects depend — he said: "If that is the case then that is the case."

Mr Kettleidas said the announcement by GM of its intention to hand over to local management had precipitated the demands from the men.

He said that if General Motors had "advised and consulted with its workers" about its withdrawal from South Africa before the pull-out announcement, yesterday's strike need not have happened.

Naawu would be seeking to continue negotiations today, he said.

He said he estimated about 2 000 workers spent the night in canteens and locker rooms.

However, Mr Mike Killen, GM's public relations manager, said he believed this figure was exaggerated. He estimated the figure was about 500.

Naawu claims to have 2 000 members at GM and the Motor and Component Workers' Union of South Africa (Macwusa) about 400.


Late yesterday, GM was granted a rule nisi against Naawu, the Motor and Component Workers' Union of South Africa (Macwusa) and various other respondents (all employees at the plants) to show cause why their strike should not be de-

clared unlawful.

The order called on the striking workers to show cause by 9.30am on Monday, November 3, why it should not be declared that they were engaged in instigating, inciting or conducting an unlawful strike and why it should not be declared that the company should be entitled to dismiss any of the workers engaged in the strike who persisted, with the knowledge of the order, in conducting the strike after 7.15am on Monday.

In a supporting affidavit, Mr Roberth McIlwaine, the company's industrial relations manager, said the managing director, Mr Bob White, had stressed to workers that the employment of all employees would be secure, whatever the new dispensation might be.

Mr Kettleidas today denied claims that the pension fund was guaranteed, saying that the board of trustees of the fund, the GMSA retirement plan, was GMSA management.

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# Ackerman: 'For God's sake stay'

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Own Correspondent

PICK 'n PAY chairman Raymond Ackerman has made an impassioned plea to American businessmen to "for God's sake stay in this country".

"By investing and not running away" American businessmen could create the jobs necessary to bring peace to SA.

"I appeal to those companies who are still here, in spite of the hassle factors and the criticism, to stay here. We need you," he said.

Presenting R50 000 to relieve the plight of Cape Town's unemployed to the Mayor's Relief Fund during the pre-opening function for the new Ottery Hypermarket, Ackerman said he had thought "very deeply" about the poverty which resulted from the unemployment crisis in Cape Town.

"We need jobs more than hand-outs, but the fund is there and I hope this contribution will go some way to relieving the poverty," Ackerman said.

Ackerman, who is to attend a major conference this month between government and top local businessmen, said SA had two years in which to fight sanctions and disinvestment.

"Sanctions have only just begun. It will be a long time before punitive, mandatory sanctions are imposed.

"It is time for us to get off our butts and talk to everyone, not to go into the laager and adopt a hard-line attitude," he said.

Ackerman said black leaders would have to realise that "they must put their hands across as well".

He believed 80% of South Africans believed in the same things: democracy, protection for minorities and peace.

Only by talking to each other would we discover how much we all had in common, he said.

# GM strikers put brake on Monza production line

By Sheryl Raine *SMR*

Hundreds of striking General Motors workers slept in the factories in Port Elizabeth last night and failed to report for the morning production shift today, according to union and company spokesmen.

The strike by as many as 2 500 workers centres on GMSA's decision to withdraw from the country and sell out to local buyers.

Late yesterday the company obtained a Supreme Court order demanding the National Automobile and Allied Workers Union (Naawu), the Motor Assemblers and Component Workers Union (Macwusa) and individual employees on strike, show cause by 9.30 am on Monday why the strike should not be declared illegal and workers dismissed.

The union is considering its legal options and plans to meet workers at the strike-hit plants to discuss the situation today, said union spokesman Mr Les

Kettledas.

Yesterday white assembly line workers also refused to work, according to Naawu. Mr Kettledas said about 2 000 black workers slept in the factories last night but the company put the figure at about 800.

At 7 am today workers gathered at the factory but the morning shift failed to begin, the company and union confirmed.

Production has ground to a halt on GM's new Monza car assembly line. The car is due to be launched next month.

Mr Kettledas said workers were demanding a full separation pay deal, refunds from benefit funds and the right to choose two directors on the board of the new company.

Naawu members have condemned the "arrogance displayed by GM in its withdrawal from SA and the sale of assets to local interests." They have attacked the company for not telling workers of developments.

*NY Times 30/10/68*

# 617 Unita rebels killed, claims Angola

LISBON. — Angola said yesterday that its troops killed more than 600 Unita rebels and seized huge quantities of arms and equipment "of South African origin" on the eastern front during the past two months.

Unita said they destroyed 32 vehicles and killed 125 soldiers, including 11 Cubans, last week.

There was no immediate independent confirmation of the claims.

The official Angolan news agency, Angop, citing Chief of Staff Lieuten-

ant-Colonel N Gongo, said the army killed 617 "counter-revolutionaries" between September 5 and October 20 in three south-eastern provinces.

The rebel casualties were the highest such claim made by the Marxist government in more than a year.

The captured arms and equipment of "South African origin" included 165 AK-47 rifles, seven radio transmitters, six anti-tank missiles, four 106mm cannon and five unspecified vehicles, Angop said.

It made no mention of army casualties.

The US- and South African-backed rebels said they killed 11 Cuban and 114 government soldiers and destroyed 32 unspecified vehicles in attacks in 10 of Angola's 16 provinces between October 21 and 25.

Unita said that in operations spanning the country, it captured 29 soldiers and 98 "bombs" and 415 other weapons of "Soviet and Czech origin". — UPI

# Shop stewards can't testify to Euro MPs

SIX shop stewards due to testify in European Economic Community (EEC) hearings in Brussels next week into the South African employment practices of two foreign companies have been refused passports.

The six, BTR-Sarmcol shop stewards, are members of the Metal and Allied Workers Union (Mawu).

Meanwhile, the Industrial Court in Pietermaritzburg next week will hear an application by Mawu demanding that BTR-Sarmcol — a Howick rubber plant — recognise the union as its bargaining representative.

The Brussels hearings have been arranged by socialist members of the European parliament to investigate alleged contraventions of the EEC employment code by both BTR-Sarmcol and Transvaal Alloys, a German-owned vanadium mine north of Middelburg.

More than 200 Transvaal Alloys workers were summarily dismissed in

WEEKLY MAIL REPORTERS

November, 1983 after a strike demanding a wage increase, better working conditions and union recognition. Mawu lawyers have continued to negotiate for their reinstatement and compensation for their period of unemployment. According to Mawu, most of the dismissed workers can only survive by eating bitter roots found in the hills of Sekhukhuneland; five of the 200 have died of ailments exacerbated by starvation.

About 1 000 BTR-Sarmcol workers were fired in May last year after a strike for union recognition. They have protested against their dismissal through a widely-supported stayaway and consumer boycott.

The case is expected to be protracted; it has been made even more controversial by Sarmcol's

hiring 800 new workers.

In papers before the court, Mawu claims the strike declared on May 1 last year after negotiations had failed was legal — workers had unanimously voted in favour of strike action — and that Sarmcol had contravened the Industrial Act

Sarmcol, on the other hand, alleges management had in fact recognised the union and that only a "limited number of issues" had not been settled. They labelled the strike action as "unnecessary, unjustifiable and calculated to disrupt negotiations".

In a strongly-worded statement, Mawu claims Mpophomeni township, where nearly 40 percent of the strikers live, has been effectively destroyed by the company. "There is no income being brought into the township and the population of 17 000 for whom there are virtually no job opportunities are condemned to gradual starvation and death."

# Workers demand say in new GM

62

PORT ELIZABETH. — Three thousand workers, demanding a say in the General Motors handover, downed tools yesterday, bringing production at the Kempston Road and Aloes plants to a stop.

The company is taking legal advice on applying for a court interdict to declare the strike illegal.

The National Automobile and Allied Workers' Union has made various demands and said its men stopped work to force the company to the negotiating table.

Mr Bob White, the company's managing director, said he was not going to be blackmailed and would not negotiate with the union until the men had either resumed work or left the premises. 'I would have thought that the principal concern of the union and the employees would be that they would like to continue to have jobs in Port Elizabeth,' he said.

A NAAWU official confirmed that one of the union's demands was that two of the seats on the new board of directors should be taken by employees in the new company. This demand arose because workers were being "left in the dark" about their future, he said. — Sapa

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# SHARE

## General Motors told

**By LEN MASEKO**

gether with returns on the investments of such funds, be paid to employees:

- Two directors of the new company be appointed by union members at the company.

### Urgent talks

Naawu officials and General Motors management were due to meet for urgent talks late yesterday. Also invited to the talks were the Motor Assemblies and Components Workers' Union of SA and the SA Iron and Steel Union.

Mr Bob White, the company's managing director, told Sapa that he was not going to be blackmailed and said the strike was illegal.

The company was seeking legal ad-

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Sowetan 29/10/86

## 'Give us a share'

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From Page 1

vice with a view to applying for a court interdict to declare the strike illegal.

The assembly line of the new Monza car, due to be launched next month, has been stopped.

General Motors recently announced its withdrawal from South Africa and the sale of its assets to local interest.

### Rejected

A Naawu spokesman, Mr G Barry said in a statement to the *Sowetan* that management had rejected the union's demands earlier, hence the decision by the 3 000 employees to down tools.

"The workers are also demanding the latest rules of the pension fund, audited financial statement and actuarial report — a thing which the company rejected earlier, even though workers are legally entitled to such documents," Mr Barry said.

### Documents

The union has instructed its attorneys to obtain these documents from the Registrar of Pension Funds, the union official said. He stressed that workers had nothing against the formation of the new company, but were only concerned about "all the uncertainty".

MORE than 3 000 General Motors employees went on a sit-in strike yesterday for a share of the spoils after the company's decision to pull out of South Africa.

The stoppage has brought production at Kempton Road and Aloes plants in Port Elizabeth to a halt.

The striking General Motors employees have resolved to occupy the plants until their demands are met, according to the National Automobile and Allied Workers' Union (Naawu).

Workers demand that:

- That General Motors, on the date of its pulling out, pay employees one month's severance pay for each year of service with the company;
- All pension contributions from both the employee and the company, to-

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# Court order as GM workers go on strike

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**Dispatch Correspondent**  
**PORT ELIZABETH** — General Motors was granted a court order late yesterday calling on its striking employees to show cause why their strike should not be declared unlawful.

GM's workers at both the company's plants reported for work at 7 am yesterday and all clocked in, but refused to do any work.

One of the demands of the strikers is that workers appoint two of the directors of the board of the new company taking over from General Motors.

Other demands include a severance payment of one month's payment for each completed year's service with the company to be paid out on the date of cessation of GM's business in South Africa.

The workers have resolved to go on a sit-in strike until their demands are met.

Mr Justice Jennett granted the order in the form of a rule nisi in the Port Elizabeth Supreme Court against the Nat-

ional Automobile and Allied Workers' Union (Naawu), the Motor Assemblers and Component Workers' Union of South Africa (Macwusa), and various other respondents — all employees at the company's two plants.

The order called on the striking workers to show cause by 9.30 am on Monday November 3, why it should not be declared that they were engaged in instigating, inciting or conducting an unlawful strike in terms of the provisions of Section 65 read with Section 1(1) (X11) of the Labour Relations Act No 28 of 1956.

It should not be declared that the company shall be entitled to dismiss any of the workers engaged in the strike who persist, with the knowledge of the order, in conducting the strike after 7.15 am on Monday, November 3.

The order will be served by affixing its copies to the company's notice boards at the Kempston Road and Aloes plants.

# Black and white down tools together

unarmed local buyers.

The workers downed tools after receiving a written refusal from management to meet Naawu's proposals that two union representatives be appointed to the board of the new company, that workers receive one month's severance pay for each year employed by the company and that employer and company contributions to the life and pensions funds be repaid.

canteens and locker rooms.

Management said only 500 workers had remained in the factory.

GM was granted an urgent court order on Wednesday, calling on its striking employees to show cause by Monday why the strike should not be declared unlawful.

At the heart of the dispute lies worker dissatisfaction with the manner in which GM is selling its South African company to as yet

## WEEKLY MAIL REPORTER

workers as both felt insecure about their future in the new company.

"They're all inside, black and white, and they're not coming out," a striking worker told the Weekly Mail.

According to the National Automobile and Allied Workers' Union (Naawu), 2 000 workers refused to leave the plant's premises on Wednesday night and slept in

IN a rare show of worker unity across racial lines, 3 000 black and white workers at Port Elizabeth's General Motors (GM) plant downed tools on Wednesday to protest management's handling of GM's withdrawal from South Africa.

Management claimed the whites had only stopped work because they could not carry on alone. However, union officials said the whites had supported the demands of the striking black

# Workers strike before GM handover

N/M  
30/10/86  
(62)

**Mercury Correspondent**

PORT ELIZABETH—The withdrawal of General Motors from South Africa and its sale to as yet unnamed local interests took an unexpected twist yesterday when 3 000 workers downed tools in support of various demands related to the pull-out.

The strike follows the rejection by management of proposals submitted by the National Automobile and Allied Workers' Union (Naawu) on Friday.

The proposals include one month's severance pay for each year worked, the repayment of employer and company contributions to the group life and pension funds, and the appointment by the union of two representatives on the board of directors of the new company.

GM management met Naawu and the Motor Assembly and Components Workers' Union late yesterday afternoon.

The company says that a prolonged strike will affect the launch of GM's new

Monza range scheduled for November.

Naawu says workers are concerned at the lack of information regarding the pending sale, and the situation of their benefit funds.

GM industrial relations manager Robert McIlwaine replied yesterday that, following the initial withdrawal announcement and with delicate negotiations in progress, union shop stewards were given as much information as the management group.

Workers had been assured that there would be no change in their conditions of employment and that the new management would honour all obligations towards them, including contracts with trade unions. Hence, said Mr McIlwaine, there was no question of any severance arrangements.

# Crucial talks later today at GM

62  
Eve Post  
3/11/81

By DENISE BOUTALL  
CRUCIAL discussions on the dispute at General Motors, which brought production at the company's two Port Elizabeth plants to a halt on Wednesday, are expected to be held later today.

In an interview the regional chairman of the National Automotive and Allied Workers Union, Mr Les Kettleas, said he believed GM had a better understanding of the workers' demands after yesterday's talks.

"We are now waiting for the company to come back to us. What happens then depends on their response. We then hope to have another meeting."

Naawu has about 2 000 members at GM's automotive and electromotive plants in PE and the Motor and Component Workers' Union of South Africa (Macwusa) about 400. Some members of the unions have occupied the automotive plant since they downed tools on Wednesday morning.

The strike followed a meeting of Naawu membership on Tuesday. A statement released afterwards by the union spoke of members' "disgust" at the manner of GM's withdrawal from South Africa and the fact that the company had failed to consult Naawu on the issue.

Late on Wednesday GM was granted a *rule nisi* calling on strikers to show by 9.30am on Monday, November 3, why the strike should not be declared unlawful and the company entitled to dismiss striking workers.

Asked whether the union had formulated its response to the court order, Mr Kettleas said Naawu had only received a copy of the order yesterday afternoon. "Our response will depend very much on GM's reaction to yesterday's discussions."

If necessary, talks could continue during the weekend, he said.

Meanwhile, GM is going ahead with its plans to launch the new Monza to dealers throughout the country over a period of nearly three weeks starting on Tuesday.

A Press conference scheduled for Monday afternoon in Johannesburg would also go ahead.

Details of the proposed takeover of GMSA by local directors would be disclosed then, GM's public affairs manager, Mr Mick Killeen, said today.

**Sara Lee says  
why it sold out**

CHICAGO — Sara Lee Corporation said it sold the company's South African holdings earlier this week because of increasing stockholder disapproval and decreasing profitability tied to a weakening US dollar.

The food products company's sole operation in South Africa was a plant manufacturing non-prescription drugs and shoe-care and personal-care products, said company spokesman. The plant employs 220 people and accounts for annual average sales of about R22,2 million. The plant was sold to a Dutch corporation. — Sapa-AP.

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# Forcing the pace

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The withdrawal of IBM from SA has thrown the R250m a year microcomputer retailing industry into disarray. While estimates of market share held by the major companies conflict, there is uniform fear that the new "South African" IBM will aggressively seek to achieve gains in this area.

It is widely held that the takeover of IBM's operations in SA by a local management team will free the organisation from restraints imposed by the US parent corporation and so enable it to respond quickly to local demand (see *Business* October 24), and even to embark upon local manufacture.

Certainly, it appears that IBM will need to move swiftly in the micro market if it is to prevent further erosion of its share — which is now estimated at just under 20%.

One factor which has affected sales of IBM personal computers — and those of its major competitors — this year is the development of the market for so-called clones, mostly manufactured in the Far East at low cost. These machines, many of which are touted as IBM compatible, have found favour particularly among first-time buyers who make buying decisions on price alone. Clones, including those imported by one-off operators, are now estimated to have captured around 40%-45% of the total South African market for micros, which in turn is estimated at around 36 000 units this year.

IBM also appears to have lost an edge on its major competitors among more upmarket buyers. This is because the question now

being asked is not: "Is the machine IBM compatible?" but rather "Does the machine operate to industry standard?" For buyers of single micros, the standard has been established as MS-DOS and that for multi-users appears to be Unix. In both cases, the systems have been adopted by major players such as Olivetti and Sperry.

And, while the clone bubble will burst as soon as enough buyers discover the worth of reliable dealers, guaranteed spares supplies and service, IBM will have to fight hard to be seen to be different — and better — than the other heavyweights. ICL, Sperry, and Olivetti have a combined market share of just under 30%.

But competitors are also worried. As one industry source has it: "Of course IBM is an aggressive organisation. It isn't simply going to sit back and let anyone take market share from it. And it must look to gain where it can."

It is hardly likely that the gain will come from an expanded market since, as the Business Equipment Association says, economic circumstances are placing increasing pressure on sales. All the major companies have expressed concern at reduced volumes this year.

What is left is an aggressive, open marketing policy. Already IBM has rationalised its dealer network and made it plain that it will seek out major clients itself — even if this places it in direct competition with the dealers.

up of Sasol's Joe Stegmann (chairman), De Beers Julian Ogilvie Thompson, the IDC's Marius De Waal, Barlow Rand's Warren Clewlow, Sanlam's Fred du Plessis, the Development Bank's Simon Brand and Reserve Bank Governor Gerhard de Kock.

Except for Ogilvie Thompson, they will be among those who chair the working groups that will convene after the presidential address. Other chairmen are Altech's Bill Venter, SA Breweries' Meyer Kahn, Gold Fields' Robin Plumbridge and Escom's John Maree. Cabinet members will rotate among the groups but the president will not participate.

There is a great fear in business circles that the outcome will be the eclipse of monetarism and the ushering-in of grand co-operation between government and business — a corporate state — in which direct controls and growing protection for key industries will play an important part. Coercion will eventually take the place of market allocation of resources.

Or the outcome could be paradoxical, with government conceding micro deregulation to encourage small business, while simultaneously agreeing to more macro regulation to entrench an explicit partnership with established large business groupings.

This approach is based on the erroneous view among some politicians and businessmen that rapid economic growth in Japan was the result of considerable protection of its industries and the succour given by the Ministry of International Trade and Industry (MITI), especially so far as technology transfer was concerned. The new long-range plan could, we fear, envisage the CSIR in a similar light.

There is no doubt that the Japanese situation is a complex one. Those who choose to present it as an example of laissez faire have as difficult a time as those who claim its growth was all protectionism and central management. But there is sufficient evidence



Rolly



Adcock



Waddell



Motsuenyane



Tucker



King



Ball



Bloom

□ The radical black — and erroneous — view that capitalism supports apartheid will appear to have been proven. This will persuade blacks increasingly to seek collectivist expression to their political frustrations.

□ A siege economy will be increasingly cut off from hi-tech and will slide into Third World decay as its ability to compete in First World markets diminishes; and

□ The role of government will expand in the economy, with the public service swelling and economic growth faltering, which will encourage the imposition of even more authoritarian social policies.

to suggest that the Japanese economic resurgence was not so much a triumph of central management over the marketplace as of entrepreneurship (such as Honda's) over the large corporations fostered by MITI.

After the war, Japan administered large doses of supply-side economics: lower taxes, inducements to savings and encouragement of industrial investment over housing. It became more advantageous for the Japanese to own their own businesses than their own homes. That is what sparked the country's remarkable growth.

The important point that the Japanese have illustrated is that creative business instincts do not come out of large institutions. The assumption that they do is something against which we have to be on constant guard here. For a grand strategy envisaging more controls and protection will foster concentration of ownership and erode competition.

But there will be other unfortunate consequences:

□ The trade unions and anti-apartheid groups abroad will be convinced of a conspiracy between government and business. The latter will be pressed to foster social change far beyond its ability to do so. And if business is forced as a result of that perception into affirmative action, the economy will become less efficient and still more jobs will be lost;

In almost every socialist country in the world, a grand strategy has been devised and attempts made to implement it with increasing coercion. In none has there been economic growth anywhere near that of the Western democracies with their greater emphasis on free enterprise, reducing government, and open economies.

For once, business has the upper hand. Government needs it to make the grand plan work. Business must demonstrate both to its customers abroad and to its black workers at home that it has the stomach to wield the influence it claims to have and to a degree does have.

**Hands-off policy**

The businessmen among those in Pretoria next Friday must withhold all co-operation unless government is prepared to agree within a specified time to repeal the Group Areas and Land Acts, resolve the citizenship issue, halt all forced removals, lower taxes, reform regional government structures on a wider franchise and reduce its own role in the economy.

In short, if P W Botha wants to tango, he must cough up or push off. Nothing could be worse for business now than being seen to be playing footsy with the perfidious performers in Pretoria. ■

□ See *Business*

**US SANCTIONS**

**Call off the dogs**

When the two biggest non-oil companies in the world book one-way tickets out of SA within days of each other, you must know the country is in some kind of trouble.

But how much trouble? After all, General Motors (GM) products will continue to be offered on showroom floors — the launch of the new Opel Monza is only days away — and IBM computers will be competing as strongly as ever for local customers.

It is thus not surprising that public reac-

**It suits many US companies to divest from SA — not all for political reasons. Many links could be cut.**

tion to the latest, and most spectacular, disinvestment moves has been subliminal indifference.

Indeed, in GM's case the popular view persists that it may have been better for the company to quit entirely in view of the over-traded state of the vehicle market.

There's perverse merit in the argument. Truth is, SA can exist quite happily without GM motor cars. To a less extent it can also get along without direct access to IBM computers. But it can't get along without the rest of the world.

In the case of both GM and IBM (and

*Handwritten notes:* b2, FIN MAIL 31/10/86

many others), local and not foreign interests will henceforth be calling the shots (see *World*). In terms of the GM deal, local interests will buy the operation and GM money will come in to pay debts and strengthen the South African balance sheet. Conversely, IBM will hand over a going and profitable concern "for the benefit of employees" in the hope that the new South African company will generate a sufficient level of profitability to pay for it — sometime.

GM and IBM, of course, are merely the latest to join a growing list of US corporations which have found it expedient to cut and run. This year alone 30 US concerns have severed connections one way or another with their South African subsidiaries. Question marks hang over many others, like Honeywell, Kodak and Xerox, and scores more have already gone. Indeed, with the pace of divestment hotting up, betting men are giving even money that no major US corporation will be directly invested in SA a year from now.

The flaccid South African economy and anti-apartheid pressures back home are commonly cited as the main reasons for the latest round of withdrawals. Also, not to put too cynical a face on it, it is true to say that most divestors so far have failed to make the grade in SA over the past few years. And those still in profit are not too charmed with the returns they are getting through the depressed rand.

But a study of the US Congress's Comprehensive Anti-Apartheid Act of 1986, the legislation which President Ronald Reagan failed to override, shows clearly why so many US companies have been faced with Hobson's choice.

The Act, to be sure, is a meandering and woolly document which confirms what most critics were saying in the first place — US legislators are light years away from a proper understanding of the South African question.

SA itself must shoulder some of the blame for that, but it is small compensation for American corporations which now face swingeing controls if they choose to remain.

They will be required, for example, to "take the necessary steps" to implement a statutory code of conduct if they have 25 employees or more. This is old hat, of course, because most US companies have long since learnt to live by employment codes of one kind or another.

But under the new legislation they could be required to register on a presidential list and face being cut off from government export aid to any country if they are found to be implementing the code less than enthusiastically.

The seven-point charter is hardly onerous:

- Desegregating the races in each employment facility;
- Providing equal employment opportunity for all employees without regard to race or ethnic origin;
- Assuring that the pay system is applied to all employees without regard to race or ethnic origin;
- Establishing a minimum wage and salary structure based on the appropriate local minimum economic level;
- Increasing by appropriate means the number of persons in managerial, supervisory, administrative, clerical and technical jobs who are disadvantaged by the apartheid system, for the purpose of significantly increasing their representations in such jobs;
- Taking reasonable steps to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation and health; and
- Implementing fair labour practices (including trade union recognition).

Trouble is that scores of US companies know only too well that such codes are applied subjectively. The keepers of the Sullivan principles, for example, have had to delay the announcement of their latest "findings" because scores of US companies have appealed. They complain that they have done everything required of them — and more — but have nevertheless been dropped in the rankings and lost benefits.

With registers, codes of conduct, threats of export aid withdrawal, and

so on, things are clearly being made tough for US companies in SA.

But the irony of it is that, at face value at least, Congress would like them to stay. The anti-apartheid Act says so in almost as many words: "The Congress hereby applauds the commitment of nationals of the US adhering to the Code of Conduct to assure that South African blacks and other non-whites are given assistance in gaining their rightful place in the South African economy" (Section 203 (b) (1)).

Nice thought, but the GMs, IBMs and Coca Colas have given their answer. Rather divest and keep contact through supply agreements than run the gauntlet of subjective judgments and punitive government retaliation.

Which is not to say that the employment and social codes will not continue to be applied. In most cases, the companies coming under South African control have announced that they will continue to implement them anyway.

As Frank Lubke of the American Chamber of Commerce in SA (Amcham) puts it: "Amcham has always taken the approach that the best interests of everyone would be served by remaining here."



The Rev Leon Sullivan, who was "on his way to Texas" when the *FM* tried to contact him in Philadelphia on Friday and "on his way to Iowa" on Monday, appears to be ambivalent over the continued US business presence in SA.

"From our discussions with him," says Lubke, "we get the distinct impression that he does not think that pulling American corporations out of the country will serve a useful purpose. But he is also on record as saying that if apartheid is not dismantled by May next year he is going to withdraw from the programme which bears his name. And we know that apartheid will not be dismantled by May next year."

Sullivan signatories spokesman Roly Clark is equally in the dark over the future of the programme.

He feels a "nucleus" of the companies will remain but whether or not Sullivan drops it in May, "the work generated by these guys should continue."

So much for the current state of disinvestment play. What business is now keen to know is what it will take for the US Congress to call off the dogs.

The anti-apartheid Act talks about releasing Nelson Mandela, Govan Mbeki, Walter Sisulu and other political prisoners; of repealing the State of Emergency; of the right of all races to form political parties; of negotiations, ending military activity in other countries, and setting a timetable for eliminating apartheid.

It also binds over the African National Congress (ANC) and Pan-Africanist Congress (PAC) to suspend violence, commit themselves to a "free and democratic SA," to talk to the South African government and re-examine their ties with the Communist Party.

Future US attitudes towards SA, says the Act, will depend not only on government's reforms but also on the progress made by the ANC and other organisations in meeting these goals.

Does it mean that no further action will be taken against SA unless the ANC renounces violence and takes up the offer for talks? It seems that it will all depend on how President Reagan reports on apartheid's progress next year.

Meanwhile, US companies still in SA, as equity holders or suppliers, can expect little respite from the mindless pressures which continue to build up against them. And the fact that southern Africa, and blacks in particular, will suffer most is no less true for having been said so many times before.

The South African government has options — like releasing Mandela — but clearly no real progress will be made until it establishes at least points of convergence with the ANC.

And if the ANC is interested in the peaceful solution which the US Congress is seeking, it has the means within its hands. It must forswear violence and join other interested parties at the negotiating table. It's the only way to break the impasse. ■



# GM strike goes on <sup>THURSDAY</sup> and so do talks <sup>TO 10</sup>

ALAN FINE, Sapa and  
Own Correspondent

THE strike by most of the workforce at General Motors in Port Elizabeth in support of demands connected with the company's withdrawal from SA continued yesterday.

And, for the second successive day, company and union representatives spent several hours in discussions, while hundreds of workers prepared to spend the night at the plant.

According to GM industrial relations manager Robert McIlwaine, the National Automobile and Allied Workers' Union (Naawu) has "somewhat modified" its original demands.

"There were, for instance, some variations that came up with regard to severance pay, and what was now required was only certain guarantees.

"With regard to the repayment of benefit contributions, it appeared that this would apply only to pension fund contributions," he said.

Management, he added, had responded to these proposals and Naawu had undertaken to convey its response to members.

Naawu had earlier demanded one month's severance pay for each year employed, repayment of employee and company contributions to the pension and group life funds, and two representatives on the board of the company that is to take over GM's interests.

GM has been granted a rule nisi against Naawu and other respondents, who have to show cause by 9.30am on Monday, November 3, why it should not be declared that they were instigating, inciting or conducting an unlawful strike.

# Strike at GM goes on

PORT ELIZABETH —  
The General Motors strike was not related to the launch of the company's new Monza car, a union leader said yesterday.

Mr Les Kettleas, Eastern Cape regional chairman of the National Automobile and Allied Workers' Union (Naawu), when asked if it was irresponsible for workers to strike on the eve of the Monza launch, replied: "The strike is not related to the launch of the Monza."

The strike entered its second day yesterday.

On Wednesday, GM was granted a rule nisi against Naawu and other respondents employed at the plants to show cause why their strike should not be declared unlawful.

The order called on the striking workers to show cause by 9.30am on Monday, why it should not be declared that they were engaged in instigating, inciting or conducting an unlawful strike. — Sapa

# Strikers stay put at GM

**STRIKING** General Motors workers continued to occupy the company's premises on Wednesday night and yesterday morning were adamant the stoppage would continue until demands were met — in spite of the court order against them.

Late on Wednesday in the Port Elizabeth Supreme Court, Mr Justice Jennett granted General Motors an order calling on striking workers to show cause why their strike should not be declared illegal.

The respondents are the National Automobile and Allied Workers' Union (Naawu), the Motor Assemblers and Component Workers' Union of South Africa (Macwusa) and various others — all employees of General Motors.

The return date is

## SOWETAN Correspondent

9.30am on Monday when the respondents will have to show why the strike should not be declared illegal, entitling General Motors to dismiss striking workers.

Yesterday morning workers moved freely in and out of the plant and stood in groups discussing the situation.

They said that up to 2 000 workers stayed in the plant for various periods on Wednesday night.

General Motors spokesmen dispute this figure and say a maximum of 500 stayed be-

hind after closing on Wednesday.

A shop steward said that no animosity between the strikers and non-striking workers or management had surfaced "so far".

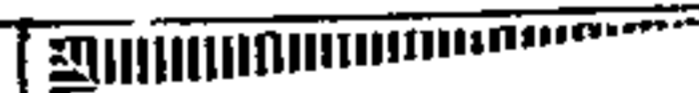
He said the company canteen stayed open on Wednesday night and supplied coffee to the strikers.

He and other workers were adamant that the strike would continue until their demands were met.

"We are worried about the future," a worker said.

All workers interviewed said they saw the imminent launch of the new Monza as one of their strongest weapons.

*Sowetan*  
3/10/86  
**Dispute** (S) (b2)



# Financial problems 'caused by apartheid' tipped scales for GM

By NEIL LURRSSEN  
Weekend Argus Foreign Service

WASHINGTON. — General Motors tried hard to stay in South Africa but financial troubles, largely caused by apartheid, made it impossible, says the chairman, Mr Roger B Smith.

Writing in the New York Times, Mr Smith has explained at length why the giant corporation chose to quit.

He said the country seemed unable to generate the momentum needed to produce the progress the times needed. Without this progress there was little opportunity for American businesses to help solve South Africa's political problems.

"In withdrawing our assets, we intend to do all we can to provide for our 3 000 GM South African employees — more than 60 percent of whom

are non-whites — and their 15 000 dependants.

"We don't want them to suffer by our actions. We care a great deal about our employees."

GM's basic problem — one that all corporations had to pay attention to — was the fact that its SA operations had been losing money for several years.

"Clearly a major portion of our financial troubles was generated by the very existence of apartheid. And South Africa's failure to move away from apartheid at a rapid enough pace allowed the disruptive forces that come with racial separation to grow.

"These problems were further complicated by the actions of government at all levels in the United States to restrict American businesses operating in South Africa.

"The convergence of all these things made our presence in South Africa no longer tenable."

Of all the world's troubled places, South Africa was probably the saddest because of missed opportunities.

The main missed opportunity was that of bringing all of the country's people into the economic and political mainstream of one of the richest and most promising countries on the continent.

### Tide turned

GM would have liked to stay in South Africa but earlier this year the tide of political and economic events turned.

Until then American businessmen were hopeful they could convince the SA Government that a new initiative should be launched to eliminate apartheid.

It soon became clear that too little was happening too late. Since the SA economy was so closely tied to political developments, chances of a near-term improvement in the deeply de-

pressed economy seemed equally dim.

"At that point, we had little choice but to leave," Mr Smith said.

South Africa was a rich country with potential wealth for all its people to share.

"What it needs most of all is extensive investment to create jobs for its rapidly growing population.

"And the sooner its government opens the country to all its people, the sooner world business will be willing to invest there again. I personally look forward to the day when General Motors will be one of those investors."

● On the day that Mr Smith's article appeared in the New York Times, GM headquarters in Detroit announced a sharp cutback in its announced plans for employment and production at a new plant in Tennessee to produce Saturn cars.

The original plan was to employ 6 000 workers and produce 500 000 cars. The new plans envisage 3 000 workers and 200 000 cars.

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# Monday deadline for GM strike talks

**Weekend Argus Bureau**

**PORT ELIZABETH.** — Striking workers and General Motors management meet this weekend for intensive talks before a Monday morning court deadline.

If the two sides do not reach agreement over the weekend, the trade unions involved will have to appear in court on Monday morning to show cause why the strike should not be declared illegal.

Both sides said that if the dispute was not resolved in this round of talks, they would have to defend positions in court allowing the strike to drag on.

Late yesterday afternoon, GM management and officials of the two trade unions involved in the dispute, the Na-

tional Automobile and Allied Workers Union (Naawu) and the Motor Assembly and Component Workers Union of South Africa (Macwusa), were closed in talks and could not be reached for comment.

Monday is also the day scheduled for the dealers' launch of GM's new Monza, and GM will use the occasion to also announce the South African executives taking over the company when the US parent company pulls out next year.

Production of the new Monza has been halted by the strike.

The workers are on strike over disputes about severance pay and pension fund contributions in the light of the takeover of GM by a wholly South African company.

CAP-7/28 1/11/62

## Sara Lee sells SA plant after pressure

**CHICAGO.** — The Sara Lee Corporation said yesterday that it sold its South African holdings this week because of increasing stockholder disapproval and lower profitability tied to a weakening US dollar.

The Chicago-based company's sole operation in South Africa was a plant making non-prescription drugs, said company spokesman Mr Bob Lauer.

The plant, which employs 220 people and accounted for annual average sales of \$10 million (about R22,2 million), was part of Nicholas Kiwi Ltd, an Australian-based subsidiary of Sara Lee.

It was sold to a Dutch corporation, Vlijmense Beleggings Maatschappij B V, for an undisclosed price. — Sapa-AP

SUN TIMES  
2/11/76

# GM strike may affect new car

(62)

By JEREMY McCABE

PORT ELIZABETH'S euphoria at not being totally abandoned by divesting motor giant General Motors has been soured by what some term "ill-timed" strike action involving thousands of GM workers.

The sudden strike at GM's two Port Elizabeth plants has threatened the successful launch of the embattled firm's long-awaited new Opel Monza model later this month, although management spokesmen have played down the effect the strike will have on the launch programme — set to start on Tuesday.

## Power play

Sources within the company claim that the GM management has been incensed by the "bad timing" of the stoppage.

"We are trying to get the company back on its feet and are preparing to launch a new model, and then this happens," one highly-placed GM official said.

And, in theory, more than 2 000 workers face the prospect of dismissal next week if a settlement is not reached before Monday.

Labour relations "experts" consider a mass firing of workers highly unlikely, and referred to the threat as a "power play".

A Port Elizabeth judge granted GM a court order on Wednesday calling on striking employees to show cause why their strike should not be declared illegal.

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**Workers**

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By MONO BADELA

MORE than 3 000 car workers last night spent a second night sleeping-in at General Motors' Port Elizabeth plant - in protest at GM bosses' failure to consult them on the company's withdrawal from South Africa.

• And their strike - also affecting work at GM's Kempson Road and Alocs plants - is threatening to delay the launch of GM's new Monza car, due out in November

Confrontation between GM workers and bosses erupted last week when the company announced it was pulling out of SA, following President Ronald Reagan's reluctant decision to impose limited sanctions

The workers' National Automobile and Allied Workers' Union immediately slammed the announcement, saying GM should have consulted the workers before deciding to sell out. The union also demanded that workers get two seats on the new board of GM, when it takes over early next year

Workers downed tools on Wednesday, and slept in the factory overnight. GM responded by going to court where they were granted a court order on Wednesday to show cause why the current strike should not be deemed unlawful. Judge Jenet granted the order in the form of a rule nisi against Naawu, the Metal and Allied Workers' Union and the Motor Assembly and Component Workers' Union of SA.

Naawu official Les Kettledas told City Press workers would continue with their stand until they got a response from management.

GM managing director Bob White told City Press he would not negotiate with the union until the men had either resumed work or left the premises. "If it prejudices the Monza launch we have just got to accept it."

He said GM received worker demands on Friday. "We responded on Monday - they asked for a response prior to a mass meeting and we told them what our answers were."

"They came in later and told us they weren't prepared to work or leave the plant until I talked to the union. I told them they either had to work or leave."

- Worker demands, decided at a mass meeting last Friday, are:
- A month's severance pay for every year worked
  - The repayment of worker and company contributions to the group insurance and pension funds

**YOU  
CAN  
SEE  
DOUBLE  
with  
Mainstay**

ELUS PARK will host the first ever Mainstay Cup semi-final double header - and there's every reason to believe that the 75 000 fans expected are in for something special.

Orlando Pirates have an excellent chance of getting into the November 29 final. On the basis of their last two matches they should have the edge over Jomo Cosmos. But Cosmos are more than anxious to get into their first cup final since Jomo Sono bought Highlands Park in 1984.

And the second game, between Swallows and Sundowns at 3.15pm, is equally appetising.

See Back Page

**THE  
EMERGENCY**

This newspaper has been produced under emergency regulations, which amount to censorship. The restrictions effectively suppress information of public interest. No details of 'unrest' or security force action can be published without permission. However, within the limits of these restrictions, City Press will continue to make every effort to provide objective coverage.



# GM strikers' jobs could be on line today

By Sheryl Raine

More than 2 400 workers at General Motors in Port Elizabeth were still on strike this morning but could lose their jobs today if unions representing them lose a Supreme Court case against the company.

National Automobile and Allied Workers' Union and GM spokesmen confirmed that the strike, which began on Wednesday and stopped production of the new Monza, was continuing.

Mr Les Kettleidas, regional secretary of Naawu, said workers would decide whether or not to go back to work after the outcome of a Supreme Court action this morning. The court last week ordered strikers back to work by 7.15 am today or show cause by 9.30 am why the strike should not be declared illegal and the workers liable to be fired.

The strike, over GM's decision to sell to local buyers, has resulted in union demands for full severance pay, repayment of workers' and company contributions to benefit funds and the right to appoint two directors to the new company board.

Mr Bob McIlwaine, GM's industrial relations manager, would not say whether GM intended to fire the strikers but said: "A company does not go for a court order if it is not serious."

## GUIDE TO WITHDRAWAL

Three unions have issued a guide for multinationals intending to withdraw from the country. The Metal and Allied Workers' Union, Naawu and the Motor Industry Combined Workers' Union want all multinationals to give timeous notice and provide full details to unions and workers to enable them to decide on their future.

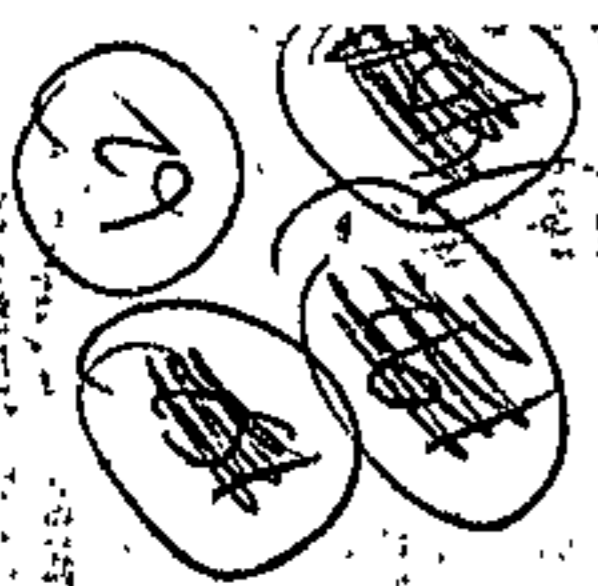
Withdrawal terms should guarantee:

- No retrenchment or redundancies.
- Minimum severance pay of one month for every year of service.
- No prejudice of benefits.
- Payment of full earnings for a year from the date of notification of withdrawal or sale.
- The new management recognise and agree to negotiate with unions on any issues affecting workers, including issues arising from the withdrawal or sale.

Mr Jack Harned of GM's international public relations department in Detroit has refused to answer questions from The Star on the strike and job security. All questions would be dealt with in South Africa, he said, but added only concern for employees had kept the company in South Africa for so long.

Details of GM's future in South Africa are expected to be disclosed at a Press conference in Johannesburg today. Executives of the new local management team, believed to be headed by GM's director of technical operations Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licence agreement.

# POLICE, TROOPS WILL Standby at GM



Dispatch Correspondent

**PORT ELIZABETH** — Police and defence force personnel briefly massed outside the gates to the General Motors plant in Kempston Road here last night as the wildcat strike ended its sixth day inconclusively.

At about 10 pm a large contingent of SA Police and SADF personnel arrived at the plant in about 15 vehicles.

Several disembarked and marched in ranks to a point outside the plant's main entrance. Within minutes, however, the detachment of security forces — armed with quirts and rifles — withdrew, leaving the occupying strikers in the plant.

They then regrouped some 300 metres from the main gate and by 11.15 pm they were still there.

The display of force followed a dramatic marked by:

- Claims by GM management of unspecified "violence and intimidation" directed by a core of sit-in strikers at employees wishing to return to work.
- The abrupt end to a noon management-union meeting at which GM responded to overnight proposals from Naawu (the National Automobile and Allied Workers' Union).
- A management ultimatum to sit-in strikers to vacate the premises by 3.45pm.
- The last-minute ditching by General Mo-

The day began with an undisclosed number of strikers continuing to occupy both Kempston Road and Aloes plants of General Motors, as the strike continued and workers awaited a response from management to overnight proposals made by union representatives.

The responses came at the noon meeting, which lasted only 15 minutes.

According to a management statement issued later it was indicated to workers' representatives at the meeting that General Motors Corporation had no contractual obligation to pay one month's severance pay on its financial withdrawal — one of the key worker demands — since it had done "everything possible to preserve employment opportunities for current employees."

"The assets of GMSA, which provide the basis for employment, remain intact, only the ownership is being sold."

# GM 'will begin firing strikers'

(2)

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NSP

## Post Reporters

GENERAL MOTORS said today it would begin firing workers who persisted in striking.

Today, the major union at General Motors conceded in the Port Elizabeth Supreme Court that the strike, which started there last Wednesday, was unlawful.

Mr Frederick Sauls, national secretary of the National Automobile and Allied Workers Union (Naawu), one of the respondents in the application brought by GM in the PE Supreme Court last week, also admitted that the company had the right in law to dismiss strikers without further notice.

The hearing was postponed until next Tuesday.

GM's labour relations manager, Mr Rob McIlwaine, said in an interview today that workers found not to have a valid reason for striking and

persisting with the strike, will be fired on the spot.

Mr Sauls said that from today workers would resume their sit-in occupation of the GM plant.

Approached in the courtroom after the postponement was agreed to, Mr McIlwaine confirmed that from today GM would begin to quiz each worker individually.

"If any worker is found not to have any valid reason for not working and persists in striking illegally, he will be fired on the spot."

Mr McIlwaine said he agreed this was a "hard line" position to take, but said it was necessary "for the future of the motor industry in the Eastern Cape".

"The action will indicate to workers that their demands are unreasonable and that their strike is not in the best interests of GM, or PE or of the

workers themselves."

He said such action, if taken, would be "regrettable", but said the ball was now in the strikers' court.

If the situation worsened, the unions would be to blame, he said.

Mr Sauls indicated that the union and its members would not back down on their demands.

Earlier Mr Sauls admitted that in terms of industrial law the GM strike was illegal.

"If GM was going to fire workers it could have done so on Wednesday. Today's court case was nothing but a publicity stunt," he said.

Mr Sauls said that as early as last Thursday he had noticed a hardening of attitude during talks.

He said that GM workers were "confused and worried" about their

future.

Mr Sauls said if GM fired workers they would be creating an "abnormal" situation at the plant.

"Where will they get 2 000 to 3 000 skilled workers to replace the present ones?"

On Wednesday, Mr Justice Jennet granted an order calling upon Naawu, and the Motor Assemblers and Component Workers Union and other workers to show why:

- It should not be declared that they were engaged in instigating, inciting or conducting an unlawful strike by virtue of the provisions of the labour relations act.

- It should not be declared that GMSA was entitled to dismiss any of the workers listed who persisted, with knowledge of the order, in conducting the unlawful strike after 7.15am today.

# Bob Price back to join new GM

**Post Reporter**  
A FORMER managing director of General Motors South African, Mr Bob Price, has arrived in South Africa to join the new company that will be formed to take over the GM operations in Port Elizabeth.

This will be announced in Johannesburg at a Press conference today, according to a reliable source.

Mr Price was MD from 1971 to 1974.

The names of three other executives will also be announced.

They are Mr Keith Butler-Wheelhouse, Mr George Stegmann and Mr Andre van Rooyen.

Contrary to expectations, further details of the handover of the company by the GM Corporation to a group of individuals will not be made known to-



**BOB PRICE**



**KEITH BUTLER-WHEELHOUSE**



**ANDRE VAN ROOYEN**



**GEORGE STEGMANN**

*(62) Eye Post 3/11/86*

held several executive positions in South America and Europe.

He has, for a long time, had the reputation for being GM's top "company doctor" because of his successes in troubled divisions of the corporation.

Mr Butler-Wheelhouse, a former Ford executive, is currently GM's director of technical operations, Mr Stegmann is industrial relations director and Mr Van Rooyen is strategic planning manager.

Three current directors will all return to the United States once the handover has been completed. They are Mr White, Mr David Sneezy (financial director) and the marketing director, Mr Hal Carpenter, who retires at the end of the year.

negotiations had not proceeded far enough. It was pointed out that, at a Press conference two weeks ago, the managing director, Mr Bob White, had said he would release this information by the end of November.

January 1, 1987, is still the target date for the new company to begin operations.

When he left South Africa in 1974, Mr Price became managing director of Vauxhall Motors,

head of the negotiating team he will become executive chairman of the new company, though it was stressed by our source that no decision had been taken.

Once the company has been formed and titles are given to the four to be named today, the team will be expanded into a larger group.

The Evening Post's source said that, while it had been hoped to announce full details today,

- Ir's All Happening — Page 13
- TV, Show — Pages 14, 15
- Good Living — Page 14
- Racing — Page 18
- Sport — Page 19, 20

**INSIDE**

**2 robbed in Knysna**  
— Page 3



**Princess speaks out**  
— Page 3

**GIGANTIC TILE**  
AND

Motor

3/11/86 (82) NJM

# GM expected to tell big secret today

**Mercury Correspondent**

**JOHANNESBURG**—Details of the future shape of General Motors in South Africa are expected to be disclosed today in what one motor manufacturer describes as 'one of the industry's best-kept secrets this year'.

Executives of the new local management team, headed by GM's director of technical operations, Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licensing agreement.

Optimism about the new operation is expected to be punted heavily in the run-up to Wednesday's Monza car launch.

GM announced its withdrawal on October 20.

While some industry quarters rate GM's survival chances as low, managing director Bob White has

made it clear the company is close, before interest payments, to breaking even and is expected to post its strongest bottom line in 15 years.

But Nissan, for one, sees GM progressively running down its activities over the next few years because of the high cost of retooling for new models.

'It's too high a tab,' Nissan managing director John Newbury said yesterday, pointing out that about R55 million — depending on the local-content level — would have to be injected into the tooling-up of a new model, at today's costs.

According to one industry source, GM's payment of financing charges — estimated at R100 million — and sale of local assets at a nominal charge will 'make it easier for the local operation to show an attractive bottom line'.

**(Jobs must not**

# GM 'did US proud' in SA

Care Tipt  
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DETROIT. — General Motors and other United States companies had "done America proud" in South Africa, and the Reagan administration was disappointed that they had withdrawn, the Assistant Secretary of State for African Affairs, Dr Chester Crocker, said on Monday.

"We can appreciate the kind of pressure a number of companies are under, as well as the difficult economic situation in South Africa," Dr Crocker added.

GM announced in October that it would sell its Port Elizabeth plant to local management effective from January 1.

International Business Machines, Eastman Kodak, General Electric and several other major companies have announced similar plans.

GM has 3 056 employees in South Africa.

"We are disappointed to see it happen," Dr Crocker said at a news conference before a lunch of the Economic Club of Detroit. "Our companies have done America proud in South Africa."

He said US companies had been a major force for racial justice in South Africa.

"They have brought the highest standard of affirmative action and decency," he said. "They have spoken out ... to the extent they are leaving, it reduces that pressure point."

The debate over economic sanctions against South Africa had hurt prospects for peaceful change by hardening the stands of the government and the white minority there, said Dr Crocker.

There appeared to be little chance in the near future for a peaceful transition to democracy and majority rights in South Africa because black and white leaders were engaged in testing each others' resolve.

Dr Crocker said the South African Government had been preoccupied with how to cope with, or circumvent, the economic sanctions adopted by Congress over President Reagan's objections, rather than with carrying out needed changes.

The sanctions had "distracted a lot of attempts for reform" and had fostered "anti-foreign" attitudes among white South Africans, he said. — Sapa-AP

# Details of GM's future today?

CML-Tmp  
3/11/86



PORT ELIZABETH. — Details of the future shape of General Motors in South Africa are expected to be disclosed today in what one motor manufacturer described as "one of the industry's best-kept secrets this year".

But today is also the deadline for striking workers to return to work or show cause why the strike is not illegal. In terms of a court order they can be dismissed if they do not meet these requirements.

Executives of the new local management team, believed to be headed by GM's director of technical operations, Mr. Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licensing agreement.

Optimism in the new operation is expected to be heavily promoted in the run-up to Wednesday's Monza car launch, the success of which is seen as critical to the company's future.

However, the success of the launch has been clouded by the strike by about 2 400 workers, which has stopped production of the Monza at the Kempston Road plant since Wednesday. Sapa

GM slammed over no talks

# Profits, and not workers, should suffer — unions

THREE major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from SA, but rather the companies' profits should "bear the brunt of the results of apartheid".

In a joint statement, the National Automobile and Allied Workers Union (Naawu), Metal and Allied Workers Union (Mawu) and Motor Industry Combined Workers Union (Micwu) said they condemned General Motors' (GM) "high-handed decision" in refusing to negotiate with GM workers about their future.

GM had drawn profits for 60 years from SA and now wanted to pull out with no cost to itself, making no provision for the future of workers. The statement said the pull-out was only of benefit to management.

The unions said: "Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists."

Pressure for sanctions and disinvestment was a result of apartheid. Jobs and the safety of workers should not suffer.

Naawu, Mawu and Micwu demanded that all multinational companies

in which the union had organised workers should, when pulling out and selling to SA businesses:

- Give timeous notice to the unions and workers;
- Provide full details of their plans;
- Provide adequate information to allow workers and their organisations to make a decision on their futures; and
- Negotiate the terms of the withdrawal with the following minimum conditions.

The departing companies must guarantee:

- No retrenchment or redundancies would follow from the withdrawal or sale;
- Minimum severance pay of one month's pay per year of service;
- No benefits would be prejudiced by the withdrawal or sale;
- The full earnings of workers for a period of 12 months from the date of notification of withdrawal or sale; and
- The new management recognised and agreed to negotiate with the representative unions on any issues affecting workers, including issues arising from the withdrawal or sale. — Sapa.



# Unions: firms must pay for disinvestment

00 3/11/88

PORT ELIZABETH — Three major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from South Africa but that the companies' profits should "bear the brunt of the results of apartheid."

The National Automobile and Allied Workers Union (Naawu), the Metal and Allied Workers Union (Mawu) and the Motor Industry Combined Workers Union (Micwu) said in a joint statement they condemned General Motors' "high-handed decision" to refuse to negotiate with workers about their future.

GM had drawn profits from South Africa for 60 years and now wanted to pull out with no cost to itself and without making provision for the future of its workers, the statement said.

"Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists."

The pressure for sanctions and disinvestment was a result of apartheid. Jobs and the safety of workers should not suffer, the statement said.

Naawu, Mawu and Micwu demanded that

all multinational companies where they had organised workers and that sold to South African businesses on pulling out should:

- Give timeous notice to the unions and workers;

- Provide full details of their plans;

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- The full earnings of workers for a period of 12 months from the date of notification of withdrawal or sale; and

- The new management recognised and agreed to negotiate with the representative unions on any issues affecting workers, including issues arising from the withdrawal or sale.

— Sapa

GENERAL Motors has named a former MD of its SA operation to head the local management buy-out team that will acquire GM's interests here.

Bob Price, 60, MD from 1971 to 1973 and until his present job a vice-president of GM Overseas Corporation,



● PRICE

will take charge of the new company once negotiations are complete.

However, GM officials are still refusing to say how the sale will be financed. Price says most of the funding is in place and the remainder will be complete by the end of the year. He says some of the financing is being done internally and some externally.

Industry sources believe much of the money is being put up by GM in the US, and that the new company will repay the loan out of profits.

While declining to give details of the deal, Keith Butler-Wheelhouse, a member of the local management team negotiating for the company, insisted last night: "We are going to have to pay for

# Former GM MD

4/11/86 BUSDAY  
will head team

DAVID FURLONGER  
Industrial Editor

the company. I can assure you, it's a full management buy-out."

GM has already said it would pay off all its SA debts, rumoured to be more than R200m.

Bob White, who will remain as MD until the buy-out is complete, said the company had assets of R440m in SA. He said that since the debt moratorium, GM was no longer bound by rules insisting that no more than 50% of the value of those assets be held in debt.

Officials said the company would also no longer be bound by US rules forbidding vehicle sales to the SA military and

police. The new company, which has yet to be named, will be able to get round the regulation by sourcing parts from Opel, Isuzu and Suzuki factories in West Germany and Japan.

Butler-Wheelhouse said: "We don't intend to preclude ourselves from selling to the military and police."

Price said the new company would be operational by January 1. He said: "I don't see any problems. There are technical agreements but we don't see any obstacles that are insurmountable."

While confirming the existence of a buy-back option in the sale, Price denied

● To Page 2. →

## Former GM MD to head team

his role was that of a caretaker MD imposed by GM. However, he admitted his presence would lead to doubts over whether it was a genuine local buy-out.

He said he had returned to SA at his own request. In doing so, he had "permanently severed all links with GM after 36 years with the corporation."

"I couldn't ignore the challenge this presented. I've watched the fortunes of the company ebb and flow over the years and have always taken a keen interest."

Although he had been aware of management buy-out talks since their early

stages, it was only recently that he decided to return to SA.

Price said: "I've been privy to these talks all along but not as an active participant. It was a completely personal decision on my part."

Workers at GM yesterday resolved to continue their strike after the National Automobile and Allied Workers' Union's (Naawu) general secretary conceded in the Port Elizabeth Supreme Court the action was unlawful.

← ● From Page 1

BUDGET 3/11/86

# Sara Lee gives reasons for pulling out

GIANT US food-product company Sara Lee said at the weekend it had sold its SA holdings because of increasing shareholder disapproval and decreased profitability tied to a weakening dollar.

Spokesman Bob Lauer said the company's sole operation in SA was a plant which manufactured non-prescription drugs, such as analgesics and antacids; and shoe- and personal-care products.

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MICK COLLINS

"The plant, which employs 220 people and accounted for annual average sales of \$10m, was part of Nicholas Kiwi Ltd, an Australian-based subsidiary of Sara Lee acquired in 1985."

Lauer said the plant was sold to Vlijmense Beleggings Maatschappij, a Dutch

corporation. He declined to disclose the price.

The decision to quit SA was announced last week at the company's annual shareholders' meeting in Chicago.

Although Sara Lee did not report net profits for the company's divisions, the SA plant was becoming less profitable because of the weakening dollar, Lauer said.

# Pricee hopes for quick solution

By RALPH JARVIS

**THE head of the team negotiating the management buy-out of General Motors South African, Mr Bob Price, said last night industrial unrest at the GM plant was not the responsibility of the new company. The strike entered its fifth day today.**

Speaking at the Johannesburg Press conference held to discuss details of the buy-out, Mr Price said he believed the issue would be settled "quickly and amicably" by the present company.

He could not say if industrial unrest in Port Elizabeth plants would result in a conflict of interest between the outgoing and in-coming companies.

Mr Bob White, managing director of GMSA, said it was unfortunate the unions saw the negotiations as an opportunity "to get something for nothing".

The workers at GMSA are entitled to a separation payment on the Friday when GM leaves, and that they start to work for the new company on the Monday with no change in their employment conditions.

"We've given them all the assurances we can — conditions of employment, pay, holiday, health, pension, and we've told them the new company will carry that over and that there will be no change."

Kim Bentley writes that an expected return to work by employees sitting in at GM's two Port Elizabeth plants failed to materialise this morning, as the strike entered its fifth day.

Yesterday, the company's labour relations manager, Mr Bob McIlwaine, said management had warned 2000 workers that unless they reported for work by 12.15pm, they would be in breach of contract.

Management was "evaluating the situation", he said.

Mr Freddie Sauls, national secretary of Naawu, said today workers were adamant at a meeting yesterday that they would "not be side-tracked by any court case or the threat to fire them".

He would request further negotiations with management today.

Meanwhile, about 20 GM strikers who had gone home overnight were thrown fully-clothed into cold showers today by men who had slept in the plant.

This was the first ugly turn the five-day-old strike had taken among workers who are demanding severance pay when GM hand over to local management and

(62) Eve Post 4/11/86

*[Handwritten signature]*

<p><b>INSIDE</b></p> <p><b>Guard shot dead in PE</b></p> <p>— Page 3</p>	 <p><b>Diwali Queen crowned</b></p> <p>— Page 4</p>	<p><b>It's All Happening</b></p> <p>— Page 10</p> <p><b>TV, Show</b></p> <p>— Page 13, 14</p> <p><b>Good Looks</b></p> <p>— Page 14, 15</p> <p><b>Racing</b></p> <p>— Page 18</p>
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Miracle

# Strike enters fifth day at GM

● From Page 1

liquidisation of their pensions fund.

Many standing in Kempston Road this morning seemed reluctant to enter the plant. A further meeting between union leaders and management was due to take place at 3pm today.

The meeting, at Naawu's request, was aimed at ensuring the lines of communication remained open so the negotiation of a settlement would remain possible.

Mr Sauls, who was not optimistic about the outcome, said he would not compromise worker demands. He would, however, convey alternatives offered by GM to workers.

Mr Sauls said GM had committed itself to liquidating all its debts. Many workers had lengthy service with GM during its 60 years in SA, and "feel GM is in debt to them".

When the new company took over the fear was workers might be retrenched under an anticipated "streamlining".

A further demand — that workers be represented on the board of directors — would be negotiated with the new company.

carp 7mfs 4/11/60

# GM suspends strike ultimatum

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Own Correspondent

PORT ELIZABETH. — Management at General Motors yesterday gave striking workers until noon to return to work or face dismissal — but later suspended this ultimatum after an indication that workers proposed returning to work today.

The ultimatum to more than 2 000 workers followed a Supreme Court hearing during which the majority union at GM, the National Automobile and Allied Workers' Union (Naawu), conceded that the strike was illegal and that the company was entitled to fire striking workers without further notice.

The court hearing came as the "wildcat" strike entered its

number of workers had been given "gate passes" by the company to enable them to start work today, he said.

Mr Kettledas said workers were willing to call off the strike if GM responded positively to their demands, which still stood. However, it was difficult to see how negotiations could be resumed while GM adopted a hard-line stance.

The situation would be aggravated if GM resorted to firing workers instead of negotiating.

Mr McIlwaine said all workers who failed to heed the warning to return to work risked being fired. Although a mass dismissal was not "on the cards", GM would have no option if workers continued striking en masse.

fourth day yesterday, but following an agreement between the parties to postpone a final order on the strike, GM's labour relations manager, Mr Bob McIlwaine, said no "precipitative" action would be taken until this morning when the workers' response would be reviewed.

Naawu claimed that a single production worker at GM's Aloes plant was dismissed yesterday for refusing to work.

The regional secretary of Naawu, Mr Les Kettledas, said last night that it was up to workers to decide whether to respond to GM's ultimatum and call off the strike.

There was no question of workers being intimidated to continue the action and an unspecified

# Most of GM financing is secured

*Even Post 4/11/86 (62)*

**By RALPH JARVIS**  
**PLANS** for a South African management buy-out of General Motors South African are well advanced, with the bulk of the financing secured.  
 And, by the end of this year, the balance of an undisclosed buy-out sum would be available.  
 This was announced in Johannesburg last night at a Press conference called to give details of the key personnel to be involved in the initial negotiating team.  
 As reported in yesterday's Evening Post, former managing director of GMSA, Mr Bob Price, 60, will head the local management team.  
 The other three men to serve on the team are:  
 ● Mr Keith Butler-Wheelhouse, 40, present director of technical operations.  
 ● Mr George F Stegmann, 41, now director of personnel and public affairs.  
 ● Mr Andre G van Rooyen, 38, presently strategic planning manager.  
 The announcement of the negotiating team

structure was made by Mr John P McCormack, GM vice-president in charge of Latin American and South African operations.  
 Mr Price, he said, had left GM permanently to head the new SA company which would be in operation by January 1.  
 Mr Price told the meeting more executives would be adding to the core group later.  
 There would also be complete continuity of product, including the Opel Rekord, Kadett and Monza and Isuzu bakkies, he said.  
 "We are already planning on new products, perhaps even different sources to supplement what we feel is already one of the strongest product lines in South Africa."  
 Mr Price said the GMSA dealer council had given their "100% unqualified support for the way we're planning to run the business in future".  
 Commenting on the Sullivan principles, which in general keep a close eye on workers' rights, Mr Price said the new company would continue to do what it thought necessary

to improve the human and economic situations in the areas in which it operated.  
 Mr Price said General Motors would be leaving South Africa and would not have a financial stake in the country.  
 However, if circumstances changed, there should be no problem of GM coming back to invest in SA in the future, he said.  
 He said that in the sale of the South African company, GM was being relieved of a large debt which had proven to be a liability for the operating end of the company over the past few years.  
 Mr Price said a buy-back option was involved but declined to say over what period the option would operate.  
 Mr Price said the new company would have a new name and that it would operate under a holding company.  
 Mr Butler-Wheelhouse, asked if the new company would supply vehicles to the SA Defence Force or the Police, said: "We certainly don't intend to preclude ourselves from that."

# Sit-in strikes at plants will continue, says union

# GM's warning to workers

**STRIKE-torn General Motors has warned it would begin firing its employees if they continue with their work stoppage.**

But the National Automobile and Allied Workers Union (Naawu) indicated yesterday that union members would continue with their sit-in strike at General Motors plants.

General Motors labour relations manager, Mr Rob McIlwaine, told a *Sowetan* correspondent yesterday that workers found not to have a valid reason for not working will be fired "on the spot".

"If GM persists in taking a hardline attitude

**BY LEN MASEKO**

instead of sitting around the table and seriously negotiating our differences, we will have no choice but to seek community backing for our stand," said Naawu general secretary Mr Freddie Sauls. Meanwhile the Port

# Workforce

Elizabeth Supreme Court hearing to decide on a rule nisi provisionally granted to General Motors declaring the strike illegal, was yesterday postponed to November 11.

The case was postponed after Naawu and other respondents indicated that they would

fight the case. Other respondents include Motors Assemblies and Components Workers Union of SA.

Negotiations between these parties failed to resolve the dispute last week.

The 3 000 striking workers demand —

among other things — severance pay for each year of service with the American company, which has announced its intention to pull out of South Africa and sell its assets to local interests.

Details on the future of General Motors in South Africa were expected to be released at

a Press conference in Johannesburg last night in what one motor manufacturer described as "one of the industry's best-kept secrets this year."

GM executives returned from America at the weekend with details of the new licensing agreement.



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JOHANNESBURG

1973

# Strikers thrown in shower, says GM

By Sheryl Raine

The strike at General Motors plants in Port Elizabeth turned nasty this morning when striking workers who did not sleep on the premises last night were thrown into cold showers by more committed colleagues, a GM spokesman said.

GM remained strikebound early today as more than 2 500 black workers continued to defy company ultimatums to return to work, said GM's industrial relations manager Mr Rob McIlwaine.

The National Automobile and Allied Workers' Union (Naawu) could not be contacted at the time of going to press for comment on the strike or GM's new management which will take over the American multinational on January 1.

Mr McIlwaine said the company was evaluating the situation and its option to dismiss workers on an illegal strike.

"We could have begun dismissing the strikers at 7.15 am yesterday in terms of a

Supreme Court order, but did not want to do anything precipitous which would be detrimental to the company or our employees," he said.

"We requested workers to return to work by 12.15 pm yesterday, but they did not. Last night a number of employees slept in the factories, but the majority did not stay overnight.

"Regrettably, this morning when the majority of workers arrived at the plant, a number of them, including a couple of foremen, were grabbed and thrown under cold showers for not having slept on the premises.

"Indications at this stage are that workers are not going back to work and we will be evaluating the situation."

Sapa reports that Mr Fred Sauls, national secretary of Naawu, yesterday admitted that the GM strike was unlawful and that the company had the right to dismiss strikers without further notice.

This was admitted by Mr Sauls, one of

the respondents in an application brought before the Port Elizabeth Supreme Court last week.

Mr Sauls said in terms of its constitution, Naawu was not entitled to declare a strike until and unless the provisions of the Labour Relations Act had been complied with and a ballot of members showed a majority in favour of the strike.

GM called a press conference last night to reveal the "core group" of the new management buy-out team, which will be headed by Mr W Robert Price (60), an American national who formerly headed GM South African between 1971 and 1973.

Other members of the new team announced last night are Mr Keith Butler-Wheelhouse, a director of the existing company; Mr George F Stegmann who is currently director of personnel and public affairs; and Mr Andre van Rooyen, presently director of strategic planning.

The conference was called on the eve of the launch of the new Monza model.

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# GM workers clash

The Argus Correspondent

JOHANNESBURG. — The strike at the General Motors plants in Port Elizabeth took a new turn today when striking workers, who did not sleep on the premises last night, were held under cold showers by colleagues, a GM spokesman said.

GM remained strikebound today as over 2 500 black workers continued to defy ultimatums to return to work, said GM's industrial relations manager, Mr Rob McIlwaine.

Neither the National Automobile and Allied Workers Union (Naawu) nor GM's new management — which takes over the US multinational on January 1 — could be contacted for comment.

Mr McIlwaine said the company was evaluating its option to dismiss workers on an illegal strike.

"We could have dismissed strikers from 7:15am yesterday in terms of a Supreme Court order, but did not want to do anything precipitate to the detriment of the company or employees," he said.

"We asked workers to return by 12:15pm yesterday, but they did not. Last night a number of employees slept in the factories.

"Regrettably, this morning when most workers got to the plant, a number of them, including a few foremen, were grabbed and thrown under cold showers for not having slept on the premises.

"Indications at this stage are that workers are not going back to work," he said.

● American heads SA staff's GM takeover, Page 5.

Economics Reporter

TAX law changes in the US could play a major part in determining the method and timing of corporate disinvestment from SA.

So far, it is difficult to tell whether the recent wave of disinvestment activity by major multinationals has been motivated by tax strategies, since the exact formats of their transactions have not been revealed.

Announcing General Motors' action, MD Bob White implied that tax factors had not been a significant fac-

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BUSINESS DAY  
4/11/86

# Tax laws may determine when US firms disinvest

tor in the company's decision.

But experts say US tax law changes, which take effect on January 1, will be worth millions of dollars in more favourable tax treatment to companies who time their disinvestments correctly.

Under the new law the maximum rate for corporate income tax is reduced to 34% from 46%. And the alternative minimum tax that provided for 20% taxation of capital gains, and losses, has been eliminated. As a result, companies that expect

to take a large capital loss on the sale of their SA assets generally will benefit by waiting until 1987 to complete the transaction.

The present measure allowing a company that abandons an asset to deduct the full amount of the loss from income will remain in the 1987 law. Therefore, observed Arthur Anderson's Kevin Wiles, companies planning to liquidate operations will receive a greater tax benefit by completing the transaction this year, while corporate tax rates are higher.

# GM meeting ends abruptly

By KIN BENTLEY

A MEETING between 15 shop stewards and management at General Motors today ended abruptly after only a few minutes with talks deadlocked on strikers' demands.

The strike entered its sixth day today.

Earlier today the strikers were waiting for senior management to respond to proposals made at a meeting between union representatives and GM yesterday, before deciding to either continue their strike or return to work.

Mr Freddie Sauls,

● Turn to Page 3

# Deadlock at GM plant

● From Page 1

national secretary of the National Automobile and Allied Workers' Union (Naawu), said the meeting, which started at about noon today, included Mr Bob Price, who heads the team negotiating GM's local takeover.

Mr Sauls said others in the meeting were the managing director of GMSA, Mr Bob White, the other members of the takeover team -- Mr Keith Butler-Wheelhouse, Mr George Stegmann and Mr Andre van Rooyen -- and the labour relations manager, Mr Rob McIlwaine.

He said the meeting was "a golden opportunity for Mr Price to clear the air on the company's future".

Mr Sauls said he would make another attempt to meet management this afternoon.

No comment could be obtained from GM.

Bus DAY 4/11/86

THE STRIKE at General Motors has highlighted to both opponents and supporters of the international sanctions campaign that the nature of the recent rash of withdrawals of US companies from SA — whereby assets and franchising rights are transferred to local interests — is something nobody expected.

And the moves by the likes of GM, IBM and Coca-Cola have won little approval from the disinvestment lobby.

SA's two largest trade union federations, the Congress of SA Trade Unions (Cosatu) and the amalgam of the Council of Unions of SA and the Azanian Confederation of Trade Unions (Cusa/Azactu), both advocate international economic pressure

against SA in one form or another. Cusa/Azactu is on record as supporting a full programme of economic sanctions. Cosatu also supports sanctions and disinvestment, but with the rider that any multinational which pulls out should hand over its local assets "to the workers who have generated them".

Cusa/Azactu general secretary Piroshaw Carnay says the US corporate moves have done nothing to hasten the end of apartheid. He says multinationals which choose to remain in SA should be taking up the cudgels against government.

# Pullouts: little praise

ALAN FINE

But those which have announced their intention to withdraw will continue to gain from their indirect presence, while no longer having sufficient presence to oppose the system.

Cosatu policy has been criticised, even in its own terms, as an example of unrealistic and woolly thinking. A more generous interpretation sees it as a reflection of the dilemma of militant organised labour.

While it is concerned at the further collapse of the economy, it simulta-

neously wishes to preserve what it sees as a valuable political weapon and to remain aligned with the anti-apartheid forces advocating sanctions.

Cosatu vice-president Chris Dlamini, himself an employee of a US multinational, says his organisation has not formulated a response to this type of disinvestment. But he criticises the companies for not heeding Cosatu's approach.

Cosatu education secretary Alec Erwin argues that the withdrawals are part of a worldwide trend by

multinationals towards overseas-franchising operations. In SA this trend is being expedited by the sanctions campaign, he says, and for companies producing more-sophisticated products — such as vehicles and computers — it is happening prematurely.

While these withdrawals will have little impact on the economy, they represent a political statement that apartheid is unacceptable, Erwin says. He concludes by arguing that events of the past few years have highlighted the fact that foreign investment has been "a rip-off on a large scale".

While political pressures may have accelerated the flow of funds from SA, the outflow preceded both the unrest, which began in September 1984, and the intensifying of the sanctions campaign.

# Cold showers as GM strike goes on

PORT ELIZABETH — More than 20 General Motors strikers who had gone home overnight were thrown fully-clothed into cold showers yesterday by men who had slept at the plant.

It is believed two of the men were foremen.

This was confirmed by workers interviewed outside the plant yesterday morning.

An expected return to work by employees failed to materialise yesterday as the strike entered its fifth day.

The national secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Freddie Sauls, said workers were "adamant" at a meeting he held with them yesterday that they would "not be sidetracked by any court case or the threat to fire them."

Outlining the deadlock, he said the two fundamental demands which GM had not addressed were:

- That all workers be paid out one month's salary for every year they had worked for the company; and
- That the pension fund be liquidated and the monies distributed, allowing the workers to opt for a provident fund which the union advocates.

Expanding on these demands, Mr Sauls said GM had committed itself to liquidating all its debts. He said many workers had had lengthy service with the company during its 60 years in SA and "feel GM is in debt to them."

A further demand that workers be represented on the Board of Directors would be negotiated with the new company, he said. — Sapa

Handwritten notes and scribbles on the left margin, including a circled '62', 'S/11/86', and 'DD'.

Vertical text on the right margin: F p F a t t t i t b G la Cl ba

# Hong Kong is getting its Coca-Cola from SA

The Star's Foreign News Service

HONG KONG — South Africa is supplying much of Hong Kong's Coca-Cola because the weak rand has made it a cheaper source than almost anywhere else.

Coke is only one of a number of commodities in South Africa's Far East trade.

And now, a *Financial Times* report says, the prospect of increasing sanctions has prompted Pretoria to consolidate trade relations in Asia.

## OPPENHEIMER VISIT

Hong Kong, as an important commercial centre for import and export and a no-questions-asked trade authority, is expected by many to play an important part in this consolidation.

The report suggests that Mr Harry Oppenheimer — who has just spent four days in Hong Kong, insisting it

was a holiday — was there either to discuss possible acquisitions or was working to make sure pressure for sanctions does not mount in the territory.

Hong Kong is an important trading partner in its own right, with imports from South Africa — excluding gold — amounting to about R700 million last year and growing at a rate of about 40 percent in the first half of this year.

The territory is also a crucial conduit for South Africa's trade with Taiwan and with mainland China, which officially denies having any trade links with Pretoria.

The Hong Kong Government, true to its "hands off" policies, has signalled that it has no intention of imposing sanctions on South Africa.

At the same time, officials insist that trade with South Africa is tiny in the context of the territory's overall trade.

# GM workers ignore bosses' ultimatum

THE striking 3 000 General Motors employees yesterday defied management's ultimatum to return to work — for the second time this week.

Mr Fred Sauls, general secretary of the National Automobile and Allied Workers' Union (Naawu), told the *Sowetan* that the striking employees were resolute in their stand — to return to work only when management had acceded to their demands.

By late yesterday the *Sowetan* could not establish whether the company had taken any action against the employees for defying yesterday's deadline. General Motors' management was said to be in a meeting all day yesterday.

Mr Sauls said General Motors' employees had resolved at two meetings to ignore management's ultimatum to return to work. Workers are involved in a sit-in strike which, the unionist concedes, is illegal in terms of the Labour Relations Act.

Among other things, workers demand representation in the board of the new company which will

take over after the American company General Motors has pulled out of South Africa.

Mr Robert Price, head of the new company, told a Press conference in Johannesburg this week that "the question of labour representation in the board has not been ruled out". The new company will be operational from January 1 next year.

## Theft incident

• More than 500 workers downed tools yesterday at South African Breweries' Wadeville plant, calling management to dismiss a supervisor alleged to have been involved in a theft incident.

Workers interviewed by the *Sowetan* said the company's employment conditions provided for immediate dismissal if any employee was involved in this type of act.

Management at the plant would not comment on the work stoppage.



# 500 strikers at GM evicted by police, SADF

ARBUS 6/11/86  
The Argus Bureau

PORT ELIZABETH. — Five hundred strikers at General Motors have been evicted with the help of police and soldiers.

The general secretary of the National Automobile and Allied Workers' Union, (NAAWU), Mr Freddie Sauls, said: "We have no idea if this is a lock-out or if the workers have been fired."

Police and soldiers entered the plant through a back gate last night and surrounded the canteen where the strikers were encamped.

The workers filed out of the plant after being asked to do so by police. There were no incidents.

Today General Motors security personnel were checking workers' employee numbers as they arrived. Many were prevented from entering.

Mr Sauls said the company had broken an agreement to notify the union before any police action was taken.

## Talks later today

A meeting of workers is to be held later today to discuss the latest turn in the seven-day-old dispute and, coincidentally, the Industrial Court is sitting to hear the union's grievances.

In a statement on the police action General Motors referred to the 500 expelled workers as having been "earlier dismissed".

The statement said the action had become necessary after violence and intimidation by the sit-in strikers had been directed at employees wanting to work.

Mr Sauls said sit-in strikers had "disciplined" some workers who had arrived at the sit-in "under the influence of liquor".

Yesterday a meeting between management and union officials ended after only 15 minutes when General Motors rejected a key union demand outright and refused to discuss others until strikers returned to work.

In a statement management said its American headquarters had advised that it had no contractual agreement to pay severance money when it pulled out of South Africa later this year — and would not do so.

Detroit sends message: No severance pay

# Police tell strikers to leave GM plants

By Sheryl Raine

Police last night ordered hundreds of strikers at General Motors in Port Elizabeth to leave the plants they have been occupying for seven days, a union spokesman said.

In a midnight drama, workers who had earlier defied a company ultimatum to leave the premises by 3.45 pm, left peacefully.

"The police used no force and the plant is now closed," said Mr Les Kettleidas, regional secretary of the National Automobile and Allied Workers Union (Naawu).

He said attempts to break the strike stalemate would continue when the industrial council for the motor industry met the parties in Port Elizabeth today.

General Motors Corporation in Detroit has refused to give severance pay to the

more than 2500 strikers at General Motors SA after its decision to sell the South African company.

At a meeting yesterday, GM SA told Naawu and the Motor Assembly and Components Workers Union of SA (Macwusa) that severance payments demanded by the unions for employees were out of the question because no one was going to be retrenched.

It said GM SA's financial withdrawal from South Africa had been structured in such a way as to do everything possible to preserve present jobs.

## Illegal strike

The company also told the unions:

- It would continue to do business in South Africa under a new company operating from its plant in Port Elizabeth.

- It would not continue negotiations until the present illegal strike ended.

● A request by the unions that employees be allowed to nominate two members to the board of the new company would be conveyed to the new owners

Mr Kettleidas expressed disappointment at the company's "hard-line" position, saying that on two occasions in recent days a settlement looked likely.

He criticised the attitude of managing director Mr Bob White, saying his uncompromising stand was "inexplicable".

Mr White said that because of the escalation of "incidents of intimidation of, and assaults upon GM SA employees" wishing to return to work, he ordered strikers occupying the company cafeteria to leave by 3.45 pm yesterday. The company later abandoned an attempt to enforce the eviction with a Supreme Court order.

## Shot men's bodies found

Crime Reporter

The bodies of two murdered men were found in separate places in Johannesburg yesterday, police said

The first body was found by a 16-year-old boy in a Kensington park on Marshall Street.

The man had been shot in the head.

Last night, a Mrs Maine found the body of a man shot in the back in Bath Road, Parkwood.

He had been killed with a .45 calibre gun.

# BACK TO work at GM plants

*Even Post*

62

6/1/86



**GENERAL MOTORS' plants in Port Elizabeth will reopen tomorrow for the first time since more than 2 000 men downed tools in a wildcat strike last Wednesday.**

This statement was made by a GM spokesman this afternoon. Earlier today the general secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, had told the Evening Post he wanted the men to return to work tomorrow.

No workers observed the 10am deadline set by GM to state whether they wanted to resume work tomorrow.

But the GM spokesman said a "positive response" had been received from the union and the plants would reopen tomorrow. The company would release more details later today.

All told, it was a busy day for negotiators.

Both sides sat down to state their cases at a meeting of the Automobile Industrial Council at 11am today — a meeting requested by Naawu after GM had rejected demands last Thursday.

An hour earlier about 120 workers from GM's three plants assembled in Korsten to report overnight activities (when strikers occupying the plants were evicted by police and soldiers) and to await a report back from the Industrial Council meeting.

The council meeting, which was closed to the Press, was still in session this afternoon. If no agreement is reached, the dispute will go to arbitration or the Industrial Court. What the men are seeking is severance pay when GM hands over to local management, and pensions to be deposited in a provident fund.

Because union leaders were engaged in the meeting, no official response could be obtained to GM's decision to reopen the plants tomorrow.

The company has now lost 168 000 production man hours, mainly on its new Monza car, launched this week and on which rides so much of GM's fortunes for the immediate future.

Strikers at the GM plants said today that "hundreds" of police and soldiers turned out to evict them last night.

They went first to the main plant in Kempston Road just before 11pm and ordered the men to be out "in three minutes".

Nobody resisted or protested and the men filed out between ranks of police and soldiers. Some said they did not have time to pick up all their belongings.

At Alocs most of the men were asleep when the main lights were switched on and they were given three minutes to leave at about 2am.

Again there was no resistance and the men filed out between ranks of police.

Striking workers were locked out of the plants today

## Marion sent to for 25

**JOHANNESBURG** — There were tears in court today when treason trialist Marion Sparg, 28, was sentenced to an effective 25-year jail term.

Appearing in the Rand Supreme Court, Sparg was jailed for 20 years for treason, five years each on two counts of arson and three years for attempted arson.

The arson and attempted arson sentences are to run concurrently.

Sparg hugged and kissed her tearful parents and sisters as she was led to the cells after being sentenced.

Throughout the hearing she had mostly worn a black suit with a green shirt, but today she completed the yellow, green and gold of the ANC with a yellow ribbon.

At an earlier hearing, Sparg pleaded guilty to the charges, which related, among other things, to planting limpet mines at three police stations this year.

The mines exploded at the Cambridge Police Station in East London in February and at John

ank

# IBM staff worried about future after US pull-out

By Sheryl Raine *SR*

IBM SA's plans to sell its local subsidiary have prompted several unhappy IBM employees to approach The Star complaining about being kept in the dark on the firm's future, loss of job security and the lack of a severance pay option.

IBM SA currently employs 1 486 people. It has been criticised by staff in much the same way as General Motors for its decision to withdraw from South Africa, leaving employees anxious about their future.

Employees say they have the highest regard for the company and its ideals, but they believe it is being unfair by not:

- Offering staff a full severance option.
- Keeping them informed about current developments.
- Offering watertight guarantees that employees will not lose their jobs if rationalisation and retrenchments be-

come necessary in the new company in the future

One employee who took the liberty of making known his dismay at the company's parting and his feelings, by sending a memorandum to the United States electronically, was temporarily disciplined.

After undertaking not to do it again, the employee had his access to IBM's electronic systems fully restored, according to IBM spokesmen.

IBM SA on invitation from The Star has answered all staff criticisms stating that the new firm would be economically viable and competitive, and would continue to be an equal opportunity employer, upholding the IBM principle of respect for the individual and adhering to its present employment practices.

Some employees who contacted The Star believed the company was pulling out of South Africa as "quickly and cheaply as possible".

● See Page 11.

EAST LONDON 26141

# GM says strike is over

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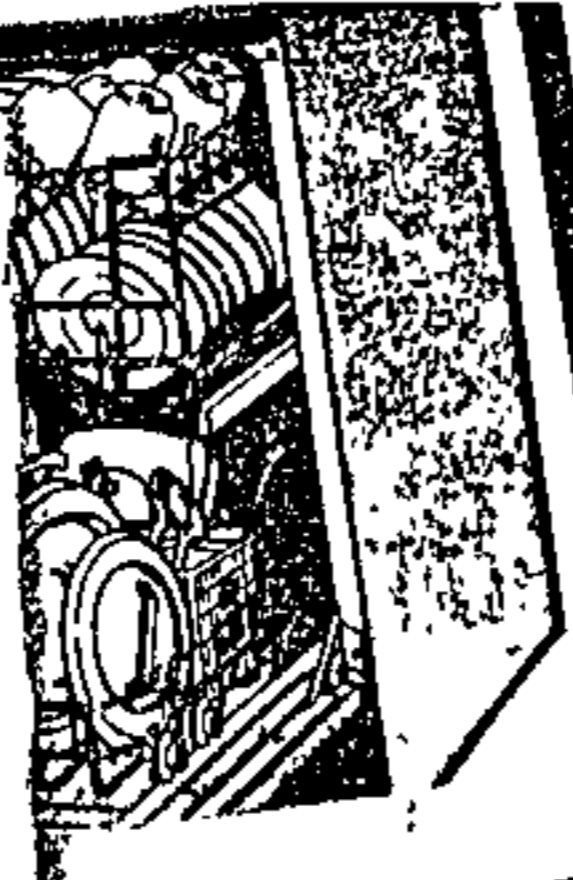
PORT ELIZABETH — General Motors announced yesterday that production at its strike-bound plants would resume today, bringing to an end the seven-day wildcat strike by more than 2 000 workers.

The GM statement followed after the regional secretary of Naawu, Mr Les Kettle-das, informed management of the workers' intention to resume work as from the early shift today. And in a statement issued at noon, the national secretary, Mr Freddie Sauls, was quoted as saying he wanted the strikers to return to work.

However, some doubt was later raised over the back-to-work prospects, when Mr Sauls said a decision would only be taken by workers at a mass meeting to be held at 11 am in Korsten. Mr Sauls said his earlier statement was misquoted.

In its announcement that the strike would end, GM said "it was pleased with the positive attitude being displayed by the majority of workers and trade unions".

Later yesterday afternoon, however, Mr Sauls said his understanding of the situation was that a final decision would only be taken after this morning's meeting, at which workers would also discuss "the attitude of GM".



ARGUS 7/11/86

NATIONAL/INTERNATIONAL

# 567 strikers fired, says General Motors

## Argus Bureau

PORT ELIZABETH. — General Motors management confirmed today that they had dismissed 567 striking workers who held a sit-in at the company's plant this week.

The strikers were evicted at midnight on Wednesday by police and soldiers.

General Motors said in a statement today that the workers were repeatedly warned to leave the premises or face dismissal and were finally told they were being sacked by a General Motors executive an hour before their removal.

However, workers involved in the sit-in say police told them they were being fired as they left the factory.

### Gathered outside

The sackings were due to be discussed at a meeting of National Allied Automobile Workers' Union (Naawu) members today.

Union officials were preparing for the meeting and could not be contacted for comment.

Early today groups of workers again gathered outside the factory's main gate, but few entered.

Management said limited production did begin for a short time, only to stop as word of the union meeting spread.

Some workers interviewed outside the plant today expressed solidarity with their sacked colleagues and said they would not return to work until they were rehired. Others said they wanted return to work, but feared for their lives and property if they did.

### "Surely suffer"

"The strike has gone so far now that it is impossible for anyone to break rank because he will surely suffer if he does," said a worker.

Meanwhile, two main points in the dispute, worker demands for severance pay and repayment of pension contributions, have been referred to arbitration after an industrial council hearing yesterday.

Naawu and the Motor Assembly and Components Workers' Union of South Africa had established the terms of reference of arbitration and expected GM to respond by Monday.

No date has yet been set for the arbitration hearing and no arbitrator has yet been appointed.

Things go better over the border (62) (311)

# Coca Cola to set up in Swaziland

*Handwritten: Aulda. BUDJAM*

COCA COLA is to move its concentrate plant from Durban to Swaziland.

The company joins a growing list of South African-based firms setting up shop there to avoid international sanctions.

Coca Cola officials confirmed yesterday they had agreed in principle to build a plant at Matsapha, near Manzini, to produce coke concentrates for bottling companies in central Africa.

The giant American soft drink company's Johannesburg external affairs manager Hennie Viljoen said the plant would close down Coca Cola's Durban concentrate operation in 1987.

Coca Cola announced last month its intention to leave SA. The firm intends to sell off its SA marketing, advertising and bottling functions, in part, to a group of black investors.

## Industrial Staff

The highly mechanised Coca Cola plant will only employ 30 people, but Swaziland officials say other relocations from SA are bringing thousands of jobs to the kingdom.

Two Taiwanese-owned garment firms, Oriental Swaziland and Swaziland Garment Industries, relocated in Swaziland in 1985, bringing 1 200 jobs.

Swaziland's Commerce and Industry Minister Derek von Wissel expects more SA-based companies to follow the same route.

SA's trade representative in Mbabane, J M Sterban, confirmed there had been a recent upsurge in inquiries from firms interested in moving to Swaziland.

Tax incentives in Swaziland make it an attractive investment.

7/11/60  
AUSDAL

# Confusion over strike at GM

CONTRADICTIONARY signals were being received yesterday afternoon from General Motors and the National Automobile and Allied Workers' Union (Naawu) over the future of the strike by 2 000 workers, which is now more than a week old.

GM yesterday put out a terse statement announcing that Naawu regional secretary Les Kettledas had called to say workers would be returning to work this morning.

However, Naawu general secretary Fred Sauls said later: "Nobody will be returning to work tomorrow."

He also said a motor industry industrial council meeting yesterday agreed that the dispute should be referred to arbitration. This "was supported by GM representatives at the meeting".



# The sellout on Main Street: 'No one was taken for a ride'

IBM SA staff who approached the Star following the October 21 announcement by the company that it is to sell its local subsidiary, said they felt "betrayed, afraid for their jobs in the future and disappointed in a company to which they had been totally committed".

Sheryl Raine put the following questions to IBM's MD Jack Clarke and his communications team and this was the company's response.

Question: Since last December IBM has been denying rumours of a pull-out. The company recently underwent a re-organisation process. Staff believe the withdrawal was on the cards a long time before it was made known. Those who cooperated with the reorganisation feel they were taken for a ride.

IBM It is not really fair to say that employees have been taken for a ride. IBM's commitment to South Africa in the past was based on viability and the company's ability to contribute positively to peaceful change.

Circumstances are now different. Sanctions have been legislated in the US. South Africa's relationship with its main trading partners has deteriorated.

For these reasons IBM decided that there must be a change in ownership in order to protect the interests of employees and customers.

As for the claim that the change was premeditated a

long time before it was made known, an examination of the events leading up to the announcement will show that this was not the case.

On October 3 IBM's corporate board decided to terminate IBM SA. Jack Clarke was informed by John Akers (IBM's chairman) on October 9. The IBM SA board was told on October 13.

The agreement in principle was signed on October 16, and less than three working days later employees, customers and Press were told on October 21.

Jack Clarke decided to declare the intentions of the company knowing that the details of the takeover were still to be negotiated. These will be made known as soon as they are completed.

There is no denying that this change is painful. Directors at first felt as though they were on an emotional pendulum because their pride in IBM remains, yet they know there is no realistic alternative.

Question: A voluntary severance package was offered to staff last year. It was denied to "critical skills" staff who now feel cheated. They feel staff least valuable to the company got the best deal while they remained loyal to IBM and now find themselves with precarious futures.

IBM In November 1985 we announced a voluntary separation programme to ensure viability in a recession. Those with

One IBM SA employee recently landed in hot water after expressing his dismay at the company's withdrawal from South Africa.

The author, whose name cannot be revealed, sent a memo electronically to IBM in the United States. According to company spokesmen, he was temporarily disciplined for using the company's professional office system to send a document which was not official IBM business.

He had his electronic access to IBM systems temporarily curtailed but his access has been fully restored.

The author never intended the memo to become public. It was forwarded anonymously to The Star by IBM employees who felt it summed up their feelings at this time.

This is an edited version of what he

they were cheated. Critical skills people remain as critical to the company today as they were at the time of the voluntary separation. We really did not want to subsidise the erosion of our skills base. We believe our employees are the company's greatest asset.

Question: No severance packages are on offer. Staff fear future retrenchments and accuse IBM of slipping "cheaply out the back door".

IBM There are no severance packages. As regards job security — IBM SA was a self-funding company which grew into a

... "I need not describe what heart one invests in a company like IBM. It is not just being ended with no offer of a job elsewhere in IBM, no offer of a separation payment, no offer of anything but a transfer to a non-IBM company with zero record of upholding the values we all cherish. Or we can simply leave..."

"I need not here mention the great loss to our society of the leaven of IBM. IBM was a model of equality, fairness, justice, even truth, in my country. Its contribution to the struggle for greater justice is a matter of public record. All that is lost..."

"Whatever the outcome for me personally, I believe IBM is morally obliged to treat its employees in South Africa with greatness, with a more tangible show of its commitment. I believe too that this is a disturbing precedent."

While staff say they have no separation options, we believe the real emphasis is on staying in business and staying viable. IBM has done everything it could to make that possible.

Question: There was no prior consultation before the "bombshell announcement". Unlike General Motors, IBM staff are white collar workers with no associations or unions. They say trust between themselves and the company has been damaged and they mistrust the management of the future.

IBM Everyone is sad that we will soon cease to be IBMers. But, no unions or staff

white — are being left, abandoned.

"Willy-nilly our employment with IBM is being ended with no offer of a job elsewhere in IBM, no offer of a separation payment, no offer of anything but a transfer to a non-IBM company with zero record of upholding the values we all cherish. Or we can simply leave..."

"I need not here mention the great loss to our society of the leaven of IBM. IBM was a model of equality, fairness, justice, even truth, in my country. Its contribution to the struggle for greater justice is a matter of public record. All that is lost..."

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IBM Everyone is sad that we will soon cease to be IBMers. But, no unions or staff

## Electronic memo summed up workers' feelings

associations could have prevented this.

Throughout its 34-year history IBM SA has not needed unions or staff associations because it has a comprehensive set of grievance procedures ranging from anonymous Speak-Up to skip-level interviews all the way up to John Akers if necessary.

The fact that some IBMers have set a precedent by going to the Press before talking to their managers is symptomatic of the emotional situation and the number of unknowns staff are facing right now.

According to current employee opinion surveys, there is a great deal which is positive within IBM Management should be given a chance to run with the ball and prove that it is playing by the same rules.

It is the same management. It is not going to change its style.

The intention is to drive for full employment. However, the IBM corporation never said job security exists forever. It can't in the real world. In times of recession we have seen retrenchments taking place here.

If the reading of the economic news is correct, we are bottling out and emerging from the recession. The only thing that will provide an antidote to fears of retrenchment is the success of the new company.

We have good products, demand is strong and we are profitable. A number of large

financial institutions have again expressed strong interest in getting a piece of IBM's action. We cannot disclose names but the interest has been expressed. We also have customer confidence.

Question: What will happen to the Sullivan Code principles and how can IBM guarantee present employment practices in the new company?

IBM IBM employment codes existed before the Sullivan principles were drawn up. We have achieved a number one rating on Sullivan over the years. Jack Clarke says he is not interested in running the new company any other way. The company's employment practices will be monitored by its own board.

Question: What will happen to IBM SA's corporate responsibility Projects Fund?

IBM About R30 million has been committed and that commitment stays. There is still a lot of money in the kitty. What happens when the R30 million has been expended will be decided by the IBM corporation at the time. Just how much the new company will be able to contribute in the corporate social responsibility area will, of course, depend on its viability.

Question: Will the current IBM SA employees have to purchase shares or buy into the new firm?

IBM No. Transfer of IBM SA stock will be paid for, over time, out of the new company's cash flow.

# 567 are fired at GM plants

By KIN BENTLEY  
**GENERAL MOTORS** today confirmed that it has sacked a total of 567 striking workers from its two Port Elizabeth plants.

The men were sitting in at the plants when ordered to leave by police on Wednesday night after refusing to heed an ultimatum to quit the plant or be fired.

The matter was central to a heated meeting of workers held in Schauderville today.

Called by the National Automobile and Allied Workers Union, which has been responsible for the nine-day plant shutdown, the meeting discussed the calling in of police to the shop floor on Wednesday night.

The motor giant reported that limited production resumed at 7am today after some workers reported for duty.

In a statement GM said 504 employees were dismissed from the Kempston Road plant and 63 employees from Aloes.

"After repeated efforts to get striking workers to leave GM's premises in PE, Mr Bob White, GM's managing director, issued an instruction that workers participating in the strike must vacate the premises by 3.45pm on Wednesday," the statement read.

"At approximately 3.50pm Mr B A Oberholster, the company's plant protection manager, was directed to repeat the instruction to the em-

ployees concerned. This he did by addressing them in the cafeteria where they were assembled."

Those instructions were again ignored.

At approximately 10.15pm Mr Oberholster reissued the instruction and told the employees that if they continued to ignore his instructions they would be dismissed.

The employees were given a further 15 minutes to enable them to comply, GM said.

This they failed to do and Mr Oberholster, acting on the instructions of the managing director, notified the employees that they were dismissed.

Employees at the company's Aloes complex were handled in a similar manner by the plant protection officer at Aloes and at all times on the instructions of Mr White.

Line clean-up operations are under way, but some of the men indicated they wanted to attend the mass meeting of strikers in Schauderville. They had been allowed to go.

Normal production is scheduled for Monday.

Mr Les Kettleidas, regional secretary of the National Automobile and Allied Workers' Union, accused GM management of "misrepresenting" him by saying in a statement yesterday that workers intended to resume work as from the early shift today.

"I said there was a possibility of the people returning to work."

## Workers get together



Mr **FREDDIE SAULS** (bespectacled, arms folded), national secretary of the National Automobile and Allied Workers' Union, is lost in thought at today's meeting of General strikers in Schauderville, Port Elizabeth.



A section of the crowd of workers, many with clenched fists raised in the air, meeting. Pictures by Jan.

GENERAL MOTORS' dispute with the National Automobile and Allied Workers' Union (Naawu) is shaping as a major test case of the responsibilities of multinationals who disinvest from South Africa.

The dispute — which on Wednesday night saw Security Forces called in by the company to evict workers occupying two plants — is making GM's exit from South Africa look increasingly messy.

The slender hope that the dispute could be settled following Tuesday's talks between union officials and the company's industrial relations team was quashed after senior management apparently turned down the union's demands.

Naawu is demanding that workers receive one month's separation pay for every year worked for the company, the right to decide whether or not to be paid out contributor, benefits such as pensions, and representation on the board of directors.

GM says it is not prepared to discuss the matter with the union until the workers are back and that it has no obligation to make separation payments as workers are not going to be retrenched.

Now the union is referring the dispute to the industrial council for the motor assembly industry in the Eastern Cape whereafter — if it is not resolved — the strike will be legalised.

In the meantime there is no end in sight to the strike and Naawu general secretary Fred Sauls said yesterday that if "the problem is legalised it could drag on for a long time" — even though management has signalled its intention to restart production today.

A further sign that the dispute was escalating was a statement from GM yesterday, suggesting that the workers who had been occupying the plants had been dismissed.

The strike was sparked by the company's decision, after five years of losses and following the United

# GM's neat exit gets messy

W/ Mail 7/13/18

States congress' vote for tough economic sanctions, to sell-out GM South Africa to a local management team.

The union accused GM of not consulting with them on a matter affecting the job security of almost 3 000 members.

From January 1, the new team — headed by an American, Bob Price — will take over General Motors' South African assets and franchising rights and could introduce major management changes.

Sauls said that Price, who was managing director of GM SA in the Seventies, had a reasonable track record and that "we suspect he can't be any worse than Bob White" (the current managing director).

He added that any issue which affected their members would be up for negotiation with the new

Agency reports that GM, backed by an army of riot police and SADF personnel, evicted 500 of the striking workers in a midnight operation on Wednesday night.

The eviction came after an agreement between management and the unions on Monday to postpone a court hearing during which workers were to show cause why the strike should not be declared unlawful.

But in a surprise move, the PE Supreme Court granted an order declaring the strike illegal late Thursday.

Reporters outside the factory gates were told by union officials that management had announced that the workers were to vacate the factory at 10.30pm and that the Security Forces had been called in to enforce the court order.

Five riot trucks, six police vans, ten

Security Police cars, one Casspir, two SADF buffets and over a hundred men carrying sjamboks and rifles, some with dogs, surrounded the factory at 11pm. Minutes later they were let into the factory by a GM security official.

Above the sounds of barking dogs and shrill alarm bells, police using loudhailers ordered the workers to leave. No-one but management officials and the Security Forces were allowed into the plant.

At 11.55pm three workers looking tired, dejected and angry with bedding and clothing walk out the front gates. They said their work cards had been taken from them. "I presume I can regard myself as fired," a worker who declined to be named said.

Hundreds of workers then began streaming out of the gates and crowded the streets. The workers held a series of meetings in groups with their respective shop stewards and it was announced that the workers should then leave and a meeting was called for Friday morning.

A shop steward said white salaried workers had been inside the plant during the eviction, armed with guns in their hands and pockets. Some, he said, had their dogs with them.

The Eastern Cape News

# IBM, Coke, GM still under fire

By Chris Moerdyk

In spite of recent disinvestment moves, General Motors, IBM and Coca-Cola have been accused by the American Friends Service Committee (AFSC) of continuing to "make profits from the apartheid system".

In a statement issued from Philadelphia, the head of AFSC's South Africa section, Mr Jerry Herman, said: "While we welcome their recent announcements, the IBM, GM and Coca-Cola changes in South Africa must be seen as interim steps toward the necessary total US economic disengagement in that country."

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# GM strikers deciding today whether to go back

7/11/76  
S.M.K.  
The 2 500-plus black workers on strike at General Motors in Port Elizabeth were deciding at a meeting today whether to return to work, a union spokesman said.

Regional secretary of the National Automobile and Allied Workers' Union (Naawu) Mr Les Kettleidas said workers were angry over GM's decision to involve police and troops and eject 500

keep-in strikers.

He added: "At today's meeting we will discuss police involvement and the supposed dismissal of the 500 workers."

GM industrial relations manager Mr Rob McIlwaine was unavailable.

Worker demands for severance pay and repayment of pension contributions have gone to arbitration.

# THE ECONOMY

WEEKS after President Reagan's sanctions defeat in the United States Congress, opponents of apartheid in Washington are preparing for the near total economic isolation of South Africa.

Items which are likely to be key targets in next year's anti-apartheid Congress legislation include total disinvestment by US companies, a ban on all trade except strategic minerals and a ban on all bank loans.

Many US companies operating in South Africa are already moving out, partially in response to the growing disinvestment lobby at home and the anticipation of further economic measures.

Since 1981 direct US investment in South Africa has declined by more than half and since the beginning of

## Sanctions: Brace for a tougher line

By PHILLIP VAN NIEKERK

1985 more than 50 US companies have pulled out, mostly for economic reasons.

However, even after the withdrawal of giants such as IBM, General Motors and Coca Cola there remains a substantial direct US foreign investment in South Africa of more than a billion dollars in subsidiaries employing up to 60 000 workers.

In terms of last month's Anti-Apartheid Act US companies in South Africa will not be allowed to invest new capital in their operations though companies are allowed to reinvest profits.

However, Congress' final sanctions Act this year, which was approved over the head of a presidential veto, fell far short of measures passed by the Democratic-controlled House of Representatives in June.

The American Committee On Apartheid (ACOA) has pointed out what it regards as four major shortcomings in the Anti-Apartheid Act, particularly in comparison to the bill passed by the House. These are:

- The House bill would have banned all investment in, and bank loans to, South Africa, and would

have required disinvestment of all US companies within six months.

The final Act does not require disinvestment though it includes a limited ban on new investment.

● The House bill would have banned all trade with South Africa, except certain strategic minerals if the president determined them vital.

The ACOA estimates that the final Act bans only about 18 percent of total US-South African trade based on 1985 figures.

● The House bill did not include features of the final Act such as the repeated reference to "terrorism" and calls for a Central Intelligence Agency

study of "communist infiltration" of anti-apartheid organisations and a Justice Department investigation of African National Congress activities in the US.

● According to the ACOA, the 1986 Act endangers local anti-apartheid purchasing laws and state and local divestment actions.

The ACOA is also concerned that the \$40-million to be provided to groups inside South Africa through official US agencies may "be deliberately used to unduly influence the nature and direction of the struggle against apartheid".

Further, the ACOA points out that the bill allows the CIA to continue to co-operate with the South African government.

# Rough mainstream

**The shake-out** in the micro-computer market caused by the withdrawal of IBM's US parent from SA (*Business* October 31) is spreading to the R300m a year mainframe market.

Battle lines are being drawn between IBM itself, the vendors of program compatible machines (PCMs) such as the Reunert Computers' Persetel, and the marketers of "own technologies" such as ICL and the new Sperry/Burroughs partnership.

These are the major players in the South African market.

Says Roux Marnitz, MD of Reunert Computers: "Worldwide, there's been a swing to IBM architecture in the past few years, and I see no reason to believe this will change. In SA, too, there has been a major move away from the BUNCH (Burroughs, Univac, NCR, ControlData and Honeywell) to IBM itself and the vendors of PCMs."

His view is endorsed by the fact that Southern Life, one of SA's biggest financial institutions, ordered a new IBM System 3090 the day after the management takeover was announced. The deal was worth R20m.

But, says Sperry/Burroughs' Neil Harding: "There will be a move away from de facto IBM standards, and away from the PCMs, simply because they are at the mercy of IBM software generation. And in SA, customers are going to be wary of committing themselves because of doubts about the

local company's ability to obtain US technology."

So far, IBM is still at the top of everyone's market share list, with an estimated 35%. Each of the top three contenders claims second spot — ICL in terms of its base in the market, Persetel in terms of recent market gain and Sperry/Burroughs in terms of assets (see *People*).

But they agree on one thing — IBM will lose South African market share in the short term at least, despite an aggressive new sales policy.

Harding says if the IBM move in SA is a true management buy-out, the new company will have to pay back a substantial loan. This could hit its ability to provide service and support. Marnitz believes IBM locally, or its successor in title, is in for a "tough time," primarily because of uncertainty about the cost of equipment supplied by its former parent. Jack Clarke, MD of IBM in SA, has guaranteed that this will continue for three years.

However, the industry has it that the biggest problem is demoralisation of IBM staff. And Clarke agrees that there is some unhappiness, one factor being staff loyalty to the parent company. Another, he says, is probably the decision to announce the takeover before all the details were available, which may have left some employees uncertain about the future.

DISINVESTMENT

# Is GM really going?

Is the much-vaunted sale of General Motors' (GM) South African operation all it appears to be? The appointment of a senior Detroit executive to head the new local operation has raised speculation as to whether ties have really been severed.

There is no doubt that Bob Price is eminently qualified for the job — he was MD of GMSA during its successful years between 1971-1973, and is currently vice-president of GM Overseas Corporation.

But although Price claims he made a personal decision and has "permanently separated" from GM, speculation is that he will remain until the political and economic storm in SA has been ridden out, and that GM will then buy the company back in terms of the agreement.

Price admits his appointment makes it difficult to convince the public that the new deal is a genuine local buy-out, and agrees he will have a problem ridding himself of the image of a Detroit nominee.

Until now management buy-outs have been associated with younger men and fresh faces, but local executives of the new company felt they needed 60-year-old Price's experience to steer the new company through difficult early days. And Price apparently offered his services less than two weeks ago.

It seems at least that the company will not be swallowed by one of the local giants — outgoing MD Bob White has denied rumours of involvement by Sanlam and Rembrandt in particular, and by institutions in general.

The only outside intervention could eventually come from the dealers, although Price says they have not come in "for the moment." Such a stake would act as additional security for the future of the company.

Price has many problems on his hands — the company is a very different animal from the one he left in 1973. It has long been overtaken by Mercedes/Honda, Samcor, Toyota and VW, and its market share hovers around 8%.

GMSA last made a profit in 1981; debts, which will now be paid off by the parent company, are estimated to be at least R200m.

How will the new man compare to pugnacious Bob White on social issues? Price tries to allay fears that the company will lose its commitment to social change: "I was doing the right thing long before the Sullivan principles came on the scene."

But the long-standing ban on sales to the military and the police is likely to go, according to current director of operations Keith Butler-Wheelhouse, a key member of the new management team: "As a new company

we can't afford to cut ourselves off from any potential markets."

No details of financial aspects of the deal have been revealed. The local team says there will be no hand-out from the US parent, but a give-away price can't be ruled out.

It would be most unlikely that the face value of the assets, R440m, could be raised and GM's credibility will be seriously eroded if the company isn't off its hands by the new year.

This could well turn out to be the biggest test yet of the SA-style management buy-out formula.

## AIR LINKS

### SAA gloves up

SAA has ended speculation about its intentions by announcing that it is to go to court over the summary termination of its US landing rights. The message is clear: the national carrier will not easily give up any of its hard-won routes.

Whether SAA gets its court injunction or not, its twice-weekly direct flights to New

York can President Samora Machel, November 18 is suggested as the date of a formal announcement.

SAA says it is not aware of anything in the wind, and officials will not comment on reports of a hush-hush visit by its executives to Harare recently. However, it has cancelled all advertising in the country.

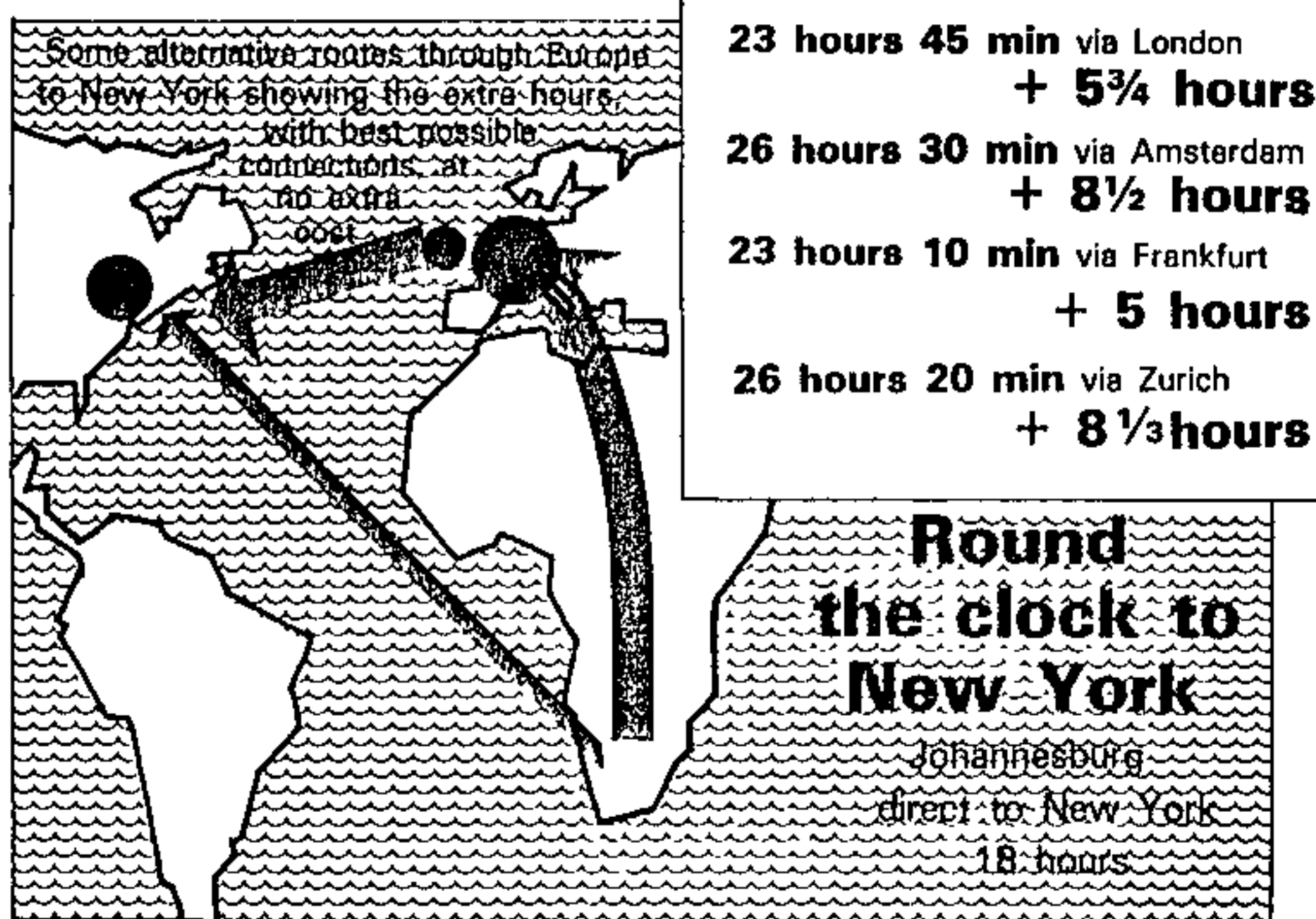
Not everyone, however, believes SAA is moving wisely. Criticising the time and money being wasted and the secrecy of its plans, PFP transport spokesman John Malcomess tells the *FM* that he will raise the issue in the next parliamentary session.

"SAA is in a no-win position. If they go for compensation, which has been estimated at R30m, they will have to prove they would have made that amount on the route. I just don't believe the US service is that profitable, and I don't believe a US court would award more than a fraction of that amount. All SAA can do is buy some months' extra flying time — at great cost."

The Association of South African Travel Agents (ASATA) also believes it could help with sanction-busting plans if only SAA were less secretive.

Meanwhile, passengers, and especially businessmen, will welcome SAA's decision to fight to retain its US service for as long as possible.

Even with the best connecting flights, alternative European routes are five to eight hours longer on average than the 18-hour direct flight. The most popular links are



York continue in the interim. If it loses this round, it can still sue for compensation. Either way it will have bought time for an orderly wind-up of its US operation.

Australia's decision to observe the 12-month notice clause for ending its bilateral landing agreement strengthens the airline's case in the US, as industry sources point out.

The next routes under threat appear to be links with Zimbabwe. In Harare, where SAA's offices were ruined by student arsonists who struck after the death of Mozambi-

through London, Paris, Zurich, Frankfurt and Amsterdam.

Passengers do not have to pay extra for the added destination, but TFC Travel deputy chairman Robert Foggitt believes prices could be increased as early as January.

The weekly service to Australia is one of SAA's most profitable routes, and the Qantas service to Harare is likely to pick up some of the traffic. Other likely routes are through Hong Kong, Taipei and through Mauritius to Singapore. These routes are not only long-



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(left); Minister of Finance Mr Barend du Plessis and  
Cornelis Human (right). ● Photo

# GM workers to get back on the lines on Monday

By Glenda Spiro and Janine Simon

More than 2 000 General Motors workers, including 567 who were sacked, have decided to return to work on Monday. Workers' demands for severance pay and repayment of pension contributions have gone to arbitration.

The GM action was one of five disputes this week:

● **Gencor:** About 5 500 mineworkers stopped work at Gencor's Kinross gold mine near Evander. They want a union representative (dismissed for disrupting a management-organised memorial service for the Kinross mine disaster victims) and three union leaders dismissed after underground work stoppages over bonuses two weeks ago, reinstated.

● **CNA:** About 1 000 CNA employees staged sit-in strikes and demonstrations in stores and warehouses countrywide. They want a R105-a-month increase and May 1 and June 16 as public holidays. CNA has offered R85 a month.

● **Putco:** The bus company has experienced disputes in Natal and Soweto. Services in Durban were cancelled yesterday after 200 drivers were fired for not collecting fares on October 24.

Soweto commuters have boycotted Putco since Monday over a 17,5 percent fare increase. Taxi and minibus services have been delayed at roadblocks.

● **Sappi:** About 1 600 workers went on strike at Sappi in Port Elizabeth and Springs on Sunday. Both had ended by yesterday and talks on wages and conditions will take place next week.

## was aroamin'



# GM won't

# Open Monday

Weekend Post Reporter

## GENERAL MOTORS will not open its plants at Kempston Road and Aloys on Monday — in order to safeguard the safety of employees who are willing to work.

This step was taken by the company after a unanimous decision by about 1 000 GM workers yesterday to return to the company's Kempston Road plant on Monday "to start where we ended off on Wednesday".

This was taken to mean a resumption of the sit-in which ended when police ordered strikers to leave.

The motor giant's management today announced it had reversed the decision it took on Thursday to open the two plants for full production after a wildcat strike began on Wednesday last week.

The company — in the

midst of launching its new Monza car on which high hopes for the its future are based, and in the spotlight because of the buy-out by local management — said it believed the continuation of the strike was "senseless".

A management statement today said it had not received any communication from the National Automobile and Allied Workers' Union (Naawu) and its only source of information was a report in today's EP Herald.

The GM decision to stay closed was made to protect employees willing to work from any acts of violence,

such as had already occurred, as well as to protect its property from possible damage.

The statement said: "Our only reference to the meeting yesterday is the article written by Kin Bentley and published in the Eastern Province Herald today.

"In the context of the article the resolution passed, and the remarks attributed to Mr F Sauls — the union's national secretary — convey, if correctly reported, a message to the effect that workers from both plants will go to the Kempston Road plant on Monday at 6.45am with no badges and

enter the plant, and that they would start where they ended off on Wednesday.

"A number of interpretations are possible based on the limits of no direct communication from the union.

"From a purely labour relations point of view, it is regrettable that the only logical interpretation we can draw from the contents of the article is that it is an indication to continue with the illegal strike.

"It is regrettable in the sense that the company has attempted to address all

Turn to Page 2

# GM won't open its plants on Monday

From Page 1

the issues giving rise to the dispute in a responsible manner, including the provision of written assurances.

"Further comment in this regard is *sub judice* in that the company and the trade union have agreed to refer the issues to arbitration for resolution.

"This was done after Naawu referred the dispute to the Industrial Council and the necessary resolution passed.

"Arbitration is but one of several options open to resolve disputes and by implication the parties to the dispute, acknowledged to be in deadlock, undertake to abide by any ruling that may be given.

"If sound labour relations practices are observed, the issue is being addressed, but is now in the hands of others.

"It is senseless, in our opinion, to continue with the strike.

"If on the other hand — and this is pure speculation on our part because we have not received any communication from the union, nor can we infer it from any reports we have read — the issue will be the dismissed workers. We have also addressed this in the absence of an approach.

"Mr Bob McIlwaine (GM's industrial relations manager) is accurately

reported in the same article referred to above as saying: "If we were or are approached in this regard, we would be willing to enter into discussions on the matter".

"To indicate otherwise would also be contrary to sound labour relations practice, as Naawu are fully aware.

"Negotiations in good faith are willingly accepted by any company concerned with not only its wellbeing, but that of its employees as well.

"Based on the interpretation we have drawn from the report in the Herald, we consider it necessary to take certain steps.

"It is incumbent upon the company to protect its employees working, or willing to work, from any acts of violence, such as have already occurred, as well as to protect its property from possible damage.

"We have taken this decision (not to open the plants) reluctantly, but under the circumstances we have no choice.

"In our opinion the options for a speedy resolution to the current situation rest clearly with the union, if they sincerely wish to do so."

At their meeting yesterday, workers from both the Kempston Road and Aloys plants resolved to "go to the Kempston Road plant on Monday at 6.45 with no

badges and enter the plant".

Mr Sauls said they would then "start where we ended off on Wednesday".

The meeting pledged solidarity with the sit-in strikers who were obliged to hand in their badges to GM security personnel as they left the Kempston Road and Aloys plants under police escort on Wednesday night.

Production at GM has ground to a virtual halt since last week.

Yesterday GM management confirmed that it had sacked 567 workers who staged a six-day sit-in at the company's plants until they were ordered to leave by police.

Efforts today by Weekend Post to contact union officials were unsuccessful.

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WEP 8/11/76  
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8/11/76

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~~LABOUR AND DISINVESTMENT~~  
~~FINANCIAL TIMES~~  
**The crunch at GM**

The industrial action sparked by GM's transfer of ownership to local management may only be the start of problems associated with "disinvestment" moves by foreign companies.

While black trade union groupings formally support international economic pressure against SA in the form of sanctions and disinvestment, this week's events in Port Elizabeth indicate that the issues are far from clear cut. Indeed, on the available facts the action of the unions is contradictory. On the one hand, GM seems to have complied with their ostensible backing of sanctions; on the other, although their jobs were never in jeopardy as a result of the transfer, they are not happy with the mechanics of the buy-out. Perhaps they should have been consulted, although this is uncommon in world commercial practice, let alone SA.

Between 2 000 and 3 000 GM employees downed tools after the announcement that the US company would sell its South African assets to local buyers. The stoppage forced a shut-down at the Port Elizabeth plant and raised management-union tensions, which show no signs of easy resolution.

Initial fears among the workforce were that retrenchments and loss of benefits may follow the ownership transfer. "Tension and frustration is building up among workers resulting from the secret and mysterious dealings evident in this matter," said a statement issued by the National Automobile and Allied Workers Union (Naawu), which represents about 2 000 workers at the Port Elizabeth plant.

Despite assurances from GM that no jobs would be lost or that conditions of employment would not change after the takeover, workers resolved to sit in until their demands were met. These included that GM offer severance pay of one month a year worked, and that two union members be represented on the new company's board of directors. GM said it would not negotiate with workers while they were on strike or occupying the premises, then brought a court interdict calling on the union to show cause, by November 3, why the strike should not be declared unlawful and the company entitled to dismiss those on strike.

On Monday, Naawu filed a replying affidavit to the Supreme Court claiming it had incorrectly been cited as the respondent, as the union had not instigated or incited the strike. Both parties agreed to postpone the matter to November 11, and the issue of the

strike's legality or otherwise remains unresolved.

In the meantime, GMSA's newly announced MD Robert Price told a press conference in Johannesburg that worker demands such as the request for representation would be "more properly placed with the new company," which has not yet been formally launched. The demand for severance pay threatens to be more of a headache as it remains unclear how either the present or future GM management intends to deal with the issue.

Indications are that even if the immediate issues are resolved, the new company will not be in for an easy ride. One of the key directors in the GM buyout, Keith Butler-Wheelhouse, admits that the new company will not rule out vehicle sales to the South African security forces. This could prove to be a thorny issue if Naawu adopts the position advanced by another Cosatu affiliate, the Metal and Allied Workers Union (Mawu), which last year demanded of the Steel and Engineering Industries Federation that it cease supplies to the security forces. However, the question has not yet been discussed by the union, says Naawu general secretary Freddie Sauls.

As the *FM* went to press, the strike was still continuing, with no signs of early resolution. "We reported the results of the Supreme Court application to our members," said Sauls, "but they said they will not be side-tracked by the court proceedings or by the hardline attitude of management. We are now waiting for a response."

Earlier, GM's industrial relations manager Robert McIlwaine threatened the dismissal of workers persisting with the strike, although new MD Price has said no "precipitous" action will be taken.

"The threat of dismissal is real," acknowledges Sauls, "but the possibility of workers escalating action is also real. If it comes to that, we will seek community support so that there is no chance of scab labour. There is also the possibility of a boycott of GM products — then it will become nasty." According to Sauls, workers are sticking to their demands for severance pay, pension monies and worker representation on the new board.

The new GM owners may have more on their plate than they — literally — bargained for.

□ See *Business*

w/b notes 8/11/86

# GM plant won't be open for work on Monday

PORT ELIZABETH. — The management of General Motors has withdrawn the notification that the plant will be open for normal production on Monday.

The motor company said today it had not heard from the

National Automobile and Allied Workers' Union concerning resolutions passed at a mass meeting yesterday.

The statement from GM said the plants at both the Kempston Road and Aloes complexes would be closed for normal production on Monday.

In a statement, the company said it had "taken this decision reluctantly" but under the circumstances it had no choice.

## Unanimous

GM said: "The options for a speedy resolution to the current situation rest clearly with the union."

Strikers had voted to try to return to the main plant on Monday.

Almost 1 000 workers unanimously agreed that all strikers — including the 567 already sacked by GM — would gather at the company's Kempston Road plant on Monday.

They said they would enter the plant, but would not begin work until they had held a meeting on the premises.

## No comment

Mr Bob McIlwaine, GM's industrial relations manager, when told of the outcome of yesterday's meeting, said he could not comment on any possible GM reaction.

There were scenes of near pandemonium at a meeting of workers at the Dorothy Jansen Hall in Schauder township when they began throwing their identity cards.

An elderly worker addressed the strikers about worker solidarity. Then he ripped off his identity card and hurled it to the floor. Within seconds the air was filled with hundreds of cards.

DETAILS of the future shape of General Motors in SA are expected to be disclosed today in what one motor manufacturer describes as "one of the industry's best-kept secrets this year".

Executives of the new local management team, headed by GM director of technical operations Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licensing agreement.

Optimism in the new operation is expected to be punted heavily in the run-up to Wednesday's Monza car launch.

GM announced its withdrawal on October 20.

# White believes GM will survive

HAMISH McINDOE

BUS DAY

While some industry quarters rate GM's survival chances as low, MD Bob White has made clear the company is close, before interest payments, to breaking even and is expected to post its strongest bottom line in 15 years.

But Nissan, for one, sees GM progressively running down its activities over the next few years because of the high cost of retooling for new models.

● See Page 3

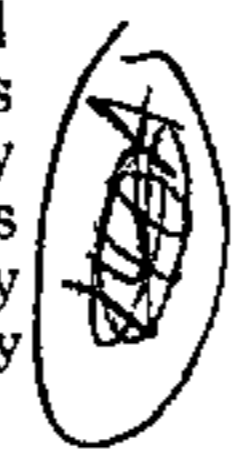
# Strikers vote to return to GM

28/1/52  
DC

Dispatch Correspondent  
PORT ELIZABETH - A  
mass meeting of about  
1000 General Motors  
workers yesterday  
unanimously resolved to  
return to the company's  
Kempston Road plant  
here early on Monday  
morning to "start where  
we ended off on Wed-  
nesday"



62



The decision followed  
confirmation by GM's  
management that it had  
sacked the 567 workers  
who sustained a six day  
sit in of the company's  
plants until removed by  
police on Wednesday  
night

At yesterday's meet-  
ing, workers threw their  
identity badges onto the  
stage -- two carrier bags  
were collected - pledg-  
ing solidarity with the  
sit-in strikers who were  
obliged to hand in their  
badges to GM security  
personnel as they left  
the plants on Wednes-  
day night.



After several hours  
spent discussing Wed-  
nesday's incidents,  
workers at the meeting  
in the Dorothy Jansen  
Hall in Schauderville  
adopted the resolution,  
which was read out by  
the national secretary of  
the National Auto-  
mobile and Allied Work-  
ers' Union, Mr Freddie  
Sauls.

They resolved that  
workers from both  
plants "go to the  
Kempston Road plant on  
Monday at 6.45 with no  
badges and enter the  
plant". Mr Sauls said  
they would then "start  
where we ended off on  
Wednesday".

The vote was the cul-  
mination of a hectic  
week in GM's labour re-  
lations history and in-  
creased with the launch of  
the company's new  
Monza car, on which its  
future hinges



DD 8/11/62

(192) (62) (152)

# EL's Naawu branch backs GM strikers

Dispatch Reporter

EAST LONDON — The East London branch of the National Automobile and Allied Workers Union (Naawu) has pledged "solidarity" with its Port Elizabeth members employed by General Motors.

"In a statement signed by the acting branch secretary, Mr M. W. Monqo, the local office of Naawu said its members were in "full support" of demands made by fellow union members employed at GM in Port Elizabeth.

The demands included that GM's pension funds either be paid out to the workers or be placed into a jointly controlled provident fund, that

workers receive one month's severance pay for every year of service when the company pulls out and that workers have two representatives on the board of directors of the company in future.

"We pledge solidarity with all efforts and actions taken by workers at GMSA. The intransigent attitude adopted by management towards these demands proves the total disregard of its employees and their families.

"The action by GMSA to call the police to remove workers from the plant and also fire 500 workers involved in the sit-in is a grave miscarriage of justice," Naawu said.

W/ AM 62's  
8/11/86

Pullouts:  
62

## Spanner in the works

LABOUR  
AFFAIRS  
DICK  
USHER



THE withdrawals of two multinationals from South Africa has become the source of intense union dissatisfaction and put their role under the spotlight.

GM's "pullout" led to a strike by several thousand workers in Port Elizabeth, while a withdrawal of a different nature has upset relations at Matthey Rustenburg Refinery (MRR) at Wadeville.

The GM workers demanded that they receive severance pay, the repayment of all benefit contributions, the right to appoint two directors and full disclosure of the new company's plans.

Their demands were supported by the Congress of South African Trade Unions (Cosatu), to which the union chiefly involved, the National Automobile and Allied Workers' Union (Naawu), is affiliated.

Cosatu said that GM had enjoyed 60 years of good business in "the land of apartheid and made huge profits from the sweat of South African workers".

It supported Naawu's demand that companies should give "timeous notice of their intention to withdraw" and that the terms of withdrawal should be fully negotiated with workers.

The pattern has been set, and it is unlikely that any other multinationals which withdraw from South Africa will escape without similar demands from workers and unions.

MRR's withdrawal is a horse of a slightly different colour.

The company is closing two platinum refineries — Wadeville and Royston in England — and moving operations to Bophuthatswana.

The Chemical Workers' Industrial Union (CWIU), also a Cosatu affiliate, sees this as an example of attempted "union bashing".

Bophuthatswana — which it calls a "union-free zone" — has labour legislation which forbids "foreign" unions from operating there. This includes South African unions.

CWIU says the move is nothing more than a thinly-disguised move away from the influence of unions and the protection they afford workers under South African legislation.

MRR says this is nonsense and that all 400 workers at Wadeville will get jobs at the new refinery as it does not want to lose their expertise.

# Strike goes on as GM rejects new union proposals

CP Correspondent

THE strike at General Motors by about 2 000 workers, after the US company announced it was pulling out of SA, has apparently reached a stalemate.

The National Automobile and Allied Workers' Union said GM bosses "flatly rejected" revised demands by the union.

On Tuesday, Naawu and the Motor Assembly and Components Workers' Union asked that the issue of severance pay be referred to GM's Detroit headquarters.

They also proposed that workers be given the choice of being paid out their pension fund money or having it transferred to a jointly-managed new provident fund. The unions also originally demanded worker representation on the new board of directors.

GM said it was not prepared to negotiate until workers returned to work, said Naawu regional secretary Les Kettleidas.

Bosses said that the "new" GM, will continue to do business in SA, operating from its PE plant.

And it believes it has no obligation to make any severance payments to workers who, they say, are not going to be retrenched.

At the plant about 2 000 workers were encamped around the assembly line awaiting agreement to their demands.

● The massive Congress of SA Trade Unions has announced support for the GM workers "in their battle to get the company to negotiate with them on their future and the future of the company".

"We wish to reiterate that workers are not prepared to bear the brunt of sanctions and disinvestment which is the direct result of apartheid."

● A sit-in by workers at Harvestime's PE vegetable processing plant has been broken up by police after bosses brought an urgent court application against the workers.

SECRET  
IO SUPPORTS you excellent support and absolute comfort

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Bob Price ... all links with GM in US severed

SUNTIMES

# Nuco, the new GM, lines up cash deal leading to profits

9/11/86 62

NUCO, the acronym for the General Motors SA's "new company", will break even within two years and will be marginally profitable in three years.

The turnaround in fortunes will be achieved through a deal which will ensure the new company has no debt and that additional capital will be provided to produce a new model next year and allow for a facelift of the Monza in a few years.

Bob Price, managing director of GMSA from 1971 to 1974 and who joined the new management team from America this week, tells

By Don Robertson

Business Times that the deal is almost in place.

A clean balance sheet will allow losses to be reduced next year, followed by a year in which they end. He expects the company to show a profit by 1988.

In projecting the recovery, Mr Price has taken cognisance of forecast motor sales for the next few years. He believes GMSA needs to sell between 25 000 and 30 000 vehicles a year. GMSA sold 34 388 vehicles last year.

The Monza, to be launched on November 23, is expected to sell about 1 200 in the first three months and to settle at

about 800 a month.

Details of the financial package are expected late in December, but Mr Price does not believe GMSA sales will be adversely affected by the delay.

The reason for the delay is the need to structure the deal in a sufficiently flexible way to allow others — possibly dealers — to be included. In addition, contracts have to be negotiated with 27 suppliers, and money for future tooling has to be secured.

"We are trying to provide finance for new models and facelifts right from the start. We are looking at the Omega now and it could be launched

□ To Page 3 □ To Page 2

## Nuco's future bounty

□ From Page 1

early in 1987." The Omega will replace the medium-range Rekord. It is also possible that Isuzu will help with inventory finance, payment terms and tooling up. GMSA makes Isuzu light commercial vehicles.

Mr Price does not discount the possibility that Isuzu cars will be made in SA. But he says both Isuzu models are similar to the Opels.

"What we might do is play Isuzu off against Opel because there is also the possibility that GM Germany will offer similar assistance.

"But we are not linking ourselves to only two sources and could look at Brazil, which also manufactures Opels. They have a policy which encourages exports ahead of home consumption."

Mr Price dispels suggestions he is merely a caretaker for GM Detroit until political problems have been resolved. Until he moved this week, he was president of Motors Trading Corporation, a GM subsidiary that engages in international trade.

"I have severed with GM because I want this job and wish to share in the benefits of a successful company."

But he does not see himself spending the rest of his working life at GMSA.

Mr Price confirms that the new board of himself, Keith Butler-Wheelhouse, George Stegmann and Andre van Rooyen will be increased to seven or nine members.

Further confirmation that politics was used as an excuse for GM's withdrawal from SA came this week when the company closed 11 plants in America employing 29 000 people. The American company posted a third-quarter loss of \$350-million.

# Striking workers face a lockout

THE Port Elizabeth-based motor giant, General Motors South African (GMSA), which has been crippled by a wild-cat strike since Wednesday last week, will close both its PE plants tomorrow to avoid a possible violent clash with strikers.

The decision to close the plants — in direct reversal to a statement on Thursday that full production would resume tomorrow — was announced yesterday.

"It is incumbent upon the

company to protect its employees working, or willing to work, from any acts of violence such as have already occurred, as well as to protect its property from possible damage," a management statement said.

Black GM workers had planned to march on the Kempston Road plant tomorrow without their identity badges, which they threw onto the stage at Friday's union meeting.

A resolution read to the meeting by the national secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, said that workers from both plants would "go to the Kempston Road plant on Monday at 6.45am with no badges and enter the plant".

Workers who try to enter the plant without their security badges will not be allowed in, according to company policy.

Production has ground to a virtual halt since the strike began last week.

It is believed that it was sparked by uncertainty among the workers about their future after the withdrawal of GM from South Africa and a buy-out by a local management consortium headed by the former head of GMSA, Mr Bob Price.

Workers are demanding severance pay and repayment of pension contributions.

# Mary's little Lambie fails to score for three months

LONDON — John Lambie, manager of the Scottish soccer club, Hamilton Academical, has been forced into a life of celibacy since his club arrived in the Premier Division, according to a British Press report.

Confident of his team's success among the big clubs, Lambie, 45, vowed to his wife, Mary, at the start of the season that the couple would not have sex until Hamilton won their first game.

Three months and 16 games later, Hamilton are still awaiting their first victory.

On Saturday Lambie came agonisingly close to success.

At home to defending champions and standings leaders, Glasgow Celtic, Hamilton took the lead with nine minutes to go.

But Celtic levelled from a penalty minutes later and, in the dying seconds, grabbed a second goal to win 2-1. — Sapa-AP



A General Motors shop steward gives an interview to foreign and local newsmen outside the Kempston Road plant today, after workers had handed in another boxful of identity badges in solidarity with the 567 who had their badges removed by GM security personnel last Wednesday.

# Confusion as Strike goes on

Post Reporters  
THE workforce at General Motors wants to return to work, a GM spokesman said today — but this has been denied by union leaders.

Shop stewards representing striking workers had informed the management of this during discussions at the plant today, Mr George Stegmann, the company's industrial relations director, said early today.

However, Mr Les Keith, regional secretary of the National Automobile and Allied Workers' Union (NAAU), said at lunchtime, after a meeting with stewards who earlier met GM management, that the men never indicated they wanted to return to work.

"They were requested by management to come in as they wanted to know if the workers were going to come back to work or not."

"They said management should deal with the union."

However, Mr Stegmann stood by his earlier version on the meeting.

He said the stewards asked for the meeting and "indicated, clearly they

wanted to return to work. We requested a signed undertaking to that request."

He said the stewards told management they were not in a position to inform the company officially, as they had to refer the matter to the union leadership.

Mr Stegmann said that GM was prepared to enter into discussions on their return to work.

But the company was not prepared to discuss the reinstatement of the 567 sacked workers until the remaining workers had returned.

8am to meet management, were later joined inside by about 12 others.

At 9.30am the stewards came out and spoke to Les Kettleidas, regional secretary of NAAU.

At his request, one of the stewards, using a police loudhailer, requested the workers to disperse and return to the plant tomorrow.

He said that should the gates to the plant be locked tomorrow, the workers should meet at the Dorothy Jansen Hall in Korsten to decide what steps to take.

After they dispersed, the stewards went back

into GM for further talks after which they were scheduled to meet NAAU officials.

The strike at GM is resulting in a loss of up to 60 Monzas a day.

● No decision has been taken on the postponement of GM's national advertising and promotional campaign for the new Monza.

● GMSA's director of technical services, Mr Keith Butler-Wheelhouse, said today the campaign might be postponed because the company feared there would be insufficient stocks of the cars because of the strike.

**INSIDE**

**Wessels will play in four** — Page 20

**MM prize winners** — Page 4

**TV Show** — Page 17

**Good Living** — Page 10

**Katting** — Page 10

**Sport** — Page 17

*Handwritten notes:*  
2/11/10  
202  
62

BUS DAY 10/11/86

# New GM conflict looms

62

A NEW clash may be looming between General Motors management and the 2 000 striking workers today.

ALAN FINE

Workers decided at a mass meeting on Friday to return to company premises to "start where we ended off on Wednesday" — when more than 500 were evicted and subsequently dismissed.

continue.

National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas confirmed this yesterday.

But GM has announced that the two strike-bound plants "will be closed for normal production" today, cancelling its decision to open the plants after reading Press reports of the meeting which it interpreted to mean that the strike would

Kettledas told *Business Day* resumption of production depended on management coming forward with "anything positive" regarding demands related to severance pay and pension contributions

● To Page 2 →

BUS DAY 10/11/86

# GM strike — new conflict looms

when new management takes over, and the dismissal of the 500.

From Page 1

If, however, workers found themselves unable to gain access to company premises this would be considered by the union to be an illegal lockout, he said.

would be willing to enter into discussions on the matter".

The GM statement says it is "senseless" for the strike to continue, as the matter is to be referred to arbitration. It is believed details about the identity of the arbitrator and his terms of reference will be addressed today. GM industrial relations manager Robert McIlwaine has also said if the company were approached on the issue of the dismissals it

But Kettledas questioned the veracity of this undertaking, saying any "positive" moves by GM's industrial relations department had, throughout the strike, been undercut by the "hardline" attitudes of MD Bob White and other top management.

McIlwaine declined to comment further yesterday, and White could not be contacted.

custodial

# GM strike hits new car launch

DD 10/1/78  
 (b7) (S)

Dispatch Correspondent

**PORT ELIZABETH** — Sixty Monza cars a day are being lost as a result of the current strike at General Motors, and the company is now expected to suspend its present launch.

This was confirmed yesterday by the director of technical operations, Mr Keith Butler-Wheelhouse.

With production at a standstill since October 29 — and no immediate prospects of an early resumption — there are growing fears that insufficient stocks will not be available to secure the best advantage from the launch.

Traditionally, a launch provides maximum benefit for three months, after which sales tend to decline.

The car was introduced to dealers last Monday and the public launch was set for next week.

Mr Butler-Wheelhouse said yesterday: "I think what we will do is hold off the public launch until we have got the number of vehicles we want. We are not going to spend a lot of money if we don't have the cars."

"We are unhappy with the supply position. From a distribution point of view it's going to be first come first served."

Asked what dealers could tell their customers, he said: "This is one of the big problem areas — dealers can't give any

indication of a supply date. But we are not boxed in entirely, we still have a lot of room to manoeuvre."

The national secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, when asked why the men struck at such a crucial time — possibly prejudicing Monza sales and some of their own jobs in the New Year — said:

"That shows how critically the men viewed their situation — that they should take such a decision at such a crucial time."

"We know if the Monza doesn't sell it's serious for GM, but the workers felt their situation had reached a point of crisis. They saw GM pulling out, and the Monza launch was coincidental. We are thinking in the long term."

Asked if he didn't think the men could be cutting their own throats, he said: "To me it's clear I see the view of the workers that even with the launch of the Monza there is no certainty there will be no retrenchments."

Mr Sauls did indicate that if the pensions issue could be resolved,

the men might agree to return to work while talks were held over severance pay

Mr Butler-Wheelhouse said "I feel people like us — and other commercial concerns — are bearing the brunt of people trying to find ways of expressing themselves politically"

"Because some people don't have the political rights which perhaps they should have, this is about the only way they can express their political views"

Mr Sauls rejected this. "There are sufficient avenues by which people can express their political feelings," he said.

The current strike looks set to continue this morning, when GM workers are expected to converge on the company's Kempston Road plant here at 6.45 — despite an announcement by GM that both its plants would be closed today

Mr Sauls said yesterday while workers were aware that the gates at the plant would probably be locked in line with the GM stand taken on Saturday, "the decision of the meeting stands — the people will go back"

The South African Police duty officer for the Eastern Cape, Major Jan Dowd, said yesterday police would not be at the plant "on their own initiative" this morning, but would take steps "if called in"



The mayor of East London, Mrs Elsbé Kemp, lays a wreath at the War Memorial during yesterday's Remembrance Sunday service. Report P2

## Britain defies ceremony boycott

**JOHANNESBURG** — Britain yesterday defied a west European boycott of ceremonies honouring South Africans killed in both World Wars

Western diplomats said the initiative for the boycott — intended as a show of condemnation of South Africa's apartheid policy — came from West Germany and divided European Community embassies in Pretoria.

"Our position is that we believe it is important to remember those who died in the two World Wars and that this should have nothing to do with the politics of today," a British Embassy spokesman said.

Britain, the United States and the Republic of China were the only foreign countries represented at the annual wreath-laying ceremony at the Johannesburg cenotaph, which was attended by the President, Mr P W Botha Ciskei and Venter also laid wreaths.

Some 9 000 South Africans were killed World War II, most of them while fighting German forces.

President Botha for France last night open a museum commemorating South Africans killed in Europe and in particular 1000 posted dead or during an epic war



blast, white

EAST LONDON 26141

(62)

9/11/86

# GM says strike is over

PORT ELIZABETH — General Motors announced yesterday that production at its strike-bound plants would resume today, bringing to an end the seven-day wildcat strike by more than 2 000 workers.

The GM statement followed after the regional secretary of Naawu, Mr Les Kettle-das, informed management of the workers' intention to resume work as from the early shift today. And in a statement issued at noon, the national secretary, Mr Freddie Sauls, was quoted as saying he wanted the strikers to return to work.

However, some doubt was later raised over the back-to-work prospects, when Mr Sauls said a decision would only be taken by workers at a mass meeting to be held at 11 am in Korsten. Mr Sauls said his earlier statement was misquoted.

In its announcement that the strike would end, GM said "it was pleased with the positive attitude being displayed by the majority of workers and trade unions".

Later yesterday afternoon, however, Mr Sauls said his understanding of the situation was that a final decision would only be taken after this morning's meeting, at which workers would also discuss "the attitude of GM".

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# Mighty GM <sup>Db 10/11/86</sup> moves

## 5. L to correct errors (62)

6. S DETROIT — Mighty General Motors is moving to correct errors that have sliced profits for two years in a row just as the US car industry faces its greatest test ever, industry experts say.

Two of the "errors" have been the continuing investment in GM Southern Africa and troubles in Australia, it is reported. Hence the sale of the South African operation and restructuring of the Australian business.

GM reported a \$339 million pre-tax loss in the third quarter. Without profits from its financing subsidiary, a large tax credit and other accounting moves, the company would have had a bottom line in the red.

Profits have shrunk even though global sales revenues of the world's biggest corporation are set to pass \$100 billion for the first time this year.

Remedies at GM, which is responsible for nearly two per cent of US gross national product, are expected to cost tens of thousands of workers their jobs as the company tries to regain the confidence of the financial community and buying public.

The investment community has shunned its common stock and its price has tumbled during one of the greatest US "bull" markets in history. GM loyalists have watched with frustration as the profits of smaller rivals Ford and Chrysler have remained strong or grown.

Ford sells less than half as many cars in the United States as GM. But its worldwide profits for the first nine months this year are \$200 million ahead of GM at \$2.5 billion.

Competition from abroad has intensified, too. More Japanese-owned car and truck plants are being built in North America, and low-cost imported cars from Korea and Yugoslavia are stealing sales from US makers.

Australian business to cut losses and sell its South African business.

Also, it is scaling down its \$5 billion Saturn small car project, which chairman Roger Smith had described as a key element in assuring GM's survival into the 21st Century.

Problems cited by analysts, economists and company insiders include GM's overheads, said to be the highest in the Detroit-based industry.

Worldwide employment averaged 878 000 thus far in 1986 compared to 805 000 a year earlier. US labour costs average more than \$24 an hour for union workers.

GM plans to cut 25 per cent of North American white-collar jobs by 1990 and lose tens of thousands of hourly workers. This could lead to clashes with the United Automobile Workers union.

The company has overestimated demand, forcing it to offer costly sales incentives since

mid-1985.

It has too many assembly and parts manufacturing plants, given its shrinking share of US sales. GM's 1986 market share through the third quarter has fallen to 41.3 per cent, compared to 47.8 per cent of the market in 1978.

GM senior executives also agree that many of its cars look too much alike, while competitors offer bold new styling.

The car enthusiasts' magazine Auto Week recently wrote of "the Decline and Fall of Cadillac." GM's most prestigious division, Buick and Chevrolet also face problems while Pontiac and Oldsmobile are in better shape, analysts say.

Dallas billionaire H. Ross Perot, GM's biggest shareholder and its most outspoken board member, complains top management is out of touch with the business. But he is optimistic that GM has more than enough talent in its ranks to surmount its problems. — Sapa-RNS

# British companies in SA accused of union-bashing

The Star Bureau

LONDON — British companies in South Africa come under fire for their anti-union policies in a new, unpublished survey.

The Geneva-based Institute for Research and Information on Multinationals says too that investment by United Kingdom corporations is showing "continuing resilience" in the face of political unrest.

It suggests British companies are ready to step into the vacuum left by those American companies now pulling out of South

Africa.

UK-based companies in South Africa were more anti-union than those of other countries, were less active in opposing apartheid and, unlike the Americans, showed no sign of leaving.

The report gives four reasons American companies have opposed apartheid more actively than their European counterparts:

- They are under much greater pressure from shareholders and anti-apartheid groups;

- The principles formulated by

the Rev Leon Sullivan for multi-racial employment have influenced them, more so than the EEC code has in relation to European companies;

- Most have American managers while the European companies are often run as joint ventures by locally recruited managers; and

- Unlike the Americans, European multinationals believe too rapid transition from apartheid would "unleash tribal antagonisms and eventually sweep away existing democracy".

10/11/86  
SAPR

# Strikers at GM find gates closed

Hundreds of striking General Motors workers arrived at two factories in Port Elizabeth early today, but locked gates prevented them entering the plants to continue their sit-in strike, according to the company and the union.

The regional secretary of the National Automobile and Allied Workers Union (Naawu), Mr Les Kettledas, said: "We are still on strike and regard this as an illegal lockout."

GM's industrial relations manager, Mr Rob McIlwaine said workers had been advised there would be no production today.

As the strike by at least 2 000 employees entered its thirteenth day today, moves were afoot to get the parties to arbitration as soon as possible.

The dispute, sparked by GM SA's decision to sell its operations to local buyers, centres on union demands for severance pay, pension fund payouts and a say in the board of the new company. Already GM has dismissed 567 workers for refusing to leave the plants last week.

Meanwhile, the launch of GM's new Monza range is almost certain to be frozen as a result of the strike.

Production of 60 Monza cars a day is being lost as a result of the strike and the company is now expected to suspend its launch, GM's Director of Technical Operations, Mr Keith Butler-Wheelhouse said.

11/11/68 PAUL D... 62

# GM strikers locked out

GENERAL Motors employees are to meet this morning to consider what further steps to take in their two-week-old strike over demands related to the sale of the company to local interests.

When workers tried to gain access to the two affected plants in Port Elizabeth yesterday they found the gates barred, National Automobile and Allied Workers' Union regional secretary Les Kettle-das said. They later returned home without incident, he said.

And, according to GM's George Stegmann, management was approached

yesterday by Naawu and Motor Assembly and Components Workers' Union shop stewards, who said the men wanted to return to work. Stegmann says they were asked to go back to their union leadership and have them indicate officially to management that this was what they wanted to do.

But Kettle-das denies that workers have expressed this wish.

Meanwhile Naawu says it is awaiting GM proposals on a nominee for an arbitrator and his terms of reference.

Production cut by 60 cars a day

# GM strike hits Monza launch

GM. Time 10/11/86

62  
Own Correspondent

PORT ELIZABETH. — Sixty Monza cars a day are being lost as a result of the current strike at General Motors, and the company is now expected to suspend its present launch, according to director of technical operations Keith Butler-Wheelhouse.

With production at a standstill since October 29 — and no immediate prospects of an early resumption — there are growing fears that insufficient stocks will be available to secure the best advantage from the launch.

Traditionally, a launch provides maximum benefit for three months, after which sales tend to decline.

The car was introduced to dealers last Monday and the public launch was set for next week.

## 'Unhappy with supply'

Butler-Wheelhouse said yesterday: "I think what we will do is hold off the public launch until we have got the number of vehicles we want. We are not going to spend a lot of money if we don't have the cars."

He declined to say what production figures GM had set to meet its needs, but said: "I think it could be some time before we build up to the numbers we require."

"From a distribution point of view it's going to be first come first served."

Asked what dealers could tell their customers, he said: "This is one of the big problem areas — dealers can't give any indication of a supply date. But we are not boxed in entirely, we still have a lot of room to manoeuvre."

Freddie Sauls, national secretary of the National Automobile and Allied Workers' Union, when asked why the men struck such a crucial time — possibly prejudicing Monza sales and some of their own jobs in the New

Year — said: "That shows how critically the men viewed their situation, that they should take such a decision at such a crucial time."

"We know if the Monza doesn't sell it's serious for GM, but the workers felt their situation had reached a point of crisis. They saw GM pulling out and the Monza launch was coincidental. We are thinking in the long term."

Asked if he didn't think the men could be cutting their own throats, he said: "To me it's clear. I see the view of the workers that even with the launch of the Monza there is no certainty there will be no retrenchments."

On the importance of a success for GM in PE's present economic predicament, he said: "Do you think it's not important for me? I am as concerned about that as anyone else."

Sauls did indicate that if the pensions issue could be resolved, the men might agree to return to work while talks were held over severance pay.

## 'Some basis for agreement'

"The pensions issue is easy," he said. "It should be no problem at all. If we could settle that one there would be some basis for agreement. The workers could see some progress being made."

Asked if they would return to work, he said: "That is a possibility. It would have to be considered."

Butler-Wheelhouse said: "I feel people like us — and other commercial concerns — are bearing the brunt of people trying to find ways of expressing themselves politically."

Sauls rejected this. "There are sufficient avenues by which people can express their political feelings."

## INVESTMENT

# British ready to replace US firms in SA — survey

## The Argus Foreign Service

LONDON. — British companies are ready to step into the vacuum left by American companies pulling out of South Africa, according to a new, unpublished survey.

The Geneva-based Institute for Research and Information on Multinationals British says too that investment by United Kingdom corporations is showing "continuing resilience" in the face of political unrest.

In the survey British companies in South Africa came under fire for their anti-union policies.

UK-based companies in South Africa were more anti-union than those of other countries, were less active in opposing apartheid and, unlike the Americans, showed no sign of leaving.

The report gives four reasons why American companies have opposed apartheid more actively than their European counterparts.

- They are under much greater pressure from shareholders and anti-apartheid groups,

- The principles formulated by Leon Sullivan for multi-racial employment have influenced them, more so than the European Community code has in relation to European companies,

- Most have American managers while the European companies are often run as joint ventures by locally recruited managers, and

- Unlike the Americans, European multinationals believe that too rapid transition from apartheid would "unleash tribal antagonisms and eventually sweep away existing democracy".

Meanwhile, the British government announced plans for an extra £10-billion in public spending, drawing charges from the Opposition that it was trying to buy election votes.

The Chancellor of the Exche-

quer, Mr Nigel Lawson, has told Parliament that public spending targets for 1987 and 1988 had been raised by £4,6-billion and £5,5-billion respectively.

Mr Lawson said most of the extra cash would be earmarked for education and health, two politically sensitive areas in the run-up to general elections which have to be held in 1988, but are expected next year.

The Chancellor said the cash would come from a combination of extra tax receipts stemming from economic growth, the sale of more State assets, contingency funds and possibly higher than forecast oil revenues. There would be no additional public borrowing, he said.

Mr Lawson said the move did not represent any loosening of the government's tight hold on the economy.

"There can be no question of allowing the projected increase

in public expenditure over the next two years to undermine the prudence of the government's overall fiscal stance," he declared to hoots of derision from the Opposition benches.

The government plans were immediately branded by the Labour Party leader, Mr Neil Kinnock, as "a strategy to bankroll the Tories for the election".

"This last-minute splash will be treated with contempt by a British public that doesn't believe the government any more," he said.

A joint statement from the centrist Liberal-Social Democratic Alliance accused the Chancellor of "cynically stoking up a pre-election consumer boom at the expense of long-term revival".

In a forecast on the British economy, Mr Lawson predicted economic growth, measured by gross domestic product of 3 percent in 1987, after 2,5 percent this year.— Sapa-Reuter.

# GM workers meet today to decide on strike

More than 2 000 strikers at General Motors in Port Elizabeth will meet today to decide whether or not to end their 13-day-old strike, say union leaders.

Employees from two unions involved in the strike told GM yesterday they wanted to end the work-stoppage but had to get union sanction first, a statement from the firm said.

GM plants remained closed today, said Mr Rob McIlwaine, the company's industrial relations manager. "We should know the outcome of the union meeting late this afternoon. In the meantime, plans are going ahead for an arbitration hearing and we are in the process of trying to agree with the union on an arbitrator."

GM said that after a meeting with shop stewards yesterday, and the undertaking that workers would report back to their unions, Mr Les Kettle, regional secretary of the National Automobile and Allied Workers' Union (Naawu), telephoned GM requesting an urgent meeting.

A meeting was held with union officials at 2 pm yesterday and it was evident, GM said, both parties had a different understanding of the purpose of the meeting.

Mr Freddie Sauls, Naawu's general secretary, said at the meeting that he had no mandate from employees on strike that it was their wish to return to work, and could consequently not give any undertakings, GM said.

taste of Steels over crushed ice.  
Or mix it crisp, cool and long.  
Fresh fruit juice. Tonic.  
Lemonade. Almost anything

Zimbabwe  
Vaal reporter



CAL TIMES  
11/11/86

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## Strikers want to end stoppage, GM told

PORT ELIZABETH. — Employees from two unions involved in a 12-day-old strike at General Motors plants in Port Elizabeth yesterday told GM management they wanted to end the stoppage but had to get union sanction first, a GM statement said.

However, a union official later said that he had no mandate from workers in this regard.

Early yesterday a joint deputation of shop stewards from the National Automobile and Allied Workers Union (Naawu) and Motor and Component Workers Union of South Africa requested a meeting with company management.

"Management complied with this request and at the meeting which followed, the shop stewards indicated that it was the wish of employees currently on strike to return to work," the GM statement said.

However, they were unable to give any undertakings in this regard saying that this would have to come from their union leadership.

After further discussion, and at the request of management, the shop stewards undertook to meet union leadership and to ask them to formally advise the company of their position so that discussions for a return to work could be entered into, GM said.

At a later meeting, attended by GM management, officials from both unions and shop stewards, it was evident that the parties differed as to the purpose of the meeting.

Mr Freddie Sauls, Naawu's general secretary, stated that he had no mandate from striking employees that it was their wish to return to work and consequently could not give any undertakings.

"He further indicated that the question of a return to work would be discussed at a meeting to be held in Korsten tomorrow," yesterday's GM statement said. — Sapa

# Women, white-collar staff on assembly line

## Argus Bureau

PORT ELIZABETH. — Women and white-collar workers are manning the assembly line at strike-bound General Motors to produce a few new Monzas.

As the strike entered its 11th day today, GM general manager Mr Bob White said: "We will make vehicles with or without the unions."

Today the area around the main Port Elizabeth plant was deserted in contrast with the past two days when hundreds of strikers, locked out by GM, thronged the street in front of the gates.

## Open letter

GM have said that production is now only scheduled to fully resume on Monday.

The company has also gone on the offensive against what it terms "misinformation" given to workers, with an advertising campaign in local papers.

"An open letter" from the GM director of personnel and public affairs, Mr George Stegmann, confirms that service benefits and conditions of employment for GM employees will continue once the new South African management team takes over.

Mr Stegmann said the aim of the ads was to help "bring workers to see reason" and to allay their concerns about benefits raised by the supply of misinformation.

He said the company was "going to have to come up with a final position very soon. We must take steps to protect the job security of employees wishing to work".

He said he had been told by such employees that they were scared to return to work because of intimidation.

Meanwhile, Mr White said women and white-collar staff had shown "tremendous enthusiasm" to work on the production line.

"We've got people here who want to make a success of this company."

However, in spite of the limited production of Monzas, it has been confirmed that the launch of the new vehicle will be postponed, possibly to January next year.

Yesterday foreign television crews interviewed two whites who arrived at GM's main gate looking for work.

They said they had been out of a job for almost two years and had come to GM because of the strike.

Asked if there was a possibility of a substantial part of the shop-floor work force eventually being white, Mr Bob White said it was an option, but said he was "colour-blind" in respect of recruitment.

"I think we have been as reasonable as we can, but at some time people have to stand up and be counted.

"I still think the majority of our people want to work, but are being intimidated by people who don't have their interests at heart and would rather pursue their own political aims."



STRIKING General Motors' workers yesterday called on the company to meet their demands or close the plant.

At a meeting of about 1 000 workers held in

Korsten, plans were also announced to prevent "scab" labour entering the plants to replace the strikers.

The meeting was told of the creation of a system of "street committees", organised by workers, to prevent recruitment in the townships.

Strikers were also told that, if no success was achieved in having their demands met, it would be "up to the workers to decide if they want to see a GM product in the

# GM strikers' ultimatum

townships".

The strike entered its 10th day yesterday.

Summing up the three-hour meeting, Mr Freddie Sauls, national secretary of the National Automotive and Allied Workers' Union, said GM had two options: to "meet your (the workers') demands, or it can lose the plant — nothing more than that".

Mr Sauls said workers stood by their demands that they be paid severance pay and refunded their pension money. A third demand, that

workers be represented on management, would be "sidelined", he said.

"On the issue of the 567 workers, it has been decided all will go back, including the 567, or no one." Earlier, workers heard that management had indicated some of the 567 would not be allowed to return.

## Warned

He said it was also suggested workers should not go to the plant every day, but "wait for the company to give a date" (for them

to return).

However, he warned: "The problem about not going to the plant is, if you sit at home, scabs may go to the plant".

It was important, he said, to ensure "that others who plan to take your jobs should be prevented from doing so. You must not think this is not a reality".

Mr Sauls said: "We have started campaigning to ensure workers in the northern areas and other areas don't go and take your jobs at GM."

He said that in the next few days in the northern areas, "activists" would visit GM workers with whom they would speak about gaining their "support to organise so that no one from your street goes to look for work at GM."

## Committee

"The task is that in every street we must establish a street committee, controlled by the workers, which will discuss what is the plight of the workers, including the unemployed."

"If we still don't succeed, we'll have to look at GM vehicles in our townships. It is up to the workers to decide if they want to see a GM product in the townships," he said.

He said long ago he warned GM "unless they meet the legitimate demands of the workers, workers would adopt a strategy counter-productive to GM productivity."

"If GM management has any sense, they must climb down from their white pedestals, where

they sit like (members of) the privileged white class, and listen to the legitimate demands of the people in South Africa."

He also said it was a mistake to say to GM: "Fire us", because "then your demands will be thrown out of the window".

## Struggle

"If you believe the struggle and the demands are legitimate and justified, you have to say you will maintain a presence at GM and irrespective of what Bob White says, force them to negotiate with you and meet your demands." — Sapa.

# Car launch delayed as GM strike drags on

By Sheryl Raine

Launch of General Motors' new Monza car range has been postponed until January because of the strike by more than 2 000 black workers at two Port Elizabeth plants, says the company.

The Monza has been frozen on production lines by 14 days of strike action. It had been scheduled for launch next week.

The strike over demands for severance pay and pension fund repayments continued today as a war of words raged between management and unions.

At a mass meeting yesterday, about 1 000 members of the National Automobile and Allied Workers Union

(Naawu) decided to continue the strike and challenged GM to meet their demands or close plants.

They also demanded reinstatement of 567 strikers sacked for refusing to leave the plants last week.

Striking workers have begun hinting at a boycott of GM products and Mr Freddie Sauls, national secretary of Naawu, said plans were afoot to prevent "scabs" taking GM workers' jobs.

No early end is in sight and any attempt at arbitration would be complicated by the fact that the union has addressed demands to the Detroit-based General Motors Corporation and not the local company which has taken over from the multinational.

GM's MD Mr Bob White yesterday vowed: "We will

make vehicles with or without the unions."

He said women and white-collar workers had taken to the factory floors to get production going. They would not be closing early for Christmas, he added.

The company has lost potential production of 60 Monza cars a day since the strike began.

Although prepared to negotiate the reinstatement of dismissed workers, GM has insisted that talks await the end of the strike.

Management claimed strikers were being intimidated and deliberately misinformed about policy.

GM today hit back by placing explanatory advertisements in Port Elizabeth newspapers.

17/11/86

# GM plant is still silent, plans to replace strikers

The Argus Correspondent

JOHANNESBURG. — Production lines at General Motors in Port Elizabeth remained silent again today, but a spokesman said the company was pressing ahead with plans to replace 567 strikers fired last week.

GM has been strike-bound since October 29 and there are no indications of a break in the deadlock between the company and the National Automobile and Allied Workers' Union (Naawu).

So far, 567 of the 2 500 strikers have been dismissed for defying company requests that workers end a sit-in and vacate the premises.

## Job adverts

Mr Rob McIlwaine said there was no contact between GM and Naawu yesterday.

He confirmed that advertisements had been placed in all Port Elizabeth papers today inviting applications for a wide variety of jobs.

Asked whether he believed recession-hit whites would be applying for jobs traditionally held by blacks, he said: "We will consider applications from anyone."

Meanwhile, considerable black community mobilisation is taking place in the area in support of the strikers who are demanding the company grant severance pay and pension fund payouts before finally selling out to South African buyers.

## Arbitration

A GM support group has been formed which includes worker, community, youth, sport, student and educational organisations. Naawu has urged the community not to take jobs with GM.

Although union demands for severance pay and pension fund payouts were referred to arbitration last week, the parties have still not agreed to the terms of reference. Naawu has accused GM of delaying proceedings by raising unnecessary difficulties.

GM has expressed certain reservations about arbitration because the union has addressed its demands to the GM corporation in Detroit. The jurisdiction of the arbitrator would be confined to South Africa.

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EIA  
EPA

# Big squeeze on Shell to quit S. Africa

Dispatch Bureau

LONDON — Anti-apartheid protesters in more than a dozen countries will be co-ordinating protests against the involvement of Royal Dutch/Shell in South Africa and South West Africa/Namibia.

The two days earmarked as days of action will be today and Saturday.

Today, representatives of the Swedish Shell Pump Owners Association will be meeting with senior Shell management to press for the company's withdrawal.

This follows a similar meeting with Shell in The Hague.

Here the text of a letter will be released, urging Shell to pull out of South Africa, or face a concerted disposal of shares by local councils.

A press conference announcing these and future plans will be held in the House of Commons, chaired by the Labour MP, Mr Richard Caborn.

On Saturday a "boycott Shell" lorry will be touring this city, carrying a display of a Shell petrol pump fueling an "apartheid tank."

Among other centres, it will call at the Shell Centre and the headquarters of the Department of Trade and Industry.

Internationally, major protests are planned in the United States, the Netherlands, the Scandinavian countries and Australia.



**TOYOTA**

# Anti-SA boycott hits cosmetics firm

STP 12 13/11/86

The Star Bureau

480 62 173

WASHINGTON — A black American boycott of a cosmetics house has been broadened by campaign leaders into a "no buy" action until the firm severs its ties with South Africa.

Behind the growing consumer boycott is anti-apartheid activist and presidential hopeful, the Rev Jesse Jackson, and other black leaders. The target of their action is Revlon Group Inc.

Mr Jackson's black organisation and other groups called for a boycott of the cosmetic house's products on October 18 after comments by a Revlon executive, Mr Irving Bottner, outraged the black business community.

Mr Bottner, who has since apologised, told *Newsweek* magazine that black-owned hair-care companies would dwindle because of weak consumer support and would lose their markets to white-owned enterprises.

Mr Jackson and aides fly to Revlon's headquarters in New York today for talks. But Mr Jackson said the boycott would not be lifted until Revlon cut ties with South Africa.





Professor A. Nhembeira, vice-rector of the University of Zululand, will speak on still being prepared, but it will include at least 59 resolutions.

## Angola denounces talks with Unita

LISBON — Angolan President Jose Eduardo dos Santos has said that efforts by Western nations to set up peace talks between his government and Unita were a waste of time. Speaking at a meeting on Tuesday night to mark the 11th anniversary of independence, Santos said his government had repeatedly said it would not negotiate with Unita because Angola was "an independent state and had nothing to share". — Sapa-Reuter.

## GM sets sights on Africa expansion

DETROIT — General Motors (GM), which last month announced plans to withdraw from SA, is casting hopeful glances toward the rest of Africa as an area of expansion, say GM executives.

With international revenues above \$100bn expected in 1986, GM has only a small presence in a few African nations, concentrated mainly on manufacturing operations in Kenya and Zaire.

William Mott, vice-president of GM Overseas and head of African operations, said several countries were under review for new investment.

A recent "field report" received in Detroit said the strengthening of the yen in world currency markets over the past year had made some Japanese vehicles less price-competitive in Africa.

As a result, there was now a "stirring of interest" in countries such as Zambia, Malawi, Ghana, Mauritius and Mauritania — in small cars such as those GM can offer.

Mott said GM's interest in the continent included mineral exports as well as vehicle sales and manufacturing.

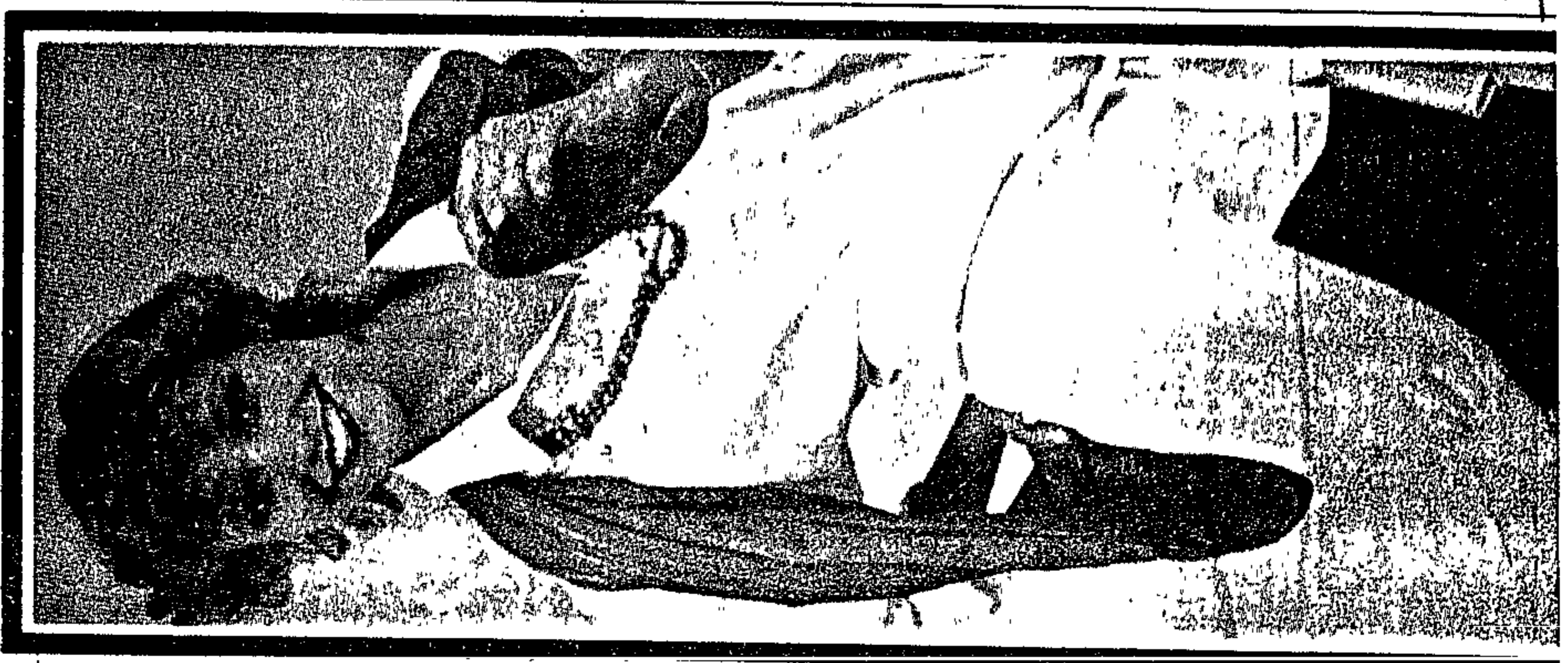
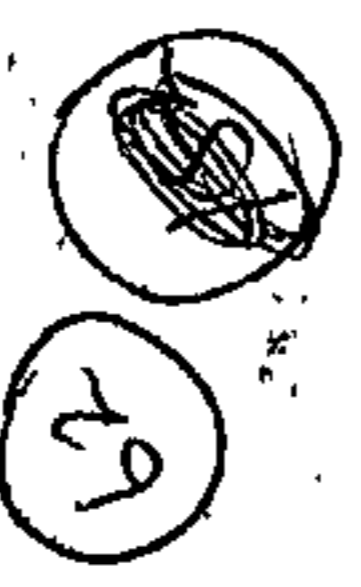
"We've been working a lot with the governments of Zimbabwe and Mozambique."

S

# GM Start Keep

# Production Lines going

*Done job 11/11/86*



Post Reporter

**WOMEN and white-collar workers are manning the assembly line at General Motors, finishing jobs abandoned by the strikers.**

"We will make vehicles, with or without the unions," Mr Bob White, GM's managing director, said today.

"The enthusiasm and desire to get the job done is now stronger than it has been for the last six months.

"You can't imagine the enthusiasm. We have white-collar workers and women, people coming out of the service department and other departments, to get to work on the line.

"We have got people here who want to make a success out of this."

The public launch of the new Monza car, however, has been deferred — possibly until the end of January.

The Dealer Council agreement on the

deferment of the launch has taken pressure off production, but after hearing of today's militant strike meeting, Mr White said he had no intention of closing the plants early for Christmas.

"We are planning to work until December 17 and if I have anything to do with it we will work until that date," he said.

Asked if there was any likelihood of part of the workforce being replaced by white workers, he said: "We have not looked into it yet, but it's an option."

"As far as I am concerned we are colour blind. If we have to go out and recruit we will take from where we can find."

He said: "I think we

have tried to be as reasonable as we can, but at some time people have to stand up and be counted. I still think the majority of our people want to work. They are allowing themselves to be intimidated by people who couldn't care less about their interests but

who would rather pursue a political aim than financial security."

He said the company would decide its next move after receiving a report back on today's strike meeting.

● "Meet demands or close plant," say workers — See story, Page 2

## DEMONSTRA

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# Anglicans disagree on disinvestment

The Star Bureau

LONDON — Britain's Anglican Church has failed to reach a conclusive policy on its investments in South African-linked companies.

The debate on this controversial issue will now continue into the New Year.

Procedural technicalities during the Church of England Synod yesterday forced the governors of the church to adjourn the debate until their next session in February.

Some said privately the debate was a "shambles".

The Church had agreed earlier this year to provide a clear lead on economic disengagement from South Africa.

The Church Commissioners, who look after the church's R5 billion trust and pension fund investments, argued that it would

be unlawful to disinvest if revenue was adversely affected. good companies who pull out will merely be replaced by bad ones from other countries"

Moving a private motion calling for disinvestment, the Rev William Whiffen said the Commissioners already withheld investments from companies connected with armaments, breweries, tobacco and gambling, and that South Africa should now be included on the list "because of that horrific policy of apartheid which every instrument from abroad, however small, supports".

Another speaker, Conservative MP Mr John Stokes, said of the motion: "It looks like a fanatical overkill."

Another, Canon M J Walker — who proposed an injection of investment through companies which undertook positive social programmes in South Africa — said disinvestment would be meaningless because

In an amendment to Mr Whiffen's motion, the Dean of St Paul's, the Very Rev Alan Webster, urged immediate disinvestment from all companies which employed more than 5 000 people in South Africa.

He questioned the "morality of drawing dividends from an apartheid-dominated society", arguing that the Synod would "send a very clear signal if we say we will not draw any money from that form of contemporary slavery".

Dean Webster's amendment was defeated 134 to 107, but the ensuing complications over procedural technicalities succeeded only in preventing the Synod from voting on the main motion.

# Crunch day for escalating GM strike

By PHILLIP VAN NIEKERK

TODAY is crunch day for the General Motors dispute and for Port Elizabeth.

Thousands of GM workers meet today to decide whether to end their two-week strike or to continue fighting an increasingly bitter and vicious battle.

If workers vote to continue to strike, the dispute is poised to galvanise the townships of Port Elizabeth, where the National Automobile and Allied Workers Union (Naawu) has already begun

workers queued up outside the gates of GM yesterday and, according to reports, were being processed by the company's personnel department.

The advertisement also called on striking workers to return to work and Core Management — the company which has bought out GM-SA from its American owners — said conditions of service would remain unaltered when they took over in January.

GM has announced it is hiring 567

ment, hundreds of prospective workers to replace those sacked last week after they were evicted from the company's premises by the Security Forces.

Management's hardline attitude could either have the effect of antagonising workers, thus strengthening their resolve to fight, or convincing them that it is a battle they cannot win.

Judging by the militancy of Tuesday's meeting — when workers voted to stay out — the former option

SA WEEKLY MAIL

● To PAGE 3



Picture: Chris Qwazi

In solidarity with the 567 fired GM workers, striking colleagues hand their ID cards to shop stewards

is more likely at this stage. However, there are some indications that workers might decide to go back and concentrate on alternative action to win their demands.

These demands — which include severance pay from General Motors, the right to withdraw money from their pension fund and the rehiring of the sacked 567 — were reiterated at Tuesday's meeting.

Management has described the demands for severance pay as "extortion" and the demands for pension payouts as "unrealistic".

## Crunch day for strike

● From PAGE 1

However, management's attitude has, in turn, been attributed to the fact that GM is leaving South Africa and thus no longer feels itself bound by the inhibiting pressure of the disinvestment campaign at home.

Les Kettleidas, Naawu's regional secretary, said yesterday that over the years General Motors' workers had contributed to the development of the

company and the company had made profits of which workers had not received their fair share.

"The pension issue is the easiest thing to resolve. Workers are not demanding one extra cent from the company," Kettleidas said.

"They are asking that an actuary be brought in to determine and calculate how much money each person contributing to the fund is entitled to. From that information, the persons

should decide whether they want cash or whether they want to transfer the money to a provident fund for their retirement and old age."

Kettleidas said today's meeting would be the most important one yet in the dispute and was set to become the leading issue in the Port Elizabeth townships.

"The workers' mood at Tuesday's meeting was very hardline. They were in no mood to compromise."

He said a support group for GM workers had already been set up in the townships.

WEEKLY MAIL

14/12/86

# Militant atmosphere at meeting

*Even Post 14/11/86*

*62*

## Post Reporter

THERE was a militant atmosphere at a meeting today of more than 1 000 striking General Motors workers called to discuss the firm's decision to recruit replacements for the 567 men fired last week.

The Evening Post was asked to leave the meeting after a claim that the local Press was biased in its coverage.

And, as more than 400 jobless people clamoured for work outside the gates of the idle plant in Kempston Road today, a warning was issued that industrial action may extended to other areas.

The chairman of the Uitenhage area committee of the National Union of Automobile and Allied Workers Union, Mr Hennington Vena, said his branch had decided to consider active "support of GM workers" if talks to resolve the strike had not begun by Tuesday.

It was also decided that shop stewards would "approach their respective managements to ask GM to start negotiations with the union involved to address the demands submitted by GM workers".

In Korsten strikers were told that GM management had been "phoning people at their homes and begging them to come back to work".

Thereafter, a Xhosa song attacked Mr Bob White, MD of GM. A toyi-

toyi was danced.

One shop steward reported that he had seen people "like ants" outside GM today.

Meanwhile, an estimated 400 new job-seekers clamoured for work at General Motors today, following the 200 applications made yesterday.

Mr Dennis Brislin, manager of hourly personnel at GM, said the pace of applications picked up sharply today.

Some 40 new employees were taken on yesterday and a further 160 applications were being processed.

When the Evening Post visited GM today it found about 150 people still handing in particulars to four GM officials through the factory fence.

One man with quality control experience said he was retrenched by another company about a year ago. Asked if he was wary of union pressure on people not to take the jobs of fired striking workers, he said: "If my stomach's empty, why be scared?"

Two young white men said they had been out of work for about four months after losing their jobs with a shipping firm. Although they had no motor industry experience, they had gone to technical schools. However, they said GM seemed to be considering only people with experience.

# MD criticises union call

PORT ELIZABETH — A call to meet workers' demands or close the General Motors plant in Port Elizabeth was criticised by GM's managing director, Mr Bob White, yesterday.

The organiser of the National Automobile and Allied Workers' Union, Mr Ronnie Sauls, "has finally found the courage to state publicly what he said in private two weeks ago, that he would like to see General Motors shut down," Mr White said in a statement.

Mr Sauls' comments were published in a morning newspaper.

"In whatever way he postures the union's demand for severance pay from General Motors Corporation, he knows it is an unrealistic and unwarranted demand that will not be met," Mr White said.

General Motors intends recruiting staff today to replace the 567 men sacked last Wednesday — and will only consider rehiring fired workers if their striking

colleagues return to work.

This comes in the wake of a union undertaking on Tuesday to launch a campaign in the townships to prevent people taking the jobs of striking GM workers.

The regional secretary of the National Automobile and Allied Workers' Union, Mr Les Kettledas, reiterated yesterday that the only way to resolve the impasse was for the company to "meet the actual demands." A further union meeting would be held tomorrow, he said.

Mr White said an undisclosed number of striking workers returned to the GM plants yesterday.

GM advertisements in the form of an open letter in local newspapers yesterday urged GMSA employees to return to work.

● The Transvaal region of the National Automobile and Allied Workers' Union issued a statement yesterday pledging its solidarity with striking workers at GM. — Sapa

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13/11/78

Cape Times 14/1/85

# SAP buy Ford premises in PE

Own Correspondent

PORT ELIZABETH. — The South African Police has bought Ford Motor Company's former product-development facility in Struandale for an undisclosed amount.

The transaction was concluded recently and the SAP reaction unit, which will use the facility, has already started to move in.

Previously the unit operated from premises in Fairview which they shared with the dog-patrol unit. Samcor's public relations manager,

Mr Reuben Els, confirmed from Pretoria that the buildings and sports facilities had been sold to the SAP, but would not disclose the purchase price or any other details.

And the SAP liaison officer for the Eastern Cape, Major Eddie Everson, said no statement would be made by the police yet.

When Ford pulled out of Port Elizabeth, the product-development facility included a warehouse of about 16 722 sq metres, of which 3 251 sq metres were occupied by work areas.



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## Massive response to GM job offers

1501  
1512  
1513

PORT ELIZABETH. — Switchboards at General Motors were jammed yesterday and a steady stream of workers lined up outside the gates of the plant in response to the advertising of jobs at the factory.

This follows GM's announcement on Wednesday that it intended to recruit staff to replace the 567 men sacked last week.

Mr Dennis Brislin, manager of an employment agency here, said the telephone had rung non-stop from early yesterday and prospective workers had already lined up outside the gates when they were opened at 7.05am.

The advertisement yesterday stated that GM (SA) had vacancies for "persons with experience in the motor industry".

Applicants were invited to fill vacancies in the following areas: Spray painting, metal finishing, gas and arc welding, spot welding, press operating, assembly operations and material handling.

The advertisement also stated that the core management representing the new owners of GM (SA) confirmed that current conditions of employment offered would remain unaltered when the handover took place in January.

Union spokesmen could not be contacted for comment on the recruiting drive.

The strike at the plant entered its 12th working day yesterday. — Sapa

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14/11/86  
BOB PRICE

FINANCIAL MAIL  
**Is Price right?**

"Everyone thinks I'm a GM plant, but I genuinely decided to come here of my own volition," says Bob Price, CE-designate of the local company that will take over when General Motors (GM) pulls out at the end of the year.

Price (60), currently vice-president of GM Overseas Corporation, is very much a corporate man. He was with GM for the past 35 years before resigning last week. Price's work was certainly valued by GM; it sent him to Peru, Belgium, Switzerland, the UK and Venezuela.

But it was a spell as MD of GMSA from 1971-1973 that he feels was the turning point in his career: "We were losing money when I came which I felt was bad for morale, so through innovative book-keeping we managed to register a small profit.

"We sold 51 920 vehicles in 1973 and had 15,2% of the market. We were in a constant dogfight with Ford, but in three years we caught up."

Since then, GM's share of the market has dropped to 8% and 1986 sales are expected to be less than 30 000 units. GMSA last made a profit in 1981; debts which will now be paid off by the parent company are estimated to be at least R200m.

In Price's time, the six-cylinder Chevrolet 3800 and 4100 range was launched, but there are currently no such large-engine cars in local GM production. And Price believes there is no more than a faint possibility of American cars, which GM originally offered in SA, making a comeback in SA.

"The American car is much better than it was and, while design used to be king, more emphasis has been put on fuel economy, road-holding and handling in recent years. The decline of the dollar could also signal a revival. However, SA is heavily tooled-up for European and Japanese vehicles and the volume market is almost entirely in the four-cylinder range.

"While we have some good four-cylinder cars, most people associate the US with V-6 and V-8 powered cars, which have a tiny market here."

But he says the number of cars sold now is still higher than it was in the early Seventies so he remains optimistic.

Unlike current MD Bob White, Price is

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**Price ... union demands for board representation will be considered**

not a political man: "It's difficult to get political in a foreign country. I only hope that ministers sympathetic to business are appointed to government, because I believe it's government's job to create the economic climate in which business must operate.

"I've been in many countries where government tries to control the economy," he says, "but it never seems to work."

And how does he hope to cope with an increasingly politicised labour force? It's difficult to determine the core of each problem as there is a militant element which can't always be reached with reason," he says. "But I believe GM has had a long history of good labour relations here.

"I think the labour force has accepted that the new company will take over where the old one left off. We don't believe there's any justification for large severance pay, as we have no immediate redundancy plans."

Price says that union demands for representation on the board will be seriously looked into: "We have no objection to their input and hope to work in a spirit of co-operation."

He certainly has no intentions of curbing GM's social advancement programmes — many of which he started himself — and is determined to encourage promotion of black managers.

Price believes it's regrettable that sanctions have been imposed and disinvestment is taking place. Most people, he says, realise that neither strategy works "but many others are out to make a point and events have overtaken business."

He says SA may not return to an even keel until government realises the economic climate is directly related to political policy — he sees stricter measures to control public expenditure as an important first step.

Price is reluctant to comment on the constitutional future of SA and his mind is entirely taken up with his new challenge: "I'm excited about the prospect of being much freer and I have enough confidence in the future to know it will be worthwhile."

Born in White Plains, New York and educated at Wesleyan University in Connecticut, he is a quietly spoken, immaculately dressed, sophisticated East Coaster. But behind his calm facade is a self-confessed workaholic: "I used to put in 16 to 18 hours a

day, but I've got it down to 14 hours. The trouble is I always want to do everybody else's work for them."

Price loves SA and says his family was reluctant to leave in 1973. He was also sad to leave GM: "It's a great company. ■"

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Cape Times  
15/11/86

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# Workers demand jobs

**PORT ELIZABETH.** — Striking General Motors workers yesterday decided to return to GM plants early on Monday and demand to be reinstated — together with 567 workers already dismissed.

If the demand was met, work could resume, speakers said, but if management failed to reinstate all the workers "the plants must close down".

At an emotion-charged meeting in Korsten, the fifth such meeting since last week, the National Automobile and Allied Workers' Union (Naawu) assured more than 1 000 strikers of support from other motor company workers. Co-workers at other plants, they

were told, had decided to consider taking action in a show of solidarity with GM strikers.

It was also announced that managements at other motor companies — including Volkswagen — had been approached by Naawu shop stewards to consult with GM management in an effort to settle the dispute.

The strike entered its 15th working day yesterday in support of two major demands arising from the proposed sale by GM of its interests in SA to local management. The demands are for severance pay and an optional refund of pension fund contributions. GM has dismissed as "unreasonable" the demands by Naawu.

Moscow

# Striking GM workers reach decision

PORT ELIZABETH -- Striking General Motors workers yesterday decided to return to GM plants early on Monday and demand to be reinstated -- together with 567 workers already dismissed, workers said at a strike meeting yesterday

If the demand was met work could resume, speakers said, but if management failed to reinstate all the workers "the plants must close down."

At an emotion charged meeting in Korsten, the fifth since last week, more than 1000 strikers were assured of support from other motor company workers.

Co-workers at other plants, they were told, had decided to consider taking action in a show of solidarity with GM strikers, the vice president of the National Automobile and Allied Workers' Union (Naawu), Mr P Go-

memo, told the meeting.

It was also announced that managements at other motor companies had been approached by Naawu, who appealed to them to consult with GM management in an effort to settle the dispute.

GM management is to be approached by management from other motor companies tomorrow, the meeting was told.

The strike entered its 15th working day yesterday. - Sapa.

DD 15/11/86 (182) (187) (62)

# Strikers vote to defy GM restart

PORT ELIZABETH — Striking workers voted yesterday to defy an attempt by General Motors to restart production at its troubled car plant here.

Over 2 000 workers have been on strike since October 29, complaining of secrecy over plans for the US company to sell its subsidiary to local management next year.

The company, striving

to produce a new model to revive its fortunes after five years of losses, said it was already recruiting new workers and hoped to get the production line moving on Monday.

The personnel director, Mr George Stegmann, said many striking workers had contacted the company privately to say they were willing to come back. — Sapa-RNS

15/11/16  
SAP

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# Disinvestment is no answer, says BP head

CAPE TOWN — The involvement of international companies in the South African economy offered a better alternative to disinvestment, sanctions and other punitive measures, the chairman of BP Southern Africa, Mr Ian Sims, said in a social report prepared by his company.

The report has been produced for BPSA employees to inform them of the company's activities in the South African society and has also been released to the media.

Mr Sims said BPSA and its employees were proud of the manner in which they had contributed to the betterment of the South African society. International companies could achieve more in South Africa by involvement in the economy than by disinvestment.

"The choice is between a growing company providing increasing opportunities for advancement, or isolation, escalating poverty, misery and chaos."

He said BPSA was doing its utmost towards creating a better future for all South Africans and contributing towards the provision of equal opportunities for all.

"Apartheid must go, and it will — of that I have no doubt and I believe this view is widely supported in South Africa. The

difficulty at this stage is to define exactly what replaces apartheid, how to achieve it and at what speed it can be done."

The country's total effort had to be focused on the solutions and their implementation and on establishing a fully representative South African Government.

Mr Sims said since BPSA had become a fully independent entity the company had carried out its own active programme of internal reform and there had been times when these efforts had run ahead of the policies of the authorities.

He said BPSA's internal changes had increasingly impacted on the South African business environment and its employees looked to the company to use its influence to hasten change outside the workplace.

"We have consistently argued that private enterprise cannot co-exist fruitfully within the apartheid system, which denies freedom of individual choice, freedom of association, freedom of individual rights, and we have urged the Government to quicken the pace of fundamental change."

Mr Sims said that in spite of the turmoil in the country, South Africa had enormous potential if it could achieve an open society in which there was equal opportunity for all. — Sapa.

# US firms want to help farm schools

By Glenda Siro

Several United States companies have pledged "to take over Government responsibilities" to upgrade farm schools in South Africa.

They are concerned at the lack of teachers, classrooms and educational facilities. An investigation by representatives of the companies has laid the

blame for the state of the schools on the Department of Education and Training (DET)

But a DET spokesman said most of the rural schools were originally established through private concerns and built on land belonging to farmers.

The DET's role, he said, was to register the schools and subsidise them, as well as appoint and pay the teachers.

But the situation has sparked government inquiries, results and recommendations of which were announced at a Press conference in Pretoria yesterday.

When The Saturday Star visited the Philena Farm School, north of Johannesburg, headmaster Mr N Mphiwe pointed out some of the problems it faced.

● Pupils from Std 3 and Std 4 shared one teacher and one classroom and were taught simultaneously.

● Some classrooms were so dark that children sitting in the back five rows could hardly see their exercise books.

● There was no electricity.

● There was a shortage of classrooms.

● On an actual ratio there was

one teacher to 45 pupils.  
● Libraries and laboratories were urgently required.

Most farm schools only have classes up to Std 6.

At Philena, as often the case, the farmer whose land the school is situated on is the manager of the school.

Mr Tom Melly, administration manager of United States firm Signa Insurance, which forms part of the committee, said he was shocked when he saw the state of some farm schools in the Sandton/Midrand area.

The reason his company has become involved, he says, is because its labour force is drawn from the community in these areas and it is trying to help contribute to the upliftment of black societies.

# GM workers are locked out

GENERAL Motors' management and shop stewards representing strikers were in discussion yesterday after more than 1 000 workers were locked out at the company's main plant in Port Elizabeth.

Watched closely by police, workers stood outside the factory for almost three hours before being asked to disperse by union officials.

The regional secretary of the National Automobile and Allied Workers Union (NAAWU), Mr Les Kettledas, told workers to assemble in front of the gates again at 6.45 this morning.

"If General Motors again locks out the workers we will have a meeting to consider what our response will be," he said.

However, talks between management and shop stewards would begin immediately in an effort to resolve the impasse, he said.

The strike, in its 10th working day, is over worker demands to be refunded their contributions and company contributions to the pension fund and any investment profit, severance pay on the date the United States company hands over to the new South African owners and a presence on the new board of directors.

General Motors have refused to reach agreement with the workers until they return to work.

It has been reported that the company is losing production of 60 Monzas a day and may have to postpone the launch of the new car scheduled for next week.

The success of the Monza is regarded as vital in the new management team's ability to turn around the fortunes of the company which is reported to have been losing money for five years. — Sowetan Correspondent.



# GM's wildcat strikers are ready to return to beat the 'scabs'

Special report by JEREMY MCCABE

MILITANT strike leaders at embattled General Motors could suffer a humiliating setback tomorrow if there is the expected mass return to work.

Throughout the more than two weeks of a 'wildcat' strike union leaders have insisted that workers would not return to work unless all their demands were met. But now — in the face of a scramble by unemployed workers to take their vacant jobs — strikers are set to return to work provided they are all reinstated.

The GM strike — it has severely hampered production of GM's new Opel Monza model — is being closely watched as a case study of union response to the first real bite of the sanctions their leaders have either openly endorsed or refused to oppose.

Their crippling industrial action followed the announcement that GM would

be selling its South African subsidiary to a consortium of local businessmen in response to the US-imposed ban on future investment in South Africa.

Among the demands set by the National Automobile and Allied Workers' Union (Naawu) and the Motor Assembly and Component Workers Union of SA (Macwusa) was a call for an optional refund of pension fund contributions and the granting of severance pay to workers.

It was decided that they and 567 sacked workers would ask to be reinstated immediately and, if this was done, production would return to normal.

If the mass reinstatement did not occur "the plants must close down", they agreed.

The 567 workers were fired last week when they refused to heed several management ultimatums to vacate the GM premises where they had staged a sit-in for several days.

Eventually they were forced to move by the police.

And at an emotional meeting the next day hundreds more workers handed in their GM identity badges in an act of solidarity with their dismissed colleagues.

## Militants

The meeting was characterised by high profile appearances of several United Democratic Front-affiliated organisations like the Port Elizabeth Youth Congress and the Port Elizabeth Women's Organisation. During the meeting freedom songs were sung and there were cries of 'Viva' and 'Amandla' (power).

Militants among the strikers made repeated calls on unemployed people in the region not to apply for the jobs made vacant by the mass dismissal of the 567 workers.

Those who did apply would

be regarded as "scabs", they said. The unionists' appeals fell on deaf ears. And hungry stomachs.

The company confirmed yesterday they had already hired 150 workers from 700 men who applied towards the end of the week.

## Costly

Another 550 applicants had been asked to return tomorrow when the company hoped to have a more accurate idea of its labour requirements.

The strike has proved very costly to GM, which now faces a backlog of some 700 vehicles — including Monzas.

MD Bob White said limited production had been made possible by women employees, white collar workers and those not on strike taking to the factory floor "with enthusiasm".

This followed the launching of an extensive GM cam-



Desperate job seekers... some of the hundreds who applied for jobs, prompting the strikers' return

6/11/76 summary 62

# Sullivan Code firms 'show lack of interest'

A SOUTH African publisher has accused some Sullivan Code companies of being "more interested in their ratings than helping blacks" — and has appealed to the Rev Leon Sullivan for help in launching a self-help project.

The project — a health-care booklet aimed at educating blacks in basic health practices — has been approved by the local health "task force" of the Sullivan signatory companies.

It gave the go-ahead to a Johannesburg publishing company to solicit funds from the individual Sullivan signatories to produce the 150-page "SA Home Health and Hygiene Manual" — priced at R3.

## Angered

To cover its costs, the publishers need to print at least 100 000 copies. And they have sent out more than 500 requests for funds, including personal approaches to the Sullivan companies.

But Mr Robert Wilson, a director of the company, Postscript Publishing, said this week: "The response has been disappointing. So far we have had only two positive replies and a number of blank refusals.

"The publication has to be completed this year to avoid

By DAVID JACKSON

substantial print price increases — but nobody really seems to care."

The lukewarm response from Sullivan Code companies has angered the publishers. They say the project is a practical example of how

money could be properly spent to uplift blacks.

In a letter to Mr Sullivan, Mr Wilson wrote: "The prevailing concern seems to be more with the amount of points obtained in the Sullivan scoring system rather than in ensuring that actual benefits reach the people who need them most."

on unredeemed cumulative preference shares.

Bakers SA has declared its usual interim of 5.5c. — Sapa

exports amounted to R55,4m (R45,6m). — Sapa

# SA brain drain accelerates

*CMF Times 28/11/86* (236) (174)

Own Correspondent

PRETORIA. — SA's talent drain is accelerating as the sanctions net tightens and political problems remain unresolved. Economists say figures issued in Pretoria yesterday by Central Statistical Services show a migration loss of more than 11 000 for the first nine months of the year compared with the same period in 1985.

Between January and September, 10 767 left the country to settle elsewhere and there were 9 567 immigrants — a loss of 1 200 in the same period.

There were 8 380 emigrants and 14 276 immigrants — a gain of 5 896.

In September, the number of emigrants almost doubled the immigrant total — 1 024 emigrants and 547 immigrants.

Professional and technical workers who left the country in the nine months totalled 1 797 (1 193 in January-September last year).

Among them were 366 engineers (349), 76 medical doctors and dentists (49), 224 accountants (96), 221 educationists (96), and

910 (603) "others". Particularly disturbing was the high number of accountants pulling out, say economists.

Accountants were the material for top management posts in commerce and industry, and their loss would have serious economic consequences in the long term, they added.

Emigrants continue to favour the UK and Australia.

Of the 1 024 who left the country in September, 424 went to the UK, 44 to the US, 324 to Australia, 44 to Zimbabwe and 32 to Canada.

## Supreme Court Roll

THIRD DIVISION

*beria v "San Michael Bay" her own- ers and all interested in her. — Weir*

*ried Steel Profiles (Pty) Ltd v M Y*

*al Council (Cape) and three others —*

16/11/86  
SUN TIMES  
**More work,  
more pay.**

By David Southey

AT least one US-owned company that is not standing still in the face of sanctions, multinational corporate withdrawals and a depressed market is farm-machinery and tractor-manufacturer John Deere.

Since the introduction of a productivity-sharing improvement programme in July this year, output has jumped an average of 54% above previous levels.

Managing director John Hubbard says: "We improved productivity by 90% in one four-week spell above the historic base."

These improvements have resulted in the payment of two comparison period bonuses of 8.3% to all manufacturing staff and a smaller percentage to the remainder, excluding top management.

Productivity improvements are calculated in profit terms and the money is split between the company and employees. Because of low productivity in SA by world standards, this is initially split 90%:10% in favour of the company. But as the level improves, the employee share will increase until it is 50%:50%.



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# More US pull-outs to follow — Emlin

Dispatch Correspondent JOHANNESBURG — The leader of the Progressive Federal Party, Mr Colin Emlin, has predicted that more United States companies will pull out of South Africa in the near future.

Speaking at a press conference on his return from a trip to America yesterday, Mr Emlin said the groundswell of US anti-apartheid feeling should not be underestimated.

There was a wide-spread disinvestment and divestment campaign being conducted in the US which went beyond the 1986 Comprehensive Anti-Apartheid Act recently passed by the US Congress, he said.

Pressure to disinvest from South Africa was building up, especially at state and city level.

This placed US inves-

tors in a dilemma as the act did not stop them from investing in existing South African quoted shares, nor did it compel companies already operating in South Africa to pull out.

"There are some aggressive activists who seem to take great pleasure in punishing South Africa, irrespective of the consequences of that punishment on the people of South Africa and on the country."

Mr Emlin said he had attended a New York conference called South Africa, Resolving the Disinvestment Dilemma. About 60 corporate managers, individual businessmen and investment managers had attended, including Mr Roly Clark, who monitors Sullivan signatories' actions in South Africa.

"Judging the mood of those at the conference

it is clear the rank and file of America have a sense of moral outrage at the continuation of apartheid in South Africa.

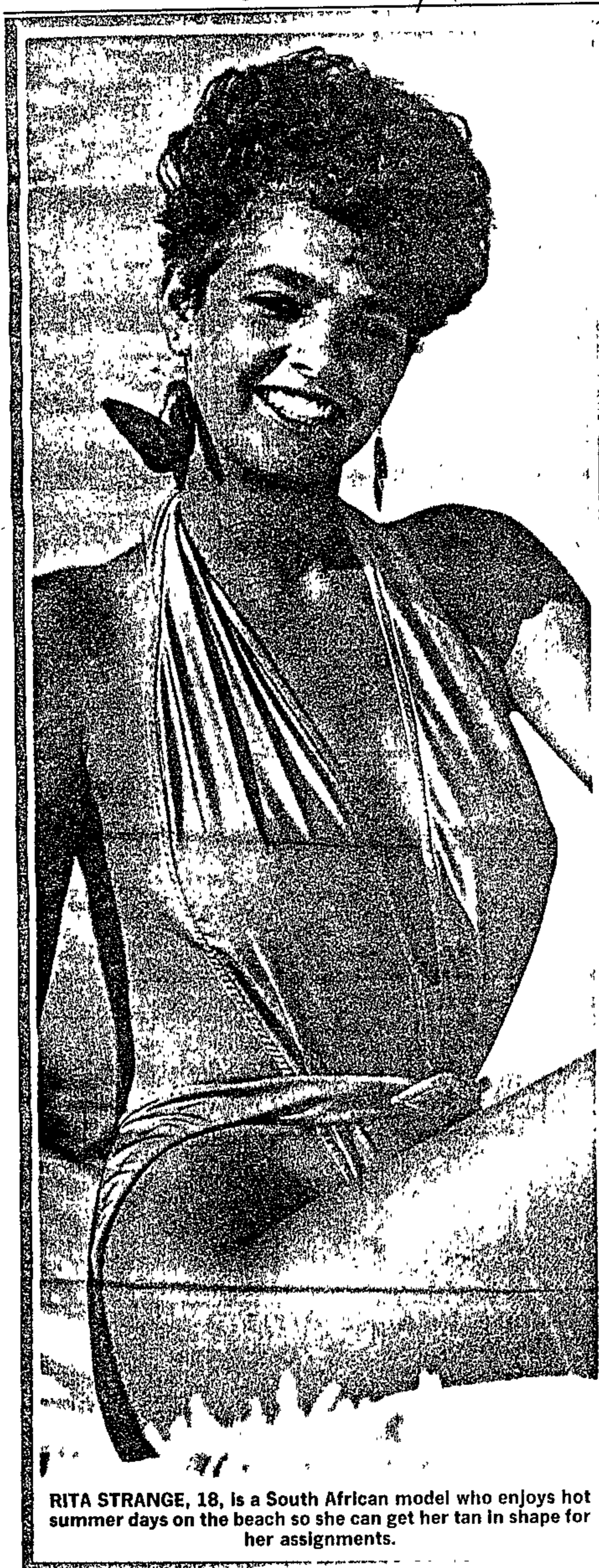
"This outrage is being aggravated by the declaration of the State of Emergency and the fact that 10 000 people in South Africa are being held in detention without trial."

Mr Emlin said he had met the US Secretary of State, Mr George Shultz, the deputy secretary of state for political affairs, Mr Michael Armacost, and the under-secretary of state for African affairs, Dr Chester Crocker.

"It is clear from these meetings that the US State Department is re-appraising its strategy and its entire old-fashioned policy of constructive engagement as a result of the passing of the act," he said.

# Police arrest 16 at GM gate

Ev. Post 17/11/86



RITA STRANGE, 18, is a South African model who enjoys hot summer days on the beach so she can get her tan in shape for her assignments.

By DAWN BARKHUIZEN

POLICE arrested 16 people outside the gates of GM today as a third of the company's labour force, who went on strike earlier this month, returned to work.

Those arrested were part of a crowd of about 200 who had gathered at the main gates, as new employees appointed late last week to replace 567 dismissed strikers, and a large number of other employees, arrived at the plant.

Mr George Stegmann, director of personnel and public affairs at GM, said police made the arrests when warnings to disperse were ignored by the crowd.

Employees attempting to enter the plant were subject to strong intimidation, said Mr Bob White, managing director of GMSA.

According to an eyewitness, some were threatened with "necklaces" and others were told their homes would be burnt if they went to work.

Mr Stegmann said police were called to the scene by management to ensure the safety of people wishing to return to work and to protect between 170 and 180 new employees who were engaged last week.

He said that, although some members of the group which gathered at the gate were identified as General Motors employees, others were not.

More than a third of the 2 400 employees who have been on strike since October 29 were back at work today.

There was a steady trickle of workers back to the premises, but he believed the numbers would swell once the group at the gates had been removed.

Stringent precautions were being taken to protect workers on the premises.

"Obviously we don't want our employees to be subjected to pressure. They have every right to

work and we are taking steps to ensure that right.

"We have approached community leaders for support, but, outside of the work situation, there is nothing we can do to protect them."

Mr Stegmann said 200 of the 567 workers dismissed last week had submitted applications for re-employment.

These were being considered, GM management said.

workers who had not returned to work by 9am tomorrow would be dismissed.

Meanwhile, the Port Elizabeth Youth Congress (Peyco) has called on Mr White to stop taking on "scab" labour and to address the demands of the strikers.

It accused Mr White of becoming a hardliner and "talking just like his president, Mr Ronald Reagan".

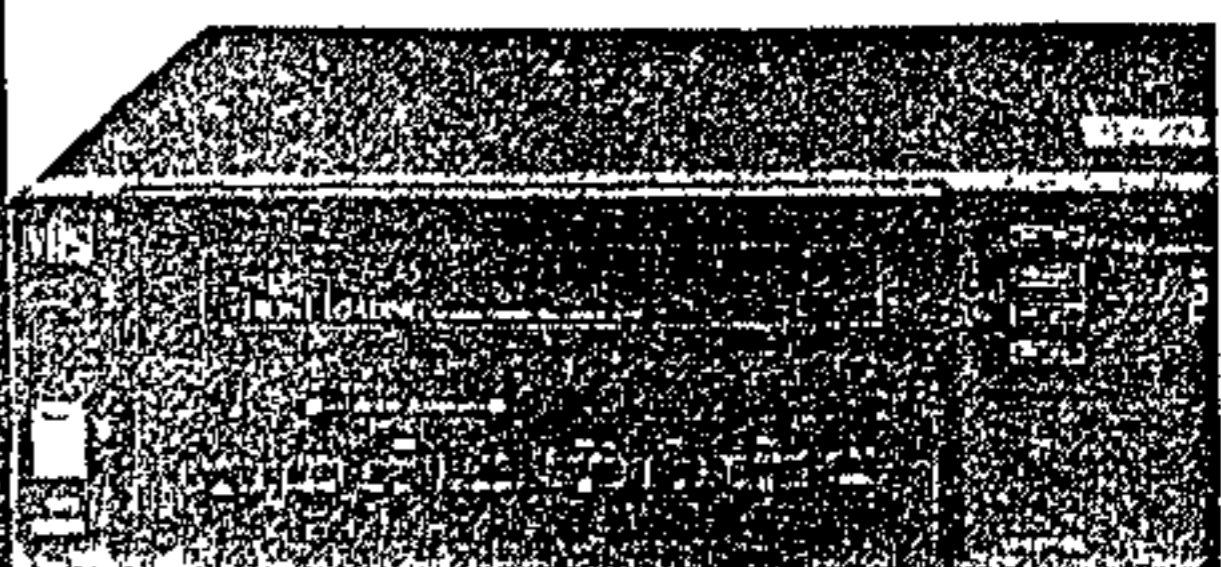
IN terms of emergency regulations, the Evening Post is restricted in the information it may publish. All news that relates to unrest and the actions of members of the forces is supplied by the Bureau of Information, a Government department.

The effect of these restrictions is that the Evening Post and other newspapers are prevented from publishing information they believe to be in the public interest. The extent to which we may comment is also restricted in terms of the regulations.

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**SANTAM BANK**

# No end in sight to GM strike as union puts alternative demands

By Sheryl Raine

The strike by more than 2 500 General Motors employees entered its seventh day today with no speedy settlement in sight, said the company.

Mr Rob McIlwaine, GM's industrial relations manager, said the company met the National Automobile and Allied Workers' Union (Naawu) yesterday and the union tabled alternative demands.

Originally, the union demanded severance pay of one month's salary for every year of completed service, repayment of pension fund contributions and the right to appoint two directors to the board of the new company.

Mr McIlwaine added: "Alternative demands now include a call to the GM corporation in the US for a payment of one month's salary for each year of service. We will forward this request.

"As far as the pension fund goes, the union has proposed that GM SA submit all details to ac-

tuaries so they can calculate the credit due to each member, who would then be entitled to take the money or transfer it to a provident fund in consultation with the company.

"We have agreed to postpone dismissals pending consideration of a.c. alternative demands."

Leader of the Naawu delegation, Mr Freddie Sauls, said workers would await management response expected in the next two days — before deciding further action.

In the meantime, GM has temporarily closed the plant.

● Sapa reports that the Congress of SA Trade Unions has backed Naawu and demanded that companies leaving South Africa negotiate their withdrawal with employees and unions.

A Cosatu spokesman added: "Workers are not prepared to bear the brunt of sanctions and disinvestment, which are a direct result of apartheid."

LABOUR AND DISINVESTMENT

# What the GM workers want

The strike at General Motors (GM), now well into its third week, is the first major industrial dispute sparked by disinvestment. It therefore highlights many of the difficulties the issue poses for the independent trade unions who have formally advocated economic sanctions.

The two key unions in the dispute, the National Automobile and Allied Workers Union (Naawu) and the Motor Assembly and Components Workers Union of SA (Macwusa), are both members of the Congress of SA Trade Unions (Cosatu). Cosatu is a giant union federation which openly supports "all forms of international pressure on the South African government — including disinvestment or the threat of disinvestment."

Naawu has never been a particularly vocal supporter of sanctions, largely because multinationals such as GM, Volkswagen, and (until 1985) Ford were its best-organised factories. And as with many independent unions, sanctions have never been fully discussed at Naawu shop-floor level. Further, the disarray in worker organisations caused by the State of Emergency severely restricted debate on such important issues.

But tensions in the Cosatu position are built into the resolution itself: while supporting disinvestment, it also seeks to "ensure that the social wealth of SA remains the property of the people of SA for the benefit of all." Many workers interpret this as advocating greater worker control over all investment, foreign or South African.

## Contribution

Notwithstanding recent unprofitable years at GM, workers know they contributed to the company's successful years in SA. They fear that assets they built up could be transferred out of the country overnight.

This bears on the issue of control over benefit payouts, especially to pension funds. Workers do not want their hard-earned contributions to disappear, either out of the country, or into the accounts of a new local company or group of unidentified owners.

Hence the major point: demands for timely notification prior to any plans to disinvest. Naawu's lawyers insist that the strike would not have happened if GM had "advised and consulted its workers" prior to announcing the withdrawal.

Having lived through the crippling Ford closures of 1985, workers feared for job security despite management assurances about the future.

Port Elizabeth workers have been misled before, and the bungling and contradictory announcements prior to the GM withdrawal

built little trust. Workers no longer want assurances: they demand some voice in momentous decisions affecting them.

In its opposition to sanctions GM has always portrayed itself as having the long-term interests of the workers at heart. In the present strike it is painfully learning that workers have their own ideas about their best interests, which must be listened to.

Last week 567 workers were dismissed when they refused to vacate the two GM plants following the breakdown of negotiations. GM then called the security forces to evict the workers. Last Friday the remainder of union members voted to continue the strike, now demanding the reinstatement of those dismissed.

On Monday the company locked the gates, and now the strike is deadlocked. Both sides have agreed to arbitration, but, as the *FM* went to press, there was no end to the strike in sight. ■

□ See *Leaders*



# Barclays pull-out means SA is 'bad business'

**FIRST** the United States abandoned its policy of constructive engagement with South Africa. Now, with the sudden pull-out of Barclays, British business has taken its first giant stride in that direction and shattered the tenuous unity of South African-affiliated British companies.

The pressure will now intensify on other high-profile and consumer-oriented British companies to follow suit.

But the question which can now be asked seriously is: will Mrs Margaret Thatcher ultimately find herself having to choose between breaking with British business or abandoning her "no sanctions" stance on South Africa?

When Sir Timothy Bevan faced the British media after the announcement of the unexpected Barclays withdrawal this week his initial explanation was: "Our reasons were basically commercial ... based on our view of the South African economy and the strategy of the Barclays Group."

But it was not long before Sir Timothy was conceding that it was impossible to separate moral, political and commercial factors.

He left no doubt at all that the major consideration in the Barclays board's decision to quit was the bank's judgment of the likely future loss of business flowing from increased political pressure on South Africa — particularly in the United States — and the projection a further deterioration in the economic and political situation.

In conceding that the tide of world opinion against South Africa was a major factor in the decision he cited the override of the US presidential veto on sanctions as the crucial turning point.

**B**UT it was the chairman of Barclays National (South Africa), Mr Basil Hersov, who made the closest connection between the withdrawal and political pressure when he said: "The decision in London to withdraw was based on commercial grounds but the development of this situation was brought about by anti-South African political pressure."

Sir Timothy said that the political pressure on Barclays had been "noticeable rather than significant" and that losses had not been substantial. But the projections were that Barclays was losing ground rapidly in the student market, a major source of future business, that it was forfeiting large international loans because of third world pressure and that the point was fast approaching where its expansion plans in the US and Canada were going to run into anti-apartheid trouble. It is difficult to over-emphasize the psychological



*Chc 7/18 8/18*  
**London Dateline**  
**JOHN BATTERSBY reports**

cal impact of the Barclays pull-out on the UK business establishment and on the Tory government.

The Times had the following to say in an editorial: "There was always a sense in Johannesburg that British business, because of their great understanding of the country through political and financial ties stretching back to colonial times, would be among the last to quit South Africa."

"That illusion has been shattered, not by a sudden onset of virtue in the city, but because of the international character of banking today.

"Barclays is deeply involved in the competitive world of American finance where its South African ties have not been helpful.

"... So Barclays, like its American counterparts, has turned an economic necessity into a political virtue." The Times said.

Sir Timothy found himself increasingly snared in a circular argument when he, at the same time, sought to show that the combined impact of the Barclays move and disinvestment by US companies must have both a political impact and an adverse economic effect on South Africa while at the same time clinging to the argument that sanctions don't work.

It is only two years since Barclays proclaimed in prominently displayed media advertisements: "The policy of constructive engagement adopted by Barclays in its South African operations is founded on the belief that economic ties and investment are the only viable instruments of peaceful change in that country."

Barclays' pamphlets until 1985 told students and anti-apartheid protesters that disinvestment would be a "meaningless token gesture."

**W**ELL, it has taken two years of internal black revolt — and international pressure resulting from that — for Barclays to make that "meaningless token gesture" with astonishing suddenness and new-found conviction.

It is a potentially disastrous setback for the emergent "constructive engagement" philosophy



as articulated by the nine-month-old British Industry Committee on South Africa (Bicasa).

The whole basis of the Bicasa philosophy has been to counter the sanctions argument by emphasizing the contribution UK-affiliated companies could make to the dismantling of apartheid and the social and economic upliftment of blacks. It was less than six months ago that Barclays signed a Bicasa statement endorsing this philosophy.

The vast majority of British companies with South African links are counted among Bicasa's 42 members and they represent 80 percent of Britain's direct investment in South Africa.

In recent months Bicasa chairman Sir Leslie Smith has been actively campaigning for a coordinated policy of targeted positive investment by UK companies. The Urban Foundation has been pursuing the same approach.

The recent local initiative by BP for the multiracial redevelopment of District Six and its plan for non-racial schools was the first tangible evidence of this approach catching on.

There have also been intense behind the scenes efforts to work in the longer term towards a Marshall aid package for South Africa financed by Western multinationals.

But the Barclays move is a devastating — and in the long-term potentially fatal — blow to these initiatives.

Sir Leslie did not attempt to hide Bicasa's disappointment at the Barclays move this week although he added that he could "understand the economic pressures that led to it".

Bicasa will continue to canvass its view that political reform will best be achieved if foreign investors remained in South Africa and used their influence to help change from within.

But its task will be made very much more difficult by the Barclays decision coming hot on the heels of a stream of withdrawals by major US companies, which now total over 100.

There can be no denying the knock-on effect of withdrawals by major companies such as GM, IBM, Coca-Cola, Eastman Kodak and Barclays.

They are business judgments based on a careful reading of trends in world opinion and its impact on profitability.

If the analysts of major banks and multinationals have decided that South Africa is bad business, the likelihood is that other exposed companies will follow suit.

Sir Timothy made it clear that a major factor in the Barclays judgment was the foreign debt crisis and the refusal of major banks to make loans to South Africa until the political impasse has been resolved.

Clearly, the collapse of the rand also had a major role in reducing from 10 to two percent Barclays' South African profits as a share of overall profits within a few years.

**S**O which British firms will be next to follow? Clearly in the frontline are Standard Chartered Bank, Shell, ConsGold, with its 48 percent stake in Goldfields, and BP.

ConsGold, reeling from a potentially devastating television documentary this week on their repulsive role on their Goldfields mines, have begun to bow to demands of anti-apartheid pressure and shun Standard.

Both companies have been taking steps to reduce their dependence on the South African economy and Standard — having survived a takeover bid by Lloyds which would have sold off its South Africa interests — is considering a plan to float its South Africa interests as a separate entity.

Standard is less exposed to anti-apartheid pressure in Britain because it is not a retail bank in the Barclays mould but it is more vulnerable in Africa and the third world where it has more links than Barclays.

But Standard Chartered said this week that it had no plans to follow the Barclays example and Bicasa expressed confidence that other major British companies would acknowledge that Barclays was a special case and not follow suit.

However, the pressure on Shell, the other main anti-apartheid target, could become irresistible. It may be that some of Britain's biggest investors in South Africa — like ConsGold, ICI, Blue Circle Pilkington Brothers and BOC — will be able to ride the storm of public opinion and political pressure, which is not nearly as intense as it is across the Atlantic in the US.

# GM — unionists consider response

18/11/86  
Sauls DM

ALAN FINE and Sapa

GENERAL Motors shop stewards and National Automobile and Allied Workers' Union (Naawu) leaders were meeting last night to consider their response to GM's ultimatum that workers not back at work by 9am today would be dismissed.

The ultimatum followed a clash early yesterday morning between strikers and the police, and a management claim that a significant proportion of the strikers had returned to work.

Police, called in by GM, arrested 16 strikers among a group of 300 who had gathered outside GM's gates to block the entry of 170 newly-hired workers. GM personnel and public affairs director George Stegman said police stepped in and made the arrests when the crowd ignored warnings to disperse.

Meanwhile, Naawu general secretary Fred Sauls has contested Stegman's claim that more than a third of the 2 400 striking workers had returned to work.

The strike, which began on October 29, is over workers' complaints that they had not been consulted about plans by GM' US parent company to hand over its SA operations to local management next year.

# GM unrest orchestrated outside - White

By RALPH JARVIS  
Motoring Editor

PLETTENBERG BAY — General Motors South African's managing director, Mr Bob White, said today he believed the industrial unrest at the GM in Port Elizabeth had been orchestrated from outside the company and the unions involved.

He also revealed that GM filed an action before the Industrial Court in Pretoria yesterday seeking an interdict restraining the National Automobile and Allied Workers Union from interfering and intimidating those who wanted to return to work.

At the Press launch of the new Opel Monza he said the strike had been "entirely motivated by political factors, essentially external to our plant."

"I think this is the type of thing we can expect to see in this country in the near future and possibly for a longer period."

"It was very clear early on that the external union leadership lost control of the situation and, in fact, are being directed by others outside even the union."

"Clearly our shop stewards in the plant have proved to be very ineffective in giving any direction to the work force."

He said GM had had "countless numbers of people coming to the plant and applying for jobs."

"They are prepared to stand up to whatever intimidation they receive, which is obviously significant."

Of the 576 workers dismissed about 10 days ago,

176 had applied to be rehired.

It was clear that many were victims of intimidation and if they prove that "we will rehire them and they will start work tomorrow".

GM had made it very clear to Naawu that where it could be proved that anyone had been involved in actual intimidation or mistreatment of employees while on the site those people would not be rehired.

He said GM intended pursuing action to force Naawu, either by its own admission or through legal means, to admit their responsibility in the strike.

"Freddy Sauls and Les Kettleidas have tried to distance themselves from any direct responsibility for what has taken place over the last three weeks."

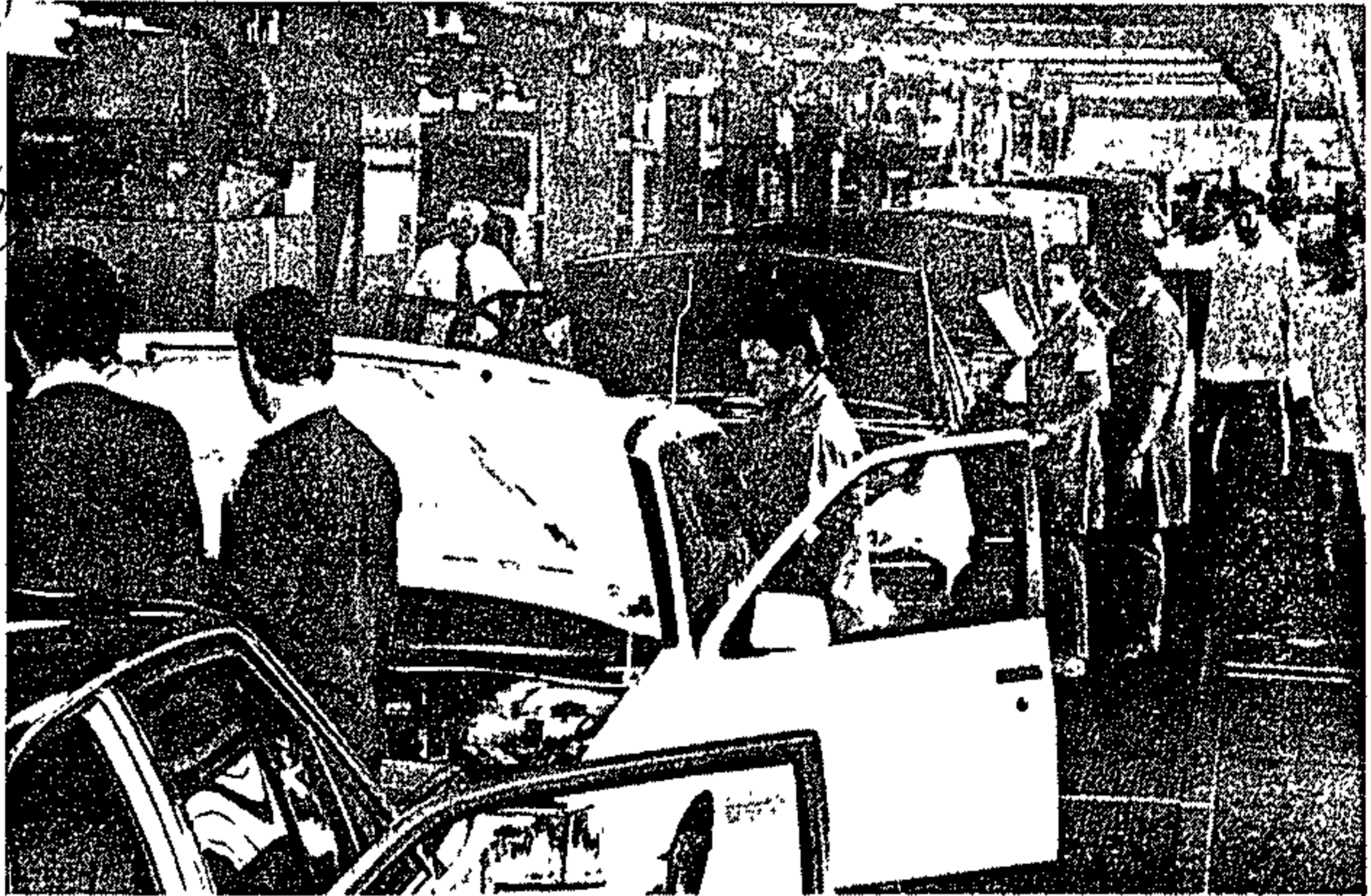
"It is obviously very hard for me as a white and an American to appreciate the pressures that so many of our employees and others are under."

"I hope I will never be in similar circumstance in which when I got up in the morning I would have to be concerned about whether my house may be burned or my family maimed before I got home at night," Mr White said.

Everything possible would be done between now and the end of the year to get production back to pre-strike figures.

At that stage the plant was producing about 140 units a day, of which 60 were Monzas.

"We plan to increase that mix to about 50/50 between Monzas and the rest of our product lines."



The General Motors assembly on the move again today, after 85% of the workforce took up their posts, effectively ending a lengthy strike.

## Accused says she loved dead man 'very much'

JOHANNESBURG — A woman accused of murdering her lover told the Rand Supreme Court that she did not intend to harm him because she loved him very much.

Mrs Carol Sauer 32, of Westdene, is appearing before Mr Justice Steyn and two assessors. She has pleaded not guilty to murdering Mr Jeremiah Cornelius (Hymie) Ludick on March 22.

Mr Ludick was shot in the head shortly after the couple left a Melville restaurant.

Mrs Sauer said she met Mr Ludick in 1978, when they worked at the same firm. Four months later, their relationship became a physical one. Both were married at the time.

Mr Ludick and his wife divorced in 1984 and the relationship continued with the same intensity.

Mrs Sauer said her husband knew about it and accepted it although he did not condone it.

For a year before the shooting, Mrs Sauer said she had been very nervous. She needed tranquilisers and psychiatric care because she could not cope with her double life.

She was virtually at Mr Ludick's beck and call 24 hours a day, she said. If he phoned or visited and she was not there he would accuse her of seeing other men.

"I liked this, it showed me he loved me, but it was putting a strain on me. I wanted to please him in every way so I didn't go out and was home when he phoned or came around," she said.

She testified that ever since her husband had gone on an overseas trip, she had been in the habit

of carrying a 9mm Star pistol when she went out at night.

At about 6pm on March 22 she took a tranquilliser. She went to Mr Ludick's flat at about 7pm.

When she arrived at the flat she could immediately see Mr Ludick had been drinking and was in a foul mood, she told the court.

He swore at her and asked her why she had discussed their relationship with a friend.

In the flat and repeatedly at the restaurant, Mr Ludick threatened to kill "Freddie", who worked at a nearby ice cream parlour.

She said Mr Ludick had been in a foul mood the whole evening.

"He was more aggressive as we left the restaurant."

She said as they moved towards the cream parlour, he repeated his threat to kill "Freddie".

"At the corner he said: 'On second thoughts, first I'm going to kick dents into your German husband's car'."

"I assumed he was first going to kick the car, then kill Freddie."

"I wasn't sober. I had had all the wine except for one glass. I pulled out the gun."

"I pointed it at him. I wanted to scare him."

"As I pointed the gun, I felt the shot and heard it. I saw him fall, the next thing I remember is running down the road waving down cars."

"I did not want to harm him, shoot or kill him. I loved him very much," Mrs Sauer said.

The trial continues.

Intimidators stop workers entering plant

# GM strikers charged by police dogs

STAR

17/11/88

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Own Correspondent

**PORT ELIZABETH —** Police with dogs charged striking General Motors workers gathered in front of the factory's main gate this morning and arrested a number.

After the action, GM general manager Mr Bob White said the company would issue a statement later that any workers not reporting for work today would be considered as having dismissed themselves.

The police action followed a tension-filled morning in which picketing strikers confronted other workers trying to enter the plant.

The mixed crowd of strikers, workers and work-seekers began gathering outside the plant before 6 am.

By the time of the police charge at 7.20 am, more than 500 people were strung along both sides of busy Kempston Road, mostly in front of GM's main gates.

Knots of strikers grabbed anyone they thought might be a scab worker and demanded to know what they were doing in the area.

Bags were searched and potential workers pushed and shoved away from the scene.

More than once reporters saw confrontations between workers and strikers.

In an interview an hour after the police action, Mr White said the company was "very unhappy" that more order had not been shown by those outside the plant.

"It was obvious that those grouped round the main gate were intent on intimidation, and eventually we had to ask that they be removed."



## Disruptions

Asked if strikers would be dismissed, Mr White then said a statement would be issued later today.

"We have gone as far as we can in allowing those who want to work to come back.

"We had a trickle come back on Wednesday, which increased on Thursday and Friday, and we expect a lot more today."

But he said he foresaw that "we will still have disruptions, at least till the end of the year, but only outside the plant".

Commenting on what appeared to be a total lack of communication between the company and strikers, Mr White said it was not GM's fault.

"We have never resisted talking at any time, but there is a core group within the union who wants GM closed, an element who believe in disinvestment so strongly that they just don't want the company to operate."

Lowest

# GM strikers stream back to work before deadline

JOHANNESBURG. — Between 50 and 60 percent of General Motors' striking workers met the 9am deadline today and returned to work, according to industrial relations manager Mr Bob McIlwaine.

Mr McIlwaine had just returned from Pretoria where GM yesterday brought an urgent application before the industrial court "seeking certain relief."

He said judgment had been reserved but would be handed down as soon as the court had reached a decision.

"At least 50 percent of the production workers in the vehicle assembly plant and more than 60 percent in the manufacturing plant returned to work this morning," Mr McIlwaine said.

GM warned yesterday that workers who did not return by 9am today would be dismissed.

The strike began on October 29 and followed the announcement that GM's

United States owners were selling the company to South African interests. Police were called on twice to intervene during the strike.

Mr McIlwaine said exact figures for attendance would be available later. Between 40 and 80 of the workers were new employees and 200 more were still being processed.

"We have also had at least 300 applications for re-employment by those dismissed and some of them are already working," he said.

Mr McIlwaine said there were no longer any strikers near the plant and that GM was "fully operational in certain areas but has not resumed production overall".

Two weeks ago 567 striking workers were dismissed when they refused to leave GM premises. According to GM, between 1 300 and 1 400 workers were involved in the strike. — Sapa.

# Massive return of workers

(2) Eve Post 18/11/86  
~~18/11/86~~  
~~18/11/86~~

By DAWN BARKHUIZEN

**PRODUCTION** at General Motors got under way today with more than 85% of the total workforce in the plant. Large numbers of employees met the "back-to-work before 9am" deadline issued to strikers by management yesterday.

According to GM's director of personnel and public Affairs, Mr George Stegmann, 1 495 workers, including strikers, had clocked in by 10am today.

Taking into account the dismissal of 566 strikers last week, this represented 85% of the total GM workforce, he said.

About half the workers in the vehicle assembly plant had returned to work before 8am and 60% were back in the manufacturing plant.

Workers who had been out on strike and had now returned to work will not be penalised in any way, according to Mr Stegmann.

"No action will be taken against workers

who return to the company of their own volition," he said.

At noon, it was estimated that about 104 employees had not been accounted for. According to GM's industrial relations manager, Mr Robert McIlwaine, this figure did not include employees on sick or annual leave or on night shift.

Workers trickled back to the plant throughout the morning.

Mr McIlwaine said of the total GM workforce of 2 281, only 1 800 had gone on strike. Of these, 566 were fired last week but 70 of these had subsequently been re-employed.

This morning, police

ordered a group of about 150 job seekers to disperse from outside the main gates of the Kempston Road plant. The group gathered minutes before the 9am back-to-work deadline facing strikers expired.

At least 300 people turned out to apply for jobs. While some entered the plant for interviews, most of the aspirant employees were told to come back on Monday.

As large numbers of employees arrived at the plant, small pockets of strikers were milling around on the opposite side of the road. There was little evidence of yesterday's disturbance where 16 people were ar-

rested.

Mr McIlwaine returned from Pretoria today after GM yesterday brought an urgent application in the Industrial Court "seeking certain relief". He said judgment was reserved.

The strike began on October 29 and followed the announcement that GMSA's US parent company was selling out to South African interests.

● The date for the Christmas closure of the plant, December 19, had not been altered, according to Mr Stegmann.

"But considering the man hours we have lost, we may have to review our production schedule."

● See Page 3.

# Today last chance for GM strikers

Own Correspondent

PORT ELIZABETH. — Today is "D-day" for hundreds of striking General Motors workers who face dismissal should they fail to return to work by a 9am deadline.

The ultimatum was announced yesterday by GM's manager of hourly personnel, Mr Dennis Brislin, who said that up to one-third of the strikers had returned to work yesterday.

The ultimatum and the drift back to work came during another day of drama for GM, when for the second time since the strike began on October 29, police intervened, arresting 16 workers while dispersing a crowd outside GM's Kempston Road plant.

They are to be charged in court today. One policeman was slightly injured.

## Intimidation

According to Mr George Stegmann, director of personnel and public affairs at GM, the police made the arrests when warnings to disperse were ignored by the crowd. Management called in the police to ensure the safety of people wishing to return to work and to protect new employees.

Major Eddie Everson, the South African Police liaison officer for the Eastern Cape, confirmed yesterday that the men were held in custody and would

appear in court today on charges of attending an illegal gathering and of neglecting to carry out an order issued by an officer of the security forces.

Yesterday Mr Bob White, managing director of GM, said employees trying to enter the plant had been subjected to "strong intimidation".

Today is also the scheduled return date for a Port Elizabeth Supreme Court order granted to GM two weeks ago, at which the National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers' and Component Workers' Union of South Africa have to give reasons why the strike should not be declared illegal.

Mr Brislin said yesterday that at its height, the strike had involved only between 1 300 and 1 400 workers — all on the production side — out of a total of 2 509 hourly-paid employees at GM.

Of these, he said, about 33 percent — "more or less 500" — went back to work yesterday.

Two weeks ago, 567 were dismissed by GM when they failed to heed an order to leave the Kempston Road and Aloes plants and were eventually escorted off the premises by police.

Mr Freddie Sauls, national secretary of Naawu, said yesterday that he was "not prepared to speak to the local press".

copy Tark 18/1/86

# Heunis: Open Dist Six 'not within law'

THE Minister of Constitutional Development and Planning, Mr Chris Heunis, says the R100-million scheme by BP to redevelop District Six as an open residential area is not within terms of the law at present.

However, sources close to BP indicate that the oil company has been "heartened" by Mr Heunis's "mild" reaction to a scheme which cuts right across the Group Areas Act.

BP announced the scheme at the weekend having had informal discussions with Mr Heunis.

## Mixed schools

Mr Heunis said yesterday that the Group Areas Act did not provide for a mixed or open residential area. However, it did provide for mixed living on a permit system.

He said he could not comment further on the scheme which also envisaged mixed schools in the area.

The BP scheme comes amid rising speculation that the President's Council, which has been investigating the Group Areas Act, might recommend a form of local option which could pave the way for certain areas in a city to be declared open to all races.

A spokesman for BP declined to comment on Mr Heunis's reaction but said the company hoped other private companies would become involved in

similar schemes elsewhere in the country.

The PFP's spokesman on constitutional affairs, Professor Nic Olivier, said it was incomprehensible that the government had reacted as negatively as it did.

## Out of dilemma

"The Group Areas Act must be scrapped as soon as possible. But it is not good enough for Mr Heunis simply to react negatively and say that the Act does not allow it and that it is against government policy.

"He should say it is under reconsideration, particularly in view of the expected President's Council report. He should know how deeply people feel about it.

"If I were the government, I would have welcomed this opportunity. It's a Godsend for them to get out of the District Six dilemma."

The PFP spokesman on education, Mr Ken Andrew, said the BP offer to help schools to desegregate was an "imaginative and generous concept which deserved favourable consideration".

Non-racial schools for children of all income groups could make a valuable contribution and serve as examples for the future, he said. — Political staff and Sapa-Reuter

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# Lines at GM running again

By DAWN  
BARKHUIZEN

PRODUCTION lines at General Motors were running smoothly today but management does not expect full production to be resumed before Monday.

Mr Robert McIlwaine, GM's industrial relations manager, said the company's production target today was 50 vehicles. These would be the first units off the production lines since workers went on strike on October 29.

Mr McIlwaine said the build-up to full production would be slow but management expected to reach a normal production schedule of 130 units daily by next week.

Thirteen full production days had been lost since the strike began. He could not put a cash figure on this loss of production.

He was unable to comment on measures GM might take to make up the production losses.

By today, the total work force stood at 1 810 with another 102 new employees expected to start work within the next few days.

The number of strikers that had not returned to work today was 298. Of the 566 employees dismissed last week, 176 had been reappointed and

were back at work.

More appointments would be made to bring GM's staff complement up to the pre-strike level, he said.

The planned takeover of the company by a management group headed by former GM managing director Mr Bob Price, would go ahead as scheduled on January 1. Mr Price was in Port Elizabeth yesterday but would not assume duty until the new year, Mr McIlwaine said.

● Judgment was reserved in the Port Elizabeth Supreme Court yesterday on an application to declare the strike illegal.

Arguing the matter, Mr R van Rooyen, for GM, said the company had sought the order so that all the workers would be aware of the illegality of the strike. He said GMSA was not persisting in its allegations against the National Automobile and Allied Workers Union as this would involve taking the matter to trial — an expensive procedure for a matter that had now become academic.

● Mr Freddie Sauls, general secretary of Naawu, declined to speak to the Evening Post today when approached for comment on the end of the strike.

*We Post  
19/11/56*

19/11/86 STAR

# Two Swapo insurgents killed, says SWATF

WINDHOEK — Two Swapo insurgents were killed in a follow-up operation by security forces after a northern Namibian military base was attacked on Saturday night, a SWA Territorial Force spokesman said last night.

He was reacting to Swapo claims, reported by Angolan news agency Angop, that 18 South African soldiers were killed and several wounded in an attack on Eenhana military base.

Swapo said in a communique distributed in Luanda that its soldiers damaged the base at Eenhana and captured arms and equipment.

## CASUALTIES

It gave no details of Swapo casualties. It said Eenhana had been reconstructed after an attack in June.

The Territorial Force spokesman confirmed the attack on the base, but denied anyone had been killed or wounded.

"The nearest mortar bomb landed about 250 m from the base," he said, adding security forces launched a "hot pursuit" at first light on Sunday and killed two Swapo members in a skirmish. The rest fled into Angola.

He said the Swapo attack began about 11.45 pm on Saturday. The base was attacked by mortars and small arms fire lasting about four minutes.

Swapo fired about six 60 mm mortar bombs and an RPG7 rocket.

Last Saturday, Swapo denied South African statements that its forces clashed with South African troops in southern Angola last week. The SWATF said it killed 39 Swapo insurgents in the strike. — Sapa.

# Workers return as union restates demands

# GM 'pay battle' reaches stalemate

19/11/86 STAR

(62)

The battle between General Motors and workers over severance pay and pension fund payouts will continue in the Industrial Court on December 3.

Meanwhile, the company says most workers have returned to work but about 200 "dismissed themselves" by failing to meet the 9 am return-to-work deadline set by the firm yesterday.

The National Automobile and Allied Workers' Union (Naawu) contested this claim, saying only 319 workers of a total workforce of 3 000 had gone back to work.

At a mass meeting yesterday attended by about 700 people, the union restated its demands for severance pay and optional pension fund payouts before the departure of the American multinational.

Another workers' meeting will take place today to discuss an Industrial Court temporary interdict issued yesterday, which called on the union to show cause by December 3 why an order should not be made:

- Declaring that the company was under no obligation to negotiate severance pay while employees remained employed and that its failure to negotiate did not constitute an unfair labour practice.

- Interdicting Naawu and its agents and servants against inciting GM's employees or any of them from taking part in or continuing the strike which presently exists.

- Preventing Naawu from taking any steps, or causing any steps to be taken, to prevent

persons from applying for employment with GM or remaining in the applicant's employment.

## Full production

GM's director of personnel and public affairs, Mr George Stegmann, said the company hoped to resume full production tomorrow.

He said about 1 500 (or 87 per cent) of the 1 800 production workers who remained after the firing of 567 employees two weeks ago, were at work yesterday. The total production workforce was about 2 300, he said.

"Of the 567 fired workers, about 300 were present today and requested us to consider rehiring them," he said.

Seventy had already been rehired.

# Student not refused passport, says dept

19/11/86

Pretoria Bureau

The Department of Home Affairs has denied that it has refused a passport to South African student Mr Makuntle Jacob Hlapolosa, who has won a scholarship to study at Keele University in Staffordshire, England.

A department spokesman said Mr Hlapolosa's application for a passport had been received, "but this is still being considered and no decision has been taken".

It was reported in *The Guardian* earlier this week that Mr Hlapolosa, who has been granted a scholarship to study biochemistry and chemistry, had been refused a travel document.

This was in spite of the fact that the university's academic staff and the British Council had appealed on his behalf to Pretoria, the newspaper said.

The deadline for admission to Keele expired on Saturday.

# Woman left for dead, say police

Crime Reporter

An elderly Oberholzer school secretary, Mrs Hesther Hamilton (64), was stabbed and left for dead at her home near Carletonville yesterday, police said.

A spokesman said Mrs Hamilton, who was last seen leaving a Bible study class the previous night, was found covered in blood by her gardener at 7 am.

She was rushed to hospital, where she was in a serious condition, he said.

The school safe keys were missing from her handbag.

Bees Day

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# GM strike changes disinvestment issue

ALAN FINE

WHATEVER else may be said about the three-week-old strike at General Motors (GM), one thing is certain — the disinvestment debate will never be the same again.

Companies planning to follow the GM and IBM route will certainly have to think again, at least over how they plan to handle their withdrawal from SA, particularly if their workforce is unionised. And however carefully they orchestrate the move, they cannot expect applause for it.

The South African and foreign protagonists of disinvestment, too, will doubtless have to redefine their approach. GM workers have profoundly demonstrated their concern about their future under a new management. It would seem, however, they would have been even more unhappy had GM decided to close down its plants entirely.

Calls for various types of sanctions are almost as old as the anti-apartheid movement itself. And the threat of such sanctions over the years has brought some changes, although not fundamental ones. The various codes

of employment practice — warts and all — were, for example, the first response to threats of significant economic pressure.

It is clear that actual disinvestment is a two-edged sword. Nevertheless, it would be unrealistic to expect the supporters of economic pressure to completely overturn their present policy positions. There are political pressures at work, including the reluctance to jettison a weapon which obviously hurts the other side.

A statement issued by the Congress of SA Trade Unions (Cosatu) on Monday — which condemned GM's "arrogant and high-handed actions" and demanded a number of safeguards for employees of companies planning to disinvest — concluded that the demands "are not a statement against disinvestment". Rather, Cosatu says, they reflect workers' concern that companies should negotiate with workers through their trade union about their future.

An article due to appear in the next

edition of the *SA Labour Bulletin* takes the debate further. US academic Glen Adler argues that the union demands for assurances about GM workers' futures "move beyond" Cosatu policy on disinvestment.

Says Adler: "The stress now falls not on the question of support for or opposition to foreign investment, but on a discussion of control over investment... regardless of its source."

The sanctions legislation, he argues, has offered many US companies the opportunity to cut their financial losses while appearing to take a moral (and popular) political stand. They can claim to be disinvesting by arranging local buy-outs, but they will maintain a profitable arms-length presence while retaining the option of returning should conditions improve.

Adler concludes: "Companies like GM, which have long argued against disinvestment on the grounds that it would hurt workers, are now being put to the test to guarantee that their own withdrawal will have as few negative consequences for those workers as possible."

Cap-1003 P/11/86

# UK business hails District Six proposal

From JOHN  
BATTERSBY

LONDON. — British business yesterday hailed BP's R100-million boost to non-racial education and the re-development of District Six as a major breakthrough.

Sir Leslie Smith, chairman of the influential British Industry Committee on South Africa (Bicsa), yesterday unconditionally applauded the initiative.

Bicsa, which represents more than 50 UK companies responsible for 80 percent of British investment in South Africa, is opposed to punitive sanctions.

In an editorial yesterday, The Times said the BP proposals "offered the chance to ameliorate South Africa's problems without violence".

"Pretoria will be nervous of opposing non-violent reforms which have white business backing.

"In which case, should they not have the diplomatic support and financial backing of Western governments?" The Times concluded.

● Leading article, page 10

# GM hopes for full production from tomorrow

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19/11/86  
Own Correspondent

PORT ELIZABETH. — General Motors hopes to resume full production tomorrow, Mr George Stegmann, director of personnel and public affairs said yesterday.

According to management, most of GM's workforce returned to work yesterday, with about 200 men being dismissed for failing to meet a 9am return-to-work deadline.

However, the extent of this return was contested at a meeting of workers held in Korsten yesterday where it was claimed only 319 of a total workforce of 3 000 had resumed work.

Another development in the strike which started exactly three weeks ago was the reservation of judgment in the Port Elizabeth Supreme Court yesterday — the return date for an order granted to GM at which the workers and unions had to show reason why the strike should not be declared unlawful.

## Interim interdict against Naawu

And, in the Industrial Court in Pretoria, an interim interdict in the form of a *rule nisi*, was issued yesterday calling on the National Automobile and Allied Workers' Union (Naawu) to show cause on December 3 why an order should not be made final interdicting it and "its agents and servants" against inciting GM's employees or dissuading any of them "from taking part in or continuing the strike which presently exists ..."

The order also interdicts Naawu from "taking any steps, or causing any steps to be taken, to prevent persons from applying for employment with the applicant or ... remaining in the applicant's employment".

In an interview yesterday, Mr Stegmann said the hiring of staff was progressing at such a rate that there was a "strong possibility" there would be a full complement by tomorrow.

The majority of those fired two weeks ago would "probably" be rehired. About 200 workers were dismissed for failing to meet yesterday's 9am deadline to return to work or be fired.

# GM dismisses 219 workers

9/11/86  
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GENERAL Motors (GM) has dismissed 219 workers who failed to respond to a management ultimatum to return to work yesterday.

However, most of the 2 000 people who had been on strike for nearly three weeks were back on the job.

National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettleas said yesterday the strike "had effectively been broken by the company, assisted by the SAP".

He was referring to SAP intervention on Monday, when strikers gathered at GM's gates to block the entry of newly employed workers. The 16 people arrested during the incident have been released on bail.

Kettleas expressed regret the issues which precipitated the strike — demands for severance pay and the repayment of pension fund monies — had not

ALAN FINE

been resolved without State intervention.

GM industrial relations manager Robert McIlwaine said the 219 dismissed workers were all employed at the Kempston Road plant.

The numbers back at work also exclude most of the 566 dismissed for refusing to vacate the plant two weeks ago. McIlwaine said about 300 of them had applied for re-employment. About 20 had been taken back already, while the other applications were still being processed.

He said applications from the remainder of that group would still be considered and he thought most would be taken back.

The only exceptions would be those

● To Page 2 →

# GM dismisses 219 workers over ultimatum

whom GM was satisfied were involved in "acts of intimidation or violence or who associated themselves with such acts". McIlwaine declined to say how many would be affected adding: "We are still assessing evidence."

The matters in dispute are still to be referred to arbitration as soon as the union and the company have agreed on the identity of an arbitrator and his terms of reference.

And yesterday, the Industrial Court handed down an interim interdict restraining Naawu from inciting GM employees to strike and trying to prevent people from applying for employment with the company, or from remaining in the company's employment.

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BUSDAY  
From Page 1

# Kodak to pull out of SA <sup>Sowetan 20/11/86</sup>

THE Kodak film company is to pull out of South Africa within the next few months, it announced at its Rochester, New York, headquarters yesterday.

In announcing plans to withdraw from the country, Kodak's chairman and chief executive

## SOWETAN Reporter

officer Mr Colby H Chandler, said no Kodak unit anywhere in the world would be permitted to supply products to South Africa.

All assets of Kodak in South Africa would be

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sold.

Mr Chandler said employees' services would be terminated with "generous separation" packages.

He said the decision to withdraw came only after careful considerations.

"The economics of the situation are a major factor in our decision to withdraw," Mr Chandler said.

"Our South African business has been affected by weakness in the South African economy. We have no doubt

that the system of apartheid has played a major role in the economy's under-performance."

He said shipment of products by Kodak to South Africa end on April 30 next year.

• Atex Inc — a computer company subsidiary of Kodak — also announced its withdrawal from South Africa's markets, reports *Sapa*.

"After April 30, no Atex products — either hardware or software — will be sold in South Africa," the spokesman said.

# Kodak • to quit S Africa entirely

By Simon Barber

WASHINGTON—The Eastman Kodak Co, whose name is synonymous with photography the world over, is pulling out of South Africa completely and will not sell its products in this country after April 30 next year, the Rochester-based company announced yesterday.

Spokesman Ian Guthrie confirmed that the decision also applied to Kodak's 100%-owned subsidiary, Atex Inc, whose computer systems are used by many of the country's major newspapers, both English and Afrikaans.

Atex officials would be briefing newspaper proprietors as soon as possible, Mr Guthrie said.

The entire management and workforce of Kodak SA (Pty) Ltd and Atex Systems SA (Pty) Ltd — numbering around 480 — will be laid off, but according to chief executive Colby Chandler, will receive a generous separation package.

Employees were based mainly in Johannesburg, but Kodak also had employees in Cape Town, Port Elizabeth, Durban and Bloemfontein.

## *Alternative suppliers*

Mr Guthrie said that, based on time of employment, the average worker could hope to receive a year's salary and all will continue to receive medical and life insurance coverage for the next four months.

Kodak was the 24th largest U S employer in South Africa, but the first company of its size and prestige to announce a complete pullout. Other recent leavers, most notably General Motors and IBM, have turned over their operations to local management and will maintain a supplier relationship with South Africa.

While the use of middlemen cannot be ruled out, Kodak is ordering its units around the world to refuse to fill orders from South Africa. The four-month grace period is to allow hospitals and other medical facilities using Kodak X-ray film to find alternative suppliers.

Mr Guthrie would not divulge the value of Kodak's South African assets, and would only say that its 1985 sales here

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P.T.O.



(b2)

# Kodak to quit S A entirely

● FROM PAGE 1

were 'less than 1%' of its \$10 billion worldwide.

In his formal statement, Mr Chandler said: 'The economics of the situation are a major factor in our decision to withdraw. Our South African business has been affected negatively by weakness in the South African economy, and we have no doubt that the system of apartheid has played a major role in the economies underperformance.'

'We had hoped by now the signs in South Africa concerning plans to dismantle statutory apartheid would be clear, unfortunately we cannot see with any certainty a time when South Africa will be free from apartheid. The implication of that situation is a degree of business risk which we do not consider prudent and thus, we have concluded with reluctance that Kodak should withdraw from the troubled country.'

Kodak has been under mounting pressure to leave South Africa. Earlier this year it very nearly lost an \$8 000 000 (about R18 million) contract to provide New York's city government agencies with high-speed copiers because of a city law requiring bidders with South African business connections to be discriminated against.

Mr Randall Robinson, director of Transafrica, the anti-apartheid lobbying group, hailed Kodak's decision as 'a much better result than the decisions taken by IBM and GM. We will be urging other companies to follow the example.'

He added that he hoped 'the assets will be made available to black South Africans'. Asked whether the assets would be worth much if Kodak was no longer marketing its products in South Africa, he conceded: 'Well, I haven't looked closely at the arrangements yet.'

Products affected would include the full range of Kodak photographic equipment, video cassettes, motion picture film, X-ray film used by hospitals and clinics, floppy discs used in the computer industry and a chemical preparation used in cigarette manufacture.

Asked if Kodak supplies would be available from other sources, Mr Guthrie said he could not comment but added that all Kodak outlets would be monitored to ensure they were not supplying South Africa.

A Mercury Reporter writes that reaction to the move in Natal was widespread yesterday, with most photographic shops saying they were confident that the product would still be available 'via the back door'.

Mr Bruce Davis, a partner in Photoworld, said yesterday the move was not unexpected because of the pressure exerted on businesses with dealings in this country.

'But,' he said, 'I am very confident that the products will be available to us via the back door. Contingency plans have been made and there are always other, very good, alternative products on offer.'

'Probably the most negative aspect of this, is for the staff who will now be unemployed,' he said.

## Without difficulty

Mr Peter Wycherley, manager of Whysalls, was just as confident, saying the product would always be available through alternative suppliers.

Mr Richard Williams, of one Cape Town retail and wholesale camera and film outlet, said: 'It won't affect us at all — we will always get Kodak film, no matter what they say.'

'There are a lot of other sources apart from the States. They said the same thing about Polaroid when that company pulled out of South Africa and we are still getting Polaroid film without difficulty.'

Mr Williams said that Kodak processing chemicals could also be obtained with ease or duplicated using raw materials which were easily obtainable.

'Perhaps the only problem will be with Kodak movies as far as processing is concerned, since this is only done at one laboratory in the country at Doornfontein in the Transvaal.'

'That laboratory is owned by Kodak. But even so, it is possible that someone else will take over their operation.'

Film production companies would also be looking to alternative sources for Kodak film.

Mr Dave Erwin, financial director of a Johannesburg film production company, said a lot of people would, however, be 'very sorry' about Kodak's decision 'as they will have to either pay more to get the film or use alternative stock — but we will get Kodak film if we want it,' he said.

Atex — a wholly-owned subsidiary of Kodak — said the company would 'abide fully by the decision of our parent company'.

A spokesman for Atex, of Bedford, Massachusetts, said this meant 'that after April 30, no Atex products — either hardware or software — will be sold in South Africa.'

'Between now and then, we will try our hardest to provide support and assistance to customers in positioning themselves for the future.'

Atex South Africa's managing director, Mr Bob Haggerty, said last night that he was unable to comment 'at this stage' on the future of local newspapers and publishers equipped with Atex systems.

Sources in the publishing industry were not, however, unduly surprised or concerned about the announcement that Atex is to leave South Africa.

SAAN managing director Stephen Mulholland said in Durban last night: 'I have no doubt that we will find ways and means to continue to produce our newspapers without any disruption.'

The American sanctions seemed 'childishly illogical' as far as they affected newspapers, he said.

'They aimed at damaging that element in South African society which has been campaigning against apartheid for decades at risk and cost to itself. It's ludicrous.'

Mr John Malcomess, a Progressive Federal Party spokesman on trade and industry, said Kodak's decision demonstrated 'that everyone in South Africa was going to suffer because of the sins and omissions of the National Party'.



# KODAK PULLS OUT

CAR TALK 20/11/86 62

BY RENEE MOODIE, CHRIS ERASMUS and BARRY STREEK

**KODAK is pulling out of South Africa and will give instructions that after April 30 next year, no Kodak unit "anywhere in the world" will be permitted to supply South African firms with the corporation's products.**

In some of the implications of the shock decision, which according to Eastman-Kodak was made for financial reasons and because Kodak sees no end to apartheid:

- 460 Kodak employees in South Africa will lose their jobs and Kodak will sell all its local assets.
- All suppliers of Atex computers, used by three major newspaper groups in the country, will be halted.

● Products which will no longer be available will include the full range of Kodak photographic equipment, video cassettes, motion picture film, X-ray film used by hospitals and clinics, floppy discs used in the computer industry and a chemical preparation used in cigarette manufacture.

### Processing outlets

The Kodak withdrawal is the 19th by a US firm this year.

Kodak controls between 30 and 40 percent of film-processing outlets in the country and more than half the still camera photographic film sold in South Africa is manufactured by the corporation.

If all supply loopholes are sealed off, professional photographers will be particularly hard-hit. Kodak's Kodachrome 25 and 64 ASA colour transparency films are widely regarded by studio professionals, wildlife and landscape photographers as being one of the finest films on the market.

And even if supplies continue to reach the country, the film can be processed only by a Kodak laboratory.

The implications for press and amateur photographers are also extensive: Kodak's popular E6 processing for colour transparency film other than Kodachrome has revolutionized the processing of slide films — films can now be ready for viewing an hour after coming out of the camera.

"Although there are alternatives to the Kodak E6 process, they are not easy to obtain, supplies are sporadic. The long-term implications all round are frightening," a top Cape Town press photographer said last night.

Kodak chairman and chief executive officer Mr Colby H Chandler said in the US yesterday: "Our South African business has been affected negatively by weakness in the South African economy, and we have no doubt that the system of apartheid has played a major role in the economy's under-performance."

"We had hoped that the pace of change to dismantle apartheid would permit us to forecast a time when we would not have to operate a business under an apartheid system. We have reluctantly concluded that our hopes were not justified and

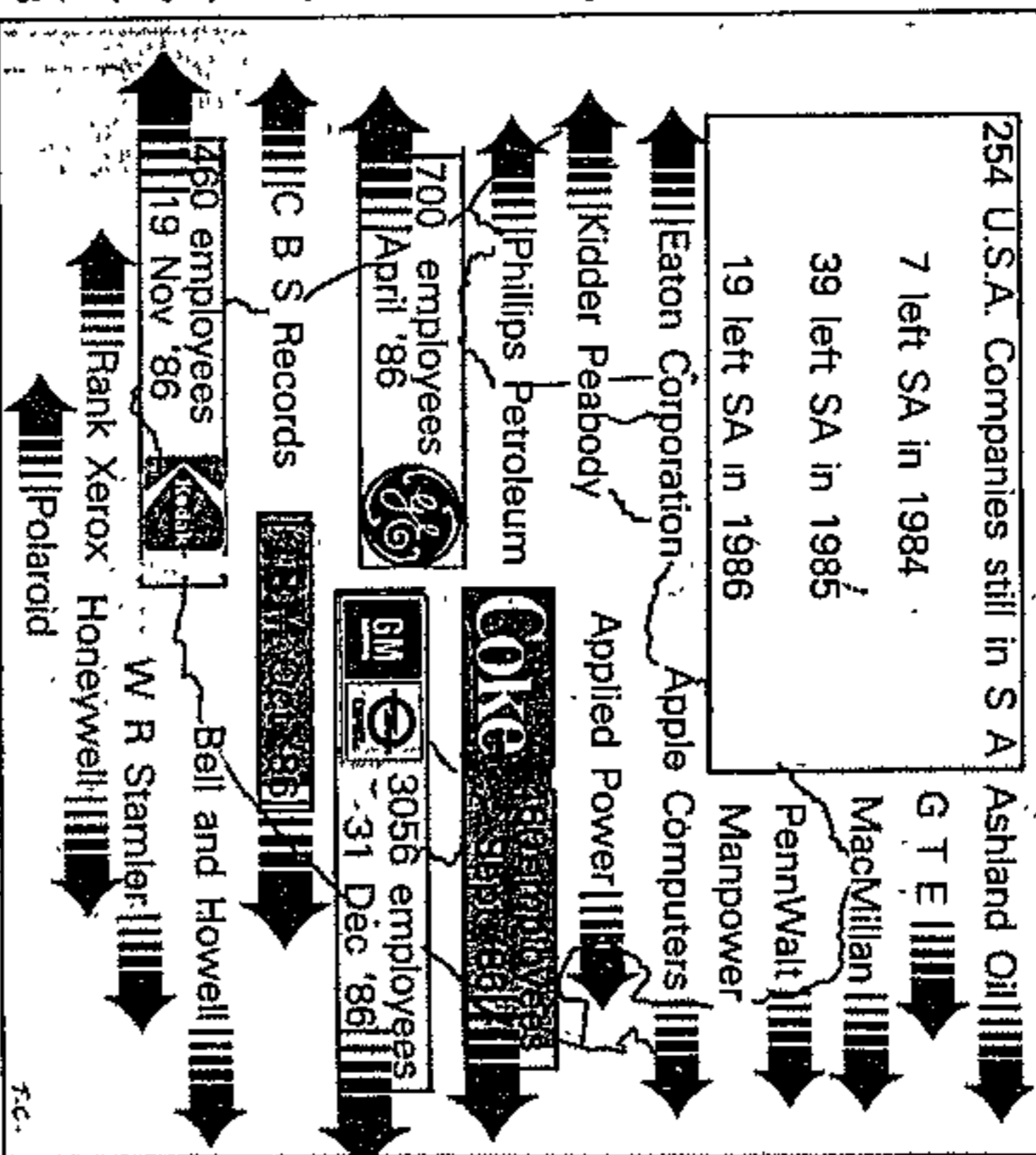
yesterday that, based on time of employment, the average worker among the 460 losing their jobs could hope to receive a year's salary and medical and life insurance coverage for four months.

Atex Inc, manufacturers of computer hardware and software and a wholly-owned subsidiary of Kodak, said the company would "abide fully by the decision of our parent company."

A spokesman for Atex, of Bedford, Massachusetts, said this meant "that after April 30, no Atex products — either hardware or software — will be sold in South Africa."

Atex systems are currently installed by newspapers owned by the Argus group, South African Associated Newspapers — including the Cape Times — and Nasionale Pers, as well as at the University of South Africa, the Pretoria Technikon, Nasionale Boekrukkery and Sparhams in Cape Town.

### US FIRM EXODUS



that we must now make the business decision to withdraw."

Detailing the pullout, Mr Ian Guthrie, director of employee information for Eastman Kodak, told the Cape Times from Rochester, United States, late

SAAN managing director Mr Stephen Mulholland said in Durban last night: "I have no doubt that we will find ways and means to continue to produce our newspapers without any disruption."

The American sanctions seemed "childishly illogical" as far as they affected newspapers, he said. "They aimed at damaging that element in South African society which has been campaigning against apartheid for decades at risk and cost to itself. It's ludicrous."

But while Kodak has sworn to keep its products

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ed, he added.

CAPE TIMES 20/11/86 (62)

**From Page 1**

out of South Africa, camera and film wholesale and retail outlets are unlikely to be affected by the Kodak pullout, said industry sources yesterday.

Mr Richard Williams, of one Cape Town retail and wholesale camera and film outlet, said: "It won't affect us at all — we will always get Kodak film, no matter what they say. There are a lot of other sources apart from the States. They said the same thing about Polaroid when that company pulled out of South Africa and we are still getting Polaroid film.

"Perhaps the only problem will be with Kodak movies as far as processing is concerned since this is only done at one laboratory in the country — at Doornfontein in the Transvaal."

Mr Dave Erwin, financial director of a Johannesburg film production company, said a lot of people would be "very sorry" about Kodak's decision "as they will have to either pay more to get the film or use alternative stock — but we will get Kodak film if we want it".

Mr John Malcomess, a Progressive Federal Party spokesman on trade and industry, said Kodak's decision demonstrated "that everyone in South Africa was going to suffer because of the sins and omissions of the National Party".

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BUSINESS DAY, Th

ALAN FINE

# GM fires another 78

A FURTHER 78 General Motors employees were fired yesterday for failing to meet a management ultimatum to return to work, taking the total for the last two days to 297.

The company hoped to resume full production today, director of personnel and public affairs George Stegman has said.

GM industrial relations manager Robert McIlwaine said yesterday 28 nightshift workers at the Kempston Road plant and 50 at the Aloes plant were dismissed.

However, 200 of the 566 people dis-

missed two weeks ago for refusing to vacate company premises had now been re-employed.

Applications from another 150 were still being processed. GM has said that, in this group, workers who GM believed were involved in intimidation or violence would not be re-hired.

McIlwaine said no applicants had yet been rejected.

Meanwhile, National Union of

Automobile and Allied Workers' Union (Naawu) general secretary Fred Sauls said about 500 of the GM workers who were still out met yesterday and decided not to apply for re-employment, but to stand by their demands.

Sauls said they felt their colleagues who had returned to work had done so due to GM's Tuesday ultimatum and the threat of police action. They resolved to campaign for support among those who had returned.

Over 300 GM workers vote to continue strike

PORT ELIZABETH. More than 300 General Motors workers have voted at a meeting to continue striking despite the large-scale return to work by fellow workers.

"Now we will just have to sit back and see if GM can produce any cars," said Mr Freddie Sauls, general secretary of the National Automobile and Allied Workers' Union.

General Motors say they are producing cars. Industrial relations manager Mr Rob McIlwaine said the production target for today was 50 vehicles, rising to the normal 130 vehicles by next Monday.

Mr Sauls explained the implications of Tuesday's industrial court decision interdicting Naawu from inciting GM employees to take part in the strike.

He said the decision changed little as it did not interdict the Motor and Component Workers' Union of South Africa or the workers themselves from doing so. — Own Correspondent.

Hong Kong bans SA iron and steel as Kodak closes its operations

# NEW BLOWS to isolate SA

SMR 22/11/82

South Africa has been hit by new sanctions and more international moves to isolate the country.

Hong Kong has banned all iron and steel imports; Australia has tightened its visa requirements; Kodak has shut down its South African operations totally; and South Africa's participation in the Antarctic Treaty has come under intense pressure in the United Nations.

An announcement by the giant US Eastman Kodak corporation of complete withdrawal from South Africa, and a ban on any of its foreign operations from supplying company products in this country has come as a shock to industrial and commercial dealers who were expecting Kodak to follow General Motors and IBM with a management buy-out, reports Chris Moerdyk in Johannesburg.

According to the company's headquarters in the US, the decision to withdraw from South Africa was based on a combination of economic and political factors.

Last year the corporation lost a court battle which not only severely affected sales of instant film products worldwide, but it suffered severe setbacks in South Africa over a camera swap arrangement that raised a storm among consumers.

Atex Inc — a corporate subsidiary of Kodak — also announced withdrawal from the South African market.

A spokesman for Atex (of Bedford, Massachusetts) confirmed this through a Johannesburg spokesman.

## System used by many newspapers

"Atex is a Kodak subsidiary and as such will abide fully by the decision of our parent company. This means that after April 30 no text products — either hardware or software — will be sold in South Africa," the spokesman told Sapa. "Between now and that date we will, to the maximum extent possible, provide current support and assist our customers in positioning themselves for the future."

Atex systems are used by some newspapers owned by the Argus Group, SAAN and Nasionale Pers, as well as at the University of South Africa, Pretoria Technikon, Nasionale Boekdrukkery, and parhamms in Cape Town.

Industrial film and photographic dealers contacted by The Star agreed that while the withdrawal of Kodak, which held 30 percent of the local market, was a short-term setback, they were confident the gap would be taken up, particularly by Japanese manufac-

Geoff Kinney in Canberra reports that South Africans who want to visit Australia will soon be forced to go to a third country to obtain an entry visa.

The Australian Government decided yesterday that consular facilities in Cape Town and Pretoria which provide tourist visas will be closed down. The facilities will be phased out of operation — commencing before Christmas.

The move will apply to all residents of South Africa, not only South African citizens. Government officials say the aim is to hinder white South Africans who want to holiday in Australia.

South Africans wanting to apply to immigrate to Australia will still be able to apply in South Africa, but under changes to immigration procedures they will face delays of up to 18 months.

Another blow to South Africa came from Hong Kong, where Sapa/AP reports that the Hong Kong Government has decided to impose additional economic sanctions on South Africa to protest against apartheid.

Starting tomorrow, it will ban imports of iron and steel from South Africa.

It will also call on financial and commercial institutions in Hong Kong to ban new investment and bank loans to Pretoria. And travel agents will be advised not to promote tourism to South Africa.

South Africa is also under fire in the United Nations.

Reuter reports that in New York last night, the UN Committee approved a resolution seeking the exclusion of South Africa from meetings of the 18 decision-making members of the 1959 Antarctic Treaty.

The vote 99 in favour, with Canada opposing it and Austria, Ireland, Luxembourg, Portugal and Turkey abstaining.

Another 21 countries did not take part in the vote.

BUD DAVY  
20/11/86  
(62)

# American trader bucks sanctions

**NORMAN SHEPHERD**

A US businessman is bucking sanctions and blazing a trail to SA for small American traders.

Rahn International CEO Jerry Lennon is negotiating a joint manufacturing contract with two SA firms on behalf of Eagle International, which makes trailers for agricultural, manufacturing and retail use.

Rahn and Eagle are US companies. Talks are in an advanced stage. By end-1987, one of the SA firms will be selected to manufacture in SA as a major partner or shareholder.

Eagle will be a minority shareholder, initially investing about \$80 000 for manufacturing, but its share of costs could exceed \$5m in the first year of full production.

About 2 750 units are expected to be produced in the first year of full production, much of which will be exported.

Lennon said costing had established it would be cheaper to produce in SA at about \$4 600 a unit than in the US at about \$12 500. Retail price in SA is expected to be about R9 000.

Rahn will manage distribution equally with the black-owned SA firm, Twala Rwala.

Lennon said: "Twala will ensure entry into the black market, while we provide the marketing expertise."

"The trailers are ideal for development groups which train rural communities in informal manufacturing and for cottage and backyard industries such as millers and food-providers."

The trailers — built for refrigeration, canning and grain-milling — can be used in areas where there are no power sources as they have their own generators, and they can easily be repaired by replacing colour-coded parts.

Lennon said: "We originally came to SA on a fact-finding mission and quickly recognised the potential for local manufacture and marketing."

"Although most of the product will be sourced and manufactured locally, principal componentry will be supplied by Eagle, who will also provide training and expertise where necessary."

Regarding sanctions, Lennon said: "We feel the only way to turn anything around here (in SA) is through trade." The trailers will be exhibited at the Rand Show next year.

## **GM plan to resume full production today**

GENERAL MOTORS hopes to resume full production today, a company spokesman said yesterday.

GM's personnel director Mr Stegman said most of the company's workforce returned to work yesterday, with about 200 men being dismissed for failing to meet a return-to-work deadline.

National Automobile and Allied Workers Union (Naawu) general secretary Mr Freddie Sauls was not available for comment yesterday.

Meanwhile the extent of the return-to-work was contested at a meeting of workers yesterday, Sapa reports.

And, in the Industrial Court in Pretoria, an interim interdict was issued yesterday calling on Naawu to show cause by December 3 why an order should not be made interdicting it against inciting GM's employees or any of them "taking part in or continuing the strike which presently exists."

The order also interdicted Naawu from "taking steps, or causing any steps to be taken, to prevent persons from applying for employment with the applicant or remaining in the applicant's employment."

- The Rand Supreme Court case in which the Kagiso Town Council had been called upon to show cause why the council's striking police force should not be reinstated to the barracks, has been postponed to December 2.

*(Handwritten)* SOWETAN 20/11/86 (62)



# Cosatu blasts GM's bosses

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SOWETAN 18/11/86

THE Congress of South African Trade Unions' central executive committee has condemned the "arrogant and high-handed actions" of General Motors' management.

In a statement issued yesterday, the committee said it condemned GM's refusal to negotiate, the use of dirty tactics and for calling in the security forces.

They said it was clear that the original GM management did not make provision to protect its workers' rights during the takeover proceedings "which were conducted behind the backs of workers".

The committee said it called on all progressive organisations in South Africa and abroad to condemn GM's "deplorable and anti-democratic actions".

By LEN MASEKO

They further demanded that the company negotiates all issues with workers, reinstate all dismissed workers on full pay and accede to all demands of workers.

These demands are that if companies are to pull out of South Africa or sell their businesses, they must give timeous notice to union workers; they must provide full details of their plans; they must provide adequate information to allow workers and their organisations to make a decision on their future — and terms of withdrawal must also be negotiated.

## Stoppage

• Two Reef hospitals were rocked by work stoppages yesterday as about 700 workers went on strike in demand of wage increases and better working conditions.

Workers at Johannesburg's J G Strijdom Hospital demand — among other things — recognition of their union, the SA Black Municipal and Allied Workers Union (Sabmawu), an end to race discrimination at the hospital and overtime pay.

Sabmawu shop stewards and the hospital administration were locked in a meeting yesterday afternoon.

In Edenvale, 200 Sabmawu members stopped work at Rietfontein TB

Hospital yesterday demanding pay rises and better working conditions.

Workers also demand the dismissal of the hospital's paymaster.

Workers involved in stoppages at Rietfontein and J G Strijdom are mostly from security, cleansing and accounts departments.

# Kodak's leaving no big deal <sup>21/11/86</sup> <sup>62</sup>

KODAK's decision to quit SA opens an estimated R100m hole in the photographic market which at least four multinationals will be scrambling to fill.

Initial worries at the effect of Kodak's April withdrawal on health services and the photographic industry have mostly disappeared.

Hospitals barely flinched at the news and the film industry made it clear that scratching Kodak from the market would be no loss at all.

But Kodak's "business decision" to disinvest is unlikely to hit its bottom line with SA sales accounting for less than 10% of its global \$10bn turnover.

Estimates give Kodak a half share in SA's R55m a year colour film market.

<sup>21/11/86</sup>  
<sup>62</sup>  
<sup>BUSSDAY</sup>  
HAMISH McINDOE  
and RICHARD BARTLETT

Fuji MD Eric Horvitch said: "The competition can easily fill the gap."

Switzerland's Ciba-Geigy subsidiary, Ilford, also expects to capture Kodak's 40% estimated share of the R800 000 black and white film market.

But the industry disagrees over the market share that Kodak could hold through third party sales. Estimates range from 5% to "a substantial share".

Ilford CE David Anderson said brand loyalty would keep Kodak in the market

● To Page 2 

# Kodak's leaving is no big deal <sup>21/11/86</sup> <sup>62</sup>

after the June deadline to its foreign operations to stop supplying SA.

Most of CNA's photographic equipment comes from Kodak and the company said it was looking for another supplier of the same quality. Privately, several retailers said they would bust sanctions to keep stocking Kodak.

Medical services are not anticipating a shortage of X-ray film but spare parts for Kodak's latest range of X-ray processing machines could be hard to get. SA technicians, however, will be able to service older machines.

Kodak's exposure in SA's R30m medical X-ray market has fallen sharply during the past few years and it now makes largely specialised film.

And its undisclosed share in the R10m industrial X-ray market is likely to be shared by Fuji, Agfa and Du Pont. Becker X-Ray Distributors MD Spike Becker said: "Frankly, Kodak has not left as big a gap as everybody thinks."

Film director Richard Gossett said other sources of 35mm and 16mm colour stock were widely available. He said: "Kodak going is no great hardship."

"Its reputation as the most expensive and best has been eroded during the past five years. Other producers are cheaper and every bit as good."

"And I doubt that Kodak's professional film making stock sales account for more than 10% of its total business."

An M-Net spokesman said Kodak's broadcasting video tape was not used because "the quality isn't good".

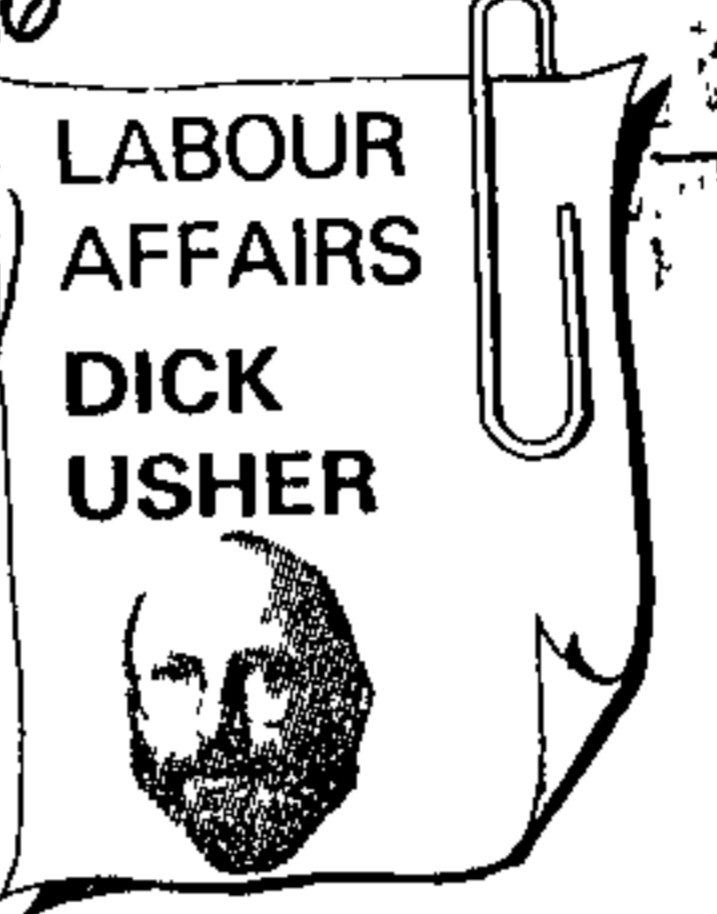
No details of Kodak's labour policy towards its 480 workers, beyond its commitment to "generous" severance pay, have emerged.

Kodak executives in SA remained silent yesterday. MD Richard Ferris said: "We're not authorised to make any statements to the media."

● From Page 1

W/LE... 22/11/86

# Consult the workers'



NOT consulting workers on matters of importance to them can be an expensive mistake.

Production appears to be back on track at General Motors following the lengthy, bitter, costly and possibly needless strike, but it would seem that the GM executives who hustled through their particular form of disinvestment deal had not learnt one major lesson from the recent years of advancement in industrial relations — the need to consult workers on major changes in their circumstances.

Numerous Industrial Court judgments have established it as necessary for companies — if they are not to be hit with an unfair labour practice action — to consult workers and their representatives on changes in their conditions of employment.

But when it came to turning GM's assets over to new management it seems the company did not see consultation as necessary.

Somehow, handing the company over to a group of unidentified local managers would seem to be as much a material change in employment conditions as retrenchments are.

As lawyers for the National Automobile and Allied Workers' Union (Naawu) said, the strike need not have happened if GM had "advised and consulted its workers" prior to announcing the withdrawal.

Given the contradictory statements before the withdrawal was announced and the crippling Ford closures of 1985, it is not surprising that workers in the depressed Port Elizabeth area have some suspicion about management.

They are also suspicious about what might happen to employment practices when, in the words of the *Financial Mail*, the company is no longer "hamstrung by the rules of foreign employment codes".

And, having contributed to GM's profitability through the rosy years in South Africa, workers do not want to see assets they built up disappear overnight.

Meanwhile, the costs of the strike are still being computed.

GM had to postpone what are said to be expensively lavish plans for the launch of its new Monza, scheduled for early this month, because it would not have had enough cars to meet anticipated demand.

And what effect the postponement will have on the success of the model remains to be seen.

# Kodak

# photo-finish

622 CUM PAGES 7186  
23/11/86

US PHOTOGRAPHY giant Eastman Kodak is pulling out of South Africa - under terms one analyst called the stiffest of any US firm so far.

Kodak, one of the longest established foreign firms in SA, said its SA unit's assets would be sold after April 30 - and no Kodak unit anywhere in the world would be permitted to supply products to SA.

Atex Inc - a computer company subsidiary of Kodak - also announced its withdrawal from SA's markets.

"Atex is a Kodak subsidiary and as such will abide fully by the decision of our parent company. This means that after April 30, no Atex products - either hardware or software - will be sold in SA," an Atex spokesman said.

"Between now and that date we will, to the maximum extent possible, provide current support and help our customers in positioning themselves for the future."

Atex systems are currently used by newspapers owned by the Argus Group, SAA and Nasionale Pers, and the University of SA, the Pretoria Technikon, Nasionale Boekdrukkery and Sparhams in Cape Town.

Azar Jammine, chief economist of the Johannesburg-based Econometrix Marketing and Research firm, said local companies would find it almost impossible to replace Kodak's products and technology.

He said this was an example of "the technological rundown the country is likely to experience as a result of disinvestment".

Analysts noted that the Kodak move went much further than the pullouts announced last month by General Motors, IBM and Coca Cola.

Under their plans, GM cars and IBM computers will

KODAK'S South African operations are based in Cape Town and consist of sales, not manufacturing.

In 1984, Kodak had 567 employees in SA, including 207 whites. More recent employment figures are not immediately available.

Kodak's announcement that it would halt sales of its products in SA went a step further than General Motors, IBM and other major US companies which - though pulling out - have arranged for their products to be sold by local owners who have purchased their holdings.

Over 60 US companies have pulled out of SA in the past two years because of economic problems and anti-apartheid pressure in the US.

About 240 US companies remain in SA, where total American investment is now about R3,2-billion - roughly half what it was five years ago.

still be available in SA and the companies may keep lucrative licensing arrangements with their former subsidiaries. Coca Cola drinks will also be available in SA after the parent company leaves.

Anti-apartheid activists have criticised such plans as "corporate shell games" which do not serve the key objective of depriving SA of important products.

Kodak chairman Colby Chandler cited weakness in the SA economy as the main factor in its decision to pull out, but added: "We have no doubt that the system of apartheid has played a major role in the economy's

underperformance." Analysts have estimated that Kodak has suffered a 40 to 50% sales drop during the past two years of severely depressed economic conditions in SA.

Chandler expressed disappointment at the pace of reform of the apartheid system.

"The implication of that situation is a degree of business risk which we do not consider prudent and thus we have concluded with reluctance that Kodak should withdraw from the troubled country," he said.

The company has about half the photographic film market in SA but probably no more than 10% of camera sales - dominated by Japanese and German makers.

Kodak employs 466 people in five SA cities. Sales in SA account for less than one percent of Kodak's world-wide operation.

The company's SA employees will receive a "generous separation package", including a year's severance pay for an employee with an unspecified average length of service, Kodak said.

Topping the list of US companies remaining in SA is Mobil, which employs over 3 000 people here. Mobil has refused to withdraw, saying it wants to work for change within SA. The oil company, the second largest in the US, is a member of the US Corporate Council on SA, a business group which believes US companies should remain. - Sapa

23/11/80 SENT TIME → (SA) (2) (62) (BB)

By JEREMY McCABE  
A SOARING Eastern Cape unemployment rate played a major role in ending the three-week-long strike at General Motors' Port Elizabeth plants.

And the decisive breaking of the strike this week was seen as a definite slap in the face of pro-disinvestment lobbyists and militant unionists.

The strike by more than 2 000 GM workers eventually broke down dramatically because their unions' bargaining power was far more limited than they had expected — largely because of the potentially disastrous unemployment position in the struggling region.

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GM management remained unmoved in the face of a list of demands arising from worker dissatisfaction about the manner in which the company had gone about ridding itself of its South African subsidiary.

The workers were aggrieved that they had never been consulted about GM's disinvestment move and sale of their local operation to a South African business consortium.

They complained that they felt their future was uncer-

# SLAP IN THE FACE FOR UNION MILITANTS AS DROVES OF JOBLESS SCUTTLE GM STRIKE

tain in the new company.

Among the demands made by the National Automobile and Allied Workers' Union (Naawu) and the Motor Assembly and Component Workers' Union of SA (Macwusa) were an optional refund of pension fund contributions and the granting of severance pay.

But GM could afford to resist worker pressure even though production suffered severely — if the motor giant's striking workforce no longer wanted to work, there were plenty of desperate, unemployed people who would

do anything for a job.

And the unemployed arrived in their droves ... ignoring thinly veiled threats by striking militants that "scabs" would be dealt with.

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Mr Dennis Brislin, manager of hourly personnel at GM, said his department had received more than 900 job applications since the start of the strike.

Many of these were from former Ford employees (who lost their jobs when most of the Ford company's activities were curtailed in PE)

and skilled motor industry labourers.

He said many unskilled workers had indicated that they would do "anything" just so long as they had work.

"The task of selecting the lucky few from the hundreds of hopefuls was not a pleasant one," Mr Brislin said.

Several recounted heart-rending stories about why they needed work.

One woman "begged to be allowed to sweep, clean or wash floors", saying her husband had been without work for 18 months and their little children were starving.

Another application had come from an entire unemployed family of four.

"Fortunately, GM was able to hire the father and one of the sons," Mr Brislin said.

And yet another desperate applicant had even refused police orders to move away from the GM plant gates.

"He was so desperate that neither police orders nor fear of intimidation could move him."

In the face of this mass turnout for jobs, many striking workers suddenly realised just how precious those jobs were.

But the angry unions have contested the re-employment figures provided by management.

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At a fiery Naawu meeting held this week, the union's national secretary, Mr Freddie Sauls, said the union believed that 800 of its members were continuing with the strike.

He said during the meeting that a union delegation would meet Mr Bob White, GM's managing director, and advise him that striking workers "were not accepting their dismissal".

Several workers who had abandoned the strike action and who were present at the meeting were evicted amid shouts of "backstabbers and sellouts".

Unless demands are met

# GM workers will continue strike

GENERAL MOTORS workers resolved at a mass meeting yesterday not to return to work until the company comes forward to negotiate over workers' demands on severance pay and pension fund contributions. And, they added, when they do eventually return, the 567 dismissed after refusing to vacate the plant last week must be included.

In a further blow to hopes for an end to the strike, National Union of Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas said yesterday it seemed that a dispute would arise concerning the terms of reference of the arbitrator.

## Arbitration

He was referring to GM's statement that the strike was "senseless", because it had been agreed to refer the dispute to arbitration. Because of the possible secondary dispute, the question had not yet arisen, he said.

According to Kettledas, the meeting also approved of a campaign by

ALAN FINE and Sapa

the GM support group — formed last week — to "clarify the issues in dispute to members of the community." One effect of this would be to convince job-seekers not to take strikers' jobs.

## Townships

Sapa reports Naawu general-secretary Fred Sauls as saying: "If we still don't succeed, we'll have to look at GM vehicles in our townships. It is up to the workers to decide if they want to see a GM product in the townships."

Meanwhile, women and white-collar workers were operating the assembly line, finishing jobs which had been abandoned by strikers, GM managing director Bob White said yesterday.

"We will make vehicles with or without the unions. The enthusiasm and desire to get the job done is now stronger than it has been for the last six months," he said.

## Business Report

# Sullivan predicts business exodus

62  
GM-7/15/86 24/11/86

RIVERSIDE, California. — The Rev Leon H Sullivan, the author of a code of ethics followed by some US businesses in South Africa, has predicted an exodus of those businesses unless SA dismantled apartheid.

Sullivan, a General Motors board member who devised the "Sullivan Principles" of conduct for US businesses in SA, said at the weekend that if apartheid was not ended by May 31, 1987, he would call for total withdrawal of American business.

When the Sullivan principles were adopted in 1977, there were 12 corporate signatories. Now there are more than 187.

### Recommend disinvestment

Sullivan said managers of pension funds, school funds and other sources that had a total of \$50 billion invested in US companies that do business in SA had agreed to follow his recommendations regarding those investments.

The Baptist minister from Philadelphia told a news conference that he would recommend disinvestment from those US companies that stay on in South Africa unless apartheid was dismantled.

Sullivan, who organized consumer boycotts in the 1960s with the Rev Martin Luther King Jr, also said he was "concerned" his company had used police guard dogs and whips to suppress a strike at a GM plant in SA and about company plans to sell its interests in that country next year to local investors headed by white GM managers.

On October 20, acknowledging its efforts to promote change had failed, GM said it would pull out of SA by year's end and sell its auto assembly operations there.

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# Kodak products feel the wrath of the consumer

## Mercury Reporter

KODAK products are being shunned in Durban because of the North American company's decision to totally withdraw from South Africa, according to local dealers.

One dealer said anti-Kodak feeling in the past few days had been so strong he did not think it would be worthwhile investigating the importation of Kodak products through the 'back door'.

Photoworld director Tony Girling said his company had just sent back a consignment of 35 mm cameras imported for the Christmas season.

'We felt it would be inappropriate to carry them because of warranty problems. But aside from these problems, there is certainly something of an antagonistic feeling towards Kodak products!'

Mrs Nancy Butcher, director of Spectrum Photo Service, said:

'There is a customer at the counter right now who says he will never buy Kodak again.'

There had been similar feelings expressed by other customers, she said, 'but none quite so adamant as this particular person'.

Mr Jeremy Whysall of Whysall's Ltd confirmed that there was 'a bit of a consumer boycott'.

## Choice

Although some people had bought up large stocks of film for future use, he said, others had said that they would buy alternative film rather than Kodak.

'If people have a choice they would usually have taken Kodak. But I think they are more easily swayed to take something else now.'

Mr Naresh Modi of Modisons Photographic said he thought the boycott of Kodak products had not been very significant.