FOREIGN TRADE

6-1-80 - 28-3-80

Pik outlines SA's Africa trade policy

Rdm 29/8/80

SOUTH AFRICA believed in free trade and remained willing to assist other African countries, the Minister of Foreign Affairs, Mr Pik Botha, told the United States television network, ABC, yesterday.

"There are circumstances, I must add, when perhaps we would not hesitate to stop trade, but those circumstances have not yet arisen as far as Africa is concerned," he said.

A transcript of the interview was released by the Department of Foreign Affairs in Pretoria yesterday.

Asked whether South Africa would ever use food as a weapon in the way the Oil Producing and Exporting Countries (Opec) did, Mr Botha replied: "I do not think that my Government shares that point of departure, or that it would easily decide to do that, because we are aware of the tremendous problems facing Africa today.

"We are a part of this continent, so we take no pleasure in Africa's poverty and that is why we are ready to play our role to the full extent to assist African countries — only so many misunderstandings seem to hamper this attitude of ours from full application."

Asked what he meant by misunderstandings, he said: "Well, you know how my Government is portrayed in the outside world, in the United Nations, the Organisation of African Unity.

"It has become an institution, the anti-apartheid movements have become institutionalised . . . it has become a lifestyle to be against South Africa.

"But, of course, as Churchill used to say, you cannot take sides against arithmetic and the arithmetic is that although we are only 6% of Africa's population, we generate 50% of its electricity, we have 74% of its electrified railway tracks, we have 42% of all motor vehicles, 35% of all the tracks, 48% of all the tractors; we produce 93% of all the newspapers and books in Africa; 90% of all our people are literate, as against 30% in Africa."

Asked whether he thought the food trade could buy time for South Africa or could minimise attacks by black states against South Africa, Mr Botha replied: "So far it has not, because we find in practice that, despite the trade, elements within the OAU and UN simply continue their vendetta and campaign against South Africa.

"But if trade restrictions and boycotts are imposed on South Africa, certainly the whites of this country will not be the first and only ones to suffer. Africa — and a large part of Africa — will be dealt a severe blow."

He was asked whether it was not ironic that the black states had called for a boycott of South Africa yet were buying food from it.

He said black African states could not be blamed for seeking assistance where they could, particularly since the US and the West had not provided adequate aid.

"Take Zimbabwe . . . it is a fact that the US Government in the past implied that should majority rule be introduced in Zimbabwe, there would be large-scale assistance.

"I differ from Mr (Robert) Mugabe in many respects, but I think on this subject he is right. The US is not putting its money where its mouth was in this respect."

The questioner asked whether one of the long-term objectives of South Africa's food trade with the rest of black Africa was not to gain leverage, to make it hard for them to continue to criticise South Africa or to harbour guerrillas fighting the Government's rule.

Mr Botha said: "I think it will be counter-productive for us to do that because in the first instance they will clearly see through it. So it can hardly be a tactical move in that sense.

"I would rather hope that they would come to the realisation themselves, openly, in their own interest, and see that we are sincere in wishing to be accepted as an African nation assisting Africa in her own right." — Sapa.

(74)

Uranium: a decade of fuel for Taiwan

RDM 17/3/80

TAIPEI. — Taiwan's uranium deal with South Africa would meet her nuclear fuel needs up to 1990, officials of the state-owned Taiwan power company, Taipower, said at the weekend.

Taiwan signed a contract to buy 4 000 tons of South African uranium ore in Johannesburg on Friday during the visit by the country's Prime Minister, Mr Sun Yun-Suan.

The officials said that with the purchase of the ore, the company's nuclear power plants would have no worry about the supply of fuel till the end of the decade.

At present, Taipower has one nuclear power plant in operation. Its uranium fuel is supplied by the United States.

Taipower is expected to have four nuclear power plants operating by 1990.

Meanwhile Mr Sun visited the Sasol Secunda works in the Eastern Transvaal over the weekend. He said afterwards that the success of the oil from coal project was important, not only for South Africa, but for the world.

In a television interview, Mr Sun said he had been very impressed with what he had seen. The Sasol visit was one of the highlights of his visit to South Africa.

Today, Mr Sun will begin a three-day visit to Malawi, the Malawi Foreign Ministry announced at the weekend. — Sapa-Reuter.

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UCT

EXCHANGE CONTROL—FURTHER RELAXATIONS

I should also like at this juncture to make a few announcements on the further relaxation

Hansard
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74
25/2/80

of our exchange control policy. Hon. members will recall that on a previous occasion I mentioned that, in addition to the relaxation of a number of restrictions such as travel allowances, capital transfers and so on, it was still necessary to ensure that the remaining measures were effectively applied. For this reason a start was made some time ago by stationing specially trained exchange control officers at Jan Smuts Airport. These officers are in the employ of the Railway Police, and although everything is not functioning smoothly yet, we hope that the position will soon be satisfactory so that passengers will not be unnecessarily inconvenienced. A marked improvement at the checking-in and other passport and customs formalities is already evident and the new procedures will definitely benefit passengers.

In the meantime, as part of the effort to simplify exchange control administration, new forms A and E have been in use since 1 February this year. Although certain information not previously requested is required for identification purposes and the limit is slightly lower, these forms will facilitate the mechanical processing of the data considerably, and I should like to express my thanks to the banks and users of the forms for the excellent co-operation we have received so far.

In accordance with the policy of gradual relaxation of control I should like to announce two further measures. Firstly, hon. members will recall that in my budget speech on 30 March 1977 I announced that in order to protect the balance of payments and to rectify certain defects in exchange control, it was necessary, *inter alia*, to place a restriction on the right of emigrants to receive abroad the full income earned on their South African assets. This limit was fixed at R100 000 per family unit per annum. I have now given my approval for the limit to be lifted entirely and for all emigrants, former as well as prospective, to be permitted to transfer abroad the full income earned on their local investments after 1 January 1980 subject, of course, to the normal exchange control procedures.

Secondly, I should like to announce a relaxation which could be of great benefit to our exporters. Hon. members will recall that it was recently made known that, in view of the continued improvement in the current account of the balance of payments, it had been decided, subject to certain conditions, to exempt local banks from Exchange Control Regulation 3(1)(f) in so far as it relates to local loans to non-residents and non-resident controlled South African companies in respect of the discounting of Bills relating to imports to and exports from South Africa.

Up to the present exporters have been allowed to grant foreign buyers a maximum of six months' credit, while importers could accept up to 12 months' credit without the prior approval of the S.A. Reserve Bank. This stipulation will now be relaxed and authorized foreign exchange dealers will henceforth be permitted, without prior reference to the S.A. Reserve Bank, to authorize individual exporters to grant up to 12 months' credit to foreign buyers, provided the bank in question is satisfied that the longer credit period is necessary in the specific trade, or that it is necessary to protect an existing export market or to break into a new market. It will also be possible to cover the attendant forward exchange risk for the full period.

Exporters are, however, reminded that the regulation requiring that any foreign exchange received by them abroad must be sold to an authorized dealer within seven days of receipt, remains unchanged.

I am fully aware that because interest rates in South Africa are at present considerably lower than those in the USA and the United Kingdom, these concessions, and also the technique of discounting foreign trade bills in the local money market can potentially cost us a great deal in foreign exchange reserves. In my opinion this is in fact one of the major reasons why our foreign exchange earnings did not increase as much as one would have expected during the past year in view of our increased gold earnings, but this should not be any cause for alarm. Firstly it helps in the mopping up of excessive local liquidity in the money market and, secondly, as soon as South African and overseas interest rates move closer together again, there will once more be a natural tendency to switch from domestic financing to external resources.

In any event, Mr. Speaker, we shall watch the situation very carefully.

Hon. members will recall that in November 1978 a commission was appointed under the chairmanship of Mr. H. J. D. van der Walt, M.P.—in the place of the Mostert Commission—to direct its attention to malpractices in the fields of exchange control and taxation. Some exchange control matters involving public funds were also investigated by the Pretorius Committee and the Erasmus Commission.

In the interim the De Kock Commission submitted its interesting interim report on exchange rates in South Africa, and its recommendations were accepted and a considerable number of important proposals have already been implemented. In May and June last year far-reaching relaxations in exchange control were announced as a further step in the direction of a freer foreign exchange market. In addition Dr. G. W. G. Browne was requested to inquire specifically into the exchange control problems of the diamond industry.

During the past year, therefore, a considerable number of measures have already been put into effect by the authorities to reduce any incentives which may have existed for persons to commit exchange control offences. In addition quite a number of the members of the Van der Walt Commission had to resign owing to their being appointed to serve on other commissions as well as to their other parliamentary obligations, and it has become necessary for me to reconsider the constitution and terms of reference of the commission.

Consequently I have seen fit to ask two outside experts, viz. Dr. G. W. G. Browne and Prof. D. G. Franzsen, to furnish me with advice on this matter. Their recommendations were that—

(a) owing to the implementation of the recommendations contained in the interim report of the De Kock Commission, together with the considerable relaxations in exchange control already announced, and also to

(b) the fact that the making of suitable suggestions on counteracting malpractices in the foreign exchange trade and the prevention of tax evasion requires extensive knowledge and practical experience,

they strongly recommended that, instead of a parliamentary commission, a technical committee be constituted to direct its attention to exchange control malpractices. The De Kock Commission will see to the incorporation of general exchange control policy into all the other economic and financial instruments of policy, but many technical aspects remain which fall outside the ambit of the De Kock Commission and these could preferably be dealt with on an on-going basis by a small technical committee.

I have accepted this recommendation and I should like to express my gratitude to the chairman and members of the Van der Walt Commission for the work already done in this connection. All relevant documents will be submitted to this new Technical Committee on Exchange Control. At present I am giving attention to the constitution of this committee and I shall make an announcement in this regard soon.

EXTERNAL INVESTMENTS

7+

FM 1/2/80

Opening floodgates

As the price of gold hovers around $700 an ounce, Pretoria policymakers must be hard at work on contingency plans to protect the economy from a rising swell of liquidity. Left uncontrolled, it could rise into a tidal wave capable of sweeping domestic prices to unprecedented heights.

The size of the problem is easily illustrated: an average gold price last year of $300 produced gold earnings of about R6 000m and was a major contributor to a trade surplus of R3 000m.

If the average gold price this year is $600, gold earnings will be about R12 000m and — as the prices of other hedge mineral and metal exports are also likely to rise — who knows what heights the surplus could reach.

In the longer run government policy must, of course, be aimed at turning this bonanza into employment-creating fixed investment. But that does not reduce the immediate need to defuse a potentially explosive build-up of liquidity in both the private and public sectors.

As the *FM* has pointed out before, if the rand is simply allowed to appreciate rapidly to reduce this inflow, the short-run rise in export prices will price agricultural and secondary industry production out of world markets. As these sectors have the most immediate potential for creating jobs, the number of unemployed blacks could in the event actually increase.

The *FM* believes that any contingency plan must include to some degree an appreciation of the rand and a progressive reduction of exchange controls. But there is another possibility, one which is finding increasing support among local bankers, short as they are of borrowers.

It is to allow banks to place short-term deposits abroad through the purchase of certain prescribed securities, while simultaneously increasing the banks' supplementary liquid asset ratio requirements and broadening the definition of the latter to include the securities in question.

There is no doubt that banks would jump at the opportunity to earn about 14% on US Treasury bills while local ones are yielding only about 4,2%.

As US Treasury bills can be bought in varying maturities and are extremely marketable, the authorities could at short notice force a return flow should the gold price take a sudden plunge.

There is yet another advantage. With the supply of liquid assets, which are mainly local official securities, supplemented from abroad, the Treasury need not borrow short-term at all this year. It does not need the money and the banks would not be starved of this type of asset. The Treasury could then concentrate, after reducing taxes, on funding government expenditure by marketing long-term securities, which is a powerful means of reducing the money supply.

As banks would need to cover forward these foreign positions, and as their returns on these investments would be relatively high, they would probably need to be excluded from the present system whereby exporters can sell dollars forward at a 2,5% advantage.

Instead, capital exporters could be made to pay a much higher price for forward cover and the proceeds therefrom be used to offset past currency losses.

The net result of these measures, in the circumstances envisaged, should prevent domestic interest rates from collapsing altogether and fanning demand inflationary pressures.

As this is a measure that could easily be reversed, precipitate implementation need not be feared and, in fact, if taken would free policymakers to develop longer term strategies aimed at ensuring the sharing of this prosperity by all races.

Of course, much depends on the view taken by the authorities on the average gold price. But certainly if it should show signs of remaining above $600 an ounce then perhaps exporters, too, ought to be allowed to hold foreign deposits to cushion them from an appreciating rand.

Now that the seasonal outflow of dividend payments is out of the way and the cash content of the reserves should stabilise, perhaps Church Square will be more amenable to arguments such as these.

Taiwan to buy SA maize

74

25/2/80

TAIPEI — Taiwan's maize importers have decided to buy 590 000 tons of maize from South Africa in the 1980 CRV year, according to the Maize Importers' Joint Committee (MIJC).

Shipments of the maize will begin August and continue for 10 months. The purchase plan has been submitted to the Board of Foreign Trade for approval.

Local maize importers had previously negotiated with South Africa for the import of 600 000 tons of maize in the 1980 crop year. But as there is a glut on the domestic market, they decided to cut the import volume, MIJC said.

MIJC said that 50 000 tons of maize would be loaded in both August and September, 30 000 tons each month from October through December and 80 000 tons each month from January through May. — Reuter.

The agricultural departments make an important contribution by means of their crop and livestock estimating services. With more knowledge of expected production and disposal data, solutions to a problem which are at present sought mainly in increased control measures, may possibly be provided to a large extent by judicious planning of production and/or marketing. In addition to prices and production costs, the quality of the products marketed is also an important factor in determining the income of the producer; and in this connection the inspection and grading services provided by the agricultural departments constitute an important contribution. In view of the fact that exports of agricultural products amounts to R995,2 m (7), these services are of considerable significance.

Ad hoc assistance

Under this heading is included assistance to farmers who find themselves in difficulties as a result of temporary conditions such as droughts and floods. When drought conditions reach such proportions that farmers are compelled to move their livestock in order to obtain grazing elsewhere, or to buy feed to maintain their stock, reductions in transportation costs of livestock and fodder are granted to farmers in the stricken areas. The State may even contribute towards feed costs in badly stricken areas. This emergency assistance is over and above the loans granted by the Department of Agricultural Credit and Land Tenure for the purchase of feed, hiring of grazing, and the purchase of means of production such as fuel and fertilizers mentioned earlier in this paper.

(72)

CHAMBERS OF COMMERCE (74)

Forging links

FM 28/3/80

Now that the SA-Taiwan chamber of commerce has come into existence, it is the seventh of this type of trade organisation. It set the *FM* wondering about their efficacy.

Safto chief executive Wim Holtes is adamant that they "offer an excellent opportunity for social interchange between members." It is difficult to assess how many trade contracts are directly attributable to a chamber's efforts, but he believes their value lies in securing introductions with prominent businessmen at home and abroad.

Safto's Holtes . . . the value is in the introductions

Three of the bilateral chambers quizzed by the *FM* claim the job is being well done. Deputy manager of the SA-German Chamber of Commerce, Herbert Weicke, maintains his chamber promotes commerce in both directions, embracing investment, know-how, information and assistance in establishing trade agreements. The chamber operates on a budget of R300 000 a year, employs a staff of 15, and maintains a file with the names of SA representatives for 6 000 German firms

Clark Else, executive director of the US-SA Chamber of Commerce, is more diffident about his chamber's achievements. However, he notes that it has produced "tangible results" in maintaining and possibly expanding trade between the two countries. It was originally feared that US Regulation 175 (prohibiting the sale of US goods to the SA police and military) would inhibit growth in trade between the two countries. But this has not been the case, he says.

Hennie Wiehahn, chairman of the SA-South American chamber, says his organisation has succeeded in establishing valuable contacts, and has compiled a considerable dossier of information. Last October, the chamber organised a successful five-nation trade mission to South America, and later this year it has plans to organise a trade fair in Argentina.

The SA economic upswing, coupled with fewer import embargoes and a widespread lowering of tariffs, has encouraged demand, especially for consumer and luxury goods, he notes.

Four of the six existing chambers have been established since 1977. The US and Belgian Chambers date from 1977 and enjoy a total membership today of about 250 and 200 firms respectively. Last year saw the beginnings of French and South American Chambers, which claim support from 40-50 companies each. Both chambers have high hopes of expansion. In the past year, the Israeli Chamber has grown by 41 to a total of 293 supporters. The older-established German Chamber, founded in 1947, has a total membership of 650.

How effective the newcomers will be remains to be seen, but for the present membership is growing and no obvious disillusionment is manifest.

France accused of SA arms deal

ARGUS 26/3/80 (74) ~~280~~

Argus Correspondent

PARIS. — The French Communist Party yesterday accused President Giscard D'Estaing of collusion with Pretoria in enabling South Africa to send to Morocco armoured vehicles built locally under licence from France to fight Saharan nationalists.

And it charged that Moroccan King Hassan's current visit to Paris was undoubtedly to seek more aid for his war in the Western Sahara.

In spite of Pretoria's earlier denial, the official communist newspaper L'Humanite, yesterday repeated the charge that 'the racists of Pretoria delivered to Hassan two armoured cars made under French licence,' and said these were delivered to Kourribga base on December 25 and 26 last year.

OFFICERS

It said Morocco had received MK-5 and MK-6 South African-made models of the French Panhard AM190 armoured vehicles, which had been accompanied by eight South African officers.

The men were to instruct Moroccans in using the vehicles which had some characteristics which differed from the French AM1-90S.

The communists said photographs had been taken of the two South African models during the battle of Ouarkziz early this month which showed some South African markings on the equipment and traces of effaced markings.

Ignition keys also carried the word 'South Africa' on them, the communists said, adding that Moroccan prisoners confirmed that orders had been given to obliterate markings showing the origin of the war material.

STU13-9

15016 B.A./LL.B.

EXAMINATION RESULTS IN FACULTY ARTS

YEAR : 1

AS AT 29 02 80

PAGE 1

15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~154230R~~	~~ARP~~	~~HANS-ERIK~~	~~105105~~	~~LATIN ELEMENTARY~~			~~1~~	~~154230R~~
157795R	BARRETT	MICHAEL CONRAN	117101	POLITICAL SCIENCE I	UP	(59)	1	157795R
~~153562Q~~	~~BUCHINSKY~~	~~GLENN BRUCE~~	~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(50)~~		~~153562Q~~
156581X	CONFN	PETER DAVID	117101	POLITICAL SCIENCE I	UP	(57)	1	156581X
~~155002F~~	~~CURRAO~~	~~IVOHAN~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		~~1~~	~~155002F~~
157855G	DE KOCK	RODNEY JAMES	105105	LATIN ELEMENTARY	UP	(56)	1	157855G
~~154395H~~	~~DREYER~~	~~NADINE~~	~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(59)~~	~~1~~	~~154395H~~
			102101	AFRIKAANS	F		1	155823Y
			~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(56)~~	~~1~~	~~154196G~~
		EL	105104	LATIN I	F	(31)	1	158314F
			~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(50)~~	~~1~~	~~156503E~~
		UL	107101	ENGLISH I (PRE-1980)	2-	(64)	1	038176R
		~~JUSTIN~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		~~1~~	~~115449N~~
		STUART	117101	POLITICAL SCIENCE I	UP	(55)	1	159727K
			~~117101~~	~~POLITICAL SCIENCE I~~	~~F~~	~~(47)~~	~~7~~	~~162529M~~
		CHARLES	105105	LATIN ELEMENTARY	ABS		1	161080M
			~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(51)~~	~~1~~	~~157638W~~
			105105	LATIN ELEMENTARY	ABS		1	155155X
			~~102101~~	~~AFRIKAANS~~	~~F~~			~~156583Z~~
		ER	102101	AFRIKAANS	UP	(50)	1	153752X
			~~103202~~	~~ROMAN LAW & JURISPRUDENCE IF~~		~~(49)~~		~~158337F~~
			105104	LATIN I	F	(34)	1	154745B
			~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(59)~~	~~1~~	~~156056B~~
			105104	LATIN I	UP	(50)	1	154272M
		ER	~~105104~~	~~LATIN I~~	~~UP~~	~~(50)~~	~~1~~	~~154933E~~

STAR 26/3/80

(94) (280) ~~337~~

US company admits arms deal with SA

WASHINGTON — A Vermont firm and its two chief officers pleaded guilty yesterday to shipping illegally ultra-long-range artillery shell casings and other arms to South Africa.

The Attorney-General, Mr Benjamin Civiletti, said the pleas had been entered after a plea-bargaining agreement between the Government and the defendants.

An attorney, Mr Jerome Niedermeier, said the case was still under investigation.

The State Department's Office of Munitions Control will not grant export licences for armaments for South Africa.

The defendants were Space Research Corporation US, now known as Sabre Industries of North Troy, Mr Gerald Bull, the firm's president, treasurer and principal scientist, and Mr Rodgers Gregory, the company's secretary and chief operations officer.

The first count charged that the defendants exported without a licence two 155-mm gun barrels, 30 000 155-mm extended-range projectile forgings and one radar tracking system comprising of two vans.

The government said the shipments were made between April 7 1976 and September 10 1978.

In his book "In Search of Enemies," former CIA officer John Stockwell said that in October 1975 the South Africans asked the CIA station chief in Pretoria for shells for their 155-mm howitzers for use against Cuban troops in Angola. Mr Stockwell said the request was rejected by the US government.

Exporting arms without a licence carries a maximum penalty of two years in prison and an R80 000 fine.

Canadian television journalists have probed the activities of Space Research Corporation for years.

Their programmes showing details of how the company used extensive cover-ups to break the arms embargo have been seen in millions of homes in Europe and America. — Sapa-AP.

UCT

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

17300 HIGHER DIPLOMA IN LIBRARIANSHIP YEAR : N/A 17300

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL
0435120	MAURICE	MARY-ANN	111742	BOOK SELECTION	

* TOTAL NUMBER OF STUDENTS 1

DEAN

74

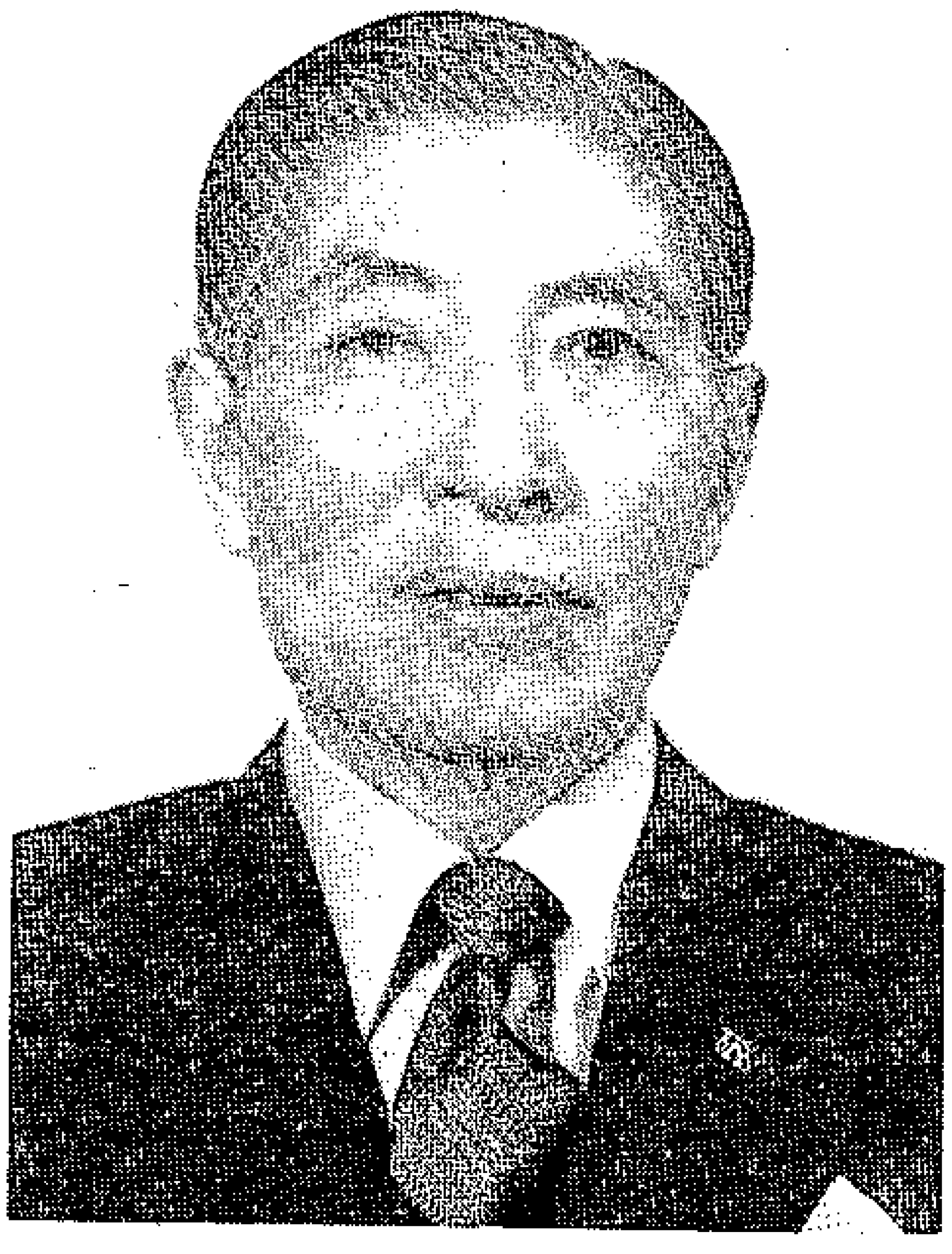
SA-TAIWAN TRADE

Creating the climate

FM 28/3/80

Two-way trade between SA and Taiwan is set to expand sharply. So says Taiwan's Minister of State Li Kwoh-ting. He should know.

Not only is he the man regarded as the architect of Taiwan's rapid economic development that boosted industrial production by an average 15,3% a year from 1969 to 1979, but he also made his forecast after wide-ranging talks in SA with government, commerce and industry, and after negotiating a trade agreement.



Taiwan's Li . . . trade set to grow fast

Not that the South Africans disagree. H J (Mac) can der Merwe, recently elected chairman of the South African-Republic of China (Taiwan) Chamber of Economic Relations, says the political climate between the two countries is extremely favourable for a trade take-off.

"It is now up to the private sector to make use of every possible opportunity available for an improvement in two-way trade," he says. Li's sentiments are similar.

Indeed, if private enterprise does not make the most of this opportunity, it will be no fault of the two governments. Together, they have worked to remove barriers and create incentives that make it far easier for business to capitalise on the potential.

One of the ways they did this was for Li — who accompanied Taiwanese PM Sun Yun-suan on his week-long stay here — to stay on a week longer to have discussions with South African businessmen. But, Li is quick to emphasise, government can only create a climate. In a free-enterprise system, it must be left to the businessmen to take the final decisions and to initiate the action. "Eighty percent of our investment is private," he tells the *FM*. "And, at present, 98% of our industrial exports are private."

One of the specific ways the governments have sought to create favourable conditions is the signing of a trade agreement to remove tariff and non-tariff barriers. Van der Merwe tells the *FM* he believes it will contain a large number of tariff reductions, while Li says it will remove trade barriers on 339 items.

Another recent development is an air agreement to facilitate two-way travel between Taipei and Johannesburg. A navigation agreement will improve the carrying of cargo by sea between the two countries, while another agreement will increase scientific and technical exchanges.

Plenty of scope

Although two-way trade grew from R9m in 1971 to R120m in 1978. Taiwan's trade with SA last year was below 1% of its total foreign trade and was simply listed under "others" (even tiny Panama did better). At present, main exports from Taiwan to SA are machinery and electrical equipment (R9,1m in 1978), textiles (R7,4m), and footwear and umbrellas (R6,5m).

Both Taiwanese and South African spokesmen are hesitant to forecast exactly what types of goods will be traded in future and what the extent of the trade could be. But they explain that the countries tend to complement one another rather than compete on world markets.

Van der Merwe points out: "Taiwan is basically a country hungry for raw materials while SA is a developing exporter in a number of fields. There is no reason why we cannot expand the export to countries like Taiwan of semi-processed raw materials."

But, he adds, the newly-established chamber — formed at a meeting at the Rand Afrikaans University last week, six weeks after the idea had been conceived by a group of businessmen — will analyse the situation and set as its first major aim the identification of fields that can be exploited.

As the moves towards improving two-way trade gained momentum, the establishment of the chamber in SA was followed this week by the establishment of the Council for Sino-South African Co-operation in Taiwan. A mission from the Importers-Exporters Association of Taiwan will visit SA from April 7-12. And, in November, a South African trade mission will visit Taiwan.

The trade will tend to lean in SA's favour (in 1978 the balance was R50m in SA's favour) because of Taiwan's need for massive supplies of raw materials (the countries signed a R325m uranium agreement last week for Taiwan's nuclear power stations). But Li hopes that this will be reduced as Taiwan exports more of its manufactured goods to SA.

Part of the motivation behind these moves is the realisation that both are small nations that have become the butt of both West and East. Li's advice to SA is to face the world aggressively. "Our government has a sound policy of trying to devise ways of coping with extraordinary circumstances and adverse conditions," he says.

Mauritians satisfied with talks

By MICHAEL ACOTT

A MAURITIAN GOVERNMENT delegation said yesterday they were highly satisfied after talks on trade, financial assistance and disaster relief with South African cabinet ministers.

The delegation, which includes two Mauritian cabinet ministers, came primarily to discuss tea sales to South Africa, which have dropped sharply with increasing tea production in the Transvaal.

A number of other matters were also raised, particularly assistance and relief after the devastation caused to the tiny Indian Ocean island by four cyclones and a flood in the past three months.

The delegation held talks in the City yesterday with the Foreign Minister, Mr Pik Botha, the Minister of Finance, Senator Owen Horwood, and the Minister of Commerce and Industries, Dr Schalk van der Merwe.

The Mauritian Minister of Housing, Mr Eliezer Francois, told a press conference that the discussions were "very friendly, very important and very fruitful".

He said his government had been promised financial assistance, but declined to disclose the amount.

Asked about recent Mauritian calls at the United Nations for sanctions against South Africa, Mr Francois said the issue had been "clarified" in discussions yesterday.

"Your ministers have been satisfied with the explanations we have given," he told journalists.

More friends than enemies

Noting that the UN ambassador was only one out of a population of nearly a million, he said South Africa had far more friends than enemies in Mauritius.

"Everything is being done at government level to see that nothing damages good and friendly relations with your country."

Asked if this attitude might cause problems for Mauritius at the UN and in the Orgnanization of African Unity, Mr Francois said: "I don't think so, otherwise we would not have come."

Cyclone damage had hit the country's roads, infrastructure and agriculture and destroyed nearly 3 000 houses. The delegation hoped to sign a contract for housing projects with a commercial firm in Pretoria on Monday, and had discussed lines of credit, loans and other financial assistance with the government.

The cyclone had also hit the Mauritian fishing industry. The Minister of Fisheries, Mr Iswardeo Seetaram, is the other cabinet minister in the delegation.

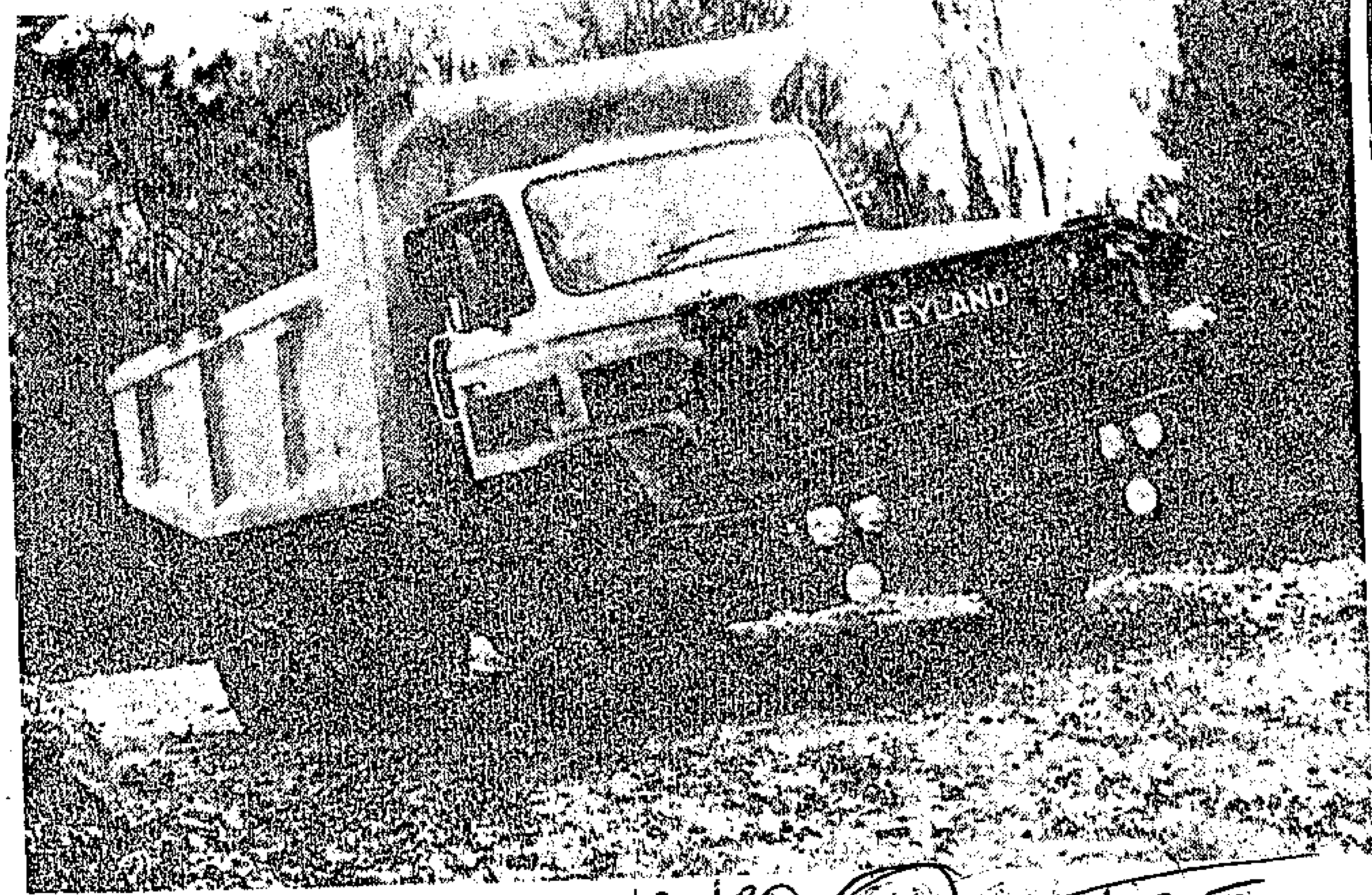
They are accompanied by a member of the legislative assembly, Mr Maurice Espitalier Noel, and the chairman of the Mauritian tea board, Mr Mohun Narain.

The delegation said they had found a quick and favourable reaction to their problems. They have had disucussions with representatives of the tea industry and leave on Wednesday after meeting the Sugar Association in Durban on Tuesday.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS PAGE 1

13020 BACHELOR OF ARTS YEAR : 2 AS AT 29 02 80 13020

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~1342047~~	~~ADAMS~~	~~FADLUNESSA~~	~~110202~~	~~HISTORY II~~	3	(52)	3	~~1342047~~
137452E	ALLIX	MARK LORAINE	104101	ARCHAEOLOGY I	ABS		7	137452E
~~140746K~~	~~[illegible]~~	~~ANDREW MICHAEL~~	~~107201~~	~~ENGLISH II~~	ABS		1	~~140746K~~
120414K	CONRADIE						7	120414K
138497D	DE VILLIERS							
136116W	ESAU							
136962X	ESSMANN							
~~111207C~~	~~FELLOAS-SMI~~							
113763F	FIELD							
137811V	GARSON							
~~113796K~~	~~GRAZIANI~~							
113526Y	HARPUR							
134419H	HAY-WHITTON							
098717B	HORWITZ							
139706E	HOUGH							
133266E	KOSCIUCH							
114692G	MAVRUS							
139615F	MAZEL							
132828D	MEYER	LEONARD HENRY	106202	ECONOMICS II	3	(50)	1	132828D
133615J	MILLER	DARLENE RUTH	101103	AFR LANG INTENSIVE (XHOSA)	F	(38)	1	133615J
133140T	OLIVA DAY	DIANA EMMA	107101	ENGLISH I (PRE-1980)	3NX		1	133140T
133546J	OMAR	ABDUL RASHIED	106202	ECONOMICS II	3	(52)	1	133546J



20/3/80 (74) CT

Landtrains for export

LEYLAND VEHICLES Ltd (LVL) have announced a new range of rugged bonneted truck models designed for Middle East, African, Latin American and Far East markets.

Called Landtrain, the new range is the only one from any European manufacturer to be designed specifically for these markets. It will be built at the Leyland Plant at Wolverhampton, and models will be exported either as complete vehicles or as components/sub assemblies for subsequent local assembly.

As South Africa is one of the countries to which BL exports trucks, the Landtrain should be seen here in the near future.

Offering 'European' standards of driver comfort and driver ease coupled with the essential features of high reliability and durability and ease of servicing and maintenance, Landtrain covers eight basic models with gross mass ranging from 19 to 65 tons. The eight models include both two and three axle derivatives for rigid vehicle (haulage/tipper), drawbar and articulated vehicle applications.

Five wheelbases cover the full Landtrain model range:

Landtrain models supersede the Leyland Super Hippo and Super Beaver, and they supplement the Marathon, Scammell LD55 and Scammell Crusader model in appropriate markets.

To ease model identifications in all markets, Landtrain trucks are distinguished by a four number code displayed on the cab door.

The first two digits in the code refer to the vehicle's solo gross mass and the last two digits to the first two figures of the gross power rating of the engine fitted to that vehicle.

The high comfort bonneted cab fitted to Landtrain is derived from that fitted to the successful Leyland 'G' cab truck range.

Available in either left or right hand drive forms, the cab is tastefully trimmed and it is equipped to the high standards expected for a 'European' truck.

Depending on model and market, Landtrain models are offered with either Leyland or Cummins naturally aspirated or turbocharged engines with outputs up to 216 kW (290 bhp). These engines are carefully matched to either Eaton or ZR gearboxes or, in the case of the higher output engines, to Fuller multi-speed gearboxes.

Drive line specification is topped-off by the Leyland hub reduction axle, which is specified across the board, with a choice of ratios to provide the desired performance.

Other notable features of Landtrain include: the frame which is based on that fitted to the highly successful Scammell Contractor; a full paint finish specification to minimize cab corrosion; and the fitting of many additional items such as radiator stone guard, wing mounted oil bath cleaner and full width brush guard as standard.

4 x 2 models for drawbar and solo haulage	5 880 mm
4 x 2 models for tipper operations	4 750 mm
4 x 2 models for Arctic operations	4 130 mm/4 750 mm
6 x 4 models for drawbar and solo haulage	5 180 mm
6 x 4 models for tipper operations	4 270 mm
6 x 4 models for Arctic operations	4 270 mm

Market potential

Landtrain production facilities have been planned to support an output of 4 000 trucks a year in a combination of fully built up units and component-/sub assembly kits.

Built-up units will be exported to countries such as Egypt, Jordan, Kuwait and Saudi Arabia with countries such as Nigeria, Sudan and Kenya using their own local facilities to assembly vehicles from kits.

Export sales revenue is expected to hit around R75-million a year with the highest sales potential being in Nigeria, Saudi Arabia, Sudan and the Arab Gulf States.

FAIR DEAL

Many of the products which fertiliser manufacturers claim are imported, thus forcing them to increase the cost of their product, are in fact exported in large quantities.

In 1979, fertiliser increased 14,1 percent in price. At the beginning of this year an additional 17,3 percent price rise was announced.

At the same time two Government-initiated inquiries are investigating the fertiliser industry and its pricing policies.

One, headed by Professor C Pistorius will complete its three-month investigation on March 28.

The other is a year-old investigation being conducted by the Competition Board.

The Fertiliser Society gave a variety of reasons for this year's 17,3 percent price increase.

First was the withdrawal of the Government subsidy which added 1,8 percent to the rise.

Fert
pher

Four percent of t
increase was attributal
to increased labour, el
tricity and transport cos
Dr H Luitingh director
the society said.
The remaining

Fertiliser	Imports '76 Rand value	Imports '78 Rand value	Exports '76 Rand value	Exports '78 Rand value
Ammonia and nitrogenous	R 3504639	R 726903	R1510714	R15085179
Phosphatic or Mineral fertilisers	R14284730	R18370734	R7436433	R 4957246
Other fertilisers including those packed for retail sale	R 223618	R 273932	R 170202	R 197260
Total	R18012987	R19371569	R9117349	R20239685

Figures supplied by the Department of Customs and Excise, Pretoria.

Taiwan and SA sign air pact

74
RDM 18/3/80

Staff Reporter

SOUTH Africa has signed an agreement with the Republic of China (Taiwan) to introduce a national airline service between the two countries by the end of this year.

The Prime Minister of Taiwan, Mr Sun Yun-Suan, revealed this at a Press conference at Jan Smuts Airport yesterday before leaving South Africa after an eight-day visit.

Mr Sun said his government would have to establish refuelling stops before an air link was possible, "but our target date for the service to be in operation is the end of 1980".

As Mr Sun and his party left yesterday for a three-day visit to Malawi, observers concluded he would negotiate with Dr Hastings Banda's government for refuelling rights at Blantyre.

Five agreements were signed between South Africa and Taiwan — two dealing with the proposed air link; a taxation agreement to ensure, among other matters, that businesses operating in both countries will not be subject to double-taxation, and two covering the exchange of scientific and technological data.

The CSIR and the Taiwanese National Science Council would co-operate on "joint projects", which Mr Sun did not name.

South Africa is to supply the Republic of China with 4 000 tons of uranium — worth about R330-million — that will meet its nuclear fuel needs until 1990.

The Prime Minister, Mr P W Botha, and a trade mission from this country will visit Taipei, the Republic's capital, later in the year.

Thanking Mr Sun for his visit, Mr Pik Botha said the Republic of China was an example to the free world in its resistance to the forces of communism.

Mr Sun said he had been impressed by the manner in which the South African people "in the present confusion, have seized every opportunity to press forward to make outstanding achievements".

His country, he said, could profit from South Africa's experience.

● Leaders of Port Elizabeth's Chinese community welcomed the announcement by Mr Sun that South Africa's 9 000 Chinese were to get a "new deal".

Mr Sun said detailed discussions had been held with the South African Government at which "assurances that the status of the Chinese community would be improved had been given". He was not prepared to ... further.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

10000 MISCELLANEOUS ARTS YEAR : N/A 10000

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	
~~152327Y~~	~~VAN DER MERWE~~	~~BARBARA LOUISE~~	~~911101~~	~~MATHEMATICS I M102~~	~~F (37)~~	~~152327Y~~

* TOTAL NUMBER OF STUDENTS 1

DEAN

REGISTRAR (ACADEMIC)

S A cash held in sequel to tank grab

13/3/80

74

~~73~~

Mercury Correspondent

PARIS — A French maritime firm has clamped a legal injunction on the Paris bank account of South Africa's Armscor, blocking about R800 000 claimed over the 'Astor arms affair'.

The 1 600 ton Astor called into Durban for fuel last October, and its cargo of 10 modern Soviet tanks, spare parts and 150 tons of ammunition for their guns, was seized by South African authorities.

The cargo had been sent by Libya in the Astor for Uganda's Idi Amin, but he had been overthrown by the time the ship reached Mombasa to offload the tanks.

The seizure is leading to friction between France, Libya and South Africa.

The managing director of the maritime freight company, Marseilles Fret, Mr Claude Vidil, told me yesterday: 'South Africa owes us a lot of money but is not paying up, although we consider it guilty of theft.'

Mr Vidil said his company suffered loss of the use of Astor while it was in Durban, and its Mediterranean ferry boat Lerove is being held in Benghazi by the Libyans who claim his company is responsible for the loss of the tanks and ammunition which they claim are worth R3,6 million.

He is seeking compensation from South Africa on both counts.

Mr Vidil explained: 'Armscor wrote to me last year agreeing that my firm was the innocent victim of the Astor's cargo. The letter explained that South Africa was endangered by developments in neighbouring countries and it needed arms. The letter said they would be paid for.'

Mr Vidil understood that the South African Government was prepared to pay R800 000.

The only payment that he had received, he said, was a cheque for R328 000 last year from a South African Embassy official in Paris, Mr Jordaan.

'But the money was solely for prejudice caused to the firm by loss of the Astor's services,' Mr Vidil said.

He is 'absolutely furious' over the behaviour of the South African authorities.

He said the Astor, after some weeks in Durban, was boarded at night by soldiers. Their action was 'theft'.

The Astor — at present in Singapore waters — is owned by a German shipping company and was hired by his company, which in turn subleased it to Libya. He had never seen the cargo personally but understood the tanks were modern.

Estimate

'Surely the price of a modern Soviet tank is known or can be estimated, and a total reached for 10 with spare parts and ammunition. I am sure that if the South African Government made a serious and honest offer to Libya it would be accepted, but R800 000 is not enough.'

It is presumed that a French Court permitted Mr Vidil to clamp an injunction on the Armscor bank account in Paris as the South African company has said in writing that it would pay him for the seized cargo.

Manganese prices below hopes

217 74

By ADAM PAYNE

IN THE annual round of negotiations for manganese sales some ore contracts have been signed in Europe at prices varying between \$1,60 a metric ton unit and \$1,76 a metric ton unit cif European ports.

The lower figure is for lower-grade ore and the higher figure for better grade.

According to London reports, the first business was quoted by Associated Manganese at \$1,69 a metric ton unit cif Rotterdam for lower-grade ore and \$1,72 a metric ton unit for higher grade, which sets a general price level lower than hoped for. RDM 14/3/80.

Dr J P Kearney, chairman of Samancor, says that Samancor has not closed any big tonnages in Europe, but he expects contracts to be concluded shortly at about \$1,75 a metric ton unit for major European ports which is in line with recently established Japanese prices where orders for large tonnages have been placed.

Dr Kearney says the figure last year was about \$1,38 a metric ton unit cif European ports and the increase to \$1,75 should cover the rise in freight rates.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 8

12010 LOWER DIPLOMA IN LIBRARIANSHIP YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION
~~140980P~~	~~BUHRING-UHLE~~	~~URSEL~~	~~118101~~	~~CULTURAL HISTORY OF W.E~~
159075H	ELEERS	CHARLES PETER	118101	CULTURAL HISTORY OF W.E

* TOTAL NUMBER OF STUDENTS 2

DEAN

UCT

74

TAIWAN

Closer links

FM 14/3/80

Two of the world's outcasts sought solace in each other's company this week. Taiwan premier Sun Yun-suan and a retinue of Ministers and senior officials flew into Cape Town's D F Malan Airport for top-level meetings with SA Prime Minister P W Botha and members of his Cabinet.

As Sun arrived in this country, he must have reflected on the similar situations in which Pretoria and Taipei find themselves. Both feel threatened by communism, both have been expelled from the United Nations, the Olympic Games and other world bodies; both have been disillusioned with what they see as US flirtation with communism at their expense and both are regularly pilloried in world forums. But both have also had rapid economic growth that has made them the envy of other nations and both consider themselves a part of the democratic, free world — even though this association is not always reciprocated.

Good-buddy

In Cape Town this week, the two leaders signed mutual accords for the establishment of reciprocal air services between Johannesburg and Taiwan, a navigation agreement and an agreement exempting the two countries from income tax on earnings derived from air transport. And they looked forward to continuing expansion in trade.

Although the good-buddy relationship has grown more intense in recent years as both countries have found themselves ousted on all sides, consular relations between SA and Taiwan go back decades. In 1976, this was raised to a full diplomatic relationship.

The more the two states have become "untouchables" in international eyes, the more the trade between them has grown. Between 1973 and 1978 it jumped by 37,5% a year and by last year Taiwan's exports to SA were worth some R63m and imports ran at R174m.

The countries have extensive business links, too. Trade unions, chambers of commerce, business agencies, financial institutions and exhibition sponsors all maintain close ties with Taiwan. A preferential trade agreement between the governments was signed on February 26 1975, while maize and fisheries agreements followed in later years. There is extensive two-way tourism.

Taiwan has concentrated on business links with SA and has avoided discussing embarrassing matters like treatment of Chinese people in this country, or anything dealing with racial politics. Taipei obviously prefers to remain good friends with Pretoria — it cannot afford to lose one of the few it has.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

14210 B.A./PERFORMERS DIP (SPEECH & DRAMA) YEAR : 1 14210

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
~~1523373~~	~~MAGUDLA~~	~~DUMILE~~	~~114126~~	~~DRAMA I~~	~~AHS~~	~~1~~	~~1523373~~
1523660	POGRUND	JENNIFER SOLANGE	115101	FRENCH I	F (45)	1	1523660

* TOTAL NUMBER OF STUDENTS 2

DEAN

REGISTRAR (ACADEMIC)

Taiwan signs SA uranium pact

(74) (313) RDM 15/3/80

Mining Editor

SOUTH Africa yesterday officially concluded an agreement with the Republic of China for the supply of 4 000 tons of uranium oxide over a six-year period, starting in 1984.

At a ceremony in Johannesburg, Mr L K Chen, chairman of the Taiwan Power Company and Mr D A Etheredge, president of the Nuclear Fuels Corporation and president of the Chamber of Mines, put the final touches to the deal worth an estimated R400-million.

Attending the ceremony was the Prime Minister of the Republic of China, Mr Sun Yun-Suan, who is on a visit to South Africa.

At the signing ceremony Mr Etheredge said: "We are all aware of the importance of guaranteed supplies as we look back to the undertakings that have not been honoured in recent times.

"We are determined, therefore, that those who buy uranium from South Africa shall have security of supply second to none."

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Never-

... also made clear that without progress toward full political participation, our relations will inevitably deteriorate, which is as much a statement of fact as it is of policy.

Incidentally, I believe this is a statement that to some degree accurately characterizes South Africa's relations with much of the Western world.

Unfortunately this basic policy attitude is easily misunderstood or misconstrued, as it depends on an ongoing assessment of trends and developments in the situation -- a process that is not limited to official policy makers, but includes the perceptions of many Americans who are influenced by the attitudes and actions of all kinds of South Africans themselves. Thus there is great interest in things like the reports of the Wiehahn and Riekert Commissions, but equal interest in the manner and degree of their implementation and, most importantly, how they seem to be received by the people most affected. The standards of judgment to be applied will not thus come just from outside but from reactions made evident among the many people of South Africa.

I will not try to catalog all the specific issues or policies that arise in U.S.-South African relations. Most people are aware of the U.N. arms embargo, for instance. But I would like to say a few words about our economic relations, which, along with deeply controversial subjects of American investments here, are the subject of frequent and intense debate.

Trade, except for certain restraints, particularly on U.S. exports for the South African Military and Police, is carried on under generally normal conditions, although we do not engage in trade promotion activities such as trade fairs or trade missions. I emphasize this because it is frequently assumed here that we are applying unfair pressures of one kind or another. Recent trade has in fact swung greatly in South Africa's favor, South African exports having risen from 840 million dollars in 19-5 to 2,260 million dollars in 1978. Some of this increase does include minerals of value to the U.S. and our industry, but by far the largest items are non-strategic -- Krugerrands and gem diamonds.

ST 13/3/80

74 217

SA in R350-m uranium deal

CAPE TOWN—Taiwan is to sign an agreement this week to buy 4 000 tons of uranium at a cost of about R350-million from South Africa, Taiwan Premier Mr Sun Yun-Suan said at a banquet in Cape Town.

The Prime Minister, Mr P W Botha, has accepted an invitation to visit Taiwan. No date has been set but Mr Sun said he hoped it would be before the end of this year.—Reuter.

SA, Taiwan to seal uranium deal today

(14)

DURBAN. — One of the biggest business contracts ever entered into by South Africa will be sealed today when the visiting Taiwanese delegation signs a contract worth R400 million for South African uranium.

"I think it is the most exciting thing that has happened to us during our visit to South Africa," said the Prime Minister of the Republic of China, Mr Sun Yun-suan, on his arrival in Durban yesterday.

"It sets the pattern for very fruitful trade links between our two countries."

He said the uranium would be used to feed Taiwan nuclear power stations which were under construction.

The contract would extend over four six years from 1984-1990. The amount of uranium involved would be more than 4 000 tons.

The Prime Minister arrived at Louis Botha Airport on a special South African Airways flight from Johannesburg.

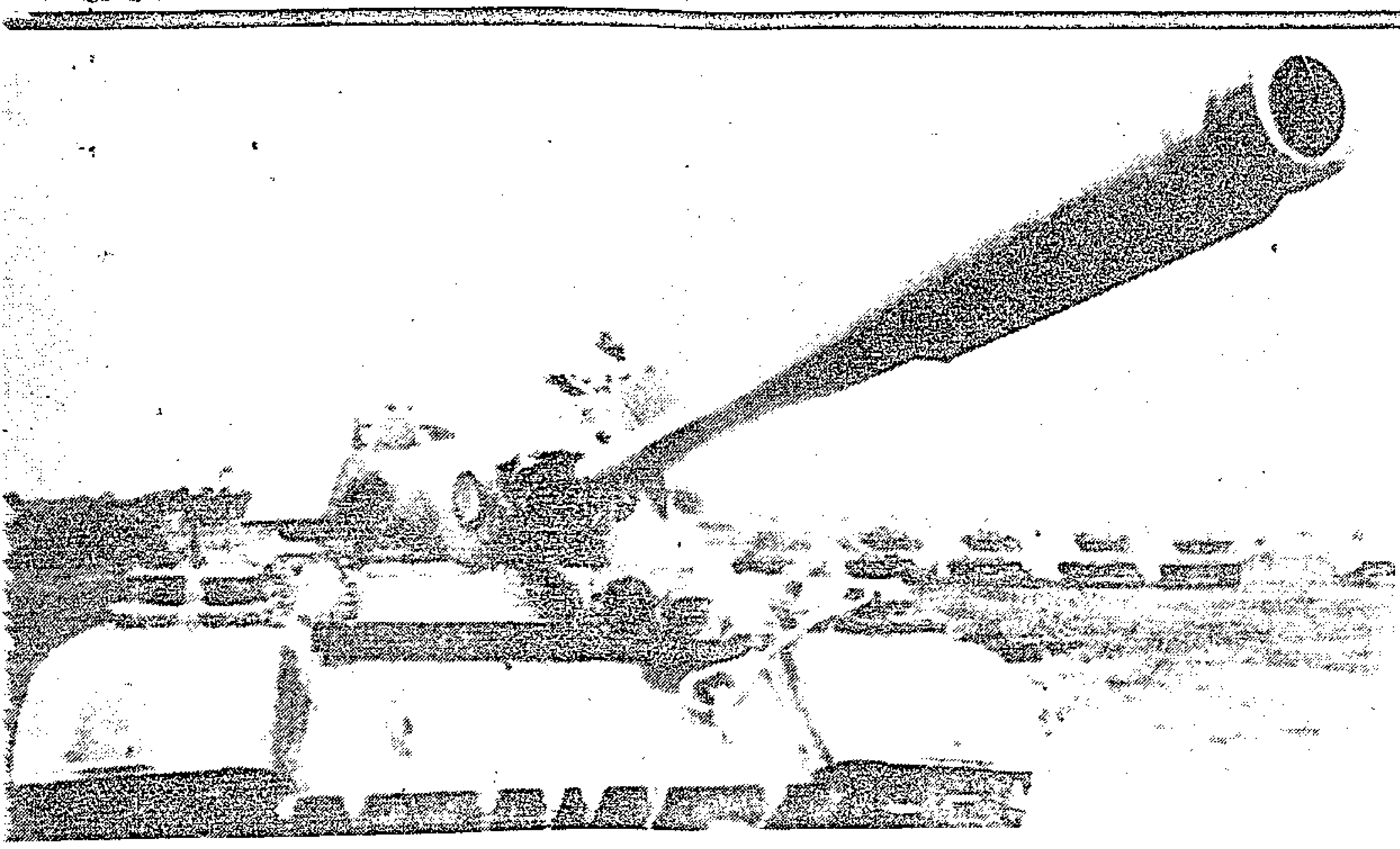
Amid strict security, he and his wife, as well as the rest of Taiwanese mission, were introduced to local dignataries, including the Administrator of Natal, Mr Stoffel Botha, the Mayor of Durban, Mr Haydn Bradfield, members of the Natal Provincial Council and South African Army and Navy chiefs.

A colourful touch of the Orient was lent by a group of local Taiwanese families neatly standing in rows and waving scarlet-and-blue Republic of China flags and carrying a red-and-gold banner welcoming the Prime Minister and his delegation to the city.

The tarmac reception was brief and within a few minutes of their arrival, Mr Sun Yun-suan and his wife were ushered into their car and whisked away at the head of a motorcade.

Today they fly back to Johannesburg for the historic signing of the uranium deal at which the South African Prime Minister, Mr P W Botha, will be present.

Confirming today's signing ceremony, Mr Reg Worrall, general manager of the Nuclear Fuels Corporation, said the deal had been under negotiation for several months. — Sapa



A Russian T55 tank photographed in Bloemfontein yesterday

[redacted]

Russian tanks: Move on Armscor

13/3/80

CAPE TIMES

(74) (284) (~~227~~)

Own Correspondent

PARIS. — A French maritime firm has clamped a legal injunction on the Paris bank account of Armscor blocking five million francs (about R800 000) claimed over the Astor arms affair.

The 1 600-ton Astor went into Durban for fuel last October and its cargo of 10 modern Soviet tanks, spare parts and 150 tons of ammunition for the guns of the tanks, was seized by the authorities.

The cargo had been sent by Libya in the Astor for Idi Amin of Uganda, but by the time the ship reached Mombasa to off-load the tanks, Amin had been overthrown.

The seizure incident is leading to friction between France, Libya and South Africa.

The managing director of the maritime freight company Marseilles-Fret, Claude Vidil, said yesterday: "South Africa owes us a lot of money, but is not paying up, although we consider it is guilty of theft."

Lerove

Mr Vidil said his company suffered loss of the use of the Astor while it was in Durban, and its Mediterranean ferry boat Lerove is being held in Benghazi by the Libyans who claim his company is responsible for loss of the tanks and ammunition which they claim is worth \$4.5 m (about R4 m).

He is seeking compensation from South Africa on both these counts.

Mr Vidil said: "Armscor wrote to me last year agreeing that my firm was the innocent victim of the Astor's cargo. The letter explained that South Africa was in a situation where it was endangered by developments in neighbouring countries and needed arms. The letter said these would be paid for."

Prejudice

Mr Vidil understood that the South African Government was prepared to pay \$1 million (R800 000)

"The only payment I received was a cheque for \$410 000 last year from a South African Embassy official, a Mr Jordaan, in Paris.

"But the money was solely for prejudice caused to the firm by loss of the Astor's services," Mr Vidil said.

Mr Vidil is "furious" over the behaviour of the South African authorities, whom he refers to as "thieves". He said the Astor, after some weeks in Durban, was boarded at night by soldiers. Their action was "theft".

The Astor — at present in Singapore waters — is owned by a German shipping company and was hired by his company, which in turn sub-leased it to Libya. He had personally never seen the cargo, but understood the tanks were modern.

Estimated

"Surely, the price of a modern Soviet tank is known and can be estimated, and a total reached for 10 tanks with spare parts and ammunition. I am sure that if the South African Government made a serious and honest offer to Libya for the cargo, it would be accepted. But \$1 m is not enough."

It is presumed here that a French court permitted Mr Vidil to clamp an injuction on the Armscor bank account in Paris as the South African company has said in writing that it would pay this sum to him for the seized cargo.

Relations

Mr Vidil faces the further problem that relations between France and Libya are at an all-time low after the sacking and burning of the French Embassy in Tripoli recently. The crew of the Lerove are still on board the ship.

Mr Vidil said his firm was not big enough to stand a long drawn-out law case.

"We are crushed between two states, South Africa and Libya, and I am helpless to do anything. South africa must make the first move."

• The South African Embassy in Paris refused to comment, but Mr M Jordaan is the most junior of the 26 diplomats listed with the embassy by the French foreign minister. His title is councillor for technical affairs. He refused to accept any telephone calls.

Unused T55s assessed at SA bases

Own Correspondent

JOHANNESBURG. — Ten Russian T55 tanks confiscated by Armscor in Durban harbour last year are being evaluated at a number of bases throughout South Africa.

The tanks and 150 tons of Russian ammunition were seized by the South African arms producers last April after the consignment failed to reach its original destination — the Ugandan regime of Idi Amin.

Yesterday, Colonel Reg Otto, officer commanding the School of Armour in Tempe, Bloemfontein, said he was overjoyed last year when he took delivery of one unused Russian T55 tank.

"Of course, I am very pleased. It's always good to learn about the enemy's weaponry," he said.

The colonel's task was to have the tank fully evaluated, and it wasn't long before one of the troopers painted the legend "Carter's confusion" on its camouflaged side.

Colonel Otto said he was not at liberty to disclose the results of the evaluation so far.

Earlier version

The T55, which was used by Egypt against Israel in the Yom Kippur War in 1973, is an earlier version of the latest Russian model, the T72.

Idi Amin ordered a consignment of ten T55s from Libya last year, but they arrived in Mombasa on the same day Kampala fell.

10 Russian tanks seized by Armscor

74

CAPE TIMES 12/3/80

288

387

Own Correspondent

JOHANNESBURG. — Armscor, South Africa's premier military production company, confirmed yesterday that it had confiscated a ship-load of Russian arms allegedly sent in support of Idi Amin's Ugandan régime in April last year.

Commenting on behalf of Armscor, a South African Defence Force spokesman said that information had been received that the arms were destined for Angola to aid the Swapo movement.

"The armaments were off-loaded after arrangements with the captain of the ship," he said. "The steps were not extraordinary in view of the prevailing situation and terrorist threat in northern South West Africa."

However, the Times of London has reported that the arms were in fact headed for Mombasa, ordered from Libya by Amin. The Marseilles-Fret Company, a French firm, was chartered to ship the cargo to Mombasa. The report said that 10 Russian tanks and 150 tons of ammunition were loaded aboard the vessel, the Astor. The Astor arrived in Mombasa on April 11, the day that Tanzanian artillery was shelling Kampala and Amin was on the run..

The Kenyan authorities refused to allow the arms to be taken across their territory to Uganda; the Astor then left for Libya but stopped for fuel in Durban. Armscor confiscated the cargo and made out a receipt, undertaking to pay for the arms.

The incident has sparked off an international wrangle, as another of Marseilles-Fret's ships, Le Rove, was seized when it arrived in Benghazi and is being held till South Africa agrees to pay more for the arms. The Libyan Government said that Armscor was refusing to pay as much for the tanks as they were worth, according to the Times.

The Times said Le Rove and the five officers on board were stranded in Tripoli, while Marseilles-Fret "begins the task of persuading the South Africans to pay more to the Libyans for their Russian tanks".

(183) C. Times 8/3/80.

Russians want SA fertiliser

(74)

WHAT price South African fertiliser going to Russia?

Since the Americans banned the sale of phosphates to the Soviet, along with a lot of other commodities, Norwegian shipowners whose vessels carried the $1 billion cargoes have run into trouble.

But the business could well be switched to South Africa where Transvaal fertiliser interests are ever open to new business.

The Republic has banned trade with no one. It makes millions out of sending goods to countries which categorically declare they do not trade with South Africa.

Marketing representatives visit some places in trepidation, fearful of being tossed out when they produce their "green mamba", as the SA passport has been described oversea. But in most instances there have been open doors, and provided the business is channelled through a less controversial agent, the goods flow fast. Perhaps we should change the colour of the passport, too.

One man has suggested that when a distant country proclaims its intention of boycotting South African trade, this often is the overture for improved relations.

There appears no precedent for declining to sell produce to Russia. In any case, goods shipped to western Europe could well wind up in the east.

The Soviets have feelers out for phosphates, formerly supplied by the Americans in a $1 billion deal, and it would cause no surprise if the inquiries came here.

It is a long haul from Richards Bay to any port in Russia, but provided the Suez transit cost is condoned, is there any reason why the shipments should not go through the Black Sea? After all, even Russian currency is useful, and the Republic can always wash it!

China supplying arms to SA, claims Tass

STAR 6/3/80

(74)

By Dennis Rink

Tass, the official news agency of the Soviet Union, has claimed China is supplying South Africa with surplus Western-made military equipment and arms under cover of "dummy firms operating in Hong Kong."

It has also claimed the South African Press was reviewing the possibilities of defence co-operation between South Africa and China — and here the Soviet agency mentioned The Star.

"Analysing prospects of this rapprochement, the newspaper says that South Africa may become a most promising place for defence co-operation between the West and China in the Cape area," Tass reported.

This appears to be a reference to a report in The Star last month which quoted Mr David Bonavia, writing in the Far Eastern Economic Review, that China would tone down its criticism of South Africa's internal and apartheid policies.

Mr Bonavia wrote that observers saw South Africa as an essential part of any future Sino-Western attempt to shore up the defences around the Cape and in the South Atlantic. He said the policy shift could eventually prove a watershed in relations between Peking and Pretoria.

REAL DANGER

According to The Star's files, speculation of links between China and South Africa first arose in April 1977 when the then Minister of Information, Dr Connie Mulder, told the House of Assembly that if the West persisted in its attitude towards South Africa the Republic might have to look elsewhere for friends.

He said the Russians were the real danger in Africa and not the Chinese, and to illustrate this point he quoted the Chinese proverb: "My enemy's enemy is my friend."

Reports of this speech were carried at the time by South African newspapers including The Star.

EVIDENCE

The Tass report said powerful evidence for the existence of the arms deals was provided by economic figures showing the value of trade between China and South Africa leapt to more than 170-million dollars in the first seven months of 1979. (The report does not specify whether the deals were in US dollars, which would be R137-million, or Hong Kong dollars, which would be R28-million.)

"Why such a trade boom?" asked Tass. "There is every reason to believe that arms are one of the items of secret trade between Peking and Pretoria.

"Chinese military delegations visit Western countries one after another in order to buy military equipment and supplies. Re-export of a portion of this equipment would not only bring enormous profits to Peking but also open to the racists still wider access to the Western military arsenals in circumvention of the UN Security Council's embargo."

The Soviet report said South Africa also received from China secondary military-type supplies such as "big consignments of fabrics for its army and police," handcuffs and prison locks.

In exchange, Tass said, China receives from South Africa such strategically important goods as chrome ore, copper, tin and nickel — much of it from Rhodesia.

The Star's correspondent in Hong Kong reported last year that SA-China trade channelled through Hong Kong amounted to R4,8-m in 1978.

Included were textiles and fabrics (R2,4m) padlocks and keys (R900 000), porcelain (R270 000) and silverware (340 000). There was no available evidence of direct trade.

RDM 28/2/80. ~~237~~ ~~274~~ 74

US asks SA to back Soviet fertiliser ban

By ANTHONY RIDER
Washington Bureau

WASHINGTON. — South Africa is being asked by the United States not to step in as an alternative supplier of phosphate fertiliser to Russia in the wake of the American embargo this week.

This is the second time the Carter Administration has asked South Africa to help it in its campaign to make the Russians realise that they must pay a price for their armed intervention in Afghanistan.

The first request caused some hilarity among South Africans. It was a White House plea that South Africa should join the US boycott of the Olympic Games in Moscow.

This time the US is on surer ground. But it still does not know how the South African Government will respond.

On the one hand, South Africa is avowedly anti-communist and would not normally do anything to help Russia.

But many South Africans feel their country is vulnerable to economic pressure, and this is shown in the Government's consistent stand against trade boycotts of any kind.

The South African Minister of Foreign Affairs, Mr Pik Botha, re-stated that position on February 13.

He told an American television interviewer that South Africa did not believe in boycotts and stood for open trade with all countries.

Now the White House wants a direct response to its request.

The US Ambassador, Mr Bill Edmondson, called on Mr Botha this week to discuss the situation.

In Washington, a US National Security Council official said exporting countries had been asked not to make up the Russian shortfall.

He was quoted as saying the US administration did not want to interfere with the regular market activities of these countries. Nor did it want them to take advantage of the US withdrawal.

The phosphates ban is meant to back up the US grain embargo against Russia. It is likely to be a severe blow — it includes superphosphoric acid, which Washington officials say the Russians were counting on to run seven new fertiliser plants.

SA sells well in Africa

Political Staff 28/2/80 CT.

HOUSE OF ASSEMBLY. — South Africa traded with nearly every state in Africa last year, exporting goods worth R748,3 million.

The balance of the Republic's trade with Africa was very much in South Africa's favour as it imported goods worth only R257,2 million from the continent last year.

Details of this trade was given by the Minister of Commerce, Dr Schalk van der Merwe, when he replied to a question tabled by Dr Zach de Beer (PFP Parktown).

Dr Van der Merwe said South Africa traded with 49 countries in Africa, including Botswana, Lesotho and Swaziland as well as Transkei, Bophuthatswana and Venda.

Other than Transkei, Bophathatswana and Venda, there are 52 countries in Africa, almost all of whom are members of the Organization of African Unity which officially boycotts South Africa.

SA makes big foreign loan repayments

(74)

Cape Times 16/2/80

BY PAUL DOLD
Financial Editor

SOUTH AFRICA has made huge repayments of foreign debt in the past year and vastly improving the country's credit rating in world financial markets at a time when many developing countries are having difficulty in servicing their debt requirements.

The deputy governor of the Reserve Bank, Dr C L Stals, disclosed this week that that the major share of the R3-billion capital outflow from South Africa last year was used towards repaying foreign liabilities.

The final statistics on South Africa's foreign liabilities as at the end of 1979 are still being collated by the Reserve Bank. But he said "it can be assumed that foreign liabilities in the form of contractual loan commitments and outstanding short-term liabilities, particularly the short-term liabilities, were substantially reduced during the past year."

And with an enviable reputation of repaying its debts, South Africa is now being offered capital on the best terms in years.

Dr Stals who spoke on "Foreign investment in South Africa and the financial rand system" at the Simpson, Frankel, Hern, Kruger seminar in Johannesburg this week disclosed that the Reserve Bank is engaged in a special study on the flow of funds in the financial rand market and as a first step has analysed the more than 600 applications received by Exchange Control during the past year from non-residents wanting to use financial rands for investing outside of the stock exchange.

Applications

He gave the conference a breakdown of the applications which showed that total applications were R612m and the vast bulk was for investment in manufacturing R335m, while mining totalled R64m and a surprisingly high figure of R45m for property investment. The latter was made up for R9m for residential property, R17m for farms and R19m commercial and other. Some R104m of the applications were refused leaving R508m approved.

Dr Stals said that those refused were mostly applications for the introduction of loan funds in South Africa which should rather have been transmitted through the commercial rand system.

Exchange control also did not give permission for companies who wanted to use the proceeds of financial rand transactions to repay foreign comittments through normal banking channels at the commerical rate of exchange at the cost of South Africa's foreign exchange reserves.

Dr Stals made an important statement on the question of South African banks granting overdraft facilities to overseas brokers and arbitrageurs. Banks and stock brokers provide bridging finance in financial rand on a temporary basis to overseas dealers to allow them to engage in arbitrage and switching transactions on the Johannsburg Stock Exchange.

The delivery of shares, particularly in deals from London, can take a long time so that payment will have to be made long before payment is actually received. There is not the same problem with New York due to the American deposit receipt system.

The availability of these facilities is regarded by stockbrokers as being vital to the Johannesburg stock market if the JSE is to attract the foreign business.

"Although the Reserve Bank is sympathetic to these technical problems and has shown its sympathy in the past by allowing banks to provide within reasonable limnits bridging facilities for this purpose, it is not reconcilable with the general philosophy of our Exchange Control and control on bank lending in general to allow South African banks to grant overdraft facilities to non-residents.

"Where such facilities are no longer used for providing bridging finance directly linked to specific and identifiable switching transactions the Exchange Control has no alternative but to take the necessary action.

"After all it is realized that overdraft facilities on financial rand accounts are probably among the cheapest in the world with the current cost of between 6 and 7 percent a year.

"And taking account of the size of the turnover in the financial rand market such cheap accommodating finance can possibly be used to manipulate price movements in the financial rand market with the result that the established exchange rate in this market may no longer reflect the real demand and supply conditions in the market.

"Finally, as these facilities are subject to the normal credit control measures applicable to bank lending to the private sector it should be kept in mind that the allocation of facilities for this purpose reduces the amount of bank credit available for the financing of the domestic economic expansion.

"Although the authorities are therefore sympathetic to the technical problems that arise from arbitrage and switching transactions between the Johannesburg and foreign stock exchanges, they cannot make unlimied amounts of bank credit available for this purpose."

Dr Stals added that after discussions with overseas stockbrokers and arbitrageurs at the seminar he was optimistic that a solution could be found to the problem.

Dr Stals also referred to the unitary rand — a situation where the financial rand and the commercial rand could eventually be at the same rate.

He said it was not inconceivable that if the strong demand for investment in South Africa continues that the financial rand rate of exchange could equal the commerical rate of exchange with any further inflow of capital exerting an upward pressure on both exchange rates simulanteously.

"Rumours have it that once this situation has been reached the financial rand system will be abolished. This will of course be an imporant policy decision on which I do not want to speculate.

"Should it be regarded as being in the national interest of 'he country, the existing system can be maintained for an indefinite period of time and a scenario in which the financial rand rate of exchange and the commercial rand rate of exchange both continue to exist but coincide holds no anomaly."

New exchange rate policy

THE Minister of Finance Senator Owen Horwood emphasized in his speech at the seminar that it remained the Government's intention in the long run to abolish exchange control over non-residents and to merge the commercial rand and the financial rand into a unitary currency.

He said the new exchange rate system and policy coupled with the accompanying relaxations of exchange control are clearly designed to bring about a more market oriented system and more freedom for both residents and non -residents in exchange transactions with the ultimate objective of encouraging more rapid expansion in the economy.

EXPORTS

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FM 8/2/80

Incentives wanted

The Bureau for Economic Policy Analysis (BEPA) at the University of Pretoria concluded, in a cost benefit analysis of the Reynders technical committee proposals for revamped export incentives, that implementation of the suggestions could reap an additional R3 of earnings for every R1 of assistance rendered by government.

The Department of Commerce, which has been studying the report and the Bepa analysis for some time, and the Dept of Finance, whose endorsement is vital for introduction of a new incentives regime, are not yet convinced that the additional spin-off will result. They see no reason why the whole affair cannot be postponed another year.

Meanwhile, nominations have been asked from the private sector for representatives to man the suggested "competent body" — a supervisory committee that will adjudicate on cases eligible for export assistance and reward.

Among those known to have been put forward for membership are Tom Main, of the Chamber of Mines, Chris Cilliers, of the South African Agricultural Union, R A Herbertson of the Steel and Engineering Industries Federation of SA and H J Van der Merwe, of Leo Raphaely & Sons, representing the trading houses.

Government sources confirmed that the cabinet will soon be asked to consider the merits of the Reynders proposals and the Bepa assessment and an announcement will probably be made shortly by Industries Minister Schalk van der Merwe.

It is unlikely, in view of what Deputy Finance Secretary Gerhard Croeser told a recent Safto seminar, that government will increase its allocations for export promotion in the 1980-81 financial year. This means that the new proposals will be subjected to further study.

The Reynders technical committee proposed an export incentive programme based on four elements.

- Category A (specific compensation) accepts the principle that exporters should be compensated to the extent to which their raw materials and other intermediate input prices exceed "international price levels."
- Category B (general compensation) providing for uniform and across-the-board compensation at a fixed percentage (suggested at somewhere between 10% and 20%) of the value-added component involved in exports.
- Category C (special incentives) extending discretionary assistance for special cases, circumstances and situations in addition to the automatic assistance provided under categories A, B and D.
- Category D (additional marketing assistance) is a new category that would provide automatic across-the-board assistance for export marketing expenditure at rates to be determined by the competent body.

Government is not convinced that the proposed incentives will encourage existing exporters to increase their foreign trade, or that they will attract new entrants to the export business. This implies some scepticism about the Bepa arithmetic.

Exporters find this attitude disheartening. OECD projections point to a virtual standstill in world trade this year, and very little growth next year. SA's latest EDP calls for strong expansion of the export effort to raise the rate of job creation.

Traders fear that SA exports stand to lose much of the momentum built up since 1973 if no assistance is forthcoming to help them over the anticipated hiccough in world trade this year and next.

Even to the limited extent that government does acknowledge the need to step up exports by means of added incentive, traders are disconcerted that such acceptance does not extend beyond manufactured goods. Trading houses, which handle more than 25% of non-gold, non-diamond exports, appear to have been excluded from government thinking.

So too are the mining and agricultural sectors which, government officials say, have a natural export propensity and for whom additional incentives would amount to a gratuitous hand-out. Other sectors which may be overlooked include exporters of construction, design and process technology, contractors engaged in foreign projects, tour operators, hotels and insurance institutions.

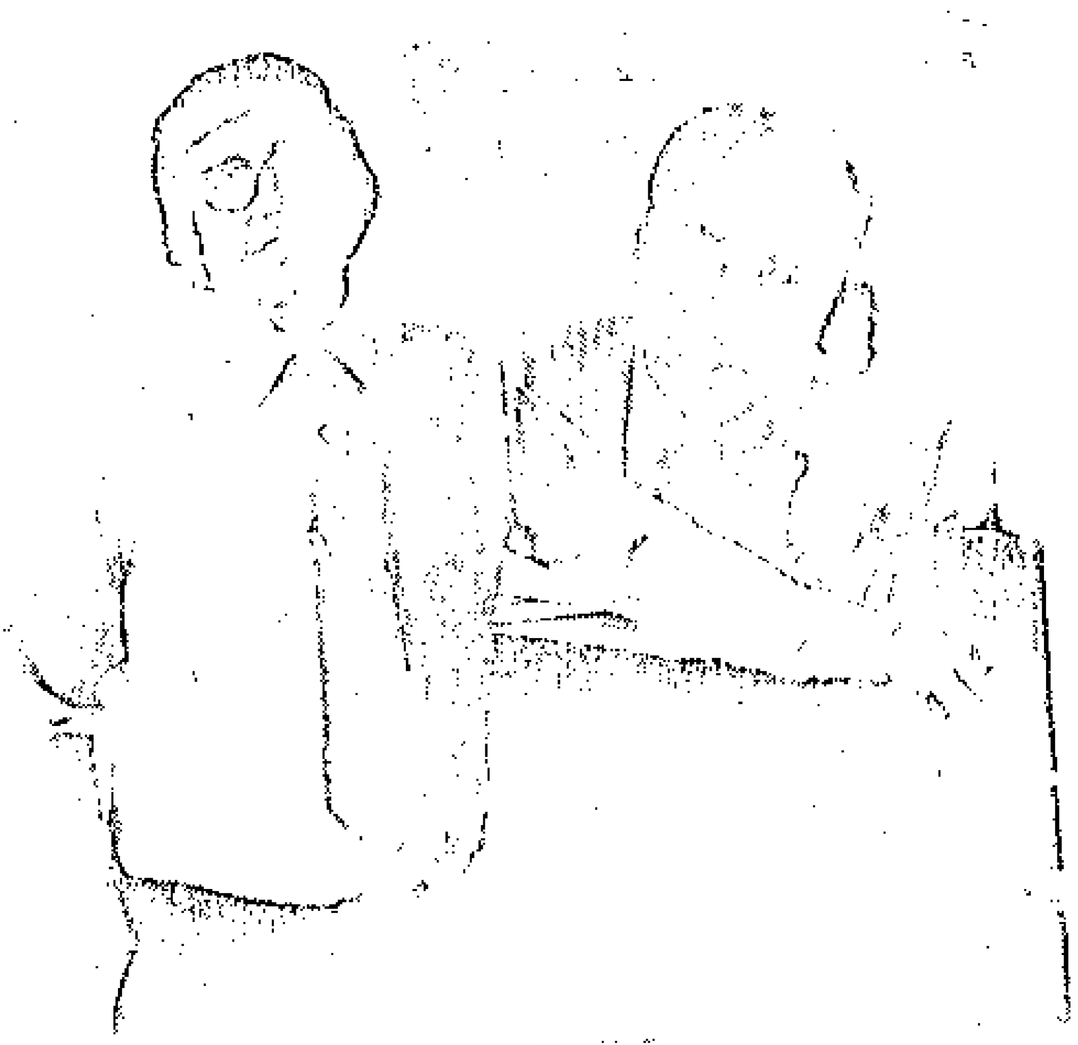
Lack of urgency

Government's lack of urgency in implementing the new proposals arises from doubts about the cost efficiency and legality of the suggestions. Trade officials say there is a dilemma: if direct assistance is rendered there is a strong possibility that there will be an outcry from GATT; if indirect assistance is given it may not be cost effective and that would be unfair to taxpayers.

Pretoria's cool reception of the Reynders and Bepa proposals seems to pour cold water on parallel attempts by exporters to persuade the authorities that some form of assistance should be rendered to shippers on the sea leg of their foreign business.

Trading expenses with Europe have risen nearly 15% since the beginning of the year. Ocean freight rates of the SA/Europe Conference Lines have gone up 12%, exacerbated by further upward adjustments of the bunker surcharge to 5.45% and of the currency adjustment factor, to 5.39%.

It is understood that the SA Shippers Council has made informal approaches to the SA Shipping Board to take the lead in



Chamber of Mines' Main and (inset) SAAU's Cilliers

setting up a bridging fund to enable shippers to ride out the painful effects of a long overdue restructuring of conference freight rates.

Owing to historical factors, conference's tariff structure has become distorted. In order to maintain the competitiveness of (northbound) exports of largely primary (low-rated) goods, shipowners tended to charge no more than was n
sary to break even with voyage expe
while loading (southbound) rates of
ported capital goods and manufact
This resulted in an unhealthy accou
regime of cross-subsidisation in whic
gap between costs and charges wide

This created an attractive openi
non-conference interlopers who offer
importers what seemed to them lil
rates but which were in effect no
than what conference lines shoulc
been charging. The loss of so much
rated cargo soon put conference
profit and loss accounts under p
and in terms of their Ocean
Agreement with government the
almost automatically entitled to r
creases. And so a spiral of self-
distortion and erosion was set in

Distorted effect

The SA Shippers' Cou
heavyweight organisation repres
interests of the country's large
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EXCHANGE CONTROL (74) FM 15/2/80

Letting off some steam

From March, banks are to be permitted to increase their balances abroad for forward cover purposes by "somewhere in the region" of 35% on their present quotas, according to the Reserve Bank.

These quotas vary widely from bank to bank, depending on their turnovers in foreign exchange, ranging from around 3% of a particular bank's total forward book to about 10% in some cases.

Although a 35% increase on such a small base is not particularly awe-inspiring, bankers will no doubt welcome the move as a step in the right direction, as it releases some of the excess liquidity in the financial system. Coming after the increase in the limits that banks may now extend to foreign stock holders, perhaps it presages a more accommodating frame of mind at Church Square.

The Reserve Bank's reluctance to take bolder initiatives in the foreign exchange market appears to be motivated at present largely by the apparent shortage of dollars, despite the high gold price.

Among the important factors behind the current squeeze on dollars are:

- The sharp drop in the supply of dollars as Krugerrand sales have declined abroad. Since these proceeds are channelled directly through the private sector banks, any reduction of this source simply makes the banks more dependent on the Reserve Bank for their foreign currency.

Forward covering

- Virtually all exporters are now covering their proceeds forward, which means banks have had to increase their spot dollar purchases to square their positions.
- The short and long-term capital outflow is continuing at a hectic pace as the authorities repay foreign debt and as the switching by foreign-controlled (3If) companies from offshore to local sources of credit is still taking a heavy toll.

As the Reserve Bank spokesman argues: "We cannot sell foreign exchange to the banks if we haven't got it. That's the long and the short of why the rand isn't rising faster". And, he adds, there is no indication of when and by how much the capital outflow attributable to switching will begin easing.

Nonetheless, private sector bankers are adamant that the underlying strength of the rand far exceeds the modest level to which the Reserve Bank has allowed it to rise. In fact, despite the squeeze on dollars, the rand/dollar spot rate firmed to a mid-point of 1,2260 on Wednesday from a level of 1,2230 last week.

There are two fundamental steps the Bank could take to strengthen the rand. The one is to sell more gold. As Nedbank's Arrie van Vliet argues: "What's the use of merely sitting on our gold reserves at current prices. We might as well leave the stuff underground and save ourselves the expense of mining it."

The second step is for the Bank to start easing off on its foreign loan repayments. Unless the loan is maturing, there is no earthly reason to rush through an early repayment, especially as the country's credit rating is rising in leaps and bounds. By repaying these loans as it is, the shortage of dollars is to a considerable extent of the bank's own creation.

The need for a stronger rand far outweighs the cost of foreign borrowings as it will help reduce inflation.

The tuberculosis incidence has diminished much in some areas, e.g. the members of the 1912-14 Tuberculosis Commission found that there was a case incidence of 5.38 per thousand and a death rate of 2,15 per thousand per annum on De Beers mines,[16] while the annual wastage rate of indentured Indians (who did most of the heavier work) on coal mines was 23,15 per thousand male employees, the mortality figure being 7,36 and repatriation rate 15,79.[17] The incidence on other mines, in urban locations and on mission stations was also high.

These figures are not comparable to the annual infection rates or notification rates. An idea of the present situation can be gained from surveys undertaken by the Medical Research Council. 'The annual infection risk has come to be accepted as the best criterion by which the TB situation can be assessed'.[18]

TABLE 3: ANNUAL INFECTION RATES FOR TUBERCULOSIS IN RECENT S.A.M.R.C. SURVEYS

Area	Estimated annual infection rate - % of uninfected population	Estimated prevalence (radiological evidence)
Transkei 1972	7,55%	
Transkei 1977	4,30%	19,00%
East London	7,60%	
Ciskei	4,20%	
Port Elizabeth	4,30%	
Germiston	2,30%	
Bophuthatswana	2,20%	
		1,10%

SA-Israel trade can develop

TEL AVIV. — An Israeli trade mission will travel to South Africa in March and an Israeli trade exhibition will be held in Tel Aviv from March 17 to 21.

This was announced yesterday at the Annual General Meeting of the Israel/South Africa Chamber of Commerce in Tel Aviv.

A survey commissioned by the chamber has studied possible industrial cooperation between the two countries.

"The lifting of the quota for imports to South Africa are clear signs that Israeli exporters should take advantage of the South African market," said Dr Jacques Baranes, chairman of the chamber.

...ed.
...arch Institute,
...d, and
...P. Burney (*56, Vol.2).

The table above shows that Transkei and the Eastern Cape have a relatively high infection rate for tuberculosis. In order to research the social, economic and environmental parameters related to tuberculosis, a survey was carried out in the location of Ntshiqo in Transkei (Burney, Vol.2). His research is detailed in Vol. 2.

Pearson (Vol.2) discusses quite a different problem in the management of TB in urban areas. He discusses the new four-drug regime, including rifampicin and lasting 100 days of supervised treatment (5 months altogether), as against the conventional regime, and outpatient treatment against hospitalisation. He argues that outpatient treatment with rifampicin is the most cost-effective alternative, and also has the lowest default rate (around 1%).

From his figures, it appears that the costs of these alternatives are as follows:

TABLE 4: COST OF TB TREATMENT (R) PER PATIENT

Type of treatment	Direct cost (hospital, drugs, etc.)	Indirect costs (lost production grants, etc.)	Total
Hospitalisation (per month)	167,3	238	405,3
Conventional regime hospitalisation (per month)	189,5	238	427,5
4-Drug regime Outpatient treatment Conventional regime (1 year)	866,5	238 (1 month)	1 104,6
Outpatient treatment (5 months) 4-Drug Regime	500,0	238	738,0

Notes:

Figures used in calculations: hospital costs at R5,50 per inpatient day, excluding rifampicin.
Rifampicin for 4-drug regime, total: R66,60.
Average national earning reflects productivity loss: R124 per month.
Average disability award : R114 per month.

SUNDAY TIMES, Business Times, January 20, 1980

74

Protea sells R45m to South America

By VERA BELJAKOVA

PROTEA International, a 50%-owned subsidiary of the quoted R84-million Protea Holdings group, has successfully penetrated Central and South America, with sales to the Latin continent currently estimated at R45-million.

The majority of this figure comprises steel exports and, as a result of Protea International's resounding impact in South America, Iscor has ceded to it exclusive representation in certain countries on that continent.

Offensive

Protea International (PI) launched a massive offensive into Central and South America five years ago and is now benefiting from this initiative to the tune of R100-million a year in sales of Iscor steel, steel from other South African sources, capital goods, machine tools, engineering equipment an irrigation products to all corners of the globe.

PI's recent successes should make a major contribution to Protea Holdings, whose total turnover is expected to reach R300-million in the year to June 1980 (R214,5-million in 1978-79).

Non-consolidated PI is classified by the group as an associate company and an unlisted investment valued at R5 000 — a figure which belies the appreciable contributions which the holding company seems bound to derive from this subsidiary.

Earlier

Since cornering South America, PI's exports comprise 90% of its turnover, as opposed to 30% during the company's earlier years.

"We were major steel importers until our situation reversed in 1976 and we became primarily exporters," says John Kopiski, PI's managing director, who led the most recent South African 13-man trade mission to South America.

The present level of steel exports to South America has hit bonanza time, yet it could well be only a temporary phase, depending on how fast the continent can harness its own vast but barely exploited raw steel resources. Meanwhile, the SA trade mission which toured South America late last year reports successful trading contracts with the continent.

Even Peru, one of the keenest anti-apartheid signatory countries, gave the mission favourable Press coverage.

Argentina, another member of the non-aligned nations, warmly welcomed SA mining expertise, and is now tipped as SA's potentially largest trading partner.

Boycott

El Salvador cancelled its steel deals only at the last moment, when a trade boycott against SA was declared. This, however, may soon be reversed. To make marketing easier, PI has opened offices in Buenos Aires and Sao Paulo. Resident delegates attend to business interests in Equador, Colombia, Venezuela, Puerto Rico and Mexico. Permanent representatives service markets in Peru and Chile.

The company takes on the whole spectrum of the export operation from marketing costs and credits to principal risks, explains Mr Kopiski. Normal one-year credits are given. Medium term deals are financed on a five-to- seven-year basis. PI offers a total service as merchant, principal and shipper. PI, one of the top SA steel exporting firms, is rivalled only by Raphaely and Derby.

Formalised

Raphaely, the oldest and largest of the trading companies, last year cornered the lion's share of the steel exports to the East. A joint export venture to the Far East is being formalised between Iscor and Raphaely.

For this reason PI wisely turned its attentions to South America. Nonetheless, PI has not forsaken its Eastern contacts, and still trades with Asian countries and Australia. It maintains a presence in Hong Kong and is to open an office in Singapore this year.

Moreover, PI exports steel to the US and EEC countries on behalf of Iscor, Highveld and other local steel companies.

PI represents Highveld Steel in the UK, and supports Iscor's exports in Greece, Spain and Germany.

Contracting

Although Iscor exports to some 40 countries, PI represents it exclusively in Brazil, Uruguay, Argentina, Central America and the Caribbean.

With an eye to the future, when South America develops its own steel plants, Mr Kopiski plans "to widen our outlook towards consumer goods and food.

"To this purpose we have expanded our staff from 24 to 29 in the last six months to better service the non-steel lines, such as the contracting side for consumer goods."

Another forecast is that with the pending boom within SA this country will need all the steel it can get for its own expansion. Consequently exports could drop and for steel imports increa

Reserve Bank coup promises $3 360m

D. Times 6/1/80

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More gold released from SA reserves

THE SA Reserve Bank has pulled off a major financial coup by using the booming bullion market to sell "swap" gold which could realise a profit of about $3 360-million.

By PENELOPE MORGAN

This represents a 400% profit on sales of gold repurchased at $140 an ounce in terms of swap transactions concluded in 1976 and 1977.

It also means a considerable additional bonanza for the gold mines — and the Receiver of Revenue.

A Reserve Bank source confirmed this week that in view of the leaping gold price, small quantities of the swap gold repurchased and incorporated into reserves a few months ago, was sold this week, some of it at about $560.

The significance of this is that SA is now increasing the supply of gold on world markets by selling more than her total annual gold production of about 700 tons.

In March 1976 and again in April 1977, when SA was having difficulty raising foreign capital, Pretoria used gold from the reserves as collateral for loans from certain Swiss and German banks. In other words, the gold was "swapped" for foreign exchange.

The terms of the agreements were that when SA paid back the loans, the gold that had acted as collateral could be repurchased at the original value, that is around $140. In other words SA sold gold from her reserves at the spot rates prevailing at that time and repurchased forward.

Last October the Reserve Bank announced an increase in its gold holdings of as much as R118,7-million due to the repurchase of a portion of the gold sold to foreign parties under swap transactions.

With reserves valued at R283,33 per fine ounce on October 31, the total amount of gold re-incorporated into the reserves was slightly less than 500 000 ounces.

The Bank comments that because of the leeway that the swap gold has given it, its marketing approach at the moment is very "flexible" and that it is making use of the present situation to South Africa's advantage.

However, it stresses that the consequences of dumping a large parcel of gold on the market would have a bearish effect on the price.

This is because of the delicate balance between supply and demand at bullion's current dizzy heights — in contrast to the situation in December, when demand was outstripping supply by a considerable margin.

Profit-taking sprees in bullion markets illustrate just how vulnerable gold is to changes in the supply/demand balance.

Analysts have estimated that the total amount of swap gold is around 8-million ounces. If it were all sold at $560 the total profit would be in the region of $3 360-million. At current exchange rates this is equivalent to R2 777-million.

The authorities have reduced as far as possible SA's foreign debts over the past year as a result of the excess revenue that the spiralling gold price has brought into the country. This has released some of the swap gold.

In his annual address on August 21, 1979, the Governer of the Reserve Bank, Dr Bob de Jongh, announced that during the year the Bank had repurchased a portion of the swap gold and that it had "resold the gold at a considerable profit."

The gold sold under these circumstances had, however, not been taken back into the country's gold reserves.

At $600 an ounce you can have one of these bars for R198 347.

American team of Democrats probe Sasol

RDM 9/1/80

By GAVIN ROBSON

A HIGH-powered contingent of United States congressmen, Democratic Party supporters and aides, has arrived in South Africa to conduct an intensive fact-finding probe of the giant oil-from-coal Sasol plants in South Africa.

Heading the 40-strong group is the Democrat House leader, and the man considered the second most powerful congressman in the party, Mr James Wright.

Tomorrow, he and a three other top Democrats will fly by helicopter to the Sasol II plant where they will hold meetings with Sasol managing director, Mr J A Stegmann and his deputy, Mr J C Hoogendoorn.

Other members of the Sasol-probe team will travel by bus to the Sasol I, II and III plants, were they will investigate the technical, administrative and oil-from-coal extraction processes being employed.

A spokesman for Sasol said it appeared America had now become so distraught with the pressing world energy crisis that it was now seriously considering the construction of oil extraction plants in the United States similar to Sasol.

He also disclosed that following the fact-finding mission and a report-back to the US Congress, there was the strong possibility that South African technical experts involved in the Sasol plants would travel to the US to assist the Americans should they go ahead and build their own plants.

Mr Clarence Keyter, public relations officer for Sasol, said the American probe is being viewed by Sasol as a reciprocal visit following talks by Mr Stegmann and Mr Hoogendoorn with US politicians, officials and individuals in the United States interested in the now-labelled 'synfuel' programme.

The September visit was considered by Sasol officials as a significant step in Sasol's chances of cashing in on as US development of a massive synthetic fuel industry this decade.

The contingent will make an on-the-spot analyses of Sasol plants and a thorough investigation into the feasibilty of producing oil from coal, as "a possible answer to America's energy crisis", a US spokesman said.

He added it was realistic to assume a report-back on Sasol would be given to a full Congress which is scheduled to meet in February.

This is not the first occasion American interest has been shown in Sasol.

The giant corporation, Fluor, of Los Angeles, has signed a joint agreement with Sasol II and III which provides for their marketing of Sasol technology in the US.

The Texas Eastern Corporation, a Houston-based diversified energy corporation, had asked Sasol to undertake a feasibility study to build synthetic fuel plants in the United States.

Also, in October last year, Mr Stegmann confirmed, top sub-committee aides of the House of Representatives had made two trips to South Africa.

After spending all of Thursday at the Sasol plants, the 40-strong party will return to Johannesburg and then leave for the United States on Friday.

FATTIS & MONIS STRIKE

For almost a month 88 workers at the Fattis & Monis factory in Bellville Sout have been on strike. They struck because five of the fellow workers were dismissed. The workers say the dismissals were because all five were members of a trade union. The union was trying to negotiate for better pay and hours of work - R40 a week and an 8 hour workéng day. A director of the factory says these demands are "out of all proportion" and unreasonable and would lead to "disruption" in his firm.

Officials of the 10 000 member union (the Food & Canning Workers Union) say the dismissed men had signed a document giving the union rights to negotiate for better conditions. The factory has refused to negotiate with the union. It says the men were replaced by machinery and that it was part of a cut-back of staff.

Although those dismissed are 'Coloured', more than half the men on strike are African contract workers. In spite of the threat of being endorsed back to the Homelands, the African workers have stood firm with their 'Coloured' brothers and sisters. On the first day of the strike mer ... the Department of Labour tried to separate 'Coloured' & African workers who ... workers refused to be separated. One said,

Moves of solidarity with the striking work... meeting last week more than 500 university ... Peninsula Training College and Bellville T... be reinstated and for a boycott of Fattis ...

The Western Province Traders Association ... to sell the factory's products unless the ...

The South African Council of Sport (SACOS ... schools affiliated to SACOS to support th... and a boycott of the factory's products.

At a meeting at U.C.T. over 500 students ... Fattis & Monis products.

Fattis & Monis insist that there is no ... says he is worried about the calls for a ... blacks as much of the factory's trade is ... production going by employing scab worker... However production has been slowed down.

Who are Fattis & Monis? Fattis and Monis ... following products: All Record flour pro... flour, Bread flour, Sifted flour, Unsift... products with the Fattis & Monnis brand ... cake cups, macaroni, spagetti, large & ... narrow, plain and green, rings and dilat... under the following brand names: Pick 'n ... Roma; Philadelphia flour and Koeberg Mil... control a number of Bakeries including W... Good Hpe Bakery in Elsie River and Eltra...

Published by Comm Comm.
Printed by S.R.C. press, U.C.T.

is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970. Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges ...ted.

CAPE TIMES 9/1/80 (1) 74 (2) 86

SA can export more sugar

DURBAN. — South Africa will be able to export more sugar this year than in 1979 which at current prices would mean an extra R33m.

The International Sugar Organisation met in London last week and meets again on Thursday.

According to Mr Peter Sale, general manager of the SA Sugar Association, the ISO agreed to a 10 percent increase in world sugar quotas.

South Africa's quota in 1979 was 82,5 percent of its basic 875 000 tons and following the rise in the sugar price this was lifted to 85 percent. The new level will be 95 percent, equal to 831 250 tons.

Mr Sale that the lifting of the quota level was immediate. "This is good news for us as it will enable us to sell to other outlets. But it will have the effect of damping down the price rise which has been steadily rising since last August."

South africa will also be able to sell denatured sugar and molasses on world markets. The recent increase in the molasses price will also help to put sugar back into the black.

The decision to lift quotas means that producers will be able to sell an additional 1 300 000 tons this year. The surplus is thought to be about 27m tons and this must be cut by about five million tons before the sugar price will start any real recovery.

...cific mortality rates require emphasis. ... the incidence of the diseases in question, ... their fatality rates, for example, a ... to Tuberculosis will not only be influenced ... disease but also by improved prevention at ...vels of intervention which will consequent- ... therefore, the associated mortality.

... that although the calculation of rates is ..., since they take into consideration the ...viders of health care the actual numbers ... particularly true for those groups which ...roportion to the total population, for ...ars old. The different demographic pro- ...951 are presented in Fig. I, and this pro- ...tribution of whites and 'coloureds'. ...hich occurred between 1941 and 1970 are, ...udy, of relative unimportance.

...oureds' and whites are presented in Fig. 6. ...for Africans[5], this is speculative and is ... reliability to warrant inclusion. Two ...e been included: (1) e_o - the expectation ...e expectation of life at 45 years of age. ...tter expectation of life than men, and ...for both whites and 'coloureds'. In fact, ...at e_{45} 'coloured' females have a better expectation of life than white males. What is perhaps of some concern is that the gap between the expectation of life for males and females is widening. This trend is apparent in both the whites and the 'coloured' communities, although it is particularly marked in the latter for whom Male:Female deficit of 1,0 years in 1941 at e_o has become 6,9 years in 1970. For whites a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either e_o or e_{45}, have reached expectations of Life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of Life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

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KENNISGEWING 30 VAN 1980—NOTICE 30 OF 1980

DEPARTEMENT VAN DOEANE EN AKSYNS—DEPARTMENT OF CUSTOMS AND EXCISE

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA
PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA

Opmerking.—Syfers i.v.m. fisiese beweging van staafgoud is nie by die handelstatistiek ingesluit nie.
Remark.—Figures relating to the physical movement of gold bullion are not included in the trade statistics.

TYDPERK: JANUARIE TOT NOVEMBER 1979/PERIOD: JANUARY TO NOVEMBER 1979

TABEL A.—TOTALE IN MILJOEN RAND VOLGENS WÊRELDSTREKE, SKEEPS- EN VLIEGTUIGVOORRADE EN ONGEKLASSIFISEERDE GOEDERE
TABLE A.—TOTALS IN MILLION RAND ACCORDING TO WORLD ZONES, SHIPS' AND AIRCRAFT STORES AND UNCLASSIFIED GOODS

Wêreldstreke—World zones	Invoere—Imports		Uitvoere—Exports	
	1979	1978	1979	1978
Afrika—Africa	241,3	225,5	673,2	506,4
Europa—Europe	3 823,3	3 465,7	4 466,3	3 258,9
Amerika—America	1 311,3	1 040,2	1 671,4	1 432,5
Asië—Asia	1 061,4	999,1	1 508,5	1 240,8
Oseanië—Oceania	67,9	66,5	75,7	66,2
Ander ongeklassifiseerde goedere—Other unclassified goods	2,7	12,4	5,1	3,1
Skeeps-/vliegtuigvoorrade—Ships'/Aircraft stores	—	—	42,3	37,0
GROOTTOTAAL—GRAND TOTAL	6 507,9	5 809,4	8 442,5	6 544,9

TABEL B.—TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE BTN
TABLE B.—TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE BTN

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1979	1978	1979	1978
I. Lewende diere; dierlike produkte Live animals; animal products	31,5	22,9	225,4	148,2
II. Plantaardige produkte Vegetable products	157,5	131,8	506,3	532,6
III. Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	53,0	38,0	38,0	56,9
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	105,1	103,6	454,4	370,8
V. Mineraalprodukte Mineral products	132,9	104,2	1 218,1	916,2
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	745,4	598,9	348,5	282,1
VII. Kunsharse en -plastiekstowwe, sellulose-esters en -eters, en artikels daarvan; rubber, sintetiese rubber, faktis en artikels daarvan Artificial resins and plastic materials, cellulose esters and ethers and articles thereof; rubber, synthetic rubber, factice and articles thereof	339,7	245,1	62,7	35,2
VIII. Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van derm (uitgesonderd sywurmsnaar) Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and the like; articles of gut (other than silk-worm gut)	33,1	23,3	173,5	123,2
IX. Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork	61,0	41,9	41,4	29,0
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	195,2	169,0	129,0	108,4

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1979	1978	1979	1978
XI. Tekstiele en tekstielartikels Textiles and textile articles	384,9	337,8	305,8	261,3
XII. Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar; waaiers Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	31,5	28,0	11,2	6,9
XIII. Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	78,1	67,3	40,4	31,0
XIV. Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	40,3	28,4	2 253,8	1 809,5
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	413,1	335,4	1 513,9	1 110,3
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	2 046,3	1 948,9	190,0	163,4
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 275,3	1 285,8	150,7	96,0
XVIII. Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en -weergewers, magneties; onderdele daarvan Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments, television image and sound recorders and reproducers; parts thereof	297,8	222,8	19,2	16,2
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	55,9	45,1	19,9	7,9
XXI. Kunswerke, versamelaarsstukke en antieke Works of art, collectors' pieces, and antiques	8,0	8,1	15,3	18,5
Ander ongeklassifiseerde goedere Other unclassified goods	23,3	23,1	725,0	421,3
GROOTTOTAAL—GRAND TOTAL	6 507,9	5 809,4	8 442,5	6 544,9

KENNISGEWING 24 VAN 1980

DEPARTEMENT VAN OPENBARE WERKE

AGRÉMENT-RAAD VAN SUID-AFRIKA

(Goedkeuring van nuwe boustelsels en -metodes)

Kennis geskied hierby dat die Agrément-Raad van Suid-Afrika 'n agrément-sertifikaat uitgereik het wat vanaf 30 Augustus 1979 geldig sal wees.

Besonderhede verskyn in die Bylae hiervan.

BYLAE

AGRÉMENT-RAAD VAN SUID-AFRIKA

Sertifikaat 79/71 (hernuwing)

Naam van produk.—Gypsum Industries se baksteennerfhuise.

Vervaardig deur.—Gypsum Industries Bpk., Smithstraat, Bedfordview, 2008.

Kort beskrywing.—Hierdie sertifikaat vervang Sertifikaat 75/27 (voorlopig) en het betrekking op die Gypsum Industries se baksteennerfkonstruksiemetode.

Volgens hierdie konstruksiemetode word houtraamwerke vir buite- en binnemure op konvensionele betonfondamente en beddinglae opgerig. Die raamwerke

NOTICE 24 OF 1980

DEPARTMENT OF PUBLIC WORKS

AGRÉMENT BOARD OF SOUTH AFRICA

(Approval of new building systems and methods)

Notice is hereby given that the Agrément Board of South Africa has issued an agrément certificate with effect from 30 August 1979, details of which appear in the Schedule hereto.

SCHEDULE

AGRÉMENT BOARD OF SOUTH AFRICA

Certificate 79/71 (renewal)

Name of product.—Gypsum Industries Brick Veneer Houses.

Manufactured by.—Gypsum Industries Ltd, Smith Street, Bedfordview, 2008.

Brief description.—This certificate replaces Certificate 75/27 (interim) and relates to the Gypsum Industries brick veneer method of construction.

In this method of construction timber frames for external and internal walls are erected on conventional concrete foundations and surface beds. The frames are

Minister wants wider range of exports

CAPE TOWN. — It was an alarming aspect of the South African economy that "too many export eggs were still packed in one basket", Dr Schalk van der Merwe, Minister of Industrial Affairs and of Trade and Consumer Affairs, said in Geneva yesterday.

Dr Van der Merwe said this meant that South Africa was still dependent to a large degree on the production of the mining industry to support its balance of payments.

In a speech released in Cape Town, he said he was not against the valuable support of these exports, but their proportional value towards the country's total export figure remained too high.

"We must be grateful for the fact that our country has been blessed with exceptional mineral wealth, but we must also be aware of the fact that these minerals are a diminishing asset."

Dr Van der Merwe said it was clear that in spite of success which had been achieved in the past year regarding larger geographical distribution, wider co-ordination of production and the general expansion of exports, South Africa could not afford to rely too heavily on the agricultural and mining industries.

"In my humble opinion the largest potential lies in the areas of processed raw materials and manufactured goods." This in turn would create additional job opportunities which the country needed desperately.

Dr Van der Merwe said projections had shown that South Africa would have to create additional job opportunities for 190 000 people annually over the next 10 years if unemployment were to be kept within reasonable boundaries.

The mining industry, which was a true pillar of strength to South Africa's export industry, was not labour intensive enough in its own right and in the short term it did not have suitable expansion potential to create sufficient job opportunities.

While the agricultural sector also showed increasing production, it was widely known that increased mechanisation restricted the creation of new job opportunities.

This left the manufacturing and service sectors as the most important resources of jobs in the country. This sector had already been identified as the one which would have to make the largest single contribution towards the country's continued development, he said. — Sapa.

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FOREIGN EXCHANGE

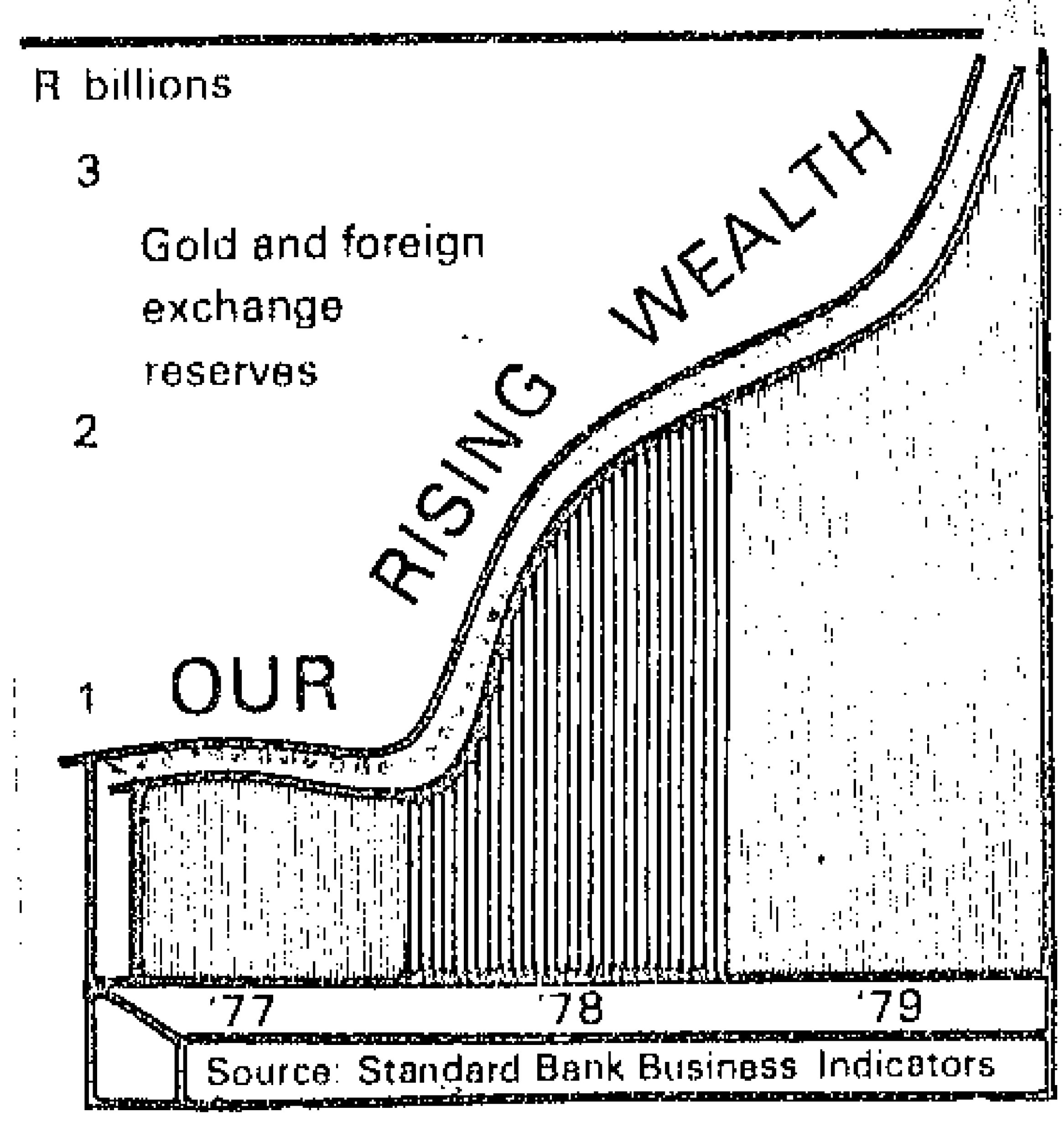
December's big drop

The cash content of the Reserve Bank's foreign exchange reserves dropped by R83m during December. Nonetheless, the soaring bullion price, which enabled the bank to value its gold reserves at R366,90/oz in December compared to R301,90m/oz in November, meant total gold and foreign exchange reserves rose by R552m to R4 035m during the month.

According to a Reserve Bank spokesman, the cash content fall largely reflects seasonal interest and dividend remittances abroad and continued heavy switching of trade finance from offshore to domestic sources.

Economists believe dividend payments abroad in December were substantially larger than is normally the case at that time of year, simply because the bank recently adopted a far more lenient attitude towards such payments. Another part of the drop can no doubt be attributed to bigger imports of certain strategic commodities ahead of anticipated price increases.

Trade finance switching appears to have been given a significant boost as a result of last month's relaxation on foreign-controlled companies' local borrowings. Many of these firms are now borrowing by way of domestic promissory notes at much lower interest charges. Local bankers



Source: Standard Bank Business Indicators

may have underestimated the amount that could be switched in this way. Originally thought to be in the region of some R200m, it is now estimated at closer to R600m.

The continued heavy outflow on the short-term capital account has, of course, meant significantly greater demand for dollars. The shortage of dollars has forced the bank to support the rand.

The bank is quick to point out that the value of the rand should be seen against the total balance of payments position, particularly the capital account. Since the short-term outflow on capital account is directly linked to relative borrowing costs here and abroad — and is therefore a temporary phenomenon which will reverse itself once domestic and foreign interest rates move more into line — Church Square is not particularly concerned about the outflow.

In view of the current dollar shortage, it is now highly unlikely that banks will be permitted to increase their open positions of dollar holdings abroad, despite the Reserve Bank's assurance last year that the situation would be reviewed early this year.

Clearly, any further relaxation on exchange rate policies will have, in the eyes of the authorities, to await a more favourable climate for the capital account. That, in turn, will depend, among other things, on the gap between local and overseas interest rates narrowing.

74 FM 11/1/80

FOREIGN TRADE

Paying our way

Finance Minister Owen Horwood told the *FM* investment conference two months ago that SA's estimated 5% growth rate in 1980 could lead to a long-awaited deficit on the current account of the balance of payments this year. Already, events have rendered his forecast unlikely of fulfilment.

Early expectations are that the gold price, the major imponderable in current account forecasting, should maintain an average of at least $400 an ounce during 1980. If so, the current account surplus of well over R3 billion in 1979 will easily be matched this year. If the gold price maintains this average — requiring a drop of almost 40% on the current price — even the lower gold production expected in 1980 will be worth about R7,2 billion, compared to about R6,5 billion.

Other mineral exports are also likely to maintain at least the revenue levels of 1979. Coal, ferro-alloys and manganese exports are set for higher earnings, although uranium returns may drop. Platinum income should rise by 20% over the current year, forecasters say, and diamonds are due for an upward price adjustment soon.

Agricultural exports are also looking good, economists say, although estimates of maize plantings are not yet available.

Safto general manager Piet Kieser reckons that the non-gold trade account, including services, should be in deficit to the tune of some R5 billion this year, but gold will easily close the gap.

Non-gold exports, he says, should be about R4,65 billion in the first half of the year, rising to R4,85 billion in the second half, while he expects imports to increase from R5,5 billion in the six months to June to R5,9 billion in the last half year. The services account should be in deficit to the tune of around R3,1 billion.

Economists reckon that SA's propensity to import should be very much reduced during the current economic revival when compared with previous recoveries. The relationship between economic growth and imports, which existed in the 1960's and early 1970's because of domestic underproduction, they say, has largely been broken.

Firstly, the strictures of the past three to four years have led to considerable growth in import substitution — perhaps more than is appreciated by the authorities. A case in point is the local content programme in the motor vehicle industry.

This means that, with the upturn, local manufacturers will be better prepared to meet additional demand in a wider range of goods. At the same time, the recent slack period has left producers with considerable surplus capacity.

Secondly, many of government's major infrastructural projects of the 1970's are well on their way to completion, and demands for new capital machinery imports are very much reduced.

Of course, the coming downturn in the economies of many of SA's trading partners could hit the country's non-gold exports before the beginning of 1981. But Finance Secretary Joep de Loor agrees that the booming gold price has deferred the expected deficit for at least another quarter or two. He warns, however, that a runaway oil price in 1980 could change the situation markedly, and the latest round of Opec oil price increases is due to hit SA within the next month or two.

Government's expectations of import growth are not as high as originally forecast, he adds. "The major advantage of this," says De Loor, "is that the balance of payments cannot be a constraint on growth as it has been in times of past economic recovery."

De Loor . . . no constraints

The major problem, however, is the apparent damming up of liquidity in the mining sector, preventing gold and minerals earnings from getting into the hands of the consumer and the private investor, says De Loor.

This liquidity, he promises, "will certainly not go into increased government spending and much more may be expected from the public sector to help the transfer of funds to the private sector."

There is a strong case here, according to economists, for a new tax structure in the mining industry, which will encourage the rising earnings from metals and minerals to filter through into other forms of productive investment that will create additional jobs. Others, however, feel that SA mining tax law has the advantage of long-term consistency.

Economists point out that the recovery already has considerable internal momentum. But, as the *FM* stressed last week, the massive cash inflows being generated by our export trade must quickly find a more productive home than the floors of the money markets.

FM 11/1/80 74

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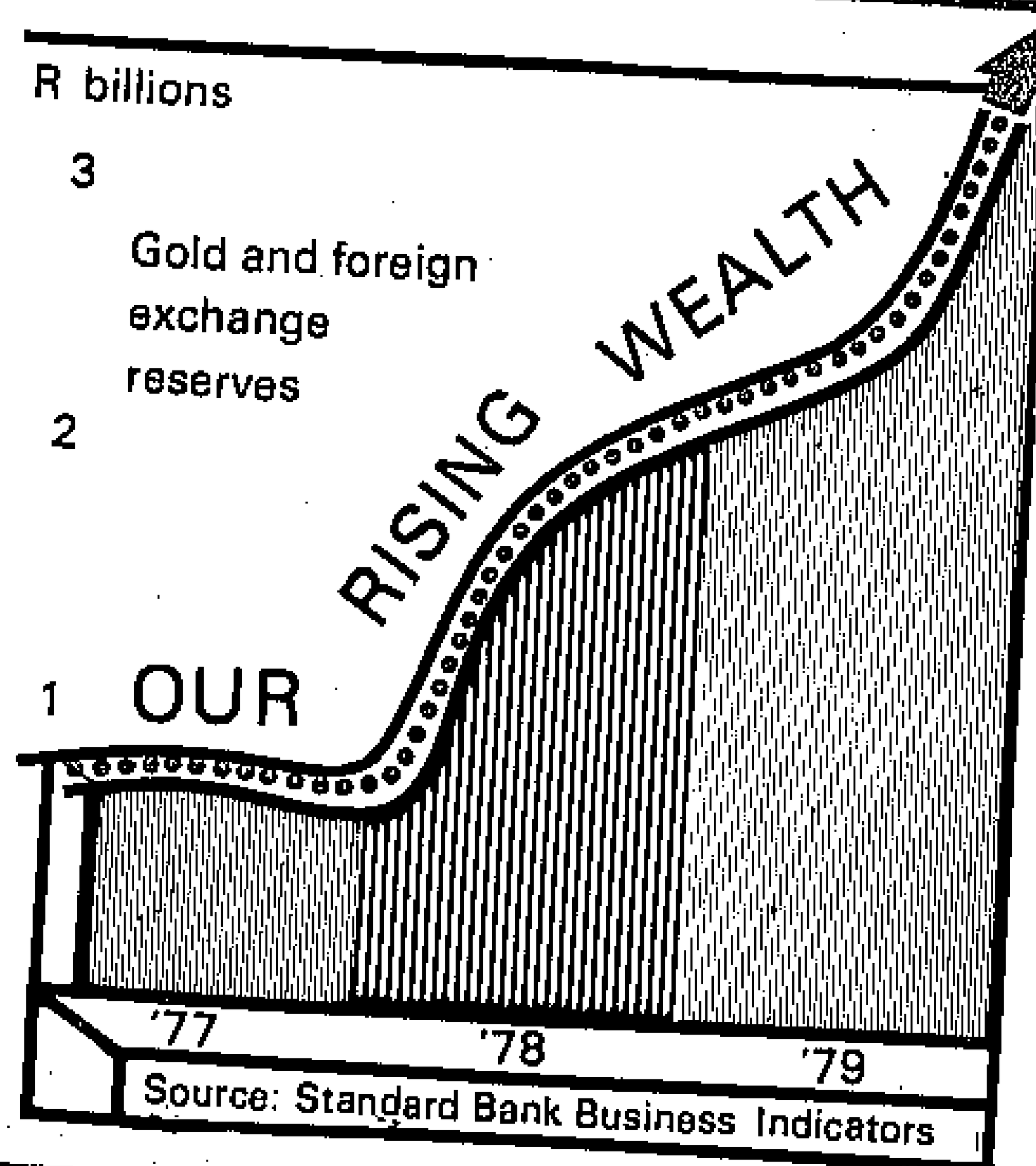

Source: Standard Bank Business Indicators

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SA has more sugar for export

SOUTH Africa may have between 50 000 and 100 000 tons of excess sugar for export within the next 90 days following suspension of the International Sugar Organisation's 1980 export quotas, says the managing director of the SA Sugar Association, Mr Peter Sale.

He says figures are not yet available, but South African crop assessments are being carried out to determine the exact amount of sugar over the original ISO quota which could be exported.

South African sugar output for the 1979/80 season — May to April — is estimated at 2 050 000 tons compared with 2 070 000 tons for the previous season.

Domestic offtake has been conservatively put at 1 080 000 tons against about 1 060 000 in 1978/79.

Me Sale says South Africa has built up on schedule its proportion of ISO special stocks required under the sugar agreement to be completed by December 1981.

A major part of South African stocks is taken up by the ISO requirements.

South African exports of denatured sugar for animal feed will fall away following the suspension of ISO quotas.

South Africa has sold denatured sugar, which was not restricted under International Sugar Agreement quotas, to several European countries, including West Germany and Spain, and other destinations in the past year.

It is too early to assess the full implications of the suspension of quotas, but Mr Sale says that if a major amount of excess sugar comes on world markets, a sharp price decline can be expected.

The ISO executive director, Mr William Miller, says the ISO executive committee has scheduled a meeting of the price review committee for February 26 to begin a review of the current ISO price range of 11c to 21c a pound.

The committee will meet again on February 29.

The next meeting of the ISO councl, which alone is empowered to make any decisions on whether to raise the price range, is scheduled for mid-March.

An ISO spokesman says the decision to suspend export quotas in no way affects the holding of special ISO stocks under the sugar agreement. These must continue to beheld — unless the ISO 15-day average price rises and is maintained above 19c a lb, or the committee decides to release them.

Release of specal stocks takes place automatically — unless the executive committee decides otherwise — in three stages, with a third released at 19c and the remaining two-thirds at 20c and 21c a lb respectively.

Exporting members are obliged to build up special stocks to a total of 2 500 000 tons raw value by December 1981.

Of this total 40% had to be built up in both 1978 and 1979, but the council in November 1979 extended for one year the period for completing the final 20%.

ISO delegates say the decision to suspend quotas was taken because of the fact that automatic suspension looked inevitable on Tuesday at current price levels.

They say the agreement on a timetable to review the price range represented a compromise. — Reuter.

CT 2/1/80

(74)

Grain ban may lower ship rates

ONE EFFECT of the recent United States embargo on grain cargoes to the Soviet is expected to be cheaper importing to the Republic of bulk cargoes such as rice, fertilizer, sulphur and other commodities.

When there are too many ships for too few cargoes, rates usually tumble in the scramble for business. The holding of 17 m tons of grain by the United States is going to put a lot of ships out of work.

There is not expected to be any difficulty finding alternative destinations for the wheat, and some of this can be expected to wind up in Pakistan where the Americans are trying hard to improve their image.

The main difficulty is the 13 m tons of corn which deteriorates in storage if affected by moisture.

The owners of bulk carriers will have to carry available cargoes at lower rates or lay their ships up. This represents a completely changed situation along the cargo lanes, and all in about three months.

South African operators have been using largely hired tonnage to move cargoes, but these charters can be effectively wound up if there are no suitable cargoes forthcoming, or if rates are too low.

Russian ships are rarely seen here, but on the Pacific coast of North America they are regular traders so that the boycott of exports, and the action of disenchanted stevedores and dockers, will create serious problems for them.

FOREIGN EXCHANGE MARKET (74)

FM 22/2/80

Steam in the boiler

Like any good engineer, the Reserve Bank has begun to respond to the mighty head of steam building up under the commercial rand by releasing some pressure. By Wednesday, the Bank's trading range was \$1,2311-31, against the previous Wednesday's closing one of \$1,2240-60. This represents a gain of 0,071c in a week, or just under 0,6%.

With the dollar firm against other major currencies, the trade-weighted rate for the rand must have gained still more.

Although informed observers agree the rand is still undervalued and should rise more, this qualitative agreement conceals a sharp measure of difference over degree.

Ronnie Bethlehem, chief economist to Johannesburg Consolidated Investment, argues that, in terms of purchasing power parity, the rand today is a distinctly undervalued currency against the dollar. And, as the dollar itself is at a low level historically against other major currencies, the rand could be doubly undervalued on a trade-weighted basis.

Sid Sharp, manager of Barclays Bank Economics Division, concedes to the Reserve Bank the need for caution.

According to Sharp, if current, probably temporary, political influences are disregarded, gold is above its stable long-term value, which may be computed, very simplistically, by dividing America's net foreign debt by the number of ounces in its gold reserve. Although end-1979 figures have not yet been released, their probable range would throw up a gold price in the region of \$450 to \$500.

Barclays expects the gold price to decline to this sustainable level by the third to fourth quarter of this year, as the current, additional round of monetary constraints begins to bite in the US, with concomitant declines in the foreign trade deficit and the inflation rate.

Bethlehem argues persuasively, though, that SA's major current preoccupation should be reduction of an unacceptably high inflation rate (without detriment to the other pressing need of faster growth). And a rapidly appreciating rand, which could easily be sustained even by an average 1980 gold price of \$475, would effectively neutralise the imported component in the inflationary process.

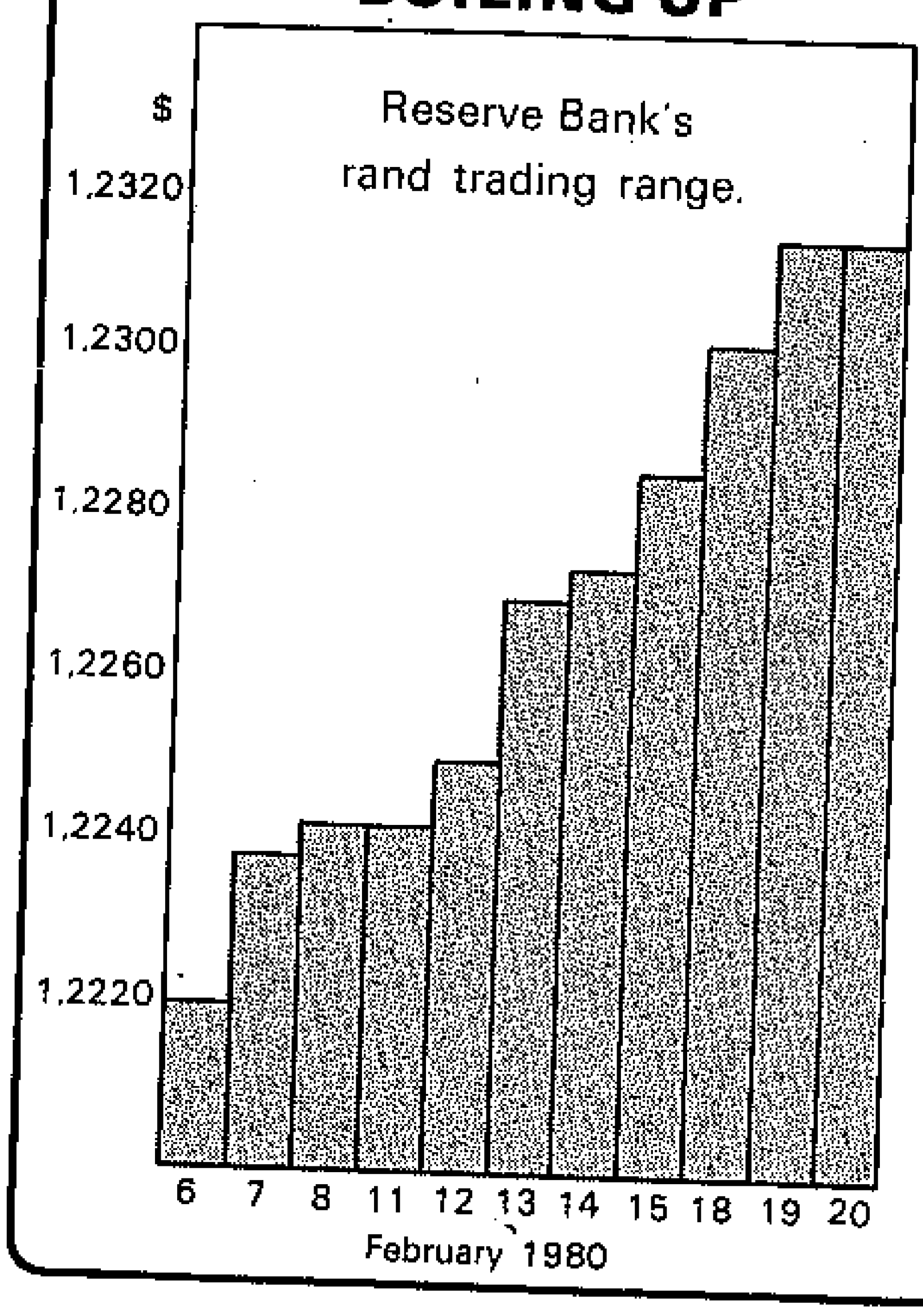
Present circumstances invite comment on the issue of whether the Reserve Bank is allowing itself to be unduly influenced by the so-called "dollar shortage" (see *FM* February 15). In fact, the dollar shortage represents the balance of supply and demand for foreign currency only in that small sector of the market.

But the market must be looked at as a whole, including the far greater proportion of foreign currency receivable by the Reserve Bank itself. If viewed this way, the measure of surplus is nothing short of astonishing, especially if read with the very strong improvement in the net reserve position.

Bethlehem discounts the argument that agricultural exports are a major stumbling block to a substantial upward rand movement. However, he notes that ferrochrome exporters are in a much more questionable position.

Taking a line through all the factors, Bethlehem argues that the rand should go to \$1,30 immediately, and that a further rise to \$1,40 by the fourth quarter would not be an unreasonable expectation.

BOILING UP



FM 25/1/80

EXCHANGE RATES

An opportunity lost

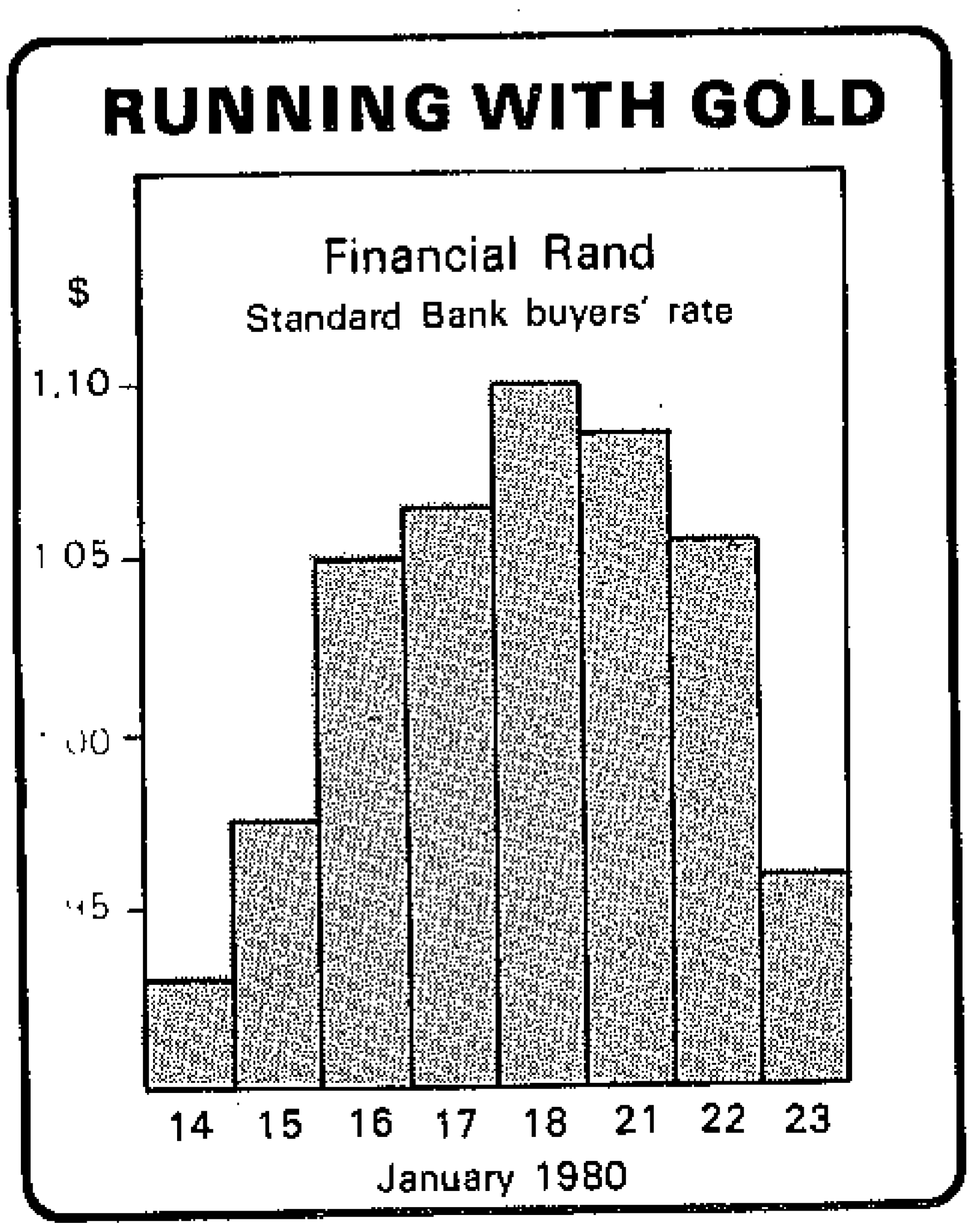
The financial rand, which traded as high as US113c at the peak of excitement in the bullion market, now gives every indication of following gold down. London's opening price range on Wednesday was 96c-98c, when gold was trading at around $600.

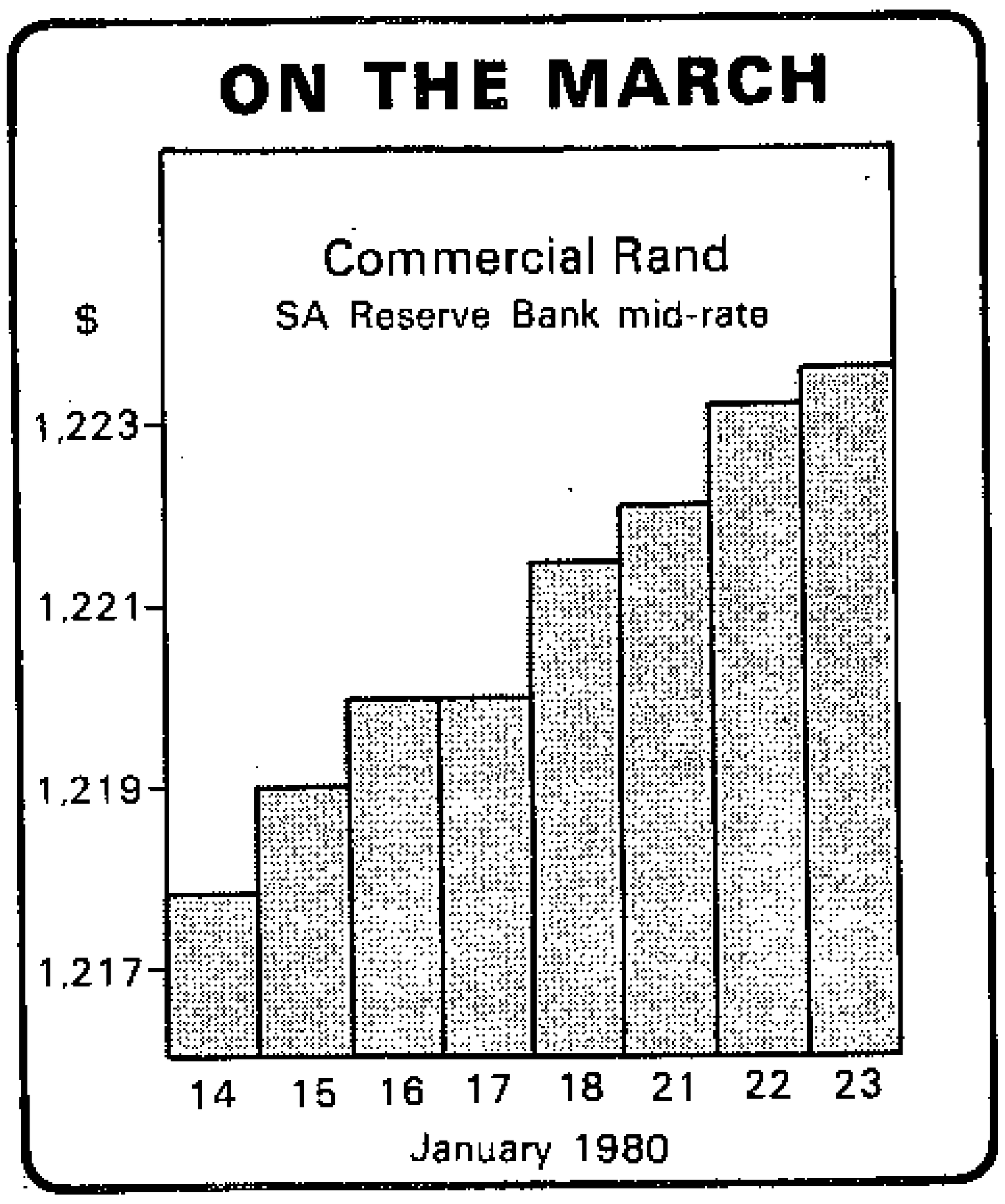
So, the financial rand discount, which had narrowed to around 8% at its peak, was, by Wednesday, at a more usual discount of 20,5%. Could this reaction put paid for the present to talk of a merger of the two rates in the not too distant future?

At the same time, the commercial rand continues its slow but purposeful rise, under the cautiously conservative eye of the Reserve Bank. It has appreciated from a mid-point of $1,2102 at the beginning of January to a current $1,2236, or over 1%, which is a pronounced rate of improvement, especially measured on an annualised basis.

The overwhelming influence of the very recent super-high gold price (already beginning to fade) should not be overweighted. For the Reserve bank has to base its exchange rate policy on its expectations for the average gold price over a much longer period and on a multiplicity of other factors making for caution in allowing a too rapid appreciation of the rand. These include:

- The sensitive politics of southern Africa, especially the situation in Rhodesia.
- The long-term interests of SA's exporters.
- The trade-weighted value of the commercial rand against other currencies as well as the dollar
- The state of the reserves on a cash flow basis, including forward deliveries.





eries.

- Recent strong adverse seasonal influences like dividend payments
- The adverse influence of the recent exchange control concession affecting the local borrowings of foreign-controlled companies. This concession permits bills and other negotiable instruments, to which there is one resident and one non-resident party, to be discounted in SA within 30 days of landing of the imports without infringing the local borrowing requirement. The foreign exchange effects of this concession are still building up.

Sid Sharp, manager of Barclays Bank economic department, supports the Reserve Bank's policy of smoothing short-term influences on the value of the commercial rand and allowing it to move only under the influence of what he calls "more permanent factors." He believes that there would otherwise be too much temptation for local businessmen to speculate in currencies.

Notwithstanding these views, it could still be argued that the present system looks more like a "crawling peg" arrangement than a "managed float," and that the Reserve Bank has still not summoned up the courage to implement government policy in this respect. If it had done so, these arguments would be questionable.

A central bank, timorous about the use of the price mechanism, is undoubtedly allowing opportunities for the development of the local foreign exchange market to slip past. So the chances of a unified exchange vote are as remote as they ever were.

NOTES

1. "These events were simply overwhelming when they occurred. I was a medical student at the time of sulfanilamide and penicillin and I remember the earliest reaction of flat disbelief concerning such things. We had given up on therapy a century earlier. With a few exceptions which we regarded as anomalies, such as Vitamin B for pellagra, liver extract for pernicious anemia, and insulin for diabetes, we were educated to be skeptical about the treatment of disease. Miliary tuberculosis and subacute bacterial endocarditis were fatal in 100 per cent of cases, and we were convinced that the course of master diseases like these could never be changed, not in our lifetime nor in any other. Overnight, we became optimists, enthusiasts. The realisation that disease could be turned around by treatment, provided that one knew enough about the underlying mechanism, was a totally new idea just forty years ago. Most people have forgotten about that time, or are too young to remember it, and now tend to take such things for granted. They were born knowing about antibiotics, or the drugs simply fell by luck into their laps". (Thomas 1977: 165).

2. In 1971 the Nixon administration "announced ... that a central part of its 'health policy for the 1970's was to be maximum development of health maintenance organisations (HMO) ... defined as 1) an organisation that accepts, on a contractual basis, the responsibility to provide or assure the delivery of 2) relatively comprehensive health services for 3) a voluntarily enrolled group of persons and 4) is compensated by advance

5. "The guild privileges granted them by the state allow physicians to control entrance into the profession, via their control over medical schools, and to control certification of all workers (including those of lesser skills and grades) permitted to deliver medical care. So long as they are able to exercise these controls, they are able to extract a form of 'economic rent' from the consumers of their services". (Rodberg & Stevenson 1977: 107).

6. "A market is a pattern of regular, recurrent exchange relations between units of economic decision ... (who) transact their exchange in two stages, sale and purchase; they sell their resources for money and buy with the money the resources desired ... Meeting in the market the various units match their offers and bids, their supplies and demands, against each other. They adjust and readjust their quantities offered and demanded and their prices, until co-ordination of their decisions is reached". (Lange 1945-46: 26).

7. "World experience has shown, as the United States experience is also beginning to show, the paradox underlying attempts to preserve the free and independent practice of medicine. At first sight, fee-for-all service payment enables private free market medicine to be readily combined with health insurance. In practice, it is not long before interference with medical practice becomes much greater than occurs or needs to occur when physicians are salaried employees in government

...le for each of their acts.
... restrictive and punitive
...abuse from occurring. Sometimes
..., but sometimes it falls on the

... Tenner 1977: 19).

...lly organised, but has hidden
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...ical Care equals Health. But the
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...ned by factors over which doctors
...idual life style (smoking, exercise,
... eating habits, physiological
...ment (air and water quality). Most
...le are at present beyond the reach

...nal society, the political role of the
...fferently from today: "Who, then, should
...e doctors, who make man their sole study,
...or and rich, among ordinary citizens and
...tage and mansion, contemplate the human
miseries that have no other origin but tyranny and slavery?" (Lanthenas 1792, quoted in Foucault 1973: 33).

EXPORTERS WARNED ON SWITCHING

74) 27/1/80

By JACK BRICKHILL

EXPORTERS will get a bad name if the new trend to switch export goods to local sales is not reversed quickly.

In Durban alone, five companies have stopped exports in the last three weeks much to the dismay of export managers who appreciate the importance of continuity of supply and keeping a foot in the export markets.

Many company managers regard the export scene as too troublesome and they are under increased pressure from their South African customers to provide more goods for the expanding economy.

Nora Hill, Natal regional manager of the export promotion organisation Safto, says the trend reflects short-sighted management and will give the country a bad name.

"We are just getting over the effects of export withdrawals in the boom period of 1974 and now it is starting again," she said.

Exports supported industry during four lean years but many industrialists are still reluctant to expand facilities sufficiently to supply both local and export demand.

A much stronger rand this year will make exports less attractive.

Export incentives are already generous but many companies still do not make full use of them. The Secretary for Commerce, Charl van der Walt, says improved incentives are on the cards but these are unlikely to be introduced this year. He says a committee is working on the new proposals which, if implemented, will need a lot more money from the Treasury.

Under the new proposals incentives will be applied across the board and in addition special assistance will be given in cases where the general incentive is insufficient.

The present incentive scheme is based only on specific instances and not across the board.

The new scheme will assist exporters "quite substantially". Mr van der Walt does not expect a fall-off of manufactured exports this year although he concedes that the rate of increase will be lower. He says the Government has tried to educate manufacturers not to be occasional exporters. If manufacturers withdraw exports the introduction of an improved export incentive scheme is pointless.

There is no sign yet in the official statistics of any fall-off in exports.

There is also no sign of a drop in trade with one of the major trading partners Germany.

More SA coal likely for France

Star 29/11/79

(14)

Own Correspondent

PARIS — The French Government's plan to boost the use of coal in France and cut the country's dependence on oil is expected to lead to an increase in coal imports from other countries, including South Africa.

South Africa is already one of France's biggest coal suppliers, sending 6,8 m tons in 1978 — close behind West Germany which supplied 8,75 m tons.

The Industry Minister, Mr Andre Giraud, has told the Cabinet that France will use much more coal in future, not only in power stations but also in industry and domestically.

Last year France burned around 52 m tons of coal, of which 28 m tons was consumed by power stations.

France can import coal 60 percent more cheaply than it can produce itself by opening up mines.

(76)

EXCHANGE RATES

Dollar shortage

FM 1/2/80

The Financial Rand discount again narrowed dramatically this week, reflecting the firmer bullion price. After trading at a discount of 20,5% last Wednesday before narrowing to 15,8% at the beginning of this week, the price of FR was up to US110c — a discount of 10,5% — on Wednesday.

Bankers cite renewed buying of gold shares by non-residents as the major factor behind the FR's rise, but the price is clearly tied into the fortunes of bullion. Following the wild fluctuations of the past two weeks, which, in the minds of many investors appear to establish a floor of $600, gold is currently looking fairly strong around the $700 mark.

Some investors now hold the view that as long as this level is maintained, the FR discount could narrow further over the next couple of weeks.

The commercial rand, meanwhile, hardened only marginally during the past week. After trading at a mid-point of $1,2236 last Wednesday, it edged up to $1,2239 at the beginning of the week. As long as the Reserve Bank's view on gold remains bullish, a gradual appreciation in the rand to $1,2350 is confidently expected.

Despite the rand's restrained move upwards, dealers report that the shortage in dollars experienced during the past four to six weeks is continuing.

Dealers report that importers who may have held off dollar purchases for some time, in anticipation of an easier rate, are now beginning to buy heavily again. At the same time, since more exporters are now covering their proceeds forward, there is less incentive for them to repatriate earnings as soon as possible.

Hansard 1(9) 1/2/80

State Pres. Address

74

An important development in the field of trade is that the Tokyo Round of multilateral trade negotiations, which were conducted under the auspices of the General Agreement on Tariffs and Trade (GATT), has now been finalized. As a member of GATT, South Africa took part in the negotiations, and her exporters will also share in the advantages of the agreed tariff reductions which will be phased in over a period of eight years, with effect from 1 January 1980. The Government will continue to give high priority to the promotion of the country's exports.

Dalk meer geld vir banke oorsee

Rapport 3/2/80

74

DAAR bestaan groot opgewondenheid by Suid-Afrikaanse banke dat die Regering in die tweede kwartaal van vanjaar, as 'n maatreël om die buitengewone sterk likiditeitstoestand wat in die land aan die opbou is, te verlig, bykomstige toegewings kan maak sodat banke groter bedrae geld op oorsese markte kan belê.

Na verneem word, sal dit een van die aspekte wees wat sterk onder die soeklig sal kom by aanstaande week se vergadering tussen die banke en die Suid-Afrikaanse Reserwebank.

Weens die besondere sterk likiditeitsposisie wat besig is om in die land op te bou, bestaan daar ook 'n baie sterk moontlikheid dat kredietplafonne heeltemal afgeskaf gaan word.

Die kwessie om banke toe te laat om meer geld te belê in die buiteland, veral in Amerika waar rentekoerse op die oomblik besonder gunstig is, is reeds by vorige geleenthede by die Reserwebank geopper. Daar is egter aan die einde van verlede jaar gevoel dat so 'n stap te riskant sou wees aangesien daar verwag was dat die betalingsbalansposisie teen die einde van die jaar sou versleg, wat dan ook in werklikheid gebeur het.

Die Reserwebank het destyds ook aangevoer dat buitelandse reserwes eerder gebruik moet word vir die terugbetaling van lenings, asook die terugkoop van goud wat met die goudruilooreenkoms aangegaan is. Hierdie transaksies is egter nou in 'n groot mate afgehandel en dit is ook bekend dat die Reserwebank 'n stewige wins uit sy goudruiltransaksie gemaak het.

Kenners sê hoewel die likiditeit in die ekonomie reeds op 'n hoë vlak is, word probleme egter nie voor die tweede kwartaal van vanjaar verwag nie. Einde Februarie betaal die meeste maatskappye sowel as die goudmyne groot bedrae in die vorm van belastings aan die staat oor, wat groot bedrae geld uit sirkulasie sal trek.

Daar word egter verwag dat die likiditeit in die maande daarna sterk sal opbou, veral as die goudprys sy huidige vlakke behou en dat stappe gedoen sal moet word om die likiditeit te verminder.

Na verneem word, word die kwessie om banke toe te laat om meer geld in die buiteland te belê as maatreël om die binnelandse likiditeit te verminder, ook deur die De Kock-kommissie ondersoek.

Indien banke toegelaat word om meer geld in die buiteland te belê, sal dit 'n tweeledige voordeel hê. In die eerste plek sal dit die binnelandse likiditeit verminder en terselfdertyd sal banke 'n baie mooi wins uit hierdie transaksie kan maak. Koerse vir driemaandegeld op die Amerikaanse markte is op die oomblik meer as 14 persent wat besonder goed vergelyk met koerse wat op die oomblik op die plaaslike mark verdien word.

Bankiers in Johannesburg sê hulle verwag egter dat indien die Reserwebank dit gaan toelaat dat meer geld in die buiteland belê kan word, hy egter 'n baie versigtige houding gaan inneem.

'n Woordvoerder van een van die groot handelsbanke het gesê dat indien die Reserwebank sou toelaat dat slegs sowat R100 miljoen bykomstig in die buiteland belê kan word, hulle baie gelukkig sal wees.

'n Vooraanstaande bankier het gesê dit is 'n uitgemaakte saak dat die likiditeit in die tweede kwartaal van vanjaar aansienlik sal vergroot. Afgesien van die goeie vooruitsigte vir die ekonomie vir vanjaar is binnelandse investering baie traag om toe te neem en op die beste word slegs 'n geleidelike toename verwag.

Hy het gesê die Regering sal moontlik in die tweede kwartaal verplig word om uitgifte van plaaslike skatkiswissels te doen om die likiditeit te verminder. Hy het gesê die Regering het op die oomblik nie die geld nodig nie, en sal dit net eenvoudig oppot en moet bowendien nog daarop rente betaal. „Waarom dan nie liewer die banke toelaat om die ekstra geld in die buiteland op korttermyn te belê en terselfdertyd 'n wins daaruit te maak nie," het hy gevra.

Na verwagting sal daar ook gekyk word na die verhoging van banke se kredietplafonne en daar bestaan 'n sterk moontlikheid dat laasgenoemde heeltemal afgeskaf kan word. In 'n toestand soos ons nou in die ekonomie het, dien kredietplafonne geen doel nie.

is consistently worse than that of the whites. The 'coloureds mortality rates for all the major causes of death apart from ca diseases and neoplastic diseases in men over 65 years of age, n diseases in women in this group, and cardiovascular disease in years of age during 1960 and 1970. Clearly the rate of 5/1 OO been chosen is entirely arbitrary but a similar pattern of mort if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require Firstly, whilst being affected by the incidence of the diseases these rates are also influenced by their fatality rates, for exa decrease in the mortality related to Tuberculosis will not only by a decreasing incidence of this disease but also by improved p primary, secondary and tertiary levels of intervention which wil ly decrease the fatality rate and, therefore, the associated mo

Secondly, it should be appreciated that although the calculation important for comparative purposes since they take into consider underlying population, for the providers of health care the actu are also of importance. This is particularly true for those gro contribute a comparatively large proportion to the total populati example 'coloured' children 0-4 years old. The different demogr files of the two communities for 1951 are presented in Fig. I, an vides an indication of the age distribution of whites and 'coloure The changes in this distribution which occurred between 1941 and 1 for the purposes of the present study, of relative unimportance.

The expectations of life for 'coloureds' and whites are presented Although data has been published for Africans[5], this is speculativ not considered to be of sufficient reliability to warrant inclusio different expectations of life have been included: (1) e_o - the e of life at birth, and (2) e_{45} - the expectation of life at 45 years Characteristically women have a better expectation of life than me Fig. 6 indicates that this is so for both whites and 'coloureds'. so marked is this difference that at e_{45} 'coloured' females have expectation of life than white males. What is perhaps of some con that the gap between the expectation of life for males and females ing. This trend is apparent in both the whites and the 'coloured' ties, although it is particularly marked in the latter for whom Mal deficit of 1,0 years in 1941 at e_o has become 6,9 years in 1970. a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

Rees argues that since medical services do, for the most part, satisfy the conditions of excludability (there are no spillovers) and no economies of scale 'It is immediately clear that most aspects of the medical market are efficiently handled by the private sector'. He admits a few exceptions - control of infectious diseases and sanitation for example - where spillovers imply that there is a case for public provision or additional incentives for acquiring health care. For medical care in general, he holds that subsidy will lead to an expansion of demand leading to either a fall in quality and/ or unsystematic rationing by queues, or provision of more facilities than people would choose to purchase if left to make individual decisions. These would be financed through additional taxes which they would otherwise have used for something else.

He excludes considerations of redistribution on grounds of equity through publicly provided health care at less than full cost. He argues that the criterion of equity cannot be sufficiently defined and that any preference for one distribution over another is purely a matter of personal preference.

However, none of the medical participants felt unhappy about the fact that value judgements are involved in the determination of policy, and Raine (Ch.15) and Westcott (Ch.11) point out that this is inevitable. A decision not to alter the existing allocation of medical care is also a value judgement.

It is also noted (Archer, Ch.9 and Nattrass, Ch.10) that some people desire that others may have access to health care, even though this may have no material impact on their own state of health. The presumed prevalence of altruism in health matters would mean that there is still a case for subsidy or other intervention in the market mechanism.

Rees agrees with Nattrass however, that market conditions are not such as to favour efficient distribution. Information is likely to be very imperfect and consumers are not in a position to shop around for the best buy, or even to know after the event whether the treatment they had was good or not. The problems arising from incomplete information for consumers and even for doctors are particularly apparent in the case of the ethical drug market as Brodie (Vol.2) and Folb (Vol.2) indicate. Moreover, although the number of doctors is large, entry to the market as a seller is not free so that numbers are restricted and therefore higher prices can be charged.[7] Rees hints that constraints on the number of students entering medical school (including extremely high academic standards) and legal restrictions on the tasks performed by nurses and other workers may segment the market and

Denmark may cut SA coal imports

Star 14/1/80

74

Own Correspondent

COPENHAGEN — Denmark is prepared to reduce its coal imports from South Africa — at present the main supplier of Danish coal.

The Energy Minister, Mr Poul Nielson, said Denmark was prepared to become involved with coal mining and production abroad to ensure his country maintained adequate coal supplies.

Denmark currently uses about 5m tons of coal a year. As the Government has decided to postpone indefinitely any decision on the introduction of nuclear energy, the power companies predict Denmark's annual coal consumption will gradually rise to 17m tons.

South Africa is the main supplier of Danish coal imports.

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The defects of a market distri
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transaction (the frequenc ... society would benefit from the consumption of more health care than individuals would choose under market conditions;

(v) the tendency of costs to rise under insurance systems (not specific to private insurance); and

(vi) the absence of some desirable services from the market, notably preventative and rehabilitative services.

Interestingly, some of these arguments were mentioned by the 1944 Gluckman Commission on a National Health Service (reported by Kanis, Ch.8). The Commission argued that health care in South Africa should be related to needs rather than to supply and demand, that there was an over-emphasis on cure and lack of a comprehensive approach; and that externalities (e.g. loss of production) would make it worthwhile for the state to intervene to increase preventive measures. Various alternatives to the market are discussed. Rees is sceptical about all of them, and suggests that reliance on voluntary organisations to fill in the gaps (as in the collection of blood) is likely to be more effective than government provision. He recommends that only those aspects of medical care in inelastic demand (i.e. those least prone to 'moral hazard') should be subsidised or provided free: serious illnesses would qualify first.

GILL WESTCOTT

11. HOW CAN ECONOMICS IMPROVE PLANNING FOR HEALTH?

INTRODUCTION

It is often supposed that the allocation of resources for health requires no more than an understanding of medical science and a flair for administration. It has also been assumed frequently that in normal circumstances, if a disease can be cured, it should be; if a hospital can be afforded, it should be, and so on. Enough has been written by other authors however to show how misleading this can be in a situation of limited resources, and that difficult choices involving fundamental values have to be made in allocating resources to different categories of patients or types of care, to different regions, age groups and individuals. Who shall live? [1] is a highly relevant question for health planners.

Assuming that the way to improve health is to increase medical services of the conventional variety is equivalent to neglecting the range of possible techniques open to achieve this objective and is likely to mean incurring excessive expenditure for the degree of health improvement achieved. This paper will describe several methods for going about the choice of health projects which allow consideration of these technical and value problems, if not deal conclusively with them.

Any method of analysis chosen is naturally constrained by data limitations. Information is needed not only on the health variables which are the object of policy but on the links between these and various medical and non-medical factors, to test propositions such as that of Archer [2] that non-medical factors (environmental quality, income, water, etc.) afford a more cost-effective route to better public health than medical care. Moreover, criteria for selecting and measuring the impact of health policy need to be clear and easily understood, not only by policy makers and their advisers but also by the public. [3]

A still less tractable problem arises from the fact that the conventional attempt made in economic analysis to distinguish between the choice of technique and the choice of objectives is doomed to failure. Ideally, one would like to separate the making of value judgements, the choice of

ends, from the working out of the means using factual data. However, a final separation between means and ends, between choices dependent on facts and those on values, is never possible. In the first place, events and processes can seldom be divided neatly into ends and means; means, too, may have values attached to them. Moreover, the choice of analytical method, of prices, costs, and the factors to be included in the analysis - all these are value-laden.

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what information needs to be collect

Maize hedging

THE MAIZE Board will make a statement at the end of February following its investigation of the possibility of hedging maize exports, says the chairman, Mr Ben Wilkens.

The board will first discuss the report of the six-man mission which visited North America, Argentina and Britain last year.

The main aim of the mission was to investigate the possibility of increasing export earnings on maize by hedging on the US futures market. — Reuter.

(74)

RDM 6/2/80

The following is no map for planning ... es, but
it will outline some well-used paths ... an help
us to cover.

We shall consider first questions about ... of
a service are fairly well established.

1. CHOICE OF TECHNIQUES: EFFICIENCY D

To discuss the relative efficiency of al ... ypes
of data must already be known:

(i) the precise objective (e.g. provision of a primary health care facility to cope with a given number of patients annually);

(ii) the technical details of the processes considered: what inputs and manpower are used and what outcome can be expected from each. (e.g. the alternatives of: GP only; clinics or day hospitals employing all types of staff; clinics run by nurses only; hospital outpatient departments etc.)

(iii) the relative value of resources used up in each process.

Economic efficiency differs from technical efficiency in that it requires not only the best technical standards so that the lowest ratio of inputs to outputs is used, but also that this ratio is at a minimum in value terms; it entails using the least cost method, or obtaining the maximum output for given resources.

The totals in each column are then multiplied to arrive at a final score which forms the basis of its ranking. This is necessary to remove problems with low prevalence (yaws), or vulnerability to management (common cold) from priority contention.

This method uses all the criteria which are
lysis, but in a more informal way. 'Vulnera
the impact on the disease possible with the
and the higher the cost, the less likely the
on vulnerability, and the less likely it is

Prevalence, severity and community concern al
of the cost of the disease or problem, and he
from removing it. In the first two columns
on the factual situation : data which could
and the judgement will be better, the better
even if it is qualitative and selective. Th
mainly subjective costs of particular illness
such matters as whether the community is more
infants, children, mothers, working populatio
whether certain diseases have a particularly

2.5 An Epidemiological Approach

An overall definition of the objectives of health care is the cornerstone of this approach; these objectives must be expressed in indicators of public health status in such a way that the benefits of each programme can be measured in terms of these indicators and their priority assigned accordingly.

The proposed measures of health status will relate to at least two dimensions of health : length of life and quality of life. Mortality rates define the first dimension, those of morbidity relate to the second. Within 'quality of life', even insofar as it is related to health in its narrow definition, one might wish to distinguish other dimensions : degree of disability, for example, can be distinguished from degree of pain.

However, unless a single indicator is adopted, the possibility remains of a conflict between programmes designed to reduce different indicators of health, say, morbidity and mortality, although decision-making will have

been greatly simplified. For example, should some of the funds channelled into research on prolonging lives of heart patients be used to control the spread of bilharzia? Questions like these are resolved politically whether or not the answers are embodied in an indicator (or
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Once objectives are expressed in te
grammes can be ranked according to
those achieving the largest reducti
chosen. Again, since information
quently lacking, the effect of usi
health programmes would be to dire
scientific to epidemiological line
data on health status, only, to re
dispositions of resources on these

The effect of introducing overall measures of health status, is, by introducing select value judgements about the relative importance of various kinds of health problems, to render the analysis of a much wider range of choices possible as if they were questions of efficiency: of choosing the most cost-effective methods of reducing mortality and morbidity.

Exchange control forms want it all

By HAROLD FRIDJHON

NEW exchange control forms calling for more information from people buying and selling foreign currency in excess of amounts of R50 which came into operation at the beginning of this month are not only giving the commercial banks much additional work but they are irritating many foreign tourists.

In the first place by calling for information for every transaction involving R50 or more, the workload on the banks has been considerably increased. The previous requirement of the Reserve Bank's exchange control department was to have the forms filled in for amounts of R200 or more. And the details called for did not include "birth date of the individual" and "registration date of a company".

Bankers I spoke to yesterday said that many women tourists would be highly indignant when they are called on to reveal their age to bank tellers whenever they wanted to cash a traveller's cheque for more than $61.

"This is not the sort of regulation which encourages tourism," commented a banker.

Both the buying and selling forms call for the full names of the person making the application, birth date, full residential address, the amount of the transaction and, in the case of the application to buy foreign exchange, 35 categories of reasons for wanting the foreign currency, ranging from alimony, to gifts and imports, to maintenance of dependants. The name of the "beneficiary" and the geographic area to which the transfer is being made must be specified.

When foreign currency is sold, the authorities have dreamed up 28 categories from capital investment in the rand monetary area, to insurance receipts, to pensions and legacies right down to the simple transaction of encashing a traveller's cheque.

From the design of the forms, it is obvious that all the information will be computerised and this will throw a huge workload on the exchange control authority's staff. A banker estimated that throughout South Africa, the commercial banks must transact about 20 000 "deals" a day.

Every form will have to be scrutinised and then punched into the computer which will have to store a mass of information which, a Reserve Bank official tells me, is for statistical purposes and to tighten up control.

And the irony of the situation is that the Reserve Bank will have a tighter control on relatively small amounts, but the large crooks who fiddle with big amounts will still be able to escape the control net — probably because these illicit transactions do not go through the commercial banks in the normal way.

The foreign exchange departments of the commercial banks are adopting a wait-and-see attitude to the new forms. Bank officials say that it will take some time before their staffs adapt to them and for the system to settle down, but as a preliminary view they foresee visitors resenting form-filling — with the touchy birthdate detail — for what everywhere else in the world is a simple banking transaction.

Everyone I spoke to in banking complained about an unnecessary increase in work.

The forms will only have to be filled in when people buy and sell foreign exchange at a bank. Shops and hotels accepting traveller's cheques will not be required to use the forms A and E when dealing with their customers. But when they deposit the traveller's cheques at their banks then the form-filling routine will begin.

PERISHABLES (F) Malaba

A run on beans

High airfreight rates and over-supply have caused exports of certain perishables to plummet. Mangos and low priced exports like capsicums, green beans and chillis are severely affected. In some cases, one exporter tells the *FM*, [illegible] returns on these products are [illegible] zero. [illegible] tariffs

Steep increases in air cargo [illegible] since last August, an estimated 30% [illegible] means products have become unrealisti[illegible] cally highly priced and unable to compet[illegible] with lower priced perishables from th[illegible] African continent and Israel on lucrati[illegible] overseas markets.

Air cargo tariff on Israeli perishables [illegible] a low 30c a kg. On SA exports it's risen [illegible] 86c. On March 1, it rises another 10% [illegible]

At the moment exporters are entitled [illegible] 12c a kilo rebate on perishables to Euro[illegible] Talk is that the Department of Commer[illegible] will phase out this subsidy. The Dep[illegible] ment will only say rebates are "[illegible] reviewed," and may go up or down.

One exporter says that only when [illegible] Department raises its subsidy to 20c-25[illegible] kilo will low-priced perishables becom[illegible] viable export. At this stage chances of [illegible] coming about appear slim.

The feeling among exporters is [illegible] once air freight rates go up agai[illegible] March, air freighted exports of man[illegible] avocados, green beans, capsicums [illegible] chillies will be ruled out. Exporter[illegible] have to start taking a new look a[illegible] freighting commodities such as m[illegible] and avocados.

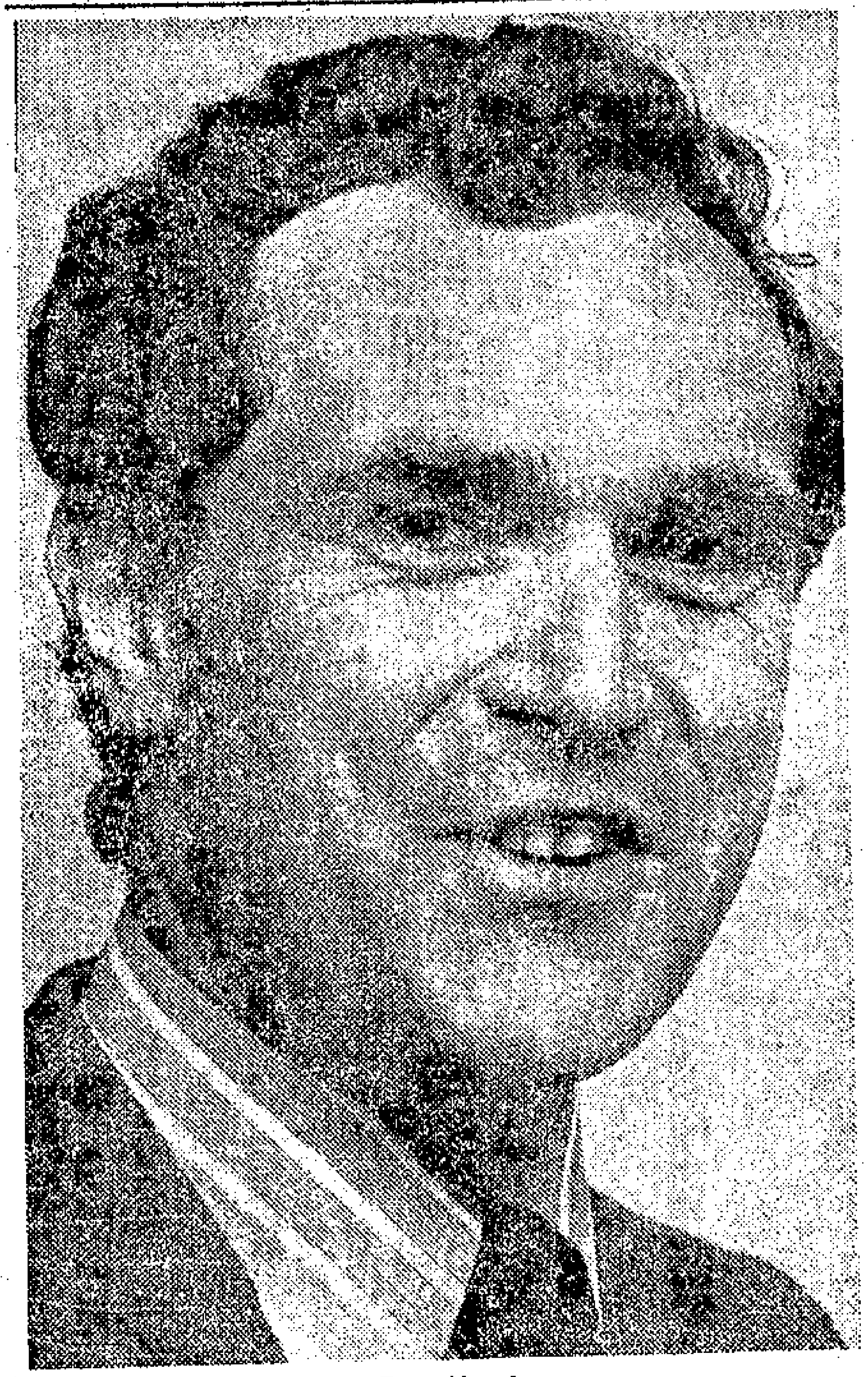
Some 250 000 to 300 000 trays of [illegible] goes will have been air freighted t[illegible] rope and the UK by the end of this s[illegible] depending on whether the fruit las[illegible] lowing heavy rains in the NE Transv[illegible]

But, says Citrus Exchange assista[illegible] Arend Venter," unless we can fin[illegible] to export mangos successfully by s[illegible] industry can't grow."

Apart from pricing problems o[illegible] seas markets, there is a [illegible] over supply. Because mangos ar[illegible] fetched good prices on overseas [illegible] during December, exporters have [illegible] the market.

Mango prices, especially, have [illegible] One exporter tells the *FM* man[illegible] 60% over supplied.

Financial Mail February



Mr Ron Hewison

SA could lose on airfreight business

Star 13/2/80

2~~1~~2

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By Frank Jeans and Stephen Suckley

South Africa stands to lose an estimated R750 000 a year in airfreight revenue if the Rhodesian political situation is resolved and world trade with the new state builds up.

According to the managing director of an international airfreight group, South Africa could lose out because of its resistance to charter airline operations.

If Rhodesia opens up to world trade, charter operators could find an advantage of flying, say from Britain to Salisbury and truck goods south which would be a saving in the London-Johannesburg freight rate.

REVIEW

Mr Ron Hewison, managing director of ASA International which along with sister company, Rennies Airfreight, falls under the Jardine Matheson umbrella, visited South Africa recently with an aim to "broadening scope" and reviewing his company's market potential in Africa in the event of a Rhodesia solution.

Formed in 1947, and taken over in 1970 by JM, ASA International is said to be in No 3 spot of the British airfreight league, and has an estimated R2m turnover in the South African market.

ASA centres about 30 to 40 percent of its overseas activity in Africa.

"The current rating structure to SA does not encourage high-weight trafic to move by air," says Mr Hewison.

"It is normal procedure around the world to encourage the two-movement of heavy."

There are two ways in which South Africa could benefit in this regard, according to Mr Hewison:

- Operate container incentive scheme, and;
- Permits charter airlines to operate.

"If the Rhodesian market opens up, it could become a "piggy-back" operation," says Mr D G Williams, general manager of Rennies Airfreight.

Certainly, ASA International is far from slow in grasping at an opportunity.

Immediately following the Lancaster House agreement, ASA was the first charter line to fly in blankets and stores to meet demand with the "call-in" of guerillas from the bush.

- Whether or not charter flights will be allowed to operate between South Africa is the decision of the Department of Civil Aviation and not South African Airways.

A spokesman for the department was not available for comment but sources close to the department said the main criteria for the opening up of charter routes will be volume and whether or not existing facilities are adequate.

Hansard 2 Col 55/56 13/2/80

Export process zones

*18. Mr. D. J. N. MALCOMESS asked the Minister of Industries:

(1) (a) Whether he has given consideration to the report on export process zones and (b) what action does he intend taking in regard to the establishment of such zones;

(2) whether he will establish such a zone in the East London area?

~~44~~

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FEBRUARY 1980

†The MINISTER OF TRANSPORT AFFAIRS (for the Minister of Industries):

(1) (a) Yes;

(b) after consideration of the report in close consultation with organized commerce and industry the Government decided not to approve the establishment of export process zones;

(2) falls away.

Gatt gloomy on 1980

RDM 16-2-80

Own Correspondent

LONDON. — The world economic outlook is not encouraging and is shrouded in uncertainties for 1980 as a whole, according to a report by the secretariat of the General Agreement on Tariffs and Trade issued in Geneva.

The reports sees little prospect of early relief from the acceleration of consumer price increases in the industrial countries. It notes the shock to general economic confidence reflected in the sharp rise in the price of gold.

"The consequent increase in the value of both official and private gold holdings could further complicate efforts to bring inflation under control," it says.

Although energy market developments "certainly are not helping" efforts to reduce inflation, they are not a "serious impediment" to effective inflation control programmes.

To illustrate this, the Gatt secretariat says higher energy prices accounted for only 2,2 points out of the 13,3% increase in the consumer-price index, or a sixth of the rise.

But the report notes that serious concern about the behaviour of energy prices and regularity of supply will continue to impede investment planning, along with other uncertainties.

"This uncertainty will have to be lived with, given that even the most enlightened and effective national energy policy could significantly reduce the dependence on imported petroleum only in the course of decades."

A more pressing problem relates to the recycling of the new surplus of the major oil-exporting countries, the report says. According to current estimates, this surplus may reach \$100 000-million in 1980.

The problem is likely to be more difficult than in 1974. The import capacity of the oil-exporting countries has now become strained. Their imports declined by 4% in value in 1979, implying a marked decline in volume, after a 15% rise in value in 1978.

"At the same time, many of the potential borrowers are more heavily in debt than they were in 1974, and there is increasing concern among banks in the major industrial countries about trends in the asset composition and regional distribution of their portfolios."

The Gatt secretariat finds that the success of recycling this time depends importantly on a sufficient availability of investment projects. The main factor inhibiting investment is the uncertainty generated by continuing inflation and protectionist pressures.

Unless the recession becomes generalised among all the major industrialised countries, which appears unlikely at this point, the volume of world trade should show a further gain in 1980, although not as large as last year.

World trade volume grew by nearly 7% in 1979, the report says. Its value exceeded \$1 600 000-million — an increase of 25%.

In contrast, the growth in world production was only about 3%. This was mainly because of a sharp fall in cereals output in Eastern Europe and a number of developing countries, particularly India, the report says.

Five years' jail for former Assocom chief

RDM 20/2/80

(74)

Court Reporter

THE former president of Assocom, Richard Max Mitchell, 43, was yesterday sentenced to five years' jail by Mr Justice Irwin Steyn on two charges of "very nearly foolproof" theft and fraud involving nearly R2-million.

He was granted leave to appeal against the sentence and allowed R100 000 bail pending appeal.

Mitchell had pleaded guilty on Monday.

It was alleged that in November, 1977, acting with Mr Benjamin Maurice Morris, he had stolen an advice slip from the Post Office.

He had then pretended to a post office clerk that he was employed by American Express and received from her 23 parcels containing R1 944 800 worth of traveller's cheques.

Mitchell was arrested in Zurich, Switzerland, on November 24, 1977 and sentenced to three years' jail. After serving two years he was extradited to South Africa in November last year.

Arguing in mitigation of sentence, Mr I A Maisels, QC, for Mitchell, said yesterday that Mitchell's motive had not been a laudable one. Mitchell had told the court that he had tried to base money overseas in case he and his family had to leave South Africa because of the political situation. No currency had been taken out of the country, however.

The minute detail with which Mitchell had disclosed every single aspect of the crimes was evidence of his contrition, he told the court. "It is not a question of a person making a clean breast. It is a person baring his soul," he said.

Mitchell had been punished, not only by his imprisonment in Switzerland, but by the forced sale of his

☐ To Page 2

Wednesday, February 20, 1980

Jail for former Assocom chief

(74)

From Page 1

family business; this had caused him a loss of about R400 000 and reduced him to a person of modest means." Mitchell now possessed only about R114 000.

Mr Maisels said Mitchell had already served two years' jail in Switzerland, and asked that he should be fined and given a suspended jail sentence.

Mr M T van der Merwe SC, for the State, pointed out that Mitchell had intended acquiring a substantial nest egg abroad. A small amount would not have sufficed for him.

An actual amount of R245 218 was cashed in Switzerland, of which Mitchell would have received 80%.

Mitchell admitted that he had planned to cash a million dollars a day, Mr Van der Merwe said.

Mr Justice Steyn said the plan had been "very nearly foolproof". In sentencing Mitchell, he said it was extremely difficult and painful to sentence a person of Mitchell's character and stature.

The crimes had commenced in South Africa with the intention that they should culminate in Switzerland. If the whole case had been before him and Mitchell had cashed the cheques in South Africa he would have jailed him for eight years, the judge said. He was, however, deducting the sentence imposed in Switzerland.

He had to take into account the refined and extensive planning. He also had to consider the deterrent effect. "Other people might desire to feather a nest overseas in case, as they say, things became unbearable in South Africa."

In granting Mitchell leave to appeal he said the circumstances of the case, where a crime commenced in South Africa and culminated overseas, was completely without precedent. It was therefore desirable that the sentence should be tested by the Appeal Court.

Hansard 20/2/80

3 Ques. 151/152 74

Value of agricultural production/exports

304. Mr. P. A. MYBURGH asked the Minister of Agriculture:

What was the value of the Republic's agricultural (a) production and (b) exports in 1979?

The MINISTER OF AGRICULTURE:

(a) R4 575 million (estimated)

(b) R1 423 million (estimated).

R2 000m extra in reserves

74

RDM 20/2/80

By HAROLD FRIDJHON

SOUTH AFRICA'S gold and foreign exchange reserves which stood at R5 568-million at the end of January are probably understated by at least R2 000-million, according to Johannesburg bankers.

These "hidden" reserves have come about from the tremendous switch in the financing of both imports and exports from offshore banks to the South African banking system.

The reason for this switch is the wide differential between South African short-term rates and those prevailing in the countries with which South Africa is doing the most business.

Six-month money in London is currently priced a shade under 17%; the going rate for 180-day foreign bills in South Africa shades between 5,75% and 6%. And three-month acceptances in New York are costing as close to 15% as really matters.

The reason why South African financing is adding to the "hidden" reserves is that formerly the customers of South African exporters paid cash through their bankers as soon as the goods were received and the money was almost immediately transferred to this country.

What is happening now is that the overseas importer gets his goods and then through his bankers arranges 120-day to 180-day bills with South African banks. This means that the South African bank does not recoup from his overseas counterpart until the trade bill matures — which in turn means that the cash from that particular export does not flow into the Reserve Bank's gold and foreign exchange reserves until the cash is actually received in South Africa.

Huge credit balances are thus piling up abroad, creating a tremendous "lag" situation. Some months back, the Minister of Finance, Senator Horwood, estimated that these hidden reserves amounted to R1 000-million. Since then the figure has apparently more than doubled.

Foreign bills, as reported in Business Mail on Monday, are growing into a major asset in the money market.

But while earnings from exports are building up a huge direct foreign exchange hidden asset, the switching of import financing from overseas sources to domestic banks is creating a different kind of hidden reserve, an untapped source of potential overseas borrowing.

Until recently the repayment of foreign short-term trade finance was a drain on the reserves, but bankers tell me that most of this type of indebtedness has been repaid and that the outflow from the reserves has been reduced to a trickle.

This means that should interest rates in this country start to rise at the same time that rates abroad begin to fall, impoters will be able to revert to their previous sources of trade financing. This would be tanamount to South Africa getting large overseas "overdrafts" for the purchases which would help to boost the SA reserves.

Once upon a time, the Reserve Bank was very strict about exporters repatriating to this country the cash receipts from their sales. Today it suits the central bank to have these lags in their receipts.

It helps to restrict the volume of money circulating in the country and hence the money supply. This is a small step to keeping inflation slightly under control.

Call for 'meaningful' export incentives

22/2/80 C. Times (74)

The president of the National Clothing Federation of South Africa, Mr Simon Jocum, has called on the government to grant meaningful export incentives to enable the clothing, textile and related industries to compete in the world markets.

Addressing an NCFSA meeting in Port Elizabeth yesterday, Mr Jocum said that the gold euphoria had apparently relegated export incentives to the background.

"In 1977 the Van Huyssteen Committee reported on export incentives and nothing as yet has been finalized. The clothing industry is losing valuable opportunities in the export markets because of insufficient export incentives."

In addition, the opportunity to create jobs for thousands more workers was being lost and the local textile and fibre industry, as well as the cotton and wool farmers, were also losing out.

"Increased clothing exports would benefit all the parties concerned. The National Clothing Federation is keenly awaiting the Budget and hopes that the government will show concrete evidence of its willingness to assist labour intensive export industries by granting meaningful export incentives."

Mr Jocum said South Africa was marking time and pointed out that it was extremely difficult to compete in the world markets because of the Far East and Eastern European countries who received various forms of incentives.

Darling and Hodgson. — Pre-tax profit R15,93m (R14,11m) on turnover R204,12m (R155,57m) in 1979. Earnings per share 58c (49). Final dividend 17c (14) making 23c (19). Taxed profit R10,10m (R8,56m), tax 3,93m (R3,71m), minorities R1,90m (R1,84m). — Reuter by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected causes of death to the overall mortality experience of the white, 'coloured' and African communities.

During the period 1929 to 1970, the whites have shown a changing spectrum of mortality which is classically associated with an improving health status. Infectious diseases have become less important and the major causes of death are increasingly related to Cardiovascular and Neoplastic diseases. The 'coloureds' and Africans, however, have a persistently high proportion of deaths caused by infectious diseases. The Africans exhibit a spectrum of mortality which is characteristically associated with developing communities, whilst the 'coloureds' appear to occupy an intermediate position between the whites and Africans, although it is clearly much more similar to the

'intermediate' position of the
incorporate the worst of both the
s. This becomes apparent from
analysis of the different diseases
f the whites and 'coloureds' in the
for defined age groups. Thus, al-
istently responsible for a fairly
ty of the 'coloureds'. Table I

(iv) Proportional Mortality, accounted for by specific conditions.

(v) Expectation of Life. This was calculated both at birth (e_o) and at 45 years of age (e_{45}) for both males and females. It expresses the <u>average</u> number of additional years an individual would be expected to live beyond birth and 45 years.

For Africans, the proportional mortality was the only index calculated.

RESULTS

The infant mortality rates (IMR) and standardised mortality rates (SMR) for whites and 'coloureds' are provided in Fig. 2 and Fig. 3. Whilst the whites have experienced a steady decline in both of these indices since 1929, the 'coloureds' after an initial decrease, show a comparatively static IMR since 1950 and an increase in their SMR since 1960.

From 1941 to 1970, the white IMR has fallen from 50,9/1 000 to 21/1 000, an improvement of 57,6%. During this period, the 'coloured' IMR has decreased from 164,8/1 000 to 132,6/1 000, a change of only 19,7%. This is of particular concern when it is appreciated that the greater the IMR, the more easily should improvements be accomplished. The decrease in SMRs between 1941 and 1970 were 28,4% and 25,7% for whites and 'coloureds' respectively.

The age specific mortality rates are summarised in Fig. 4. Since death is inevitable, it is to be expected that decreases in the mortality experience of younger age groups will give rise to a corresponding increase in mortality amongst elderly persons. Thus, although it is to be expected that for both whites and 'coloureds' the mortality rates for persons over
it is of some concern that
1960 and 1970 for 'coloureds'

rates of whites and
persons between the ages
years of age, the gap
1941, white children under
f 'coloured' children;

SA trade balance now R761m

Star 21/2/80

South Africa had a favourable trade balance of R761,3m in January this year compared with R246,5m in the corresponding period last year, according to the preliminary statement of trade statistics released yesterday by the Department of Customs and Excise.

Imports during January amounted to R938,5m free on board (FOB) compared with R729,4m in January 1979, while exports (also FOB) totalled R1 699,8m as against R975,9m in January, 1979.

The import and export figures reflected in the statement had been adjusted largely to bring them into line with the requirements for the compilation of the balance of payments.

This means that figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are now included in the trade statistics to bring them more in line with the monthly statistics released by the Reserve Bank.

Imports from Africa increased from R14,3m to R22,7m and exports to African countries from R41,0m to R81,3m.

Imports from Europe increased from R333,3m to R403,6m and exports to Europe from R328,5m to R428,6m.

Imports from America increased from R124,6m to R149,1m and exports to America from R86,2m to R157,7m.

Imports from Asia increased from R90,6m to R113,7m and exports to Asia from R129,4m to R154,7m.

Imports of other unclassified goods and balance of payments adjustments increased from R162,6m to R240,1m and exports in this respect from R384,2m to R863,3m.

Exports of ships' and aircraft stores increased slightly from R3,1m to R3,9m. — Sapa.

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Big export coup for Macsteel

SUN TIMES 24/2/80

74

By VERA BELJAKOVA

IN A multi-million rand coup, Iscor, Macsteel and Unicorn have opened up the west coast of South America for the South African export market.

Some 90 000 tons of steel, worth about R30-million, was shipped by Macsteel to Ecquador, Colombia, Bolivia, Chile and Peru during 1979.

The 1980 steel export tonnage is likely to reach 100 000, says Eric Samson, 41-year-old chairman of Macsteel — a 70-year-old company with a R150-million turnover in 1979.

Iscor's gentlemanly agreement has allocated Macsteel, one of SA's largest steel merchants and stockholders, the west coast of South America as opposed to the east coast — territory ceded to Protea (see Business Times, January 20).

Macsteel's powerful export drive since late 1977 has paid off.

The company now keeps a network of agents in each of the west coast countries.

Steel is shipped in hot and cold rolled in sheets and coils; galvanised in sheets and coil; reinforcing bars, profiles in sections; and wire rod.

Although the steel is almost exclusively from Iscor, Macsteel also represents other Southern African mills. General Mining's Dunswart and Anglo's Scaw are those which have finally gained a toehold on the Latin continent.

The west coast is a relatively new venture for Iscor, yet profit margins remain slim.

"Competition in Latin America is very keen," explains Sheldon Smuts, Macsteel's 38-year-old international managing director.

"We are quoting against the Koreans, Japanese, Taiwanese and US mills. The Koreans are particularly active in the area and the Americans have recently started to spearhead their own export programme."

Moreover, freight rates are high, accounting for about 15% of the steel selling price.

"Increases in shipping costs are astronomical — they have almost doubled in the past 12 months," bemoans Mr Smuts.

Latin America uses SA steel for its construction and wire industries and in the manufacture of their electrical white goods and equipment industries.

But Macsteel is not putting all its steel eggs in one basket. It is actively developing new markets, especially in sensitive Asian and African countries, which at present account for a further R30-million, or 50% of Macsteel's exports.

To service the world market, Macsteel maintains offices in London, Houston and Hong Kong. The latter office services the Far East where Macsteel has been active for the last three years.

With an air of optimism, Macsteel projects a 50% growth on group turnover for 1980, with anticipated sales of R225-million for next year.

One worker was 74 years old. He had been shearing for 40 years and had never done any other work. He said he would have liked to retire but would find it difficult to live on a state old age pension.

The rest of the world heads for recession but not Pretoria

Swimming against the economic tide

Tribune 24/2/80

By BEN TEMKIN

ONE of the most striking points about South Africa's expected outstanding trade performance in 1980 is that it will probably be achieved as most of the rest of the world moves into recession.

The Republic, and possibly a few other countries, will be the exceptions in an environment where most countries are expected to show minimal or even negative real economic growth rates this year.

In its issue of February 4, the U.S. magazine Business Week points out in 1979 sluggish growth in the U.S. and Britain was offset by accelerated growth elsewhere in the industrial world notably in Japan (six percent), West Germany (4,2 percent), Italy (4.5 percent) and France (3,5 percent.

But Business Week is far from optimistic about a repeat performance. It sees the possible danger of the industrial world moving into a "synchronised recession" similar to that of 1974-75.

At the very best, it expects countries with the closest ties to the U.S. to be hard hit by its recession. Business Week takes the view that the recession was narrowly averted by the U.S. in 1979 but higher oil prices and tightening of the monetary policy make it seem that the U.S. is "clearly headed for a full-fledged recession in 1980."

In particular, unemployment is expected to reach about eight percent by year-end with inflation in the nine to 10 percent range in the final quarter.

South Africa is one of the countries which has close trading ties with the U.S. In 1979, the United States was ranked second in value of exports from the Republic and third in value of imports.

At first glance, therefore, it would seem that we cannot but suffer from the expected downturn in the U.S. economy.

As for our other major trading partners:

- Japan's economic growth rate is expected to fall sharply.
- The turnaround in Britain is expected to be a long way off.
- Growth in West Germany is expected to slow.
- The French economy will probably grow by only 1,5 percent this year.

A second glance shows quite a different picture, however:

- The United States, irrespective of the state of its own economy, has run its stockpiles of strategic minerals down to low levels and will continue to have to buy from South Africa.
- Exports to Britain tend in many respects to be immune from economic conditions in that country.
- Japan's fall in economic growth by no means implies a negative growth rate. To maintain the expected rate of growth, it will have to continue to import on a large scale from South Africa.
- Much the same picture will be seen in West Germany and France. In addition, it has to be appreciated that the pattern of South Africa's trade is changing — as can be seen to some extent from the accompanying tables (from the Standard Bank's February review).

Incidentally, Switzerland heads the table mainly because of its imports of Krugerrands and because South Africa's diamond trade is now through Switzerland and not Britain.

What is not shown in the tables is the rapid increase in trade that is taking place with the Middle and Far East and South America.

Exports to South Korea rose by 378 percent in 1979 to R41-million, to Israel by 92 percent to R69-million and to Taiwan by 39 percent to R82-million.

Good gains should again be made in these areas and so boost South Africa's overall trade figures.

S. Africa's trade

Merchandise trade distribution (excluding gold bullion, oil and arms).

South Africa's exports to:

(Under headings for each year — rank — percentage of total value)

	1st 8 months 1979		1978		1977	
Switzerland	1	15,7	6	6,3	7	3,7
United States	2	15,3	1	18,4	2	13,5
United Kingdom	3	10,9	2	17,2	1	22,7
Japan	4	10,3	3	10,4	3	11,0
West Germany	5	8,5	4	9,3	4	9,0
Africa	6	7,6	5	7,3	5	8,9
France	7	3,9	7	4,0	6	3,9
Belgium	8	3,8	8	3,1	8	3,1

South Africa's imports from:

(Under headings for each year — rank — percentage of total value)

Major trading partner:	1st 8 months 1979		1978		1977	
West Germany	1	18,9	1	20,4	2	18,2
United Kingdom	2	18,2	2	16,7	3	16,5
United States	3	17,3	3	15,8	1	19,0
Japan	4	11,3	4	13,2	4	12,2
France	5	7,9	5	7,6	6	4,7
Italy	6	3,4	7	3,5	7	4,1
Africa	7	3,4	6	3,9	5	5,6
Switzerland	8	2,6	8	2,7	8	2,3

In 1990 voer SA dít uit

RAPPORT 24/2/80

74

SUID-AFRIKA kan reeds so vroeg as 1990 'n groot uitvoerder van chemiese produkte wat op steenkool gebaseer is, word, indien beraamde planne uitgevoer kan word, het die besturende direkteur van AECI, mnr. D.N. Marvin, vandeesweek op 'n perskonferensie in Johannesburg gesê.

Mnr. Marvin het met die bekendmaking van die maatskappy se winssyfers gesê dat ongeveer 30 persent van sy kapitaal in Suid-Afrika reeds in die vorm van steenkool belê is. Verdere uitbreidingsprogramme, veral om die land meer selfversorgend van ingevoerde olie te maak, kan daartoe bydra dat groot hoeveelhede chemikalieë ook vir die uitvoermark beskikbaar sal wees.

Namate die prys van olie vanaf die Arabiese lande al duurder word, sal Suid-Afrika se chemikalieë, wat op steenkool gebaseer is, al meer mededingend word. Hy het gesê AECI se eerste prioriteit is die verskaffing van basiese grondstowwe vir die chemiese bedryf, maar die maatskappy sit ook oorgehaal vir die vervaardiging van metanol as 'n brandstof.

Die oprigting van 'n metanolaanleg deur sy maatskappy sal sowat R450 miljoen kos en dit sal ongeveer drie jaar neem om die aanleg tot produksie te bring.

Currency control to be relaxed

Star 25/2/80

Political Staff

CAPE TOWN — Currency control regulations are to be relaxed mainly to assist exporters, Senator Horwood, Minister of Finance, announced in his "mini-budget" today.

Senator Horwood, who was moving the second reading of the Part Appropriation Bill for R3 640-million, also announced that half-ounce Krugerrands were to be sold.

Linked with this will be a step-up in the marketing of the one rand and two rand gold coins which have been marketed only on an experimental scale so far.

Dealing with exchange control regulations, Senator Horwood said that the limit on the rights of emigrants to receive the full income from their South African investments had been lifted as from January 1.

The restriction which allowed exporters to grant foreign buyers a maximum of six months credit will also be relaxed.

"Authorised foreign exchange dealers will be permitted, without prior reference to the Reserve Bank, to give approval to individual exporters to grant up to 12 months credit to foreign buyers," the Minister said.

But the bank concerned would have to be satisfied that the credit period was necessary.

Senator Horwood also announced that changes had been made in the administration of his department to fit with the Prime

To Page 3, Col 8

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ep shorn.

In addition to cash wages, almost all shearers dem ... provided at the rate of one sheep per 1 000 sheep shorn (on ... were given two slaughter sheep per 1 200 or more sheep ... ent in kind included milk, tea or coffee, fruit and veget ... s only) and firewood.

Dagsmanne were getting between 75c and R4 a day. ... earned the lowest wages and the fleece-throwers and wool-clas ... On some farms the dagsmanne shared the shearers' meat ... re paid separately, usually getting between ¼ and ½ s

Shearers and dagsmanne usually slept either in the ... the open. A few farms had empty houses for permanent ... hearing team could sleep and two had specially built quart

2. Recruitment and Transport

Farmers who hired local teams transported them t ... them-selves. At the end of a shearing job, the farme ... for the following season, giving them an approximate ... me they would be expected to work. As the new season ar ... would contact them in the town, setting a definite date ... 'voorskot' on their expected earnings. Farmers complained

1) that the shearers immediately spent the voorskot and were only prepared

Palladium and platinum outshine gold and silver

74

By NEIL BEHRMANN

LONDON. — Rustenburg, Impala and Western Platinum should get a boost from the sharp rise in palladium over the past few months.

The free market price of palladium is around $280, well over the producer price of $175 and just off its 1980 highs.

In fact, palladium and platinum have outperformed both gold and silver, because they have tended to be tightly held by the speculator.

According to dealers, palladium is in demand because its a third of platinum's price and there is room for substitution in the areas where platinum is used.

Furthermore, the bulk of the world's palladium is produced in Russia and because of the political situation consumers and speculators are hoarding palladium because they expect Russian sales to tail off if world tension escalates.

South Africa roughly produces about 35 parts of palladium for every part of platinum. Russia's palladium and platinum ratios are exactly the opposite.

According to platinum dealders and agents, the fundamentals in the platinum market continue to be sour. However, the oil billionaires who are investing in precious metals do not appear to care. They are keeping the prices high because platinum and palladium are regarded as good tangible assets to be held as a hedge against inflation.

It is estimated that platinum production will exceed consumption by 400 000 ounces. South African production is in the region of 2,2-million ounces, while the rest of the world — mainly Canada — could push Western supplies to 2,45-million ounces.

Russian sales are estimated at 450 000 ounces so total supplies this year should be about 2,9-million ounces. (Though Russia is not selling gold it is interesting to find that the country is dribbling platinum and palladium on to the market.)

It is estimated that United States consumption, especially in the motor industry, could tail off rapidly. In fact, at least one of the manufacturers has not bought platinum from the producers this year.

Assuming other US platinum consumers will purchase about the same amount of platinum as last year, it is estimated that total US platinum consumption will be about 1,1-million ounces.

Japanese imports are expected to be slightly down on 1979 at 900 000 ounces and with the rest of the world's purchases at 500 000 ounces, total demand is about 2,5-million ounces.

This leaves a surplus of 400 000 ounces for speculators and the way the price is going, they are quite happy to buy at the free market prices which is more than 400 dollars higher than the producer price.

A platinum agent felt that in the long term an investor would lose at these high prices, especially since world interest rates are so high.

He said that producers who were also hedging a small proportion of their platinum on to the free market were building up their financial resources.

The stronger the producers, the more likely that they would increase production, so the speculators would have to contend with a rising flow of platinum — at the same time, producers have more than sufficient resources to build up their stocks in the event of pressure on the producer price.

It is estimated that any producer price increase would match the rise in costs this year, because they are determined to protect the true consumer.

This would put the producer price at 500 dollars at the end of this year with extra revenue coming from palladium and the other platinum group metals.

Heavy drop in copper

By ADAM PAYNE

JOHANNESBURG. — Copper prices fell heavily in London yesterday, with three months' copper down from £1 231 a ton Friday to £1 165 and cash down from £1 213 to £1 144.

The fall is ascribed by Mr R.Holness, managing director of Commodity Brokers, to bull liquidation.

"People have made fortunes in copper," he says. "When they saw their profits being eroded by a decline in the price they jumped out together.

"I do not ascribe the falls to short selling and I believe there will be a bounce back from around the £1 100 level.

" The copper market rose with gold and because of war fears. Now that Russia does not look like moving into Iran the heat is off and there is no new international development to keep copper moving up.

"It is a typical correction in a major bull market. I believe we shall see higher prices in the coming year."

Govt scraps Vd Walt inquiry

(79)
26/2/80 RDM

By HELEN ZILLE
Political Correspondent

THE ASSEMBLY. — The Government yesterday scrapped the Van Der Walt Commission, which replaced the Mostert Commission after the sacking of Judge Anton Mostert, who revealed details of the Information scandal in 1978.

A committee of Government officials will replace the Van Der Walt Commission, which was investigating exchange control contraventions.

But the decision, announced in Parliament yesterday by the Minister of Finance, Senator Owen Horwood, was condemned by Mr Harry Schwarz, chief Opposition spokesman on finance and a member of the Van Der Walt commission.

Mr Schwarz called on the Government to explain its action.

He said the scrapping of the commission would mean a total waste of the hours of work at the taxpayer's expense; there would not even be a report on the basis of the investigation completed so far.

The commission had taken over all the evidence from the Mostert Commission and would have been able to do "very good and valuable work had it been allowed to," Mr Schwarz said.

"No-one can be blamed for having strong doubts and questions about why the commission was appointed in the first place.

"The least the Government can do is to call for a report on the basis of the work completed so far. Without this basic course of action, no-one will be satisfied as to why the commission was formed in the first place and then disbanded," he said.

Background

Argus 22/2/80

(74)

Blame gold jitters on sheikhs

DENIS SELBY, bullion manager of one of London's international banks, has had a hand in the buying and selling of billions of dollars' worth of gold in the past 20 years.

Business has probably never been as good for Mr Selby as in the last 12 months. But, despite his smiles, he's worried about what's been happening to gold.

He's not unduly concerned about the high price. 'The gold market is just like a supermarket, really,' he says. 'People get used to high prices.'

What worries Mr. Selby is the seesaw behaviour of world gold prices and the international effect this may have, especially on the jewellery industry which normally gobbles up much of South Africa's gold.

The unstable price has thrown the jewellery industry into disarray. Italy, among the world's biggest jewellery manufacturers, is the worst hit.

'One of the leading international jewellers was telling me that he had been invited to exhibit new pieces at one of the world jewellery fairs. He has always exhibited in the past. But he told me he has refused to do so this year. He is afraid that if he buys gold at today's price, and it drops sharply, he may lose money on his jewellery.'

The golden jitters, which saw the metal jump beyond 800 dollars and within days drop back with a jolt to just over 600 dollars, are largely the fault of the Arab oil sheikhs. (I called them that. Mr Selby insisted on describing them as 'the gentlemen we are referring to.')

The oil sheikhs are impulsive buyers. They don't buy a nugget here, a nugget there, systematically. 'They rush in when the urge takes them and buy in bulk — rather like they buy Rolls-Royces by the half dozen.

If the gentlemen we are referring to don't regulate their buying, the instability will continue. A lot of people will get their fingers burned and there's a danger people may lose some confidence in gold. Especially industrial gold.

Mr Selby does not for a moment believe the sheikhs will stop buying. 'For one thing they need to keep bidding, to protect the investment they have already made. But he hopes and believes the buying pattern will become more orderly. If this happens, it will be good for everyone. Including Mr Selby and South Africa.

CLIFF SCOTT, Editor of The Argus London Bureau, discusses gold with a top London banker

The main casualties of the recent sharp drop in price are the 'little people' who, Mr Selby observes sadly, always seem to buy at the top.

Now they and governments are selling, which is why the price is settling down. The little people are selling not only gold they have bought on the bullion market, but also vast quantities of their trinkets — often very unwisely.

'It is a counterbalance in the market,' says Mr Selby. 'While the gentlemen we are referring to continue to buy, everybody else is selling. The man in the street is selling his 10 Kruger Rands or the bracelet Auntie Ethel left him. And he is not buying again.'

Selling Auntie Ethel's bracelet and getting it melted down is not so easy today. Every refinery in Europe is so busy smelting down gold that not one of them is accepting fresh business.

What, then, does Mr Selby think will happen to the gold price in the long term? He laughs and says he's not going to make that mistake.

'You see, there's nothing rational about buying gold. Gold is an emotional thing. If the decision to buy had to be made rationally, the price would probably be four or five hundred dollars less than it is today. People buy because they can't think what else to do.'

Don't panic, nobody's likely to get too rational about gold. Mr Selby reckons the market will stabilise, and after that the price will continue to rise steadily, dropping back a little, rising a little. It's just that the heat must go out of the market.

One last word from the man who should know. Would he be surprised if gold was selling for 600 dollars an ounce, or more, this time next year?

'Not at all.'

65+	11,52	7,89	16,51	13,42	20,07	10,49	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

Hansard 4(201)
27/2/80

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Export of agricultural products

328. Mr. P. A. MYBURGH asked the Minister of Agriculture:

4(201) 27/2/80

(1) (a) To what countries were agricultural products exported, (b) what were the products exported to each country and (c) what was the (i) quantity and (ii) value of each commodity exported to each country, during the latest year for which figures are available;

(2) in respect of what year are the figures given?

The MINISTER OF AGRICULTURE:

(1) and (2) The required particulars appear in *Foreign Trade Statistics*, Volumes I and II for the calendar year 1978, which were published by the Department of Customs and Excise. These publications for 1979 are not yet available.

Hansard
4(222) 27/2/80

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For written reply:
27/2/80
4(222)

Export of coal

4. Mr. N. B. WOOD asked the Minister of Commerce and Consumer Affairs:

(1) What was the value of coal exported from the Republic during the last year for which figures are available;

(2) whether his Department has during that year received representations to limit or cease such exports; if so, (a) from whom and (b) with what result?

reserves should not be used to a larger extent for chemical development.

(b) The position in regard to the country's coal reserves, as well as the Government's policy in regard to the export and local use of the available coal reserves was explained to the Congress by the Honourable the Minister of Mines and the Congress accepted the explanation.

Hansard 4(225)
27/2/80
74

Imports from/exports to countries in Africa

4(225 27/3/80 74)

272. Dr. Z. J. DE BEER asked the Minister of Commerce and Consumer Affairs:

(a) What was the total value of (i) imports from and (ii) export to countries in Africa with which South Africa traded during 1979 and (b) how many such countries were there in that year?

The MINISTER OF COMMERCE AND CONSUMER AFFAIRS:

(a) (i) R257.2 million.

(ii) R748,3 million.

Note: The figures are preliminary and subject to amendment and relate to the foreign trade of the Customs Union Area of Botswana, Lesotho, South Africa and Swaziland. Statistics of trade between South Africa and the BLS countries are not recorded.

(b) 49 countries, including the BLS countries and the three independent Black states.

74 FM 29/2/80

EXCHANGE CONTROL

Further budget dismantling?

The importance of the exchange control concessions announced this week by Finance Minister Owen Horwood is not the extent to which they will free capital. Rather it is what they presage for next month's budget.

In themselves they mean very little. The extension of the period that exporters may give credit to overseas buyers from six months to 12 amounts amounts to little more than an administrative saving.

Applications to grant credit to foreigners for longer than six months previously had to be referred to the Reserve Bank. Many of these applications were successful in view of the strong trade surplus.

Bankers doubt whether the longer credit period will give a significant boost to the already large outflow of short-term capital.

Where this outflow is given impetus, however, is through the delayed repatriation of export earnings from abroad. Hence the rather stern warning from the Minister that the seven-day period within which exporters must repatriate them still applies.

Even if the exporter is repaid before the 12-month period is up, he must repatriate the proceeds within seven days or risk censure if he is caught.

The longer credit terms will, of course, encourage exporters to sell dollars spot. This will help the Reserve Bank balance its forward dollar sales to exporters and thus balance its foreign currency risk exposure.

The abolition of any restraint on the South African earnings of emigrants is welcome, but it is blatantly discriminatory against the small man, who probably has more need of assets abroad.

But both relaxations suggest that — in line with the De Kock Commission's advocacy of a progressive removal of exchange controls — government's attitude is decidedly sympathetic.

As the Minister recalled in his budget last year: "Machiavelli once said . . . benefits should be handed out drop by drop that they may be relished the more."

Be that as it may. The Minister must be concerned that capital is being exported, when it is needed here for development, because domestic interest rates are too low in relation to inflation and those in the economies of our main trading partners.

Maintaining exchange controls, while the trade surplus is booming, is simply helping to widen interest rate differentials and encouraging this haemorrhage.

The chances, therefore, of substantial further exchange control dismantling in the March budget — when they can be coordinated with other appropriate policy changes — must be very good indeed.

The Natal Mercury, Thursday, March 6,

Richards Bay gets R300m boost

74

NM 6/3/80

ORMANDE POLLOK
Political Correspondent

APE TOWN — South Africa's coal export rive through Richards Bay is to be given a oost of R300 million.

This was announced yesterday by the Minister of Transport, Mr Chris Heunis.

Extensive improvements on the line from Broodsnyersplaas to Richards Bay — the main coal artery which was specially built for the harbour — will cost R255 million.

'The additional coal berth to be provided at the harbour, together with the harbour rail facilities, will cost a further R32 million,' said Mr Heunis.

The annual flow of coal through Richards Bay was expected to reach 31 million tons by January 1983, and 44 million by the end of 1985.

Favourable balance

Maintaining a favourable balance of payments on the current account was a high priority.

A major factor in the present favourable situation had been the success in exporting raw materials, minerals and manufactured goods.

The exploitation of the country's vast and largely dormant reserves of natural resources made a highly developed rail and harbour system imperative.

'The combined foreign exchange earnings of the Richards Bay and Sishen-Saldanha projects by the end of 1979 was R1 650 million,' said Mr Heunis.

Mr Heunis said Durban's new passenger railway station was expected to be completed in September.

Dealing with major new rail works, he said they included the sextupling of the line between Durban and Umgeni, the relocation of Berea Road Station and improvements between Vooruitsig and Newcastle.

He said all wings of the transport system were now engaged in fuelsaving measures.

'In the light of the rising ... of liquid fuels and the uncertainty of availability, electric power has now become more cost competitive and a more secure alternative.'

'We are speeding up our electrification programme and at the same time taking advantage of the new developments in alternating current equipment as opposed to the traditional direct current systems used up to now.'

Transkei

New Railways projects in Transkei, with planned costs of almost R1 200 000 were announced here yesterday.

Although both projects are only at the planning stage, they underline the warming relations between Transkei and South Africa.

C.T. 6/3/80

(402)

Richards Bay's R287m boost

(74)

~~268~~ 267

Political Staff

HOUSE OF ASSEMBLY. — South Africa's coal-export drive through Richards bay is to be given a major boost costing nearly R300 million, Mr Heunis announced.

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Major boost for Richards Bay

RDM 6/3/80

Political Staff

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The combined foreign exchange earnings of the Richards Bay and Sishen- Saldanha Bay projects by the end of 1979 was R1 650-million.

Mr Heunis said that in 1976/77, the first year of operation of the coal scheme, the tonnage conveyed by rail amounted to under 6,8-million tons.

In the first 10 months of last year over 18-million tons were recorded — a yearly equivalent of about 21,7-million tons.

Mr Heunis said that maintaining a favourable balance of payments on the current account was a high priority. A major factor in the present favourable situation had been the success in exporting Raw materials, minerals and manufactured goods.

Weld trade links with Rhodesia, Govt urged

RDM 6/3/80

By GERALD REILLY
Pretoria Bureau

BUSINESS leaders yesterday urged the Government to step up efforts to strengthen trade relations with Rhodesia.

They claimed that a solidly-based trade relationship could be the key to future diplomatic, political and other relationships with Mr Robert Mugabe's new government.

The Progressive Federal Party's financial spokesman, Mr Harry Schwarz, MP, said there were vast economic advantages for Rhodesia in continued and expanded trade with South Africa.

The South African Government should do all it could to stimulate two-way trade.

"Once a solid economic relationship has been established with the new government it will be so much easier to create a compatable political climate."

The president of the Afrikaanse Handelsinstituut, Dr Martin van den Berg, said that in the light of the economic strategy of the Prime Minister, Mr P W Botha, it could be expected that high priority would be given to expanding trade relations with Rhodesia.

"My hope is that as leader of the new government, Mugabe will realise the importance of expanding trade, providing employment and improving the living standards of Zimbabweans."

Mr Van den Berg said that it made tactical sense for Mr Mugabe to encourage and welcome stronger trade ties and to adopt a "live and let live" approach to South Africa.

The executive director of the Federated Chamber of Industries, Dr Johan van Zyl, said the FCI would co-operate to the limit with its sister organisations in Rhodesia to promote trade.

"I agree that trade can be the key factor in conditioning our relationships in all fields with the new government, including in the political field."

He said political and other kinds of stability could be built on expanding trade.

The Secretary for Commerce, Mr Tjaart van der Walt, said South Africa already had considerable trade with Rhodesia.

"As with other countries, we will continue efforts to expand this trade, providing the political climate makes this possible."

The executive director of the Association of Chambers of Commerce, Mr Raymond Parsons, said: "South African businessmen are basically interested in a stable Rhodesian government commitment to private enterprise."

At this stage of political developments in Rhodesia the business attitude was one of "watch and evaluate".

As the situation unfolded in the coming weeks it would be necessary to assess the implications for trade and investment possibilities in Rhodesia.

A definitive statement on policy by Mr Mugabe would be early evidence of his economic and political direction, Mr Parsons said.

STEEL TRADING (268) (74)

Dovecotes aflutter

FM 7/3/80

Iscor GM Nils Olivier is adamant there's no truth in market talk that all is not well in the relationship between Iscor and commodity trader Leo Raphaely & Sons. "It's all sour grapes," he says.

Raphaely, the merchant which handles the biggest proportion of Iscor's steel exports, is a partner with the state corporation in a joint company set up last year, Iscor Far East Ltd (Ifel), to market steel in the Far East. Iscor has 51% of the equity and Raphaely the rest.

Rationale for the move was that Iscor, seeking the best possible steel prices in a world glutted by over-production, did not want several merchants competing with each other to sell Iscor steel in a foreign market, which would have the effect of keeping prices down.

It was felt, for example, that if a buyer wanting 10 000 t was offered that amount by four different traders, he would get the impression that SA had an abundance of steel of which it was only too willing to dispose.

Another argument in favour of Raphaely was that it would use its own vessels and pass on its preferential rates (better c and f prices) to Iscor.

In practice, market sources claim, neither seems to be happening. One merchant, for example, has sold steel billets (obtained from other producers) in the Far East at $20/t *more* than Raphaely has been able to quote for Iscor billets.

Secondly, it is said that much of Raphaely exports are being made in vessels chartered by other merchants, so there is no preferential shipping rate.

However, Olivier insists, "We are extremely happy with the arrangement with Raphaely. We have sold almost 100 000 t of steel at prices much better than we had before when we were selling through seven different channels (three main ones).

"We are already approaching price levels which we had not expected to see before the second half of the year."

The Far East is a particularly good market for SA steel at the moment with the high price of Japanese steel because of the weakening of the yen and high Japanese energy costs. Japan has increased its second quarter steel prices by $20-$30, depending on the product. Prices for reinforcing bars in the Far East have gone from $283/t to $307/t since last October.

Virtually all Iscor's exports (1,8 Mt last year) are handled by a small group of merchants — led by Raphaely, Protea International, Derby Metals and Macsteel.

Mostly Iscor (which produces 70% of SA steel and the vast bulk of its exports) allocates foreign markets on the basis of exclusivity or gentlemen's agreements.

Macsteel, for example, recently opened up the South American west coast market, while Protea has the east coast.

Merchants also buy steel from the independent producers for export, but the revival of the domestic market means that none of them, apart from Highveld, have any available. Iscor, for tactical reasons, wants to ensure that foreign customers are not let down, even though exports are less lucrative than domestic sales.

Robinson spells out the two platinum markets

RDM 7/3/80.

(79)

By ADAM PAYNE

SIR Albert Robinson, chairman of Rustenburg Platinum Holdings, said yesterday in an interview that there were two markets in platinum — one speculative and the other serving industry and the motor makers.

He declined to comment on the possibility of a rise in the producer price.

Questions and replies were:

What do you think of the rise in the platinum and palladium free-market prices?

The surge in platinum is a fair indication that there are two distinct markets in this metal. The first is the industrial and automobile market to which production and sales from the major producers are related.

This is a market which is based on the long-term requirements of industry and hence the producer price philosophy. This is intended to maintain the confidence of consumers and at the same time provide a fair and reasonable return to the producer.

The second market is characterised by the activities of the free market. These prices are related to the activities of professional speculators as well as the desire of investors to hold precious metals rather than paper money during these times of international uncertainty and crisis.

In the case of palladium, there is a more reasonable relationship between the producer price and that of the free market.

However, it would not be surprising if speculative activity and investment demand were to impact on the palladium free-market price thereby forcing it well beyond the range of the producer price.

Where do you predict the prices will go now?

It is impossible to make a prediction about the free-market prices of platinum and palladium. They will continue to be influenced by changes in the international climate as well as the activities of speculators.

Will Rustenburg raise the producer prices of platinum and palladium?

It is not Rustenburg's practice to comment on possible producer price changes and accordingly I am unable to respond to this inquiry.

COMMENT: A platinum-industry executive expressed his view shortly saying: "The crystal ball broke many months ago. The free-market price of platinum could rocket either way tomorrow — up or down.

"It all depends on Mr Bunker Hunt."

He also declined to comment on the possibility of a producer price rise, but it seems that a rise will only be decided on when the free-market price shows signs of stability within a certain range substantially higher than the present producer price of $429 an oz.

(14) FM 7/3/80

ARBITRAGE MARKET

Two for the see-saw

Arbitrage — the purchase of currencies, securities, or commodities in one market for immediate resale in others in order to profit from unequal prices. — ***Collins English Dictionary.***

Once upon a time, money could be transferred freely between Johannesburg and London, and arbitrage transactions between the two centres were simplicity itself.

Since then, one or two little local political difficulties have supervened and a financial version of the Berlin Wall now divides the rand area from the outside world. Although, post-De Kock, there have been some notable relaxations of exchange controls (virtually all assisting non-residents only) the main restrictions on money transfers by SA residents remain intact.

Markets, however, have a remarkable knack of coming to terms with official restrictions, and the arbitrage market between the Johannesburg Stock Exchange and overseas share markets has been no exception.

When exchange controls between SA and the old sterling area were first imposed (post-Sharpeville) in 1961, the term "blocked rand" was employed to designate rand balances arising from the sale of any SA assets by non-residents (including emigrants). Blocked rand could only be invested within the banking system (in current accounts or in various forms of term deposits), or used for the purchase of quoted securities on the JSE.

Blocked rand were not supposed to be transferable between non-residents, so arbitrage dealers wishing to trade shares between London and Johannesburg were forced to resort to the elaborate and clumsy mechanism of "four way switch arbitrage."

Although the term has something of the ring of electrical engineering to it, the financial meaning is actually precise enough. A London broker wishing to buy, say, SA gold shares for his non-resident client would have to match the rand value of the transactions in question by selling other shares (say De Beers) on the JSE to SA residents. The fourth leg of the arbitrage procedure would be closed off by buying the same quantity of De Beers from non-residents on the London Stock Exchange.

The net effect was that the arbitrageurs involved earned their commission, the various SA quoted shares changed hands, but no foreign exchange actually left the rand area.

Artificial restrictions

Eventually, the SA Reserve Bank realised the artificiality of the restrictions on the transferability of blocked rand between non-residents. The markets had undermined the non-transferability of the blocked rand in their own fashion through establishing an unofficial market overseas and eventually resorting to the sale and repurchase of gilts in Johannesburg. This was a cheaper and more effective mechanism for facilitating overseas share purchases than four way share switches. At the end of January 1976, blocked rand accruing to non-residents became freely transferable between them, and were known as "securities rand."

At the beginning of last year, the De Kock Commission recommended a broadening of the function of the securities rand to include the introduction of funds by non-residents for approved "direct" in-
vestments (investments in manufacturin
or other ventures in SA not passin
through the JSE). This broadening o
scope (at the end of January 1979) wa
accompanied by another change of lab
— to "financial rand."

It should be noted that the original no
transferable blocked rand has not disa
peared altogether. Apart from certain e
ceptions, emigrants' funds left behind
SA are still designated blocked rands,
which the original 1961 restrictions appl

The effect of these liberalisations
that an overseas firm of brokers wishi
to buy shares on the JSE for non-resid
clients now has several methods open
him.

He may make his own "book" in fin
cial rand through sale of non-resid
shares on the JSE, to match the ra
value of his purchases for his overs
client. Or, he may cover his financial r
obligations in London through buying
currency unit from a specialist dealer.

It is interesting to note that dealing
financial rand on the JSE generate c
mission at the rate of $^{1}/_{16}$%, wit
minimum of R5. But the bulk of tran
tions goes through the banks.

The recent surge in the bullion
and the gold share market focused a
tion on the problem of bridging fin
pertaining to non-resident share dea
(FM February 8). Overseas arbitra
prefer to obtain bridging finance to
the divergent settlement periods o
different stock exchanges on which
deal through overdraft facilities in J
nesburg.

They claim that to bring in comm
rand for this purpose exposes them

forward exchange risk and that their profit margins are too slender to enable them to afford forward cover.

The Reserve Bank has given restricted recognition to this difficulty through allowing the banks to grant bridging finance to non-resident brokers (within prescribed limits) as an exemption to exchange control regulation 3(1)(f), which generally prohibits rand loans to non-residents.

But the Reserve Bank feels that bringing in commercial rand remains a feasible method of bridging, while arbitrageurs contend, rather vehemently, that the inadequacy of the existing bridging finance facilities is still doing harm to the JSE's international status as a venue for dealing in SA shares.

But arbitrage remains an important segment of JSE dealings. A leading local arbitrageur estimates arbitrage dealings as 33-40% of total turnover. Only shares resold on the JSE through a second broker are actually reflected in daily turnover figures, as deals direct with institutions by the broker buying from overseas are not recorded.

What is needed, though, to make the JSE as attractive a market as possible is the removal of the prevailing 1% stamp duty on arbitrage transactions. As this tax is not payable in overseas markets, except London, a large amount of trade which would otherwise become available locally, by-passes the JSE.

Strictly speaking, arbitrage means a deal by a party as principal to take advantage of a difference in price of a financial asset between two different markets. But contemporary usage clearly includes any deal (whether for the dealer's own account or not) between the JSE and any overseas bourse.

Fluctuations in the blocked and securities rands broadly reflected variations in the overseas demand for SA quoted shares. This demand, in turn, was a creature of political sentiment in particular (see chart) as well as fluctuating views on economic parameters like the gold price. When overseas demand for SA shares as a whole rose, so did the securities rand, and conversely.

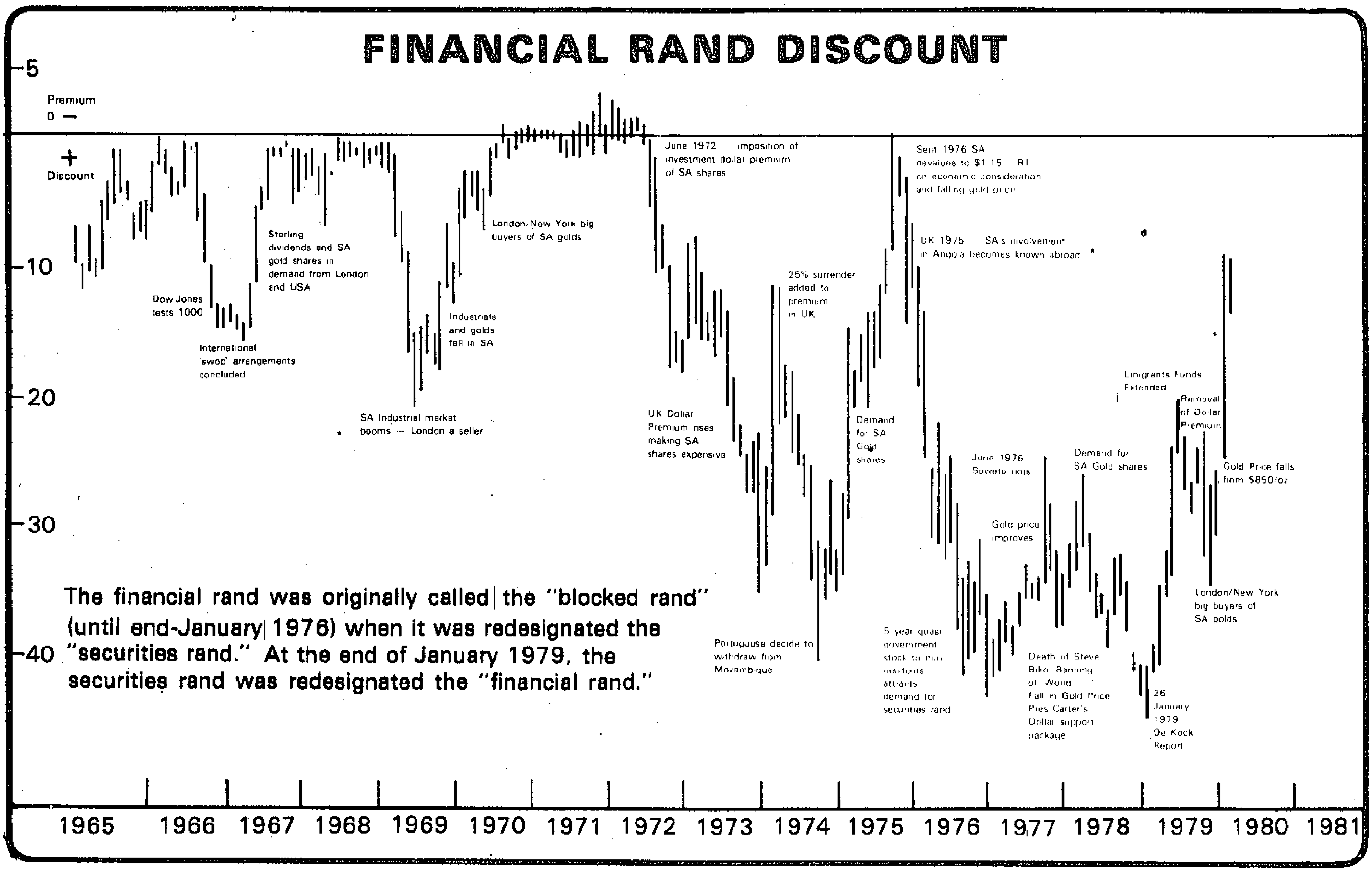
Now that direct investment, too, is conducted through the financial rand, matters are considerably more complicated. In any event, special deals, like the accumulation of shares in Consolidated Goldfields (reflecting a net switch of ownership from non-resident to resident hands) can generate great amounts of financial rand. The effect should have been to moderate the rise in the financial rand which occurred under the impact of strong overseas demand for gold shares (although there is some debate as to what proportion of this large block of purchases was actually channelled through the financial rand).

There are two additional factors which have had a further moderating influence on the recent rise in the financial rand, according to the local arbitrageur. A considerable number of overseas firms have sold out of their local subsidiaries in recent years. Many of these sales took place at times when the financial rand stood at a severe discount (at its lowest, well over 40%). Thus there was a natural reluctance by the seller to sustain such a painful loss on immediate conversion of his financial rand.

So, in many cases, the financial rand were held until better days. Thus, with the discount recently even below 10% at times, much of this accumulated float has come forward for conversion into other currencies, once again helping to meet the demand for financial rand for gold share purchases.

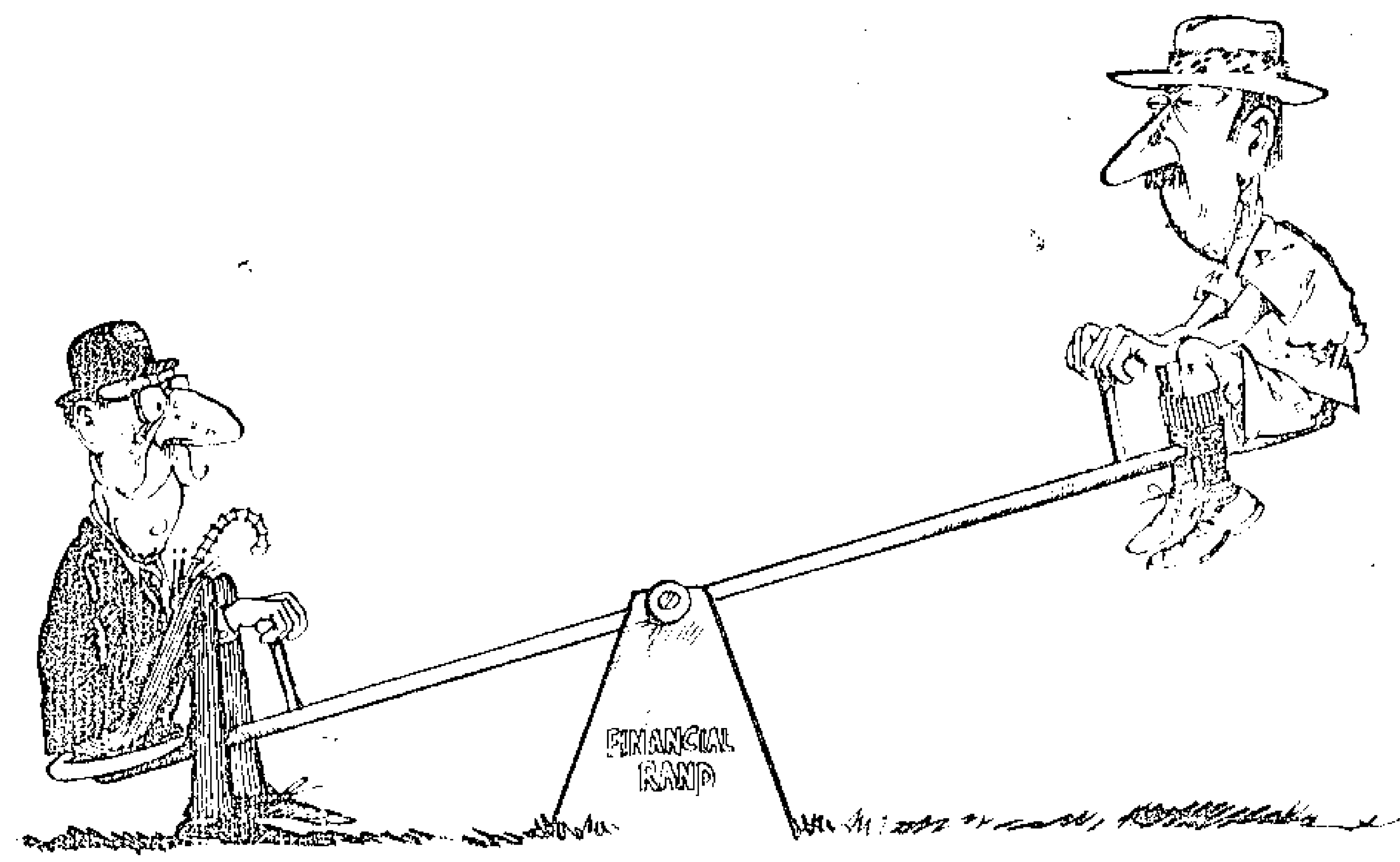
Another source of financial rand in recent times has been selling by clever investors in SA gilts who have taken a handsome double profit — they bought when local interest rates were far higher than at present and the financial rand much lower.

Quite recently, with the commercial rand quite unmistakably a markedly undervalued currency, it seems there has been overseas speculation in the financial rand itself, quite unrelated to any need for the currency for share purchase or direct investment in SA. The hope has been that the commercial rand, when it began to appreciate, would drag the financial rand



up on its coat-tails, a reasonable view.

It would not be reasonable, however, for the Reserve Bank to adduce from the fact of overseas speculation in the financial rand, the need to curtail the local extension of bridging finance facilities to overseas arbitrageurs. Once there is a free market in any currency, it will be bought speculatively if there is a strong case that it will rise. In the case of the financial rand, non-residents would (under current economic circumstances) use non-resident borrowings or their own funds to buy the financial rand for medium-term appreciation, even if not one cent of finance were available in the rand currency area. And, in fact, bridging facilities extended locally on bank overdraft to overseas arbitrageurs ought, logically, to be linked so closely to share dealings that they are automatically unwound on the last of the settlement dates involved.



Most of this describes the mechanics of the situation. An examination of the actual shifts in share ownership over the period shows some significant patterns. Until very recently, there was a strong movement of SA industrial and mining financial shares from London to Johannesburg, as long-standing UK investors hedged their political risk. Within the last few weeks, though, London has come through as a buyer of blue chips like Barlow Rand. Does this represent a long-term re-evaluation of the political risk, or is London simply exercising its well-known penchant for stock-jobbing? Last year, too, the US was a strong buyer of De Beers.

But the main reverse traffic has, of course, been in gold shares. It's generally known that a very high proportion (of the order of magnitude of 50%) of leading gold shares is now on overseas registers. Many are held on the American Deposit Receipt (ADR) system, which enables holders to hold on a nominee basis, and on the comparable French Sicovam system. There are also many bearer holders. It seems that even when gold drops most American holders are reluctant sellers, so that shift of ownership has proceeded through all the gold price fluctuations.

Whatever the future holds, quite clearly the arbitrage traffic in SA shares (and its measuring rod, the financial rand) will remain the most sensitive and important barometers of overseas confidence in SA's state of political and economic health.

MINERAL EXPORTS

74

Minerals gallery

FM 7/3/80

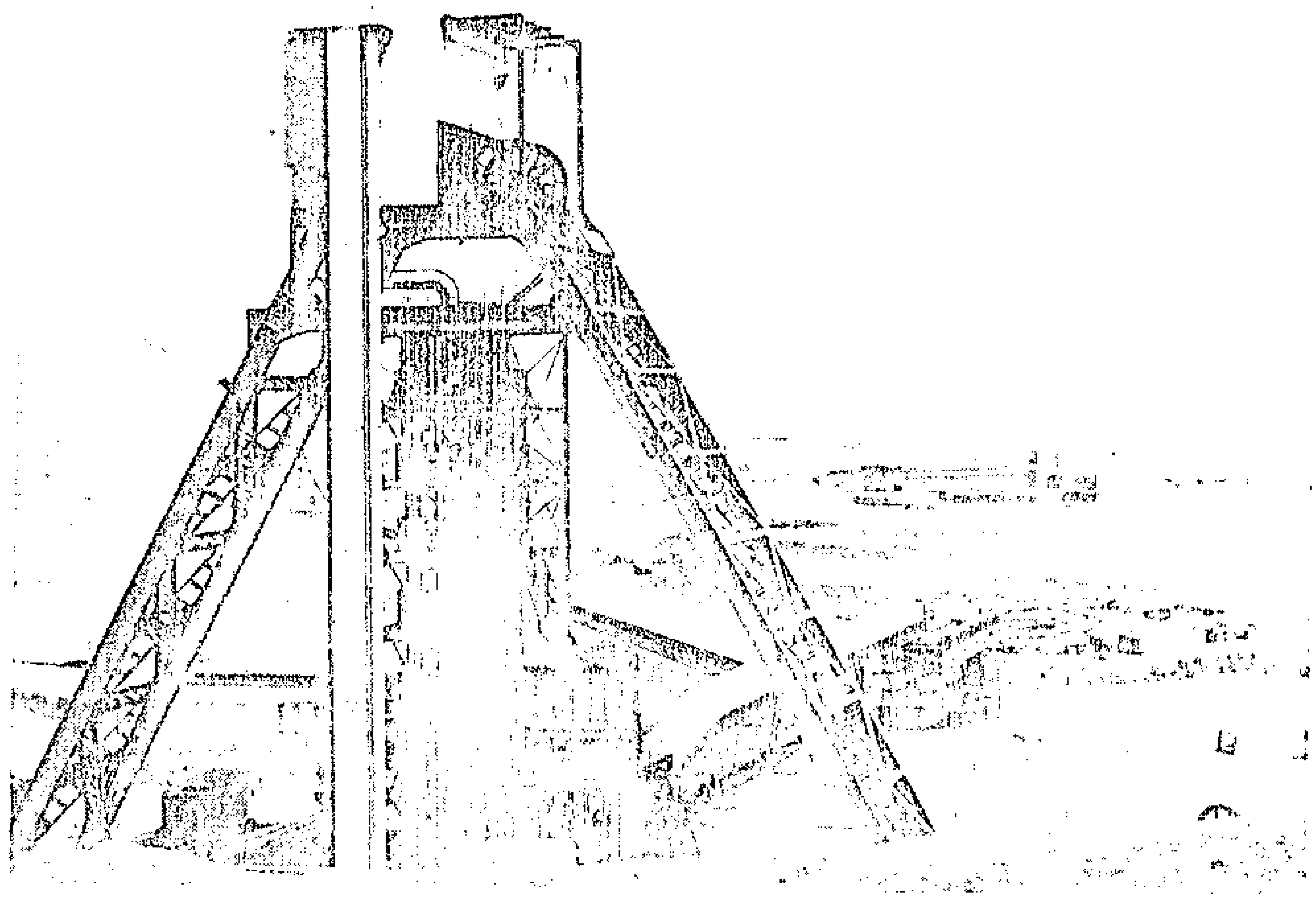
A boom in non-gold mineral exports is expected to make an impressive contribution to foreign earnings this year on top of that from gold itself. Revenue from these minerals could shoot up by about 28% from R2,66 billion last year to R3,4 billion.

Last year, non-gold mineral exports accounted for almost 17% of total exports. The proportion for 1980 will rise or fall, depending on the contribution gold makes to SA's overseas sales, but is almost certain to exceed this figure.

Coal and diamonds are, again, the two stars of the minerals gallery. Coal exports — already 60% higher in 1979 than in 1978 — are expected to jump in value by 20% and revenue should be more than R600m. Foreign sales are set to rise from less than 24m t in 1979 to 26m t (including anthracite), while new and existing contracts are apparently being re-negotiated at prices above $26/t fob, against about $24/t last year.

At the same time, despite expectations of a softer market this year, sales of diamonds could rise to around R700m — up about 10% — in 1980.

Certainly, platinum and silver were the showpieces of SA's minerals in 1979 in terms of price increases. Silver, for example, climbed from less than $5/oz at the beginning of 1979 to over $38/oz at current levels — about 600%.



Shaft at Black Mountain . . . coming on stream to help swell SA's mineral bonanza

Even if there is a price correction, silver is certain to be a significant contributor to foreign earnings, especially with the coming on stream of the Black Mountain project. The new mine may double local production and, with world demand strong, revenue is likely to rise to as much as R91m, compared with R24m last year, or 280%.

The platinum price, meanwhile, appears unsound at present levels, say producers and economists. The producer price, currently pegged at $420/oz compared to a free market price of nearly $1 000/oz, is regarded as the more realistic price.

However, even if prices do drop to this level for the remainder of the year, the anticipated increase of about 15% in production levels should ensure that revenue rises quite strongly.

Platinum earnings are not published, but it is a fairly safe bet that, of the R960m a year apparently earned by the "miscellaneous" metals, at least R700m is evenly split between uranium and platinum. The other revenue is from metals and minerals such as vanadium, titanium, zirconium and the like.

The uranium price is expected to be fairly static, but production and revenue should rise by as much as 30%.

Iron ore exports should rise slightly this year and should bring in R220m with prices expected to rise slowly. Output should remain constant — the latest reports of iron ore deposit discoveries in the northern Transvaal will certainly have no effect on production figures for some time to come.

Chrome, as an ore, should show a rise in export revenue, on the other hand, of up to 15%, reaching almost R75m. The world market is undersupplied because the Russians and the Indians have temporarily curtailed sales severely, while world demand for ferroalloys, especially ferrochrome, has been rising dramatically.

Although SA's ferroalloy sales are not reflected in official mineral output figures, they will provide a healthy outlet for chrome, manganese and silicon in 1980. Rhodesian competition in world markets this year could be significant as most of the major producers are already working at full capacity.

Copper is also expected to have a good year, with the current high price levels maintained for at least the first half. The general commodity boom, which has pushed copper prices back up to around £1 400/t in recent months, can probably be relied on to last for much of the remainder of the year.

However, a slight fall-off in production should see total export revenue only slightly higher than last year at around R194m.

Manganese is another metal with a good year ahead, even accounting for increased demand for ferroalloys, although exports are forecast slightly lower at 3,4m t. With the new Middelplats mines on line for the full year and world market prices expected to rise about 20% over 1979, producers hope exports will be worth about R160m this year, against R127m last year.

Lead is a newcomer to the SA minerals basket in 1980, with the start-up of Black Mountain, and the first year's output may be worth as much as R100m. Sales of asbestos may bring in up to R120m. Nickel output is valued at over R50m.

Influences on the world market for minerals this year are being led by US President Jimmy Carter's "war budget." Increased expenditure on defence, already set out in the estimates, should boost both demand for and speculation in many minerals, notably chrome, titanium and alloys. The long-awaited US recession may also be delayed by the higher expenditure, thus promoting demand for other metals and minerals.

Jewels flow over Limpopo

RDM 7/3/80 (74)

By GAVIN ROBSON
Pretoria Bureau

Rhodesian emigrants are selling emeralds, diamonds and precious metals to Pretoria jewellers to raise money to buy houses and land in the capital, a Pretoria estate agent, Mr Dries Van Heyde, said yesterday.

This was was confirmed by jewellers in the city.

The Rhodesian influx is compounding the property and accommodation scarcity in Pretoria with record prices for houses and stands new being realised.

According to figures released by the Department of Statistics, an average of 1 000 white Rhodesians a month are settling in South Africa — of which 90% have flocked to Pretoria.

One of the Pretoria jewellers interviewed by Rand Daily Mail staff, Mr Marius Du Plessis, said he had been approached by many Rhodesian emigrants anxious to sell their jewellery.

One Rhodesian, whom he would only identify as a millionaire with extensive mining rights and the owner of a gold mine in Rhodesia, had approached his company with an uncut emerald weighing more than 120 carats and valued at nearly R500 000 on the retail market.

"This client had a very big emerald, but it was uncut. He was paid R65 000.

"I don't know how many Rhodesian customers we have had, but there have been many of them over the past three months — all wanting to sell emeralds and jewellery," Mr Du Plessis said.

Mr Du Plessis said most transactions done by his company for individual Rhodesians was in the region of R10 000.

Mrs Evelyn Sboros, said: "We have had a lot of Rhodesians approach us, particularly over the last 10 days.

"Most of them come with cut and uncut emeralds, while there ar also a lot of Rhodesians now coming with diamonds for sale."

Another jeweller, Mr Steve Horwitz, said: "They are coming to us with rings, emeralds and diamonds. All they want to do is sell. Since we opened our business in mid-January we have averaged between three and four Rhodesians a week."

Asked how he knew they were Rhodesians, Mr Horwitz said: "When we buy we have to get their addresses, but a lot just say straight out they are Rhodesians."

Mr M Pienaar said he had been approached by a number of Rhodesians who wanted to establish jewellery trade links with South Africa.

"One farmer told me he had lost two farms because of cattle thefts and what was going on in the country.

"He wanted to establish a regular market so he could get his money out of Rhodesia through selling emeralds," he said.

Japanese rates will benefit SA

~~277~~ 74 STAR 7/3/80

Own Correspondent

TOKYO — A hefty jump in Japan's electricity rate charges next month will directly benefit South African ferrochrome manufacturers.

Current negotiations for April/June shipment have been bogged down by a Japanese insistence on a 5c cut in price, while South Africa wants to hold the line at existing rates of 45c a pound CIF

But industry sources here admit that, in the long run, it is a losing battle. One company official said: "The 50 percent increase in electricity charges scheduled to come into effect next month will damage us badly on price against important competition.

"I would say this will make it less difficult for suppliers to raise their export prices in the long run, and also make it hard for Japanese importers to resist."

South African chrome has had a significant price advantage for some time against the domestic product.

BUSINESS

STAR 7/3/80

74

Tough talks on chrome forecast

Own Correspondent

TOKYO — Protracted and difficult negotiations are being predicted in Japan over the price of 1980 shipments of South African chrome ore.

Representatives of Rand Mines visited Tokyo last weekend for negotiations and officials of General Mining are due to arrive this weekend to take up the baton.

At a joint meeting with ferroalloy makers, the Rand Mines representatives opened the batting for South Africa with an explanation of the increased costs that necessitated a boost in sales prices this year.

Japanese sources said the South African side had said a desirable price level would be 58 dollars per ton FOB. But as this would be an extremely sharp jump to accept in one go, Rand Mines was aiming for a contract price at around 52 to 53 dollars a ton, which is now becoming prevalent in Europe.

The company now has to negotiate on price and tonnages with its individual traditional customers.

The Japanese say they have no idea what price General Mining will push for in meetings scheduled for next week.

However, one influential industry executive warned: "Japanese users now are tending to look for high grade rather than low grade ore, in view of the 50 percent rise in electric power rates scheduled for next month.

High Flies expanding their export market

8/3/80 DD
(74)

EAST LONDON — The Butterworth-based trout and salmon fly factory, High Flies, is now exporting its hand-tied flies to every corner of the world and heading for an export figure of 3,6 million flies a year.

The factory was established three years ago in conjunction with the Transkei Development Corporation.

Mr Alan Gadd, marketing and administration, and Mr Barry Kent, who runs the factory, set High Flies up as an exporting company.

Their product is now used by fishermen from the bleak wastes of Alaska to the most expensive fishing playgrounds of Europe and America.

Mr Gadd said from his Johannesburg office that the flies were now internationally regarded as the best commercially-tied flies in the world.

The 1 600 different fly designs are hand-tied by about 350 Transkeians. About 95 per cent of production is exported.

Mr Gadd said within three years they established export markets in the UK, Europe, Canada, the US, Scandinavia and even Iceland and Alaska.

Their entry into the American market was made when he visited Kansas City three years ago to attend the annual American Fishing Tackle Manufacturing Association (AFTMA) trade show.

The largest show of its kind in the world, about 380 exhibitors take part.

Mr Gadd said: "At that show I tramped around with a suitcase full of samples in my hand, trying to make contact with various people to try and find a way to market our product.

"The next year I attended the show in Atlanta. There we had a small display with our American distributors in order to expand our range of customers.

"Last year the show was held in Dallas and Barry Kent and I both attended. There we exhibited our product on a reasonably large scale. During the show only ten awards were made to the 380 exhibitors.

"We took second prize in the lures and bait section — awards are given for the product, not the display," a thrilled Mr Gadd said.

He added that the ultimate achievement in exporting was to be granted an award for a product in the country you are exporting to — especially in the face of heavy competition.

High Flies now also has the rights to produce the John Veniard selection of flies for the world market.

Mr Veniard is one of the top authorities on fishing flies in the United Kingdom and has written eight books on the subject. His partner, Mr Taff Price — also a world authority — visited High Flies last year to help with selections.

Mr Gadd says Mr Price was "thrilled" with the company's operation and complimented them on the fact they produced the best commercially-tied flies in the world.

The flies have highly exotic names like March Brown, Zugbug, Durham Ranger and Walker's Killer, names given by the designers.

March Brown is the oldest fly, dating back to the 16th century. It was a fly used by a nun for fishing. She used different flies for every month and the March Brown fly was used for that month.

The flies either depict water insects or are just successful colour designs.

They are made from feathers and animal hair. As the materials are not available in Transkei or South Africa, they have to be imported from India, England, Europe and the United States. — DDR.

Horwood: Exports outweigh imports

(74)

RDM 6/3/80.

DURBAN. — The value of exports from South Africa was estimated to have increased by 27,4% while imports rose by only 12,4%, the Minister of Finance, Senator Owen Horwood, said in Durban last night.

Speaking at the annual dinner of the Association of Shipping Lines, he said the volume of imports had by 4% and that the increase in import values was mainly due to price rises.

Preliminary statistics showed that last year's exports totalled R9 342 400 000, while imports would total R7 333 300 000. In this process the gross trade surplus reached R2 316 000 000, which was 114% up on 1978.

While detailed trade statistics were not yet available for the full year, it seemed there was no marked change in the list of the major supplying countries ranked in order of importance.

West Germany headed the list with close on 19% of the total, followed by the United Kingdom (18,2%), the United States (17,3%), Japan (11,3%), France (7,9%), Italy (3,4%), Africa (3,4%), and Switzerland (2,6%).

On the export side it was interesting to note that Switzerland was South Africa's most important customer with 15,7% of the value of exports (largely due to diamond and Krugerrand sales) followed by the United States (15,3%), the United Kingdom (10,9%), Japan (10,3%), West Germany (8,5%), Africa (7,6%), France (3,9%), and Belgium (3,8%).

The growth rate of 27,4%, nearly 10% higher than that of the previous year, was achieved despite a sharp drop in exports of Krugerrands.

"Exports of this product, which was the main contributor to the increase of 25% in our 1978 export earnings, declined from six million in that year to 4 900 000 and sales in most countries, except Switzerland, declined. The result was that earnings from this source only rose by 27% compared with 127% in 1978. This was because during this period the average gold price rose by 60%.

"Another export category which turned in a disappointing performance, was agricultural products. Export earnings in this sector rose by less than two per cent chiefly as a result of a poor maize crop in 1979," Sen Horwood said. — Sapa.

RAND RISES AGAINST MOST CURRENCIES

Argus 3/3/80

(74)

Financial Editor

THE RAND is rising strongly on the foreign exchange markets. In the past two weeks it has appreciated by up to 6,7 percent against some of the world's major currencies.

The rise in the rand reflects the strength of the rand and the dollar, to which the rand is apparently still linked.

In the past two weeks South Africa's strong trading position has resulted in the rand rising almost 1 percent against the dollar.

But in the same period record interest rates in the United States has greatly increased the attractiveness of the dollar causing its exchange rate to soar.

BOOST

Friday's announcement that most major US banks were to increase their prime rates to a record 16,75 percent, helped intensify the rise in the dollar and gave the rand a further boost.

Exchange rates issued at the weekend in New York show in the past two weeks, the rand has risen by 3,1 percent against the British pound, by 3,5 percent against the French franc, by the substantial figure of 6,7 percent against the Swiss franc, by 3,5 percent against the German mark, by 5,2 percent against the Japanese yen, and 2,6 percent against the Italian lira.

TRAVEL

This move should reduce the cost of this country's imports and help make travelling overseas a little cheaper for South Africans. However, it could make South African exports a little more expensive in some markets, necessitating a greater selling effort.

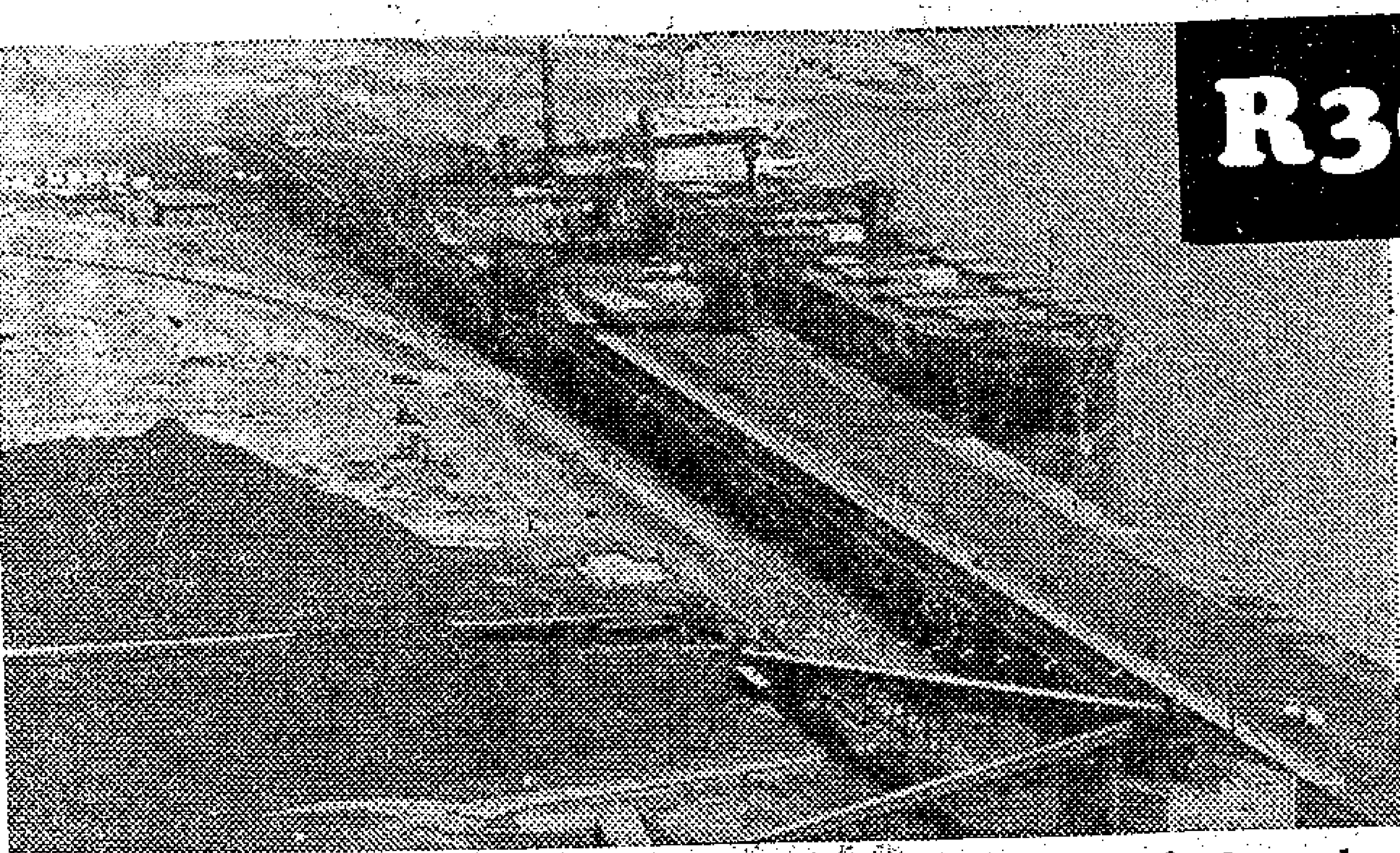
The rise in US interest rates is the result of the US Treasury's tight money policy which is aimed at curbing inflation. It can be expected to result in large amounts of short-term funds flowing to the US to take advantage of the high rates.

It could, however, also dump the economy into a recession as businessmen in marginal operations find it impossible to meet the new cost of money and stop trading.

So far, the high US interest rates have not affected the gold price which continues to fluctuate around 640 dollars.

It seems concern about who will succeed the present rulers in Yugoslavia and Saudi Arabia, as well the continued Afghanistan and Iranian crises is resulting in a continued strong demand for gold which more than outweighs any US selling.

R300m shot in arm for Natal



Loading coal at Richards Bay, an export line that is to get a massive boost

Tribune Reporter 74

TRANSPORT Minister Chris Heunis's good-and-bad news Railways Budget seems likely to provide a much-needed shot in the arm for Natal's lagging civil engineering industry.

Close to R300-million will go this year to improving the vital rail link to Richards Bay for South Africa's foreign exchange-winning coal exports and for a new coal berth in the harbour itself.

Mr Heunis also announced major new rail works for Natal which will include sextupling the link between Durban and Umgeni, relocation of the Berea Road station and line improvements between Vooruitsig and Newcastle.

"It is most definitely a shot in the arm for the industry," commented Allan Sutton, regional secretary in Durban of the SA Federation of Civil Engineering Contractors.

"This type of infrastructure spending by the public sector is welcome."

Sutton said the Industry in Natal had experienced a very quiet year in 1978/79 — due largely to the fact that few tenders were called for medium and smaller projects. Most projects were of a major nature and did not allow a good distribution of work among contractors.

The federation hoped the Government would reimburse contractors for the considerable losses suffered in completing contracts at costs underwritten before the massive fuel price increase last year.

Discussions about compensating contractors for such losses had taken place at Government level and were still under consideration.

"They have not closed the door on us yet," Sutton said.

In the Johannesburg federation, director Kees Lagaay saw the budget as benefitting the industry as a whole. He welcomed the fact that major works were once again emerging in the coastal areas, whereas recently much of the major works had been concentrated in the Transvaal.

This was a point underlined at meetings of the Prime Minister's Economic Advisory Council, Lagaay said.

RESULTS IN FACULTY ARTS AS AT 29 0
IP YEAR : N/A

FIRST NAMES	COURSE	DESCRIPTION
~~ARY-ANN~~	~~111702~~	~~BOOK SELECTION~~

TUDENTS 1

FINANCE

Commodity prices plunge in bear raid

Argus 19/3/80

~~(79)~~ (74)

~~(217)~~

Financial Editor

RAMPAGING bears have sent the prices of many commodities crashing in the past few days. Gold, platinum, copper, lead, zinc and sugar have all suffered from the bears' predatory operations.

Mounting fears that the United States Treasury's tight money policy and President Carter's proposed anti-inflationary package could trigger a major international recession have led to the bears encountering little opposition.

In fact, there seems a strong likelihood that many speculators and businesses could add to the selling pressure by dumping stocks on to the market.

In New York last night the bears were given another boost by an announcement that the Chase Manhattan Bank was raising its prime rate from 17,75 percent to a record 18,25 percent.

Chase said the adjustment brought the prime rate to a level which better reflected the general increase in market rates, reports Reuter.

News of the increase in Chase's prime rate apparently helped to push the gold price down to 532,50 dollars an ounce in New York last night, which was 22 dollars below London's close yesterday afternoon and 45 dollars down on the day.

In London this morning the price fell to 500 dollars before recovering slightly.

Platinum and silver prices have also fallen sharply. The free market plainum price is now 765 dollars after touching 1015 dollars an ounce last Friday.

The silver price has dropped back to 27 dollars an ounce. Five weeks ago it was 40 dollars an ounce.

The London copper price dropped almost £400 a ton in the same period while the zinc price is also substantially lower.

Reports of large-scale liquidation of gold stocks were confirmed last night by Mr Robert Guy, a director of N M Rothschild and Sons.

Speaking in Tokyo, he said that dishoarding had reached its highest level since 1974 and industrial demand for gold had declined.

Gold price

GOLD price fixings in London.

	Dollars an ounce	Rands a kg
Today 10.30 am	502,75	13 141,39
Yesterday 3 pm	556,50	14 546,38

Kruger rand

KRUGER RAND today: Banks, sell R524,79 (R542,58); Reserve Bank, buy R455,49 (R467,27); Cape Gold Coin Exchange, sell R585 (R589), buy R550 (R555).

Seized tanks: SA account is blocked

STAR 14/3/80 (327) (14)

The Star Bureau

PARIS — South Africa's "Armscorp" bank account in Paris has been blocked to the tune of nearly R1-million in the legal wrangle involving Pretoria's seizure of Russian tanks and 150 tons of ammunition aboard a French ship in Durban last year.

The marine cargo company Marseilles-Fret said it had a legal injunction on the Armscorp account after South Africa had promised the firm it would pay for the seized tanks and shells but had not.

The international wrangle involves the German-owned 1 600-ton vesssel Astor, which Marseilles-Fret had hired and leased to Libya, which used it to send tanks to support the crumbling regime of Uganda's Idi Amin.

But when the vessel reached the Kenyan port of Mombasa, Amin was in retreat and Nairobi refused to let the tanks be unloaded.

The vessel went on to Durban for refuelling and, according to the French company, South African soldiers boarded it during the night and seized the cargo.

US trade: Scope for roro ships

14/3/80

JUST as the Americans in trade to South Africa have to contemplate more suitable carriers, the South Africans must also come to terms with the fact that the route, while not suitable for cellular box carriers, commends itself for ro-ro ships.

Wharfside working is highly costly in the United States and labour intensive general cargo ships run into formidable expense which could be avoided by the introduction of ro-ro freighters.

The Americans, after substantial investment in other trades, have not the capital to provide ro-ro ships, particularly if they have to be erected in American yards at American prices. But the non-American companies, after massive investment on other routes also have not unlimited resources.

Nevertheless, the highly remunerative trade with the United States has not received the same new tonnage as others, and and the progressive swing to boxes is making it obvious that even the jumboised general cargo ships have barely sufficient space to meet demand.

In the circumstances, it would not be surprising if further newbuildings for Safmarine were effected with an eye to the American trade. There is not likely to be containerisation on the scale of European routes, because the type of cargo does not lend itself to boxing. But the steady increase in demand for container space is making it essential to provide the appropriate carriers and these would appear to be ro-ro ships of about 25 000 tdw.

Japanese see SA as reliable coal source

(74)

Bo W/Argus 15/3/8

Argus Correspondent

TOKYO. — South Africa has been named by the Japanese Foreign Ministry as a future reliable supplier of steaming coal in the first half of the present decade, providing up to a quarter of this country's imports.

But a Ministry report indicated that Australia would be relied on to meet the bulk of Japan's needs.

The report was part of a series contributed by various government agencies examining the implications of the current world energy situation and how Japan should best cope with future problems.

Japan is now committed to switch a significant part of its energy production from oil to coal, thus reversing the pattern of the past 20 years.

The Foreign Ministry says Japanese companies are already involved in 15 major steam coal development projects in Australia, Canada and the United States, all of which have reached the production stage.

Another 25 projects are under consideration in Australia, Canada, China and New Zealand.

For the present, Japanese officials see South Africa as a significant supplier purely on a straight trading basis — necessary, in fact, while Tokyo continues to ban Japanese investment.

The Foreign Ministry report said: 'Australia, South Africa, the United States and Canada are all sources which can increase their steam coal supplies to Japan.

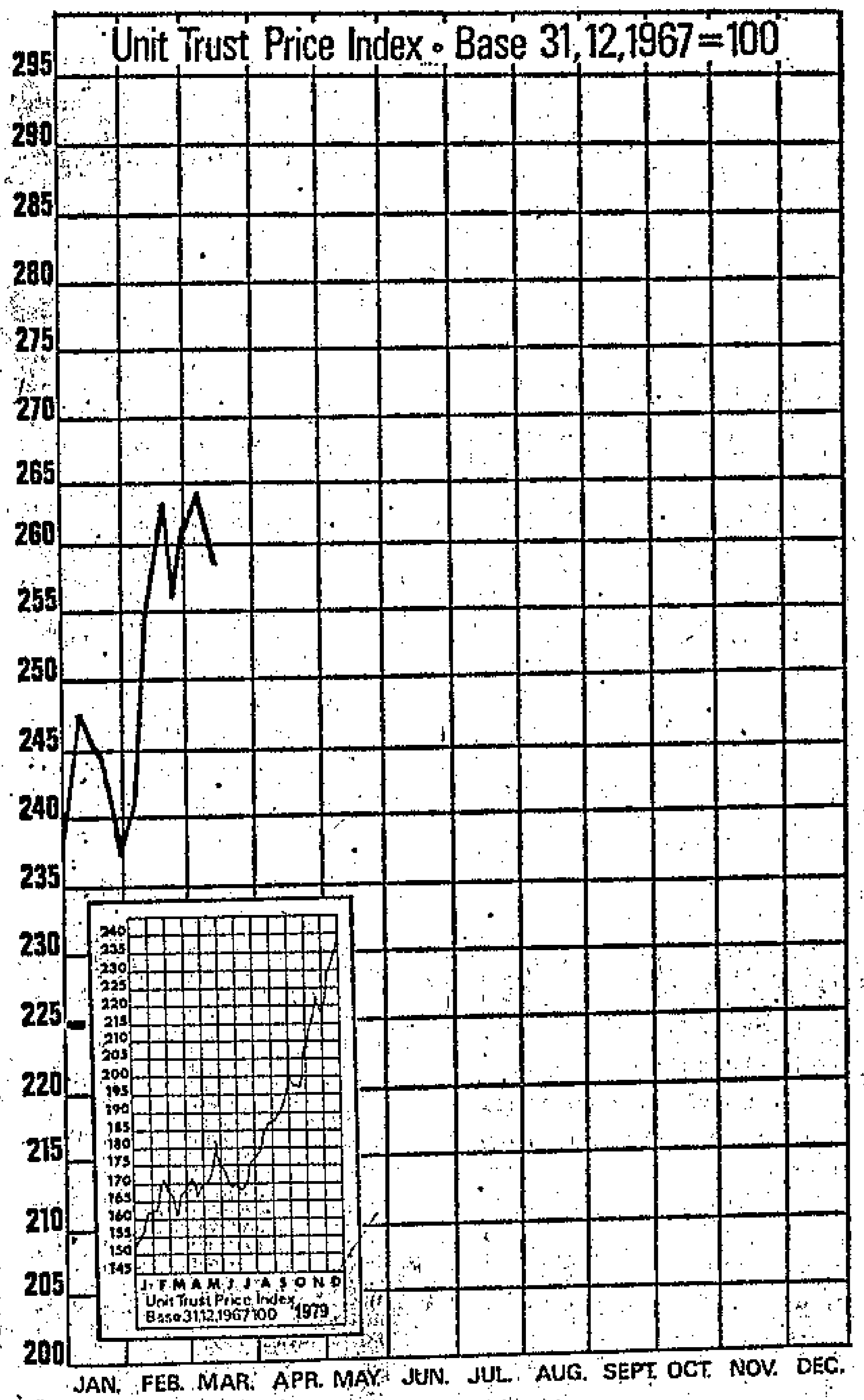
PROMISING

'Australia is judged the most promising because of its Government's pro-export policy and the location of mines near the coast for easy transportation.'

The Ministry estimates that South Africa could be supplying 13-million to 17-million tons of steaming coal annually by 1985 and between 18-million and 22-million by 1990.

This is a sharp increase. In fiscal 1978, when Japan lifted a ban on steaming coal imports, South Africa provided only about 40 000 tons.

Japan's total imports in 1985 are estimated at 54-million to 66-million tons, and in 1990 at 111-million to 129-million tons — about the same level as Japan's current coking coal import level.



THE ARGUS unit trust index fell 6,36 points this week to 258,07.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 4

13010 BACHELOR OF ARTS 1 YEAR : 1 13010

FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
JOSEPHINE ALEXANDRA	115103	ITALIAN INTENSIVE	F	(47)	1	155148P
TIMOTHY ARNOT	106103	ECONOMICS IA	F	(44)	1	156426D
MARK FRANCIS	115101	FRENCH I	UP	(62)	1	160764U
INOA ADELE	114101 118101	RELIGIOUS STUDIES I CULTURAL HISTORY OF W.E. I	ABS ABS		7	162323N
~~ARCELLE FAYE~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~1~~	~~157009M~~
ERDA-MARIE	084101 167101	PSYCHOLOGY I ENGLISH I (PRE-1980)	UP 3NX	(58)	1	157519R
		Y I	UP	(57)	1	160448A
		ANS EN NEDERLANDS I	F		1	157025E
		H I (PRE-1980) I	3NX F	(48)	1	160168W
		~~ANTHROPOLOGY I (PRE~~	~~1UP~~	~~(50)~~	~~1~~	~~137456L~~
		PHY I	ABS		1	159478W
		~~ANS EN NEDERLANDS I~~	~~UP~~	~~(50)~~	~~1~~	~~156804P~~
		OGY I	F F	(43) (46)	1	130847A
		~~I (PRE-1980)~~	~~ABS~~			
						137330X
					1	159321A
					1	150182R
				52) 50)	1	155800Y
					~~7~~	~~157772R~~
				45)	1	158259W
					~~1~~	~~156326V~~
					1	157549Z
					~~1~~	~~159454N~~

UCT

SA and top U.S. firm 'in secret R40m arms deal'

74

~~337~~

~~280~~

S Times 16/3/80

SOUTH AFRICA owns 20 per cent of one of the most advanced weapons research and development organisations in America, the United Nations Security Council has been told.

By RICHARD WALKER, New York

Suggested — and backed by documentation said to have been rigorously authenticated — is a spectacular breach of the arms embargo in a stunning secret operation.

The company is Space Research, an enterprise straddling the US-Canadian border. It has been accused of secretly supplying the Republic with one of the world's most sophisticated and deadly artillery systems in a deal estimated to be worth $50-million (R40 322 580).

With the US Defence Department among its past customers, Space Research is under investigation by a Federal Grand Jury and by Canada's Justice Department.

It has been accused of selling 53 000 long-range, 155 mm howitzer shells and an advanced artillery system to South Africa in defiance of the arms embargo.

Repeated on Friday before a Security Council panel that included a silent American representative, were the now widely publicised charges that officials of the US Defence Department, the State Department, the CIA and a rash of other governments, including Canada, Britain, Belgium and Israel, quietly connived with the complicated process by which the shells and gun barrels were shipped to the Republic.

But then a trio of witnesses — members of the investigating team that has probed the Space Research case for two years — dropped their ultimate bombshell by detailing how South Africa had held a fifth share in the supplier for almost three years.

As they spoke, their claims were being further expounded in the Burlington Free Press, a newspaper based close to Space Research's massive compound on the border.

Space Research was the creation of Dr Gerald Bull, a brilliant Canadian ballistics expert who first sought to develop a cannon which could fire a projectile into orbit — or even to the moon.

O To Page 3

Sun. Times 16/3/80

74 ~~237~~ 280

SA 'in secret R40m U.S. arms deal'

From Page 1

In 1973, he was granted US citizenship through a special act of Congress, which cited his contributions "to the security of the United States and the free world".

But the enterprise fell deeply into debt and the South African investment, it is alleged, was made on July 7 1977 to keep it afloat so that it could continue to meet its artillery orders.

At the signing on the second floor of the First Pennsylvania Bank's London branch office that day was an official from Armscor, the Security Council members were told.

The official appeared as a representative of Space Capital International NV, which the UN panel was told was a Dutch-based "front" for South Africa.

Space Capital was identified in papers registered in Quebec as a 19,9 per cent owner of Canadian Technical Services, a holding company created to control Space Research after the deal went through.

"The Armscor man came with the cash. The money was there," according to Mr Albert Lusens, a former First Pennsylvania vice-president and the senior banker present at the London meeting.

"Where that money came from, I have no idea. If they wanted to put money in — terrific."

"We were told they were European — Dutch or maybe Belgian. That seemed to be the type of accent they had."

The Federal Grand Jury has subpoenaed eight present and former officers of the bank, including Mr Lusen — who has been granted immunity from prosecution.

On Friday night, Mr Jim Walsh, of the Burlington Free Press, told me that the supporting documents had been "bounced around" many sources.

"We are positive of their authenticity," he said.

These show that part of the $10-million (R6 004 516) deposit was exchanged for 545 970 preferred shares in Canadian Technical Services, while the rest was secured by a $7-million (R5 645 161) debenture.

The complex transaction involved the transfer of mortgages, patents, letters of credit and life-insurance policies on Mr Bull that had been held by the bank.

Said to be included was an original South African contract for the purchase of shells, in Jay, Vermont, on April 7 1976, and a $8,6-million (R6 935 483) letter of credit from Volskas Bank.

In 1975, Volkskas had also issued a letter of credit for $13-million (R10 483870) for a related arms deal, it was further asserted.

Observing the UN session were several South African diplomats — members of the UN mission, augmented by an information attache.

They listened as Mr Scott Malone, a Washington-based member of the trio, addressed the panel and noted that a 155 mm nuclear shell — another of the amazing products developed by Space Research and one that is on the US army inventory — delivers a two-to-three kiloton blast: precisely the yield estimated from the data of the US satellite that detected the alleged nuclear explosion off the Cape last September.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13110 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : 1 13110

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
135656C	BARTIES	EDUARD STEPHANUS		DRAMA I	F	3	135656C
154249M	COMPION			DRAMA I	F	1	154249M
				DRAMA I	UP (50)	1	156762U
				DRAMA I	UP (50)	1	162343K
				DRAMA I	F	3	154626P

REGISTRAR (ACADEMIC)

UCT

FINANCE

U.S. CURBS PUT SQUEEZE ON COMMODITIES

74

Financial Editor

AMERICAN efforts to curb inflation with dear money and tight credit policies are wreaking havoc in the commodity markets.

The steady rise in the prime lending rate of United States banks to a new peak last night of 19 percent has been forcing speculators to disgorge large stocks of metals and other commodities they have been holding.

The rise in interest rates has also attracted the attention of bears who have been actively selling most commodities short.

At the close of trading in London yesterday the prices of three metals — gold, platinum and silver — were 30 percent or more below their levels of five weeks ago.

The prices of palladium, sugar and copper were down more than 20 percent.

The biggest decline has been in the price of silver, which has dropped more than 50 percent in the five weeks. However, the silver price is still more than double that of a year ago.

243 DOLLARS

A similar situation exists in gold. Although the price has dropped 32,6 percent since February 11 it is almost precisely double its year-ago price of 243 dollars.

Although the price of sugar has dropped sharply, producers still have cause for satisfaction. This time last year sugar was selling for a mere £104 a ton. Exchange, sell R539

Countries and producers likely to be the most disappointed by the ending of the commodity boom are those supplying the world with base metals, especially copper, lead, tin and zinc.

Copper and tin prices are only a little way above their year-ago levels, while lead and zinc prices are below them.

The market for base metals could easily contract further, leading to another drop in price.

The outlook for gold and silver seems more stable. The supply of gold to the market from the United States and Russia had dropped sharply in recent months. Therefore the supply-demand position would seem roughly in balance.

While high US interest rates could force some speculators to sell, it is felt that the bulk of the gold bought in recent years is in extremely firm

THIS TABLE shows how commodity prices have moved in just over five weeks:

	Mar 18	Feb 11	Percentage change
	Dollars an oz		
Gold	480,50	713	—32.6
Silver	16,60	40.75	—58,8
Platinum	611,00	920,00	—33,6
Palladium	210	268	—21,6
	Pounds a ton		
Sugar	190	260	—26,9
Copper	1002	1375	—27.1
Tin	7735	7410	+ 4.4
Lead	482	543	—11,2
Zinc	323	384	—15,9
Nickel	3030	3100	— 2,3

Mines won't be hit by gold sales

74 RDM 18/3/80

By HAROLD FRIDJHON

THE GOLD mines will not be affected by the Reserve Bank policy to withhold gold from world bullion markets whenever South Africa is enjoying a large balance of payments surplus as at present.

At the weekend, the Minister of Finance, Senator Owen Horwood said that although South Africa had been selling its full gold output to the market, the balance of payments surplus was now so large that the country was in the position to withhold "a substantial proportion" of the gold production from the market if it were deemed desirable to do so.

This apparently changed policy will make no difference to the gold mines. They will continue to sell their total output to the Reserve Bank and they will be paid a price which is the average of the two latest fixings.

This means that if the price of gold were to fall after the sale, the mines will have their cash in hand. And if it rises subsequently to the deal with the Reserve Bank, the profit will be to the Bank's account, if it sells.

If it doesn't sell, the reserves will be enhanced by its additional stocks of the metal.

A gold authority told me yesterday that there was nothing new in the policy announced by the Minister.

In the past, whenever the balance of payments was in surplus, gold had been held back from the market.

Even the Gold Agreement of 1969, negotiated with Mr Paul Volcker when he was the head of the US Treasury and which committed South Africa to a policy of marketing gold in an orderly manner, made provision for the withholding of supplies of gold from the market from time to time.

At present, South Africa has no need to sell gold to earn foreign exchange.

The balance of payments is heavily in surplus — about 6% of Gross Domestic Product — and the latest Reserve Bank statement, that dated the end of February, showed the central bank holding nearly R800-million in foreign assets, just under R700-million in cash.

In addition, there is about R3 000-million in "hidden" reserves if required. These "hidden reserves" are the sum of local financing of foreign trade and could be "converted" into foreign credits if the need arose.

And if the worst came to the worst, the Reserve Bank would always have the option of either selling bullion on the market or of negotiating swap deals as it did a few years ago when the reserves came under severe pressure.

The present weakness in the gold market is probably being caused by the artificially strong dollar which is being reinforced by the flow of billions of dollars from Europe attracted by the abnormally high US rates of interest.

This vast hoard of money is crossing the Atlantic on an uncovered basis because the rates are high enough to provide for any reasonable exchange risks.

Holders of gold have been selling their bullion either to take profits and to reinvest in dollar Treasury bills or else

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STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80

17000 BACHELOR OF ARTS (HONOURS) YEAR : N/A

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION
~~101795X~~	~~FRATER~~	~~SHEILA JOSEPHINE HOWARD~~	~~105703~~	~~LATIN HONOURS~~
120776	RUBIN	VIVIENNE	109701	HEBREW HONOURS

* TOTAL NUMBER OF STUDENTS 2

(1) BRADFORD, H J ECONOMIC HIST. HON

DEAN

Commerce urges State spending

Own Correspondent

LARGE, but selective, increases in government spending in this month's Budget are urged by the Johannesburg Chamber of Commerce.

Mr W S Yeowart, the JCC president, said at the half-yearly general meeting: "A significant vote must go into areas such as urban renewal, education, and housing. There will be the funds for this, so there is no excuse for non-delivery.

"The realization of some expectations is necessary for ongoing stability in South Africa. The black population are watching events closely, so also are our friends overseas.

Mr Yeowart suggested that the Budget might also include bigger transport subsidies for blacks.

"An Assocom delegation saw the Minister of Transport in December and recorded the business community's concern about the phenomena of bus boycotts and social unrest which accompanied recent increases in black bus fares in certain areas.

"The delegation told the minister that in Assocom's view existing levies on commerce and industry must be phased out, that increases in fares ought to be gradual and that in the short-term fare subsidies should be met from the consolidated revenue fund — that is, by all taxpayers.

"We understand that this proposed approach has found some favour in official circles."

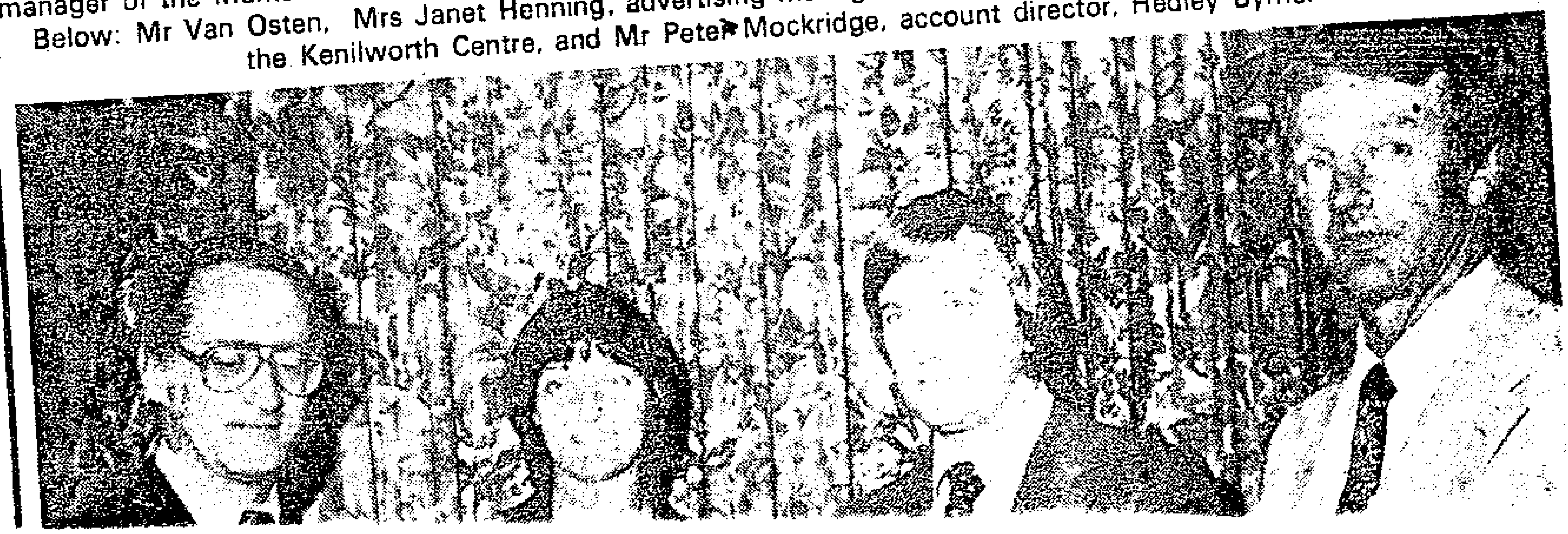
Mr Yeowart said that the JCC welcomed the government's new commitment to the free market, but believed there were areas where this was not being fulfilled.

"A classic example is the new import control policy announced in December last year. Importers are now faced with less flexibility and more restrictions. In fact, the new system amounts to a form of commodity control which is totally unacceptable.

"Similarly some of the exchange control procedures recently introduced not only place an additional administrative burden on business, but are seen as a tightening up of controls contrary to the De Kock Commission recommendations

Top level retail advertising seminars in City

A series of top level retail advertising seminar's are being held in Cape Town by the Cape Times. The seminars are
being led by two international advertising experts, Mr E Lawrence Goodman, vice-president, department store sales of
the United States' Newspaper Advertising Bureau, and Mr Stephen J van Osten, vice-president, retail sales
programmes of the Newspaper Advertising Bureau.
The seminars are designed to assist retailers and deal with store positioning, budgetting, planning, creative
advertising and copy and layout . Attending the first of the seminars at the Newlands Hotel yesterday were (above)
from left: Mr Goodman; Mr Ian Adamson, general manager of Stuttafords, Mr Derek Vosloo, account director Hedley
Byrne, and Mr John Barry, regional general maanger for Pick 'n Pay. In front is Mrs Michelle Harris, advertising
manager of the Market Cars group.
Below: Mr Van Osten, Mrs Janet Henning, advertising manager , Kenilworth Centre, Mr Neil Gardner, manager of
the Kenilworth Centre, and Mr Peter Mockridge, account director, Hedley Byrne.



generation. In most cases coal together with uranium will provide the energy for the future growth of world electricity supplies.

This increased demand for coal has resulted in an improvement in coal prices although a large percentage of the increased delivered price has been ... in dramatically increased shipping rates

12/3/80 C.T.

Popular Budget is expected

By GORDON KLING

RECENT euphoria on the South African economy yesterday assumed more cautious proportions as key indicators dipped while the Minister of Finance, Senator Owen Horwood, made final adjustments during the countdown to the national Budget scheduled to be delivered in Parliament a week tomorrow.

Although nobody at the Department of Finance is commenting on next Wednesday's budget at this stage, it is clearly intended to be another expansionary package with tax and other concessions to boost real growth in the economy.

The Minister of Industries, Commerce and Consumer Affairs, Dr Schalk van der Merwe, probably went as far as the rules permit in Zurich recently when he discussed the possiblity of tax reforms "directed as far as possible at strengthening personal savings and the internal financing ability of undertakings with a view to promoting private fixed investment".

Senator Horwood has served notice that he expects real gross domestic product (GDP) to be growing at a rate of five percent by the end of the year — one of the highest rates in the Western world, and one capable of generating jobs for the growing black labour force.

The Budget comes in the face of a definite hiccup, however, in the almost uninterupted stream of good economic news. The gold price has fallen by more than 40 percent in the past two months to new record lows well below $500, a development which would probably warrant being labled a collapse in the case of lesser commodities.

Foreign investors have exhibited their concern by marking down the financial rand by about 15 percent over the same period, and prices on the Johannesburg stock exchange softened yesterday.

But most indications point to a popular budget which will be good for confidence.

On the basis of past example there is likely to be some relief for pensioners hit by inflation running at some 13 percent, but it is most unlikely that there will be any exemptions from the general sales tax. Expenditure on black education, training and housing is another expected priority.

The biggest priority of all, however, presumably remains the basic philosophy: growth from strength, and this rules out massive expenditure hinged on the volatile gold price.

In addition, benefits from the gold bonanza and other sources have been passed on throughout the year in the form of an effective subsidy on petrol and bread, and in last year's pre-Christmas package, including early loan levy repayments and pension hikes.

Gloomier observers believe the state will finally clamp down on fringe benefits to boost revenue and nobody is denying the possibility.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

13030 BACHELOR OF ARTS YEAR : 2

AS AT 29 02 80 PAGE 2

STUD NO 1331002 SURNAME VILJOEN

DESCRIPTION	SYMBOL			
DRAMA III	2-	(.63)	.4	133100Z
GEOGRAPHY IIIB (HALF COURSE)UP		(.51)	4	115116C
HISTORY III	F	(45)	5	096146G
GEOGRAPHY IIB (HALF COURSE)	ABS		4	096560G
HISTORY III	F	(43)	4	105278J
AFRIKAANS	ABS		5	114463K

~~REGISTRAR (ACADEMIC)~~

UCT

[illegible] signs [illegible]m export order

[illegible] with, as well as [illegible] exports to [illegible].

[illegible] also revealed [illegible] including in[illegible]

[illegible] investigating and establishing appropriate [illegible] with the ultimate object of processing [illegible] sawmill production [illegible] Transkei;

[illegible] a public company which will acquire [illegible] share capital of the [illegible] milling and manufacturing companies already established;

Applying for a listing on the Johannesburg Stock Exchange;

Offering shares to [illegible] citizens.

BUSINESS EDITOR

ARTS

3

AS AT

COURSE	DESCRIPTION
~~602101~~	~~PUBLIC INTERNATI~~
602101	PUBLIC INTERNATI
~~604201~~	~~ROMAN-DUTCH LAW~~
603202	ROMAN LAW & JURI
~~603202~~	~~ROMAN LAW & JURI~~
603202	ROMAN LAW & JURI
~~602202~~	~~ROMAN LAW & JURI~~

Motors from Atlantis

By BRIAN GROBBLER, Motoring Editor

SOUTH AFRICA needs about 50 000 diesel engines in trucks and tractors a year to keep its transportation and agricultural systems operating.

Without these engines most vital road services would grind to a halt and there are also strategic reasons why there should always be a ready and plentiful supply of big diesel engines.

Till now almost all diesel engines were imported into the country, but, like the motor industry, the government has decided to embark on a local content diesel engine manufacturing plant which should make South Africa self-sufficient during the 1980s.

The Western Cape was chosen for this massive, more than R300-million project which will be sited at the new city of Atlantis, provide thousands of new jobs — mostly for coloured workers — and save the country millions of rands a year in foreign exchange. By 1983 the plant should have a turnover of R300-million and this should rise to R440-million by 1985 by which time foreign exchange savings should be R260-million annually.

Rising from the sands

Last week I visited the site, 50 km north of Cape Town, where the Atlantis Diesel Engines (ADE), as it is called, is rising out of the sands formerly covered by the Atlantic Ocean. And I met some of the top officials like Mr Bob Malcomess, chief executive logistics, and Mr Koos de Wet, marketing manager, who are putting it all together well ahead of schedule and hope to produce their first locally-made diesel engine by April next year.

The history of the ADE project goes back to 1964 when the Industrial Development Corporation first mooted a local content programme of at least 66 percent by mass for passenger cars — Phase V of the LCP came into operation on January 1 this year. The IDC did not, at that stage, recommend an investment in tractor or truck engines. So while motor manufacturers had to establish engine, component and metal stamping plants to make the parts that go into their cars, they could freely import diesel engines to go in their trucks and/or tractors.

It was only in April, 1978, that the then Minister of Economic Affairs, Mr Chris Heunis, approached the IDC to establish a diesel engine manufacturing plant as a matter of extreme urgency. The minister cited the need for rationalization as being the greatest concern to him in an industry which until then had attempted no rationalization programme at all after 60 years of marketing diesel engines in South Africa.

The scheme was approved by the Cabinet in November, 1978, and in the official announcement, July 1981 was given as the on-stream deadline — ADE officials now say they will produce the first engine by next April.

Such a scheme needs a vast amount of assests and ADE has them totalling R308-million. When it came into being, invitations were sent to the motor industry for proposals for the founding of the project. There were many takers and one major motor company is reputed to have offered to put in R200-million — if their chairman could be on the board and they held the controlling interest. So far ADE has resisted the offer of capital and is using its own South African financial resources.

Two partners, Perkins, of Britain, and Daimler-Benz, of West Germany, were chosen to assist in the manufacture of the diesel engines. Perkins is particularly strong in the tractor engine market and DB, which makes the world famous Mercedes-Benz cars and trucks, is a leader in the heavy truck field and South Africa's No 1 supplier by far.

Both Perkins and DB will have facilities at ADE and about 50-60 experts will come from England and West Germany to assist in the Anglo-German co-operation and supervise the local workers, some of whom are already being trained overseas.

Major criticism

The major criticism of ADE so far is the effect it will have on the South Africa diesel engine industry. From a present proliferation of some 200 models with the vast overheads incurred in carrying parts for them all, production will be reduced to 11 basic engines and all SA-made trucks will be powered by ADE engines.

But this is no real problem, according to Mr Koos de Wet. He says the plant will produce two, three, four, five, six, eight and 12-cylinder engines with cubic capacities ranging from 2,5 ℓ to 22 ℓ and with horsepower ratings from 36 kW to a massive 386 kW. They will be able to power all types of trucks and tractors and some will be for stationary use in agriculture.

One of the engines will be an advanced version of a turbo-charged, six in-line Mercedes-Benz Model OM 407 which should be ideal for long-haul operators. It delivers 236 kW.

The cost of producing local content diesel engines will push the price up by about 10 percent but the availability of spares and service will improve, according to ADE.

More important, as far as the country is concerned, is that it will save an estimated R260-million in foreign exchange by 1985.

Jobs — mostly for coloured workers in the Western Cape — will be created with an initial 1 650 needed to run ADE itself and another 2 500 in the allied component industry.

Another criticism that has been levelled at the Atlantis Diesel Engines is that the models chosen are 20 years old and thus "obsolete."

This is nonsense, according to Mr de Wet, who says the basic concept of internal engines has not changed in the past 50 years. The diesel engines to be made are the most modern available with the latest developments.

The only thing ADE will not be able to produce at this stage is the fuel injection systems which will have to be made overseas until such time as the volume will make it financially feasible to establish such a plant locally.

Much comment from motor industry

Much comment has already come from the motor industry about ADE. Mr Brian O'Connor Wegner, marketing director of

Bank backs down on bumf

(74) ~~(58)~~ RDM 21/3/80

By HAROLD FRIDJHON

TO ITS credit, the South African Reserve Bank has modified its regulations about using forms A and E which since the beginning of February had to be filled in for every foreign exchange transaction of more than R50.

These forms not only threw an unmanageable work load on the commercial banks and other authorised dealers in foreign exchange, but they raised a tremendous resentment in commercial circles, as well as irritation among tourists who had to complete a foolscap sheet which required answers to many seemingly unnecessary questions, not the least of which was date and year of birth every time they wished to cash a traveller's cheque for more than $80.

As a result of the changes, tourists may now cash their traveller's cheques without being caught up in a welter of forms and tangles of red tape. It's as you were. The banks now have to make omnibus periodic returns to the central bank for statistical purposes.

Forms A and E were designed to provide the bank with useful statistical information, but as one authority said: "They gave the impression that South Africa was tightening up exchange control instead of going along the road towards relaxation."

Under the previous regulations whenever a company, for example, wished to buy foreign exchange either to pay pensions or to remit dividends to foreign shareholders, a separate form had to be completed for every individual payment.

The Reserve Bank has now ruled that only one form will have to be completed for a batch of payments. This is a big saver of time at company level, not to mention time saved at the commercial bank — and possibly at the Reserve Bank.

Another big step forward is the revised regulation governing the purchase of foreign exchange for the payment of imports. The previous regulation required the importer to exhibit to the bank all the documentation covering each transaction. Again a waste of the customer's and the bank's time.

This requirement has been wisely changed.

Major South African importers may now buy their foreign exchange without a sheaf of documentation. All they have to do is to provide the bank with a letter from the company's financial controller giving all the necessary details. But bureaucracy is not to be thwarted.

All the documents for all their import transactions must be retained among the company's records for two years so that they will be available for inspection by exchange control inspectors.

One of the problems arising from this regulation will be the defining of what is a major importer and what is a small importer.

This is one of the subjects about which the banks are still in discussion with the authorities in Pretoria. It is not the only subject, however.

I am told that the revised circular is ambiguous is many respects and bankers and the central bankers are still trying to agree on what has been written and what thoughts the Reserve Bank intended to convey.

BUSINESS MAIL

R1 690m surplus after two months

74

RDM 22/3/80

By HOWARD PREECE
Financial Editor

SOUTH Africa is continuing to pile up huge trade surpluses, thanks overwhelmingly to gold, with a R1 690-million gain in the first two months of this year.

Preliminary figures from the Department of Customs and Excise show a surplus for February of R956-million from exports of R1 821-million and imports of R865-million.

That follows the January favourable balance of R761-million from exports of R1 700-million and imports or R938-million.

Customs figures are now "all-in", gold bullion as well as Krugerrand being included in the export figures and oil and military equipment no longer excluded from the import data.

Even so Customs figures are provisional — the official figures come later from the Reserve Bank — and they should always be treated with some caution.

Not, however, that any caution is needed in telling the basic tale.

It is possible that there is a deficit on so-called invisibles — dividends, insurance, shipping — of as much as R250-million a month now, although that is probably on the high side.

It is also possible that Customs figures could be overstating the size of the trade surplus.

But when all allowances are made, it is clear that there was an overall surplus on the current account of the balance of payments of at least R1 000-million in the first two months of this year.

Maybe the level was R1 200-million or more.

There was, of course, an income of about R1 000-million from gold alone in February. Add R900-million for January and the enormous contribution from gold can be seen.

Perhaps the gold price will not reach February's average level of around $670 for some months ahead.

However, the size of the current surplus is such that even an unexpectedly severe fall in the gold price, to below $400, would still leave the balance of payments overall in a healthy situation.

Capital outflows might take a toll, but the underlying current account strength is such that Senator Horwood, the Minister of Finance, was able to announce last week that South Africa would hold gold back from the market if that seemed helpful for the gold price.

It is difficult on the evidence so far to be sure of the trend in manufacturing imports.

An import boom could be good news now if it confirmed accelerating new fixed investment which is essential to sustaining the growth momentum.

There is no problem about paying for imports.

But looking at the longer term it must be remembered that big increases in imports can be expected, with a steadily and possibly sharply rising oil burden, and that if gold should take a sustained knock, balance of payments difficulties could re-emerge.

That, however, is not in sight today.

South Africa 'most exciting' for investors

20

74

S. Times 23/3/80

By JOHN SPIRA

SOUTH Africa is currently one of the most exciting investment areas in the world.

This is the conclusion drawn by Grieveson, Grant & Co, one of London's leading stock broking firms, which believes that the SA economy is poised for a period of above average GDP growth of 6% — a rate which could be sustained "even if the gold price were to fall back, as non-gold exports rise in importance and energy self sufficiency is close to attainment".

The firm adds that there may be a downturn in activity in early 1981 but it expects the current account to remain in a healthy surplus for a much longer period.

Among the cornerstones of SA's development, according to Grieveson Grant's report, are:

- The country's coal wealth which is now being turned to account by way of exports (30-million tons next year).
- Power generation (two new power stations are being contructed).
- Conversion to chemical feedstocks (at Coalplex, a joint venture between AE & CI and Sentrachem).
- The Sasol oil-from-coal plant which will meet 65% of the country's liquid fuels needs by 1985.
- SA already exports some 9 500 tons of uranium, making it an overall net exporter of energy.

Of particular interest is the comment: "While most investors have gained some exposure to South Africa through the acquisition of gold or other mining shares we feel that South African industrial shares should provide a logical extension of this process and offer attractive risk/reward ratios."

The firm stresses that SA industrials will be major beneficiaries from higher growth rates, increased mining expenditure and improved consumer spending.

It points out that earnings growth on the JSE has been 33% over the past six months "and we are expecting 40%-50% over the next six months. Average dividend growth is forecast at 22,5% for 1980".

Grieveson Grant pinpoints three shares — Nedbank, Barlows and SA Breweries — as being its "three most favoured top quality shares".

Nedbank is favoured for the following reasons:

- It has the greatest exposure to merchant banking in the banking sector.
- It has a smaller branch network than other banks and thus does not have to bear the cost of extensive low-turnover rural branches.
- It has recorded excellent profit growth in the last two years.
- It has established itself as the most profitable banking group in SA.
- It will be a major beneficiary from increased trade activity, new project developments and more corporate investments.
- The prospective dividend yield is higher than that offered by other banks.

Barlows is favoured because:

- Major long-term growth can be expected from the group's coal, chrome, gas and ferro-alloys divisions.
- The upturn in the SA economy will help the group's extensive industrial interests.
- Barlows is now reaping the full benefit of capital expenditures made in the Seventies.
- Its financial strength, its excellent historical record and diversified interests make the shares a particularly sound long-term investment.
- The quality of earnings is well above other SA investments and is favourable in comparison with similar companies elsewhere.

The firm recommends SA Breweries for the following reasons:

- It has enjoyed two years of unprecedented growth — a performance which can be maintained over the next two years, especially as the beer war is over.
- It now has an effective monopoly of the wholesale beer market.
- Potential earnings growth is "enormous" depending on the approach developed by the Government on black township drinking.
- With Southern Sun and OK Bazaars doing well, earnings growth could be up by as much as 45% and dividend growth of 25% seems easily obtainable.
- Prospects for expanding beer sales to an ever increasingly well-off black beer consumer is a reason sufficiently significant for the shares to rate a strong buy.
- The group has the highest exposure to rising black incomes of any share in the industrial sector of the SA stock market.

RDM 24/3/80

74

Owners in the clover

OWNERS continue to reap the benefits of a firm market in nearly all areas, reports Afromar.

Charterers are tending to take more mid-period cover on time charter in an effort to average out over the longer term.

SA FREIGHT MARKET

Atlantic grain continued to hold firm with Panamax sizes fixing to the Continent — obtaining around $17, which is higher than last. Rumours were circulating that up to $20 was paid for 54 000 tons of grain from US Gulf to Hamburg.

In the prevailing firm atmosphere it is difficult to gauge whether rates are holding or rising as charterers are increasingly reluctant to report their fixtures.

The Russians continued to dominate the River Plate market and were again taking handy-sized bulk carriers on time charter at healthy rates, including vessels from the Continent for South American trade.

Chinese activity remains subdued, but this is almost certainly due to rate levels being too high for them to compete in the market with other charterers.

The Far East is still very firm.

On the South African front, rates hardened further, with owners being bullish and a scarcity of certain sizes becoming more apparent.

Grain charterers are struggling to fix and smothered their activity with time-charter cover which they decline to report on the market. However, two vessels previously fixed South Africa to Mombasa were taken to cover South Africa-Japan maize at $6 250 and $7 000 daily basis delivery Mombasa.

Anthracite charterers continue to seek tonnage for Japan. Coal inquiry for the Continent and Far East seems generally unable to meet owners' rate demands.

An 11 600-tonner was fixed for concentrates from Saldanha Bay to United States West coast on a lump-sum freight basis at around $600 000 for April shipment. Ores and minerals from Port Elizabeth to Continent and Mediterranean destinations were quoted.

Durban to United States sugar was fixed at $41,50 for April, a considerable increase over last. A 15 750 ton unit was paid $37,50 from Durban to Japan also for April, reflecting an increase of $3 a ton more than last reported for this direction.

In the time-charter section, bulk-carrier tonnage in the 35 000-ton size remains scarce, with owners asking $13 000 and more a day for trips to the Continent.

The 25 000-ton size category is getting around $10 000 for similar employment.

This size is beginning to be fixed generally on the world market around $80 000 to $85 000 for 12 to 24 months which was the level such units obtain for a single trip basis towards the end of last year

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EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 5

STU13-9 13010 BACHELOR OF ARTS YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
1594S4V	MCCARTHY	MELISSA JANE	911102	MATHEMATICS IA	3	(50)	1	1594S4V
1529655R	MEHL	ANNETTE ELISABETH INGRID	[illegible]	GERMAN INTENSIVE / CHEMISTRY IB / ANIMAL BIOLOGY (HALF COURSE)	ABS / F / ABS		7	1529655R
1570930	MERCURIO	GIANCARLO	110101	HISTORY I	ABS			1570930
1557470	MICHAELS	KAREN	003101 / [illegible]	SOCIOLOGY I / ENGLISH I (PRE-1980)	ABS / SNX			1557470
1584697	MITCHELL	JANE	114101	CULTURAL HISTORY OF N.E. I	UP			1584697
157815N	MORRIS	CATHERINE MARIA	[illegible]	PSYCHOLOGY I / ENGLISH I (PRE-1980) / ITALIAN INTENSIVE	UP / SNX / F			157815N
1501R0P	MOXT	MELISSA RUTH PRENCE	114101	RELIGIOUS STUDIES I	UP			1501R0P
1507B3V	MULLER	SUSAN FLORENCE	110101	HISTORY I	UP			1507B3V
1575210	MURRAY	ESTELLE	115120	DRAMA I	ABS		1	1575210
1379836	NAKIDIEN	ROGAYAT TOYER	107101	ENGLISH I (PRE-1980)	SNX		7	1379836
		FELICITY	[illegible]	ENGLISH I (PRE-1980) / HISTORY I	SNX / UP	(50)		1501544
		ROBERT STEPHEN	115102 / 115103	FRENCH INTENSIVE / ITALIAN INTENSIVE	F / UP	(40) / (54)	1	1334066

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 5

13010 BACHELOR OF ARTS YEAR : 1

13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
159454V	MCCARTHY	MELISSA JANE	911102	MATHEMATICS IA	3	(50)	1	159454V
152965R	MEHL	ANNETTE ELISABETH INGRID	[illegible]	GERMAN INTENSIVE	ABS		7	152965R
			[illegible]	CHEMISTRY IB	F	(27)		
			[illegible]	ANIMAL BIOLOGY (HALF COURSE	F	(39)		
157093D	MERCURIO	GIANCARLO	[illegible]	HISTORY I	ABS		1	157093D
155747Q	MICHAELS	KAREN	[illegible]	SOCIOLOGY I	ABS		1	155747Q
			~~[illegible]~~	~~PSYCHOLOGY I~~	~~UP~~	~~(50)~~		
			[illegible] 7101	ENGLISH I (PRE-1980)	3NX			
158469Z	MITCHELL	JANE	[illegible]	CULTURAL HISTORY OF W.E. I	UP	(50)	1	158469Z
157815N	MORRIS	CATHERINE MARIA	[illegible]	PSYCHOLOGY I	UP	(59)	1	157815N
			[illegible]	ENGLISH I (PRE-1980)	3NX			
			[illegible]	ITALIAN INTENSIVE	F	(48)		
150180P	MORT	MELISSA RUTH PRINCE	[illegible]	RELIGIOUS STUDIES I	UP	(62)	1	150180P
150783V	MULLER	SUSAN FLORENCE	[illegible]	HISTORY I	UP	(50)	1	150783V
157521U	MURRAY	ESTELLE	11-120	DRAMA I	ABS		1	157521U
137983G	NAKIDIEN	MOGAMAT TOYER	[illegible]7101	ENGLISH I (PRE-1980)	3NX		7	137983G
157560L	NASH	JENNIFER ANNE	[illegible]	PSYCHOLOGY I	2-	(61)	1	157560L
			[illegible]	FRENCH INTENSIVE	F	(47)		
~~155924H~~	~~[illegible]~~	~~JENNIFER ANN~~	~~[illegible]~~	~~MATHEMATICS I M102~~	~~UP~~	~~(55)~~	~~1~~	~~155924H~~
157913V	NORMANN	HANSJURG	117101	POLITICAL SCIENCE I	UP	(52)	1	157913V
~~155678H~~	~~O'CONNOR~~	~~SHIRLEY ANNE~~	~~[illegible]~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(57)~~	~~1~~	~~155678H~~
162116N	PAM	JONATHAN RICHARD	[illegible]	PSYCHOLOGY I	3	(52)	7	162116N
~~154187V~~	~~PATERSON~~	~~IAN JAMES STEWART~~	~~[illegible]~~	~~ENGLISH I (PRE-1980)~~	~~3NX~~		~~1~~	~~154187V~~
			[illegible]	HISTORY I	F	(40)		
154286C	PETERSEN	DESIRE SHIRLEY	[illegible]2103	AFRIKAANS EN NEDERLANDS I	UP	(50)	1	154286C
			~~[illegible]~~	~~DRAMA I~~	~~UP~~	~~(50)~~		
156134L	PFEIFFER	[illegible]	[illegible]5104	CHEMISTRY IM	F	(49)	1	156134L
			~~[illegible]~~	~~ENGLISH I (PRE-1980)~~	~~3NX~~		~~1~~	~~150134L~~
			[illegible]	HISTORY I	UP	(50)		
			[illegible]5102	FRENCH INTENSIVE	F	(40)	1	133406G
			~~[illegible]~~	~~ITALIAN INTENSIVE~~	~~UP~~	~~(54)~~		

UCT

Parcel liner service

(74) 332 RDM 24/3/80

THE potential growth of trade between South Africa and South East Asia, in spite of political difficulties, is so encouraging that a new parcel liner service known as Orange Shipping Services has begun operation, according to Mr Peter Hubble, managing director of African Coaling, Durban, which is acting as agent for the service.

The new service, the result of an agreement between Scan Maritime of Hong Kong and a South African-based organisation, will operate between Cape Town, Port Elizabeth, Durban and Maputo and Jakarta, Singapore, Bangkok, with inducements to other ports, such as Penang and Port Kelang, Belawan and Manila.

Orange Shipping has chartered three ships from Scan and plans a monthly service. The ships, built between 1958 and 1960, are known to South African importers and exporters as they were formerly owned by Companie Maritime Belge. They are the Lotela, the Paz and the Rosario — formerly the Mokoto, the Mantalto and the Mobeka.

Not a foreign debt sullies SA's image

74

RDM 25/3/80

THE ASSEMBLY. — In decades of co-operation with the international financial community, South Africa had never defaulted on any foreign debt, nor had it been forced to reschedule any foreign debt, the Deputy Minister of Finance, Mr Pietie du Plessis, said yesterday.

"Our record proves that, when the Government of the Republic of South Africa, through its guarantees, lends its full faith and credit to the commitments of our borrowing institutions, our guarantees are fully acceptable and credible.

"We are a stable country of proven creditworthiness in every sense of the word and we intend remaining that way," he said, introducing the debate on the second reading of the Finance Bill.

Mr Du Plessis said 40 sections of 29 Acts contained provisions empowering various Cabinet Ministers to issue guarantees on behalf of the Government. In terms of the rationalisation of the Public Service, the provisions were being scrapped or amended, and replaced by a general authority in the Exchequer and Audit Act, to remove inconsistencies in respect of which Ministers should issue guarantees.

Default by any organisation on an obligation which the Government had guaranteed was a very serious matter which placed at stake the ability and credit of the State, and Parliament had already approved the immediate availability of funds to meet commitments in terms of guarantees.

A new provision stipulated that the responsible Minister should report to Parliament as soon as possible on the use of State funds in this way.

The Bill also stipulated that the issue of any guarantee had to be in the public interest, which presupposed that the capital outlay was also in the public interest.

A streamlined departmental structure would ensure that priorities were set to meet the most urgent economic and social needs of the community.

South Africa was also prepared to give financial guarantees to the commitments of parties outside its borders, particularly in neighbouring states, as the commitments could have a direct bearing on its own interests.

"It is not difficult to envisage such a possibility, for example a joint venture where it would be in the Republic's interest to provide such a guarantee. Indeed, the future development of the whole of Southern Africa is a joint venture within the framework of the constellation of states concept.

"To bring this concept to fruition, financial co-operation across our borders is essential."

The Bill provided the necessary flexibility to deal with the demands of wider financial co-operation, Mr Du Plessis said.

However, there would have to be very good reasons for South Africa to guarantee the commitments of a venture which was not South African.

A Government guarantee was evidence of Treasury backing, and this meant commitments in foreign currencies could also be met.

In terms of the democratic principle that the public was entitled to regular information regarding the disbursement of public moneys, a new measure provided for the annual publication of the global amount involved in guarantees given to foreign creditors.

As the information could be sensitive, it would neither relate to the... individual parties involved.

The information would, however, give a meaningful indication of the extent and maturity of the public sector's foreign credit.

Mr Du Plessis assured those creditors who already hold Government guarantees that the new provisions in no way endangered their existing rights.

Mr Harry Schwarz, the chief opposition spokesman on Finance, said his party would support the Bill's second reading, although it was troubled by certain provisions which it would deal with in committee.

Because of instability in credit markets, South Africa was borrowing at abnormally high rates of interest, he said, suggesting the Republic should take advantage of its sound currency to place a rand denominated foreign loan or issue, to establish its creditworthiness.

Mr Schwarz said he was concerned by a provision whereby the Government could guarantee loans taken by private companies as well as those of public institutions.

There was also no control by Parliament of the amount which could be guaranteed in any year. Some form of Parliamentary control was necessary.

Regarding annual publication of the amount involved in guarantees, there was no reason why full information other than the names of countries should not be given.

The Bill was read a second time after spokesmen for the New Republic Party and the South African Party also indicated their support. — Sapa.

UCT

EXAMINATION RESULTS IN FACULTY ARTS

YEAR : 1

STU13-9

13010 BACHELOR OF ARTS

STUD NO	SURNAME	FIRST NAMES	COUR
~~152163V~~	~~VAN NIEKERK~~	~~MURIEL DIANNE~~	~~10710~~
159757Z	VAN WAGENINGEN	ANNEMARIE	10710
~~155815P~~	~~VISSER~~	~~ANNELIZE~~	~~10710~~

* TOTAL NUMBER OF STUDENTS 137

REGISTRAR (ACADEMIC)

DEAN

74

C.T. 25/3/80

Deep London, US concern over gold

By NEIL BEHRMANN

LONDON. — Bullion dealers are hoping that the gold price will hold above $500. They are very worried about the financial implications of the recent commodities crash and other metals are tending to follow gold.

There are rumours that at least one of the commodity commission houses is in financial trouble. The market was especially concerned when gold fell to the $460 area because large lients were apparently at the limits of their margin. There are also those who are holding gold on borrowed money which costs them 20 percent or more in interest charges.

While Johannesburg still appears to be euphoric, there is deep concern in London and New York. Share bond and commodity markets have been sliding in the wake of very high interest rates and the worldwide attempt to squeeze inflation out of the system.

In the 1929 crash there was extensive margined speculation on Wall Street and London when people put down small deposits to cover their share purchases.

This time round commodoties caught the eye, large and small investors have been wiped out and hundreds of millions have been lost.

It is also clear that the flood of petro-dollars into gold and commodities in recent months, came mainly from private sources, individual oil sheikhs and expatriate Iranians, rather than Opec treasuries, provided most of the buying pressure.

It was widely assumed that because of their wealth these investors would take delivery of gold, silver, copper and other commodities. The assumption was that they would hold on to gold, regardless of the price because it is a hedge against inflation and political uncertainty.

This theory held for exactly six weeks. When gold slipped to $600, there was support with large buyers and Swiss and German banks. But when it was evident that their gold investment kept slipping back, the big buyers withdrew.

So when gold fell through the $600 barrier the Arabs were in the market selling with all the other panic stricken speculators.

It is interesting to find that London bullion dealers are in disagreement with their Swiss and German counterparts on the outlook for gold.

Certainly Zurich and Frankfurt have been wrong over the past two months because they were hoping that their clients would support the price.

In fact, more money has been lost in the bear market rallies than in the initial crash.

Time and time again Swiss and German bankers insisted that the market was merely undergoing a technical correction and that the metal was shifting into "safe hands". If that was a correction, I am waiting with some trepidation for the crash.

Still, Zurich and London stockbrokers, and even Johannesburg investment advisers, tell me that there will again be strong Arab buying between $480 and $500. This is yet another well advertised buying campaign before the event takes place.

The London dealers who hold square books are much less confident.

They warn that there are still large margined investors who are locked into gold. They maintain that the price is being engineered upwards (for example, the price action towards New York's close on Friday), so that sellers could get out.

The london dealers anxiously hope that the price will not slide too far because there could be extensive pressure on the margined big time speculators syndicates and the houses which deal for these traders. These bullion dealers contend that the market is false and that it is just undergoing a technical correction — in a bear market.

They are specially worried about silver because the big boys tried to support it at $30 and were forced to withdraw when the price cracked. Silver is currently around $19.

At the moment political uncertainty remains in the background and any trouble in the Middle East would push gold higher. But until that news is out, it takes a brave gambler to back the prospect before the news is confirmed.

The crash has destroyed the myth that there will be an ever increasing flow of Opec funds into the market, regardless of price.

No doubt wealthy individuals from the Middle East and elsewhere will continue to buy. So will central banks, but continual purchases at any price is a golden myth. The other fairy tale is that prices will be supported at various ranges. In this bear market gold failed to hold at $600, $550 and $500. Where was the support?

It is also interesting to find that in spite of the well orchestrated announcements that South Africa was withdrawing from the market, the price can hardly be described as strong.

Gold is unpredictable, so this is no forecast. Especially since all the experts have been so hopelessly wrong over the past month. However, if there is wide scale liquidation within the $400 to $500 range, there is no guarantee that the price will not tumble into the $300 range.

Bullion dealers recall that in 1976 they did not know what hit them when "so called long-term investors" came into the market selling metal at any price. At the time the price slumped from $125 to $104 dollars in a short space of time. That was a fall of 20 percent, which is $100 dollars in today's market.

Finally, if we go back to the beginning of 1979 people skoffed at those who predicted a price of $350, let alone $400 or $500 dollars. So there is nothing sacrosant about $450 or any other price. Bullion is a free market.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 3

13010 BACHELOR OF ARTS YEAR : 1 13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
~~160942M~~	~~FOLLETT~~	~~MARGARET JANE~~	~~109242~~	~~SOCIAL ANTHROPOLOGY I (PRE-13)~~	~~F (51)~~	~~1~~	~~160942M~~
157558V	FRIEDLANDER	RAE DEVORA	107101	ENGLISH I (PRE-1980)	3NX	1	157558V
~~150296Q~~	~~GARISCH~~	~~SONYA IRENE~~	~~115102~~	~~FRENCH INTENSIVE~~	~~F (43)~~	~~1~~	~~150296Q~~
158290E	GARNETT	DIANNE SYBELLE	905101 911101	CHEMISTRY IA CH. 102 MATHEMATICS I M102	ABS ABS	1	158290E
154026V	GEFFEN	BENITA	109102	HEBREW INTENSIVE	F	1	154026V
154362K	GIANNAKAKIS	ASPASIA	115101	FRENCH I	UP (55)	1	154362K
					UP (55)	1	153981W
					3NX	1	155173R
					UP (55)	1	159186D
					UP (60)	1	158211U
					ABS	7	153855J
					UP (50)	1	162285X
					3NX	1	161662V
					F (49) UP (50)	1	162109F

41A 54M 04H 91J 26E 20L 89J 48P

US firm shipped arms to SA

Argus Bureau

NEW YORK. — An American company has pleaded guilty to shipping arms illegally to South Africa.

The US Government brought the charge against Spaco Research Corporation (SRC), a company that has up to now firmly denied breaking the UN arms embargo.

Documents lodged in the district court in Rutland, Vermont, near SRC's headquarters on the Canadian border, allege the company sold the arms between 1976 and 1978.

'BARGAINING'

It did not obtain American Government licences, and it made false export declarations.

According to the Justice Department in Washington, the guilty plea from the company and its chief executives 'followed plea bargaining between the Government and the accused.'

Among the weapons sent illicitly to South Africa were gun barrels, long-range projectile forgings and a radar tracking station.

The case is still under investigation.

EXAMINATION RESULTS BY FACULTY ARTS AS AT 29 02 80 PAGE 1

YEAR : 2

Imported goods: 'Pass on saving'

STAR 27/3/80 (74) ~~30~~

Fair Deal Reporter

The lifting of the 7.5 percent import surcharge can save consumers' cash IF wholesalers and retailers pass on the saving.

The surcharge is applicable to most of the 6 000 items subject to import tariffs, and these cover almost the entire spectrum of consumer goods.

Foodstuffs covered include imported coffee, tea, dairy products, fish, meat, spices, fats and oils, cereals, edible fruits and nuts, vegetables, cocoa, flour and sugar, and sugar confectionery.

Other items which will have the surcharge lifted will include most books, fertilisers, cars, building materials and electrical equipment, among others.

A spokesman for the Department of Customs and Excise in Pretoria said: "It was rather the exception than the rule if an item did not have a surcharge.

"The Minister appealed to people, to pass on the saving of R260-million to consumers. But will the wholesalers and retailers pass it on?

"There is no evidence that they have in the past. The surcharge was orginally 15 percent and has progressively been lowered by the Minister," the spokesman said.

He also said he thought many importers had guessed that the surcharge would be dropped.

"I think many people have been withholding clearnce until the last minute.

"We're going to be faced with a very tough job from tomorrow."

He pointed out that it would take some time for any savings to consumers to filter through because the surcharge would only be lifted on goods still "on the water or in storage" that had not yet been cleared.

Both the Consumer Union and the Housewives' League have hailed the drop in import surcharge.

They expressed the suspicion that previous drops in surcharge had not been passed on to consumers, but vowed that this time they would monitor the situation very closely.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

15016 B.A./LL.B. YEAR : 1 AS AT 29 02 80 PAGE 2 15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~153982X~~	~~STRACHAN~~	~~ANDREW KENNETH~~	~~105101~~	~~LATIN I~~	~~F~~	~~(39)~~	~~1~~	~~153982X~~
1565290	VISSER	VIVIEN ELIZABETH	117101	POLITICAL SCIENCE I	UP	(50)	1	1565290
~~1535477~~	~~WAINE~~	~~VINCENT CHARLES~~	~~004101~~	~~PSYCHOLOGY I~~	~~ABS~~		~~7~~	~~1535477~~
			102101	AFRIKAANS	F	(28)		
			107101	ENGLISH I (PRE-1980)	F	(44)		
~~1566388~~	~~ZACHERL~~	~~SABINE RUTH~~	~~004101~~	~~PSYCHOLOGY I~~	~~F~~	~~(39)~~	~~7~~	~~1566388~~
157915X	ZACKON	JEFFREY	102101	AFRIKAANS	UP	(50)	1	157915X
			107101	ENGLISH I (PRE-1980)	SNX			

* TOTAL NUMBER OF STUDENTS 30

DEAN

Travel allowances abroad are relaxed

CDM 27/3/80.

(74)

THE ASSEMBLY. — The exchange control authorites would in future grant approval more readily for early repayments of certain foreign loans, the Minister of Finance, Senator Horwood, announced yesterday.

Introducing the Budget, he said the decision would enable the country to take advantage of interest rate differentials.

The further relaxation of exchange control would prevent the large current account surplus from "bottling up" excess liquidity in the domestic money market.

Other relaxations announced by Senator Horwood and which come into operation tomorrow are (existing limits in brackets):

- Travel allowances abroad: Adults R3 000 a year (R3 000); children under 12: R1 500 a year (R1 200);
- To neighbouring states (including islands in the Indian Ocean): Adults R1 500 a year (R750); children under 12: R750 a year (R300);
- Business visits abroad: R5 000 at R250 a day (R4 500 at R150 a day);
- To neighbouring states (including islands in the Indian Ocean): R2 000 at R200 a day (R750 at R150). — Sapa.

UCT

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29

13100 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : N/A

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION
~~1623211~~	~~STERN~~	~~JOCELYN NEILA~~	~~116113~~	~~PRACT SP I AFRIKAA~~
			116117	PRACT ACT I AFRKIA

~~* TOTAL NUMBER OF STUDENTS~~ 1

DEAN

Rough deal for exporters

1088 74

RDM 28/3/80

By SIMON WILLSON
Industrial Reporter

EXPORTERS got a rough deal from the Budget, according to Mr Wim Holtes, chief executive of Safto (South African Foreign Trade Organisation).

Mr Holtes said yesterday that members of his organisation were not happy with the range of measures in the Budget, which they thought concentrated too much on stimulating internal demand.

"The word exports was hardly mentioned once in the Budget speech, even though exports have been principally responsible for pulling the country out of recession over the past three years," Mr Holtes said.

The economic policy guidelines laid down in last year's economic development programme stated that the best way to reduce the high rate of unemployment was to encourage growth in exports.

"If this was an economic blueprint for the country, then this year's Budget has not followed it very closely.

"Our export performance is now effectively caught in a pincer movement between the appreciating rand and the stimulation of the local economy. The policy of encouraging a strong rand will delight the importers because it makes their products cheaper to acquire, but it makes life more difficult for the exporter."

The stimulated economy would give manufacturers incentives to reroute products originally destined for the export market to the expanding domestic market.

He was also critical of some of the fiscal measures in the Budget, saying the general reduction in the rate of taxation militated broadly against the exporter.

"As tax rates go down, the benefits of manufacturers' tax allowances to individual exporting companies will be reduced proportionately.

"Higher tax rates and higher export tax allowances obviously give firms bigger incentives to export and to promote exports.

"It is important now that we concentrate on broadening our export base. People seem to have forgotten that the stimulation of exports does not mean inflation and overheating in the domestic economy," said Mr Holtes.

STU13-9
13010 BACHELOR OF ARTS
EXAMINATION RESULTS IN FACULTY ARTS
YEAR : 1
AS AT 29 02 80
PAGE 5

STUD NO SURNAME FIRST NAMES

152965R MEHL MELISSA JANE
159454V MCCARTHY
157093D MERCURIO ANNETTE ELISABETH INGRID
155747Q MICHAELS GIANCARLO
158469Z MITCHELL KAREN
157815N MORRIS JANE
150180P MORT CATHERINE MARIA
150783V MULLER MELISSA RUTH PRINCE
157521U MURRAY SUSAN FLORENCE
137983G NAKIDIEN ESTELLE
MOGAMAT TOYER

COURSE DESCRIPTION SYMBOL

13010
911102 MATHEMATICS IA 3 (50) 1 159454V
106102 GERMAN INTENSIVE ABS
905102 CHEMISTRY IB F (27)
916103 ANIMAL BIOLOGY (HALF COURSE) F (39) 7 152965R
110101 HISTORY I ABS 1 157093D
003101 SOCIOLOGY I ABS
~~004101 PSYCHOLOGY I UP (50)~~
107101 ENGLISH I (PRE-1980) 3NX 1 155747Q
118101 CULTURAL HISTORY OF W.E. I UP (50) 1 157815N
004101 PSYCHOLOGY I UP (59)
107101 ENGLISH I (PRE-1980) 3NX
115103 ITALIAN INTENSIVE F (48) 1 158469Z
110101 HISTORY I UP (62) 1 150180P
114101 RELIGIOUS STUDIES I
116120 DRAMA I UP (50) 1 150783V
107101 ENGLISH I (PRE-1980) ABS 1 157521U
004101 PSYCHOLOGY I 3NX 7 137983G
115102 FRENCH INTENSIVE 2- (61)
~~911101 MATHEMATICS I M102~~ F (47) 1 157560L
117101 POLITICAL SCIENCE I UP ~~(55)~~ 1 155924H
~~114101 RELIGIOUS STUDIES I~~ UP (52) 1 157913V
004101 PSYCHOLOGY I ~~UP (57)~~ 1 155878H
~~107101 ENGLISH I (PRE-1980)~~ S (52)
110101 HISTORY I 3NX 7 162116N
102103 AFRIKAANS EN NEDERLANDS I F (40) 1 154187V
~~116120 DRAMA I~~ UP (50)
905104 CHEMISTRY IM UP (50) 1 154286C
~~107101 ENGLISH I (PRE-1980)~~ F (49) 1 150154L
110101 HISTORY I 3NX
115102 FRENCH INTENSIVE UP (50) 1 156134L
~~115103 ITALIAN INTENSIVE~~ F (40)
UP (54) 1 133406G

UCT

WOOL MARKET

Just too late

74

(3) Wool

FM 24/3/80

The three month strike of Australian wool warehousemen finally ended this week with sales due to resume on Wednesday. Unfortunately, the SA sales season is too far advanced for local producers to take advantage of the world wool shortage which has resulted.

There were no wool sales in Australia for the last five weeks and some Japanese wool users were being forced to cut back on production. It was only because the Australian marketing system is different from that of, for example, South Africa, that any wool left the country at all. Local experts point out that normally up to 20% of sales in Australia have taken place "in the bush" as direct sales from farmers to agents.

Wool wealth . . . not for world markets

Because of the strike, observers reckon, the bulk of trading switched to this informal sector, with the result that some 50 000 to 60 000 bales still left the country every week through the back door, compared to exports of around 120 000 bales a week in normal times.

Unfortunately, Wool Board spokesmen say that almost 75% of the year's wool clip had been sold by this week. And with the season coming to an end in late May it is unlikely that sales could be stepped up in time to take advantage of the higher prices as a result of the stoppages.

At the same time, say local traders, the market indicator of prices slipped a couple of points over the past week and stood at 415c/kg, partly as a result of the firmer rand against some European currencies.

The wool cheque at the end of last week was just short of R162m — about 15% higher than at the same time last season, and about 74,4m kg of the expected 100m kg clip had been sold. With the announcement earlier in the month of an additional payment of R19m to farmers, the total revenue of the producers so far this season stands at more than R160m.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

15026 B.A./LL.B. YEAR : 2 15026

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
111062V	BARKER	MARY ANN	105104	LATIN I	3	(52)	1	111062V
116983F	DAMERELL	DAVID ASHLEY	604201	ROMAN DUTCH LAW I	ABS		1	116983F
137001P	FINE	DERRICK NIGEL	103201	COMP AFR GOVT AND LAW I	2-	(68)	1	137001P
			603202	ROMAN LAW & JURISPRUDENCE I	3	(55)		
			604201	ROMAN DUTCH LAW I	2-	(65)		
137345N	GADD	DIANA ALICIA	105104	LATIN I	F	(36)	3	137345N
133987N	GORE	DAVID GEORGE	105104	LATIN I	ABS		3	133987N
110635F	GRIESSEL	PAUL PRIMICH	105104	LATIN I	ABS		1	110635F
132210G	GRUSS	MARC ALAIN	107101	ENGLISH I (PRE-1980)	3	(59)	1	132210G
119010J	HADDOW	PETER ADRIAN	603202	ROMAN LAW & JURISPRUDENCE I	2-	(62)	1	119010J
139814X	ISMAIL	ANWAR	102201	AFRIKAANS EN NEDERLANDS II	ABS		7	139814X
			604201	ROMAN DUTCH LAW I	ABS			
110281W	JANSEN	COLLEEN BENITA	602101	PUBLIC INTERNATIONAL LAW	3	(53)	1	110281W
			604201	ROMAN DUTCH LAW I	2-	(60)		
139836W	JAY	EDWIN ANDREW	604201	ROMAN DUTCH LAW I	2-	(62)	1	139836W
130539U	KIRKPATRICK	JOHN BRUCE	103201	COMP AFR GOVT AND LAW I	3	(51)	1	130539U
			603202	ROMAN LAW & JURISPRUDENCE I	3	(52)		
			604201	ROMAN DUTCH LAW I	3	(56)		
137806P	KOEN	STEPHEN JOHN	603202	ROMAN LAW & JURISPRUDENCE I	UP	(54)	1	137806P
137243C	MALAIS	MELANIE	105104	LATIN I	ABS		3	137243C
			604201	ROMAN DUTCH LAW I	ABS			
117171K	MORTAKIS	MARIANNA	201405	STRUCT & INTERP OF ACCTS	F	(42)	1	117171K

135970U

133096V

134385W

131836A

133011E

FM 28/3/80

74

EXCHANGE RATES

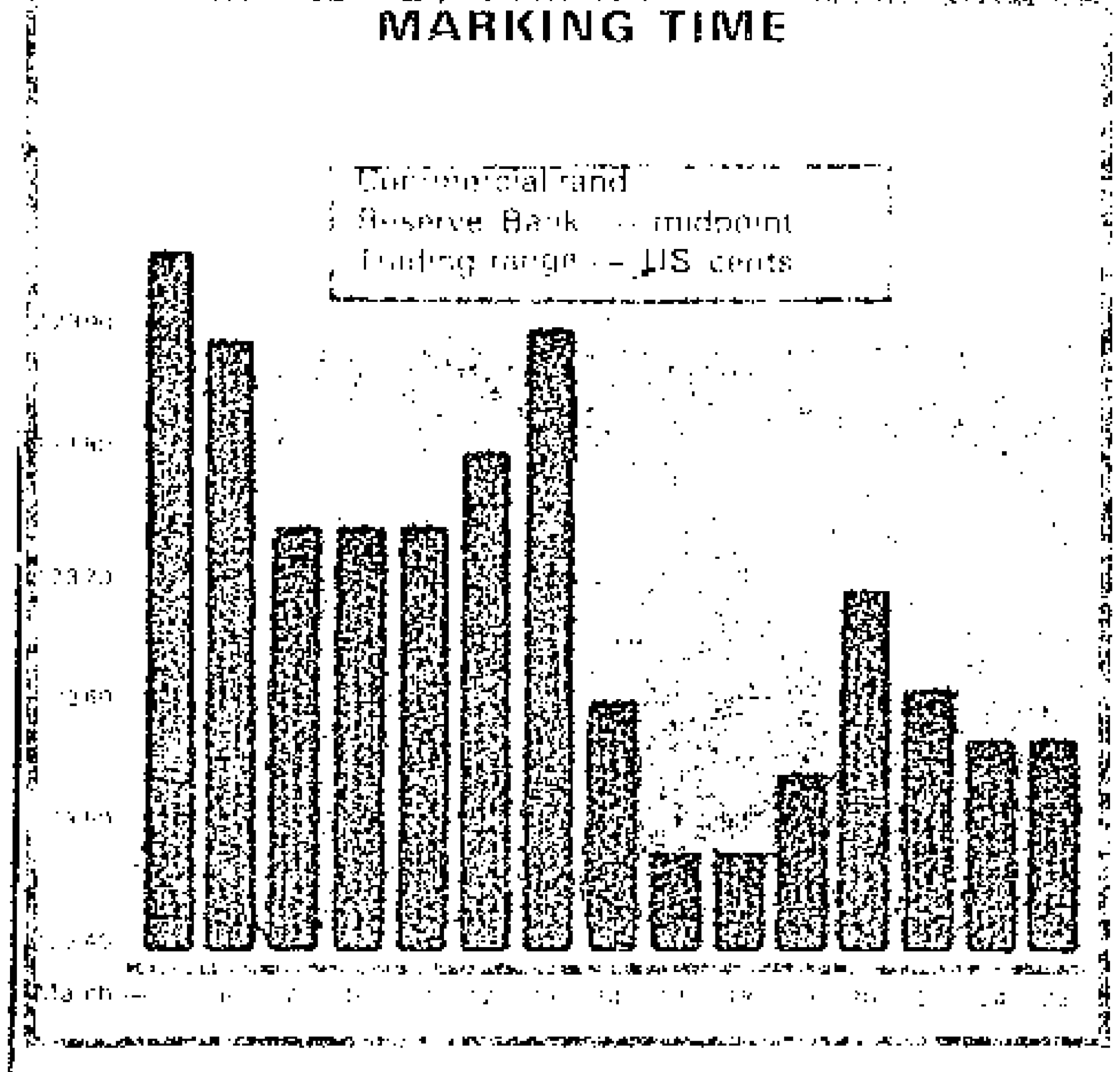
Piggy-back

A slight decline in the rand-dollar rate over the last three weeks masks the true state of affairs — a rand that is beginning to ride higher on the back of a strong dollar.

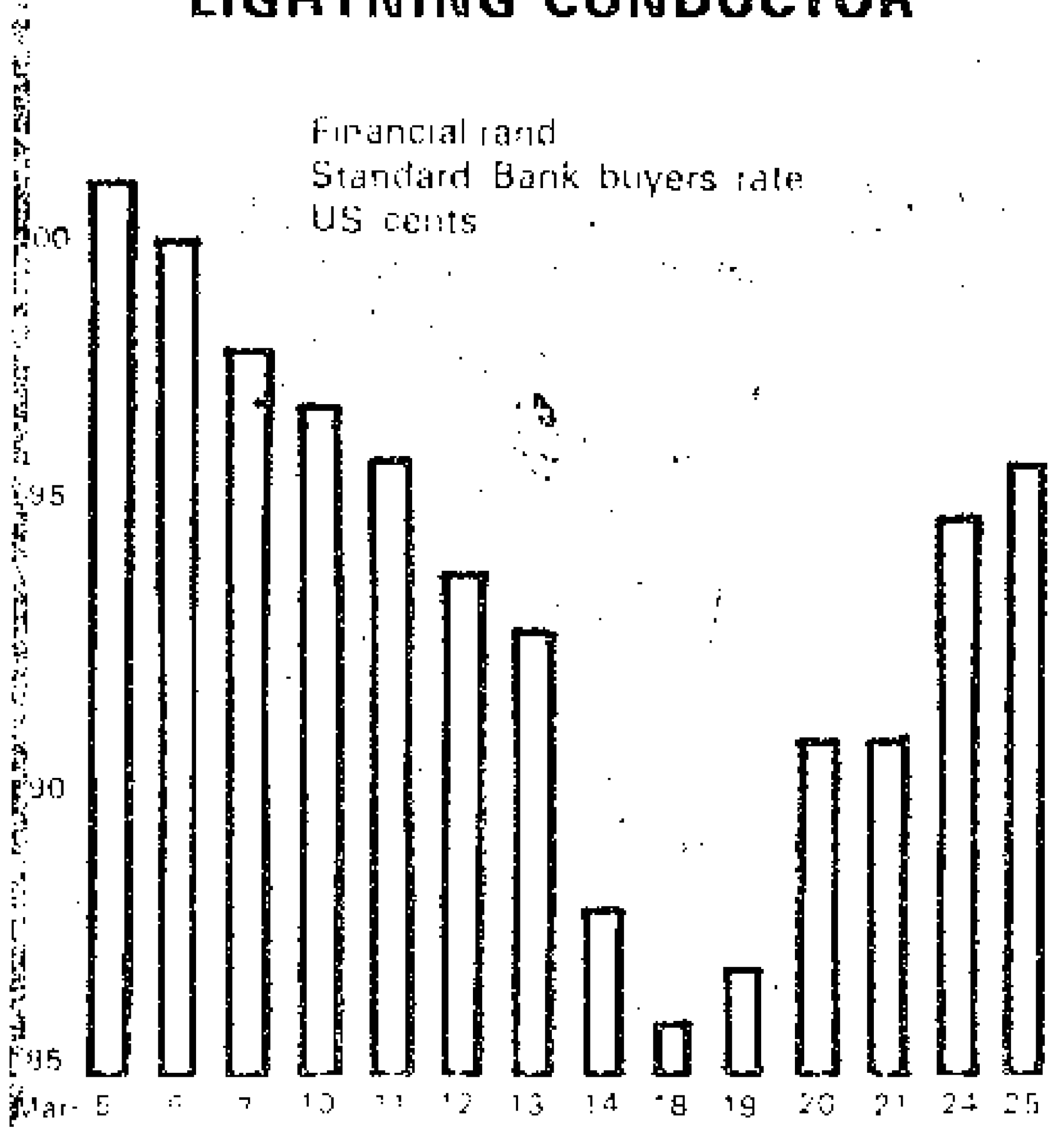
Dr Chris Stals, deputy governor of the Reserve Bank, noted last week that the trade-weighted value of the rand had appreciated by 4% since the beginning of the year. According to Standard Bank statistics, the trade-weighted rand rose from -18,79% on January 4 (base date June 21 1974) to -14,90% on March 21.

Critics of the Reserve Bank's caution over allowing the rand to rise in recent months will not accept this argument as a complete defence to the charge of inappropriate timidity, in the face of the decisive strength in SA's current account balance and our concurrent unacceptably high inflation rate. At best it is a delayed response.

MARKING TIME



LIGHTNING CONDUCTOR

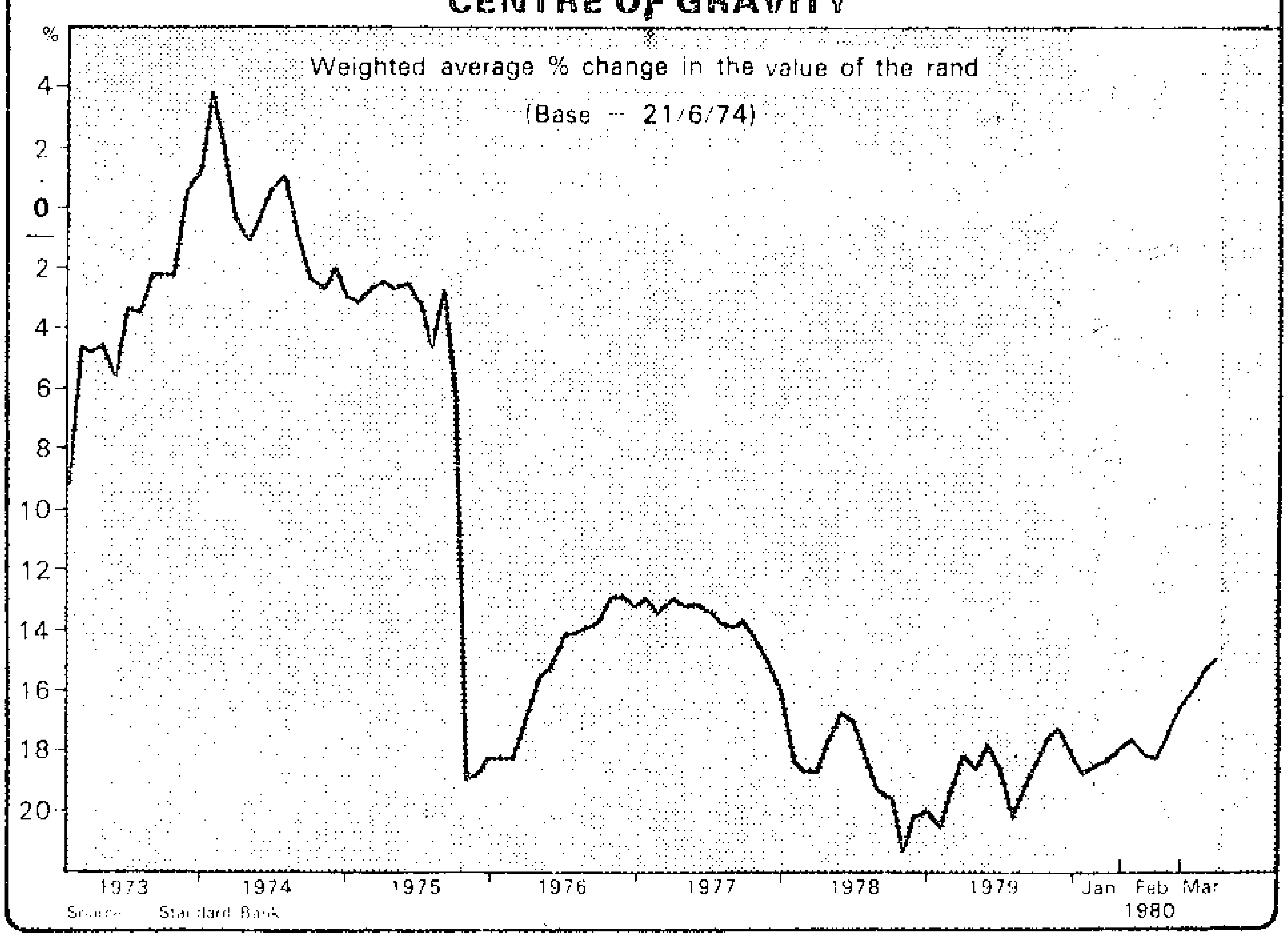


But the difficulty of forecasting the rate for the dollar against the other major currency units over the next six months should not be under-estimated. This difficulty, in turn, does compound the problem of plotting a course for the rand against the dollar itself.

This would be less of a problem now had the Bank allowed the rand to appreciate against the dollar some months ago. For the fact that the dollar would eventually appreciate was a foregone conclusion. Only the timing was in question.

Simultaneously, the financial rand seems to have a hangover from the strong gold share markets seen earlier in the year. A low point of 86,75 US cents (buyers) was hit on March 18, for a discount of 29,75%. Once again, the investment currency has shown its extreme sensitivity to non-resident demand for SA quoted shares.

CENTRE OF GRAVITY



This is a point which will be seized on by opponents of the De Kock Commission's recommendation that the financial and commercial rands should ultimately be merged. The anti-De Kock camp would say that the commercial rand could be too easily blown off course by sudden spikes in the demand for SA shares overseas and subsequent reactions. (But see *FM* March 14.) But with adequate forward cover

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13030 BACHELOR OF ARTS YEAR : 3 13030

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~102521L~~	~~ABBOTT~~	~~PETER HARRY KAETH D~~	~~603202~~	~~ROMAN LAW & JURISPRUDENCE I~~	~~UP~~	~~(57)~~	~~4~~	~~102521L~~
077201P	ANDREWS	DAVID BRIAN	107301	ENGLISH III	3	(56)	4	077201P
~~101148U~~	~~BASKIN~~	~~MELANIE ANN~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~5~~	~~101148U~~
101875J	BUSSE	PETER GRAHAM	004301	PSYCHOLOGY III	3	(52)	4	101875J
~~114694T~~	~~COOKE~~	~~JOHN GEORGE~~	~~908204~~	~~GEOGRAPHY IIA (HALF COURSE)~~	~~UP~~	~~(51)~~	~~4~~	~~114694T~~
115418E	CUPIDO	ODILE ARLENE	101202	AFRICAN LANGUAGES XHOSA II	UP	(50)	4	115418E
~~111405T~~	~~CURTIS~~	~~RICHARD MARK~~	~~911201~~	~~MATHEMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~111405T~~
	FABER	LESLEY SHARON	911103	MATHEMATICS IB	F	(41)	5	100997E
		~~SUSAN~~	~~004301~~	~~PSYCHOLOGY III~~	~~UP~~	~~(57)~~	~~4~~	~~098097E~~
	IS	EUSTRATIOS JOHN	603301	ROMAN LAW II	UP	(63)	4	113612R
		~~HELENA JANET~~	~~110201~~	~~AFRICAN HISTORY I~~	~~UP~~	~~(50)~~	~~4~~	~~101853K~~
		INGRID GERTLINDE	115103	ITALIAN INTENSIVE	UP	(60)	4	102381J
		~~LAURA JEAN~~	~~902201~~	~~ASTRONOMY A (HALF CRSE)~~	~~2-~~	~~(63)~~	~~5~~	~~097859U~~
	BAAN	WILLEM DINANT	106301	ECONOMICS III	ABS		5	101158E
		~~ANALIESE LYNETTE~~	~~116317~~	~~DRAMA III~~	~~UP~~	~~(53)~~	~~4~~	~~094835G~~
		NADINE BETTY	107301	ENGLISH III	ABS		5	111331M
		~~ANTHONY~~	~~117301~~	~~POLITICAL SCIENCE III~~	~~UP~~	~~(53)~~	~~4~~	~~103519W~~
	RNE	AMANDA JANE	802131	HIST & APPRECIAT OF MUSIC I	ABS		5	102719B
		~~COLLEEN JANE~~	~~105103~~	~~GREEK & ROMAN LIT & PHIL~~	~~3~~	~~(58)~~	~~5~~	~~102257Z~~
	OMAR	FAROUK ISMAIL	102302	AFRIKAANS EN NEDERLANDS III	F		5	033909H
	~~ELST~~	~~JEAN-MARIE-RICHARD~~	~~106301~~	~~ECONOMICS III~~	~~UP~~	~~(51)~~	~~4~~	~~101164L~~
			910101	STATISTICS IA(HALF CRSE)	F	(24)		
			910108	STATISTICS IC(HALF CRSE)	F	(34)		
				~~MATHEMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~112105D~~
				AFRIKAANS	UP	(50)	4	116606W
				~~ENGLISH III~~	~~2-~~	~~(67)~~	~~4~~	~~134100Z~~

UCT

EASING

oreigners hit

~~85~~ 74

FM 28/3/80

or three months banks have been waiting a reply from the Reserve Bank to their quest that leasing to and invoice discunting (factoring) of foreign-controlled mpanies should not be considered part their local borrowings.

According to bankers, the Reserve Bank d undertaken to reply to the Association General Banks in January this year. nks submitted their proposals in mid-cember last year.

The essence of the Association's propos- is that leases written on behalf of 31f mpanies, as well as their invoice dis-ints, should be exempted from these mpanies' local borrowing restrictions.

1976 the Reserve Bank changed the es to make all leasing transactions part foreign companies' local borrowings. Before 1976 only those transactions with ourse to final borrower clauses written them were included under 31f com-y local borrowings, while non-recourse ls were excluded.

The Association feels that all deals, h or without recourse, should be mpted from local borrowing restric-s. Its argument is that when the banks y" the leasing or factoring receivables, they are merely advancing the date on which the company can take possession of the equipment.

"It boils down to a case of the banks accelerating the debt period, regardless of whether or not there is a recourse clause," argues one leasing expert.

Bankers spoken to by the *FM* feel the Bank's failure to respond to their proposals "go against the spirit of the De Kock Commission" and the recent moves to reduce controls over foreign-controlled companies in view of the liquidity surplus.

ncial Mail March 28 1980

Bank alters those forms again

74

RDM 28/3/80.

By HAROLD FRIDJHON

THE SA Reserve Bank has made a third modification in its regulations which govern the use of forms A and E which since the beginning of February have had to be filled in for every foreign exchange transaction.

When the forms were introduced they had to be used for all foreign exchange transactions of more than R50 — form A is for the purchase of foreign exchange, form B is for when foreign currency is being sold.

The latest modification is that the forms are to be used only for transactions of more than R200. This will save the banks — and the Reserve Bank itself — a lot of paperwork and computer time on perhaps many thousands of minor transactions which in aggregate amount to relatively a small amount of money.

It is a rationalisation which is warmly welcomed in banking circles.

But the question remains: are the forms really necessary for transactions of under R1 000?

Last week I reported two modifications to the original regulations.

The first is that tourists cashing travellers' cheques are now spared the irritation of having to complete the searching personal questions in form A every time they encash a travellers' in excess of $80.

The second change is that major importers may now buy their foreign exchange without having to show their banker a sheaf of shipping and other documents for every single transaction.

All they have to do is to provide the bank with a letter from the company's financial director certifying each transaction. But all the documents for all their importats must be retained for two years so they will be available for inspection by the exchange control inspectors.

This relaxation applies to "big" companies. The banks are still awaiting a ruling from the Reserve Bank defining what is a big business.

It is surprising that the Reserve Bank should involve commercial banks with a snarl of statistical red tape when all signs point to the desirability of a relaxation of the exchange control regulations.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 2

15016 B.A./LL.3. YEAR : 1 15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~1539B2X~~	~~STRACHAN~~	~~ANDREW KENNETH~~	~~105104~~	~~LATIN I~~	~~F~~	~~(39)~~	~~1~~	~~1539B2X~~
1565290	VISSER	VIVIEN ELIZABETH	117101	POLITICAL SCIENCE I	UP	(50)	1	1565290
~~1535477~~	[illegible]	~~VINCENT CHARLES~~	~~004101~~	~~PSYCHOLOGY I~~	~~ABS~~		~~7~~	~~1535477~~
			102101	AFRIKAANS	F	(28)		
			107101	ENGLISH I (PRE-1980)	F	(44)		
		~~SABINE RUTH~~	~~004101~~	~~PSYCHOLOGY I~~	~~F~~	~~(39)~~	~~7~~	~~1564388~~
		JEFFREY	102101	AFRIKAANS	UP	(50)	1	157915X
			107101	ENGLISH I (PRE-1980)	SNX			

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REGISTRAR (ACADEMIC)

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Minister wants wider range of exports

RDM 11.1.80

(XU)

CAPE TOWN. — It was an alarming aspect of the South African economy that "too many export eggs were still packed in one basket", Dr Schalk van der Merwe, Minister of Industrial Affairs and of Trade and Consumer Affairs, said in Geneva yesterday.

Dr Van der Merwe said this meant that South Africa was still dependent to a large degree on the production of the mining industry to support its balance of payments.

In a speech released in Cape Town, he said he was not against the valuable support of these exports, but their proportional value towards the country's total export figure remained too high.

"We must be grateful for the fact that our country has been blessed with exceptional mineral wealth, but we must also be aware of the fact that these minerals are a diminishing asset."

Dr Van der Merwe said it was clear that in spite of success which had been achieved in the past year regarding larger geographical distribution, wider co-ordination of production and the general expansion of exports, South Africa could not afford to rely too heavily on the agricultural and mining industries.

"In my humble opinion the largest potential lies in the areas of processed raw materials and manufactured goods." This in turn would create additional job opportunities which the country needed desperately.

Dr Van der Merwe said projections had shown that South Africa would have to create additional job opportunities for 190 000 people annually over the next 10 years if unemployment were to be kept within reasonable boundaries.

The mining industry, which was a true pillar of strength to South Africa's export industry, was not labour intensive enough in its own right and in the short term it did not have suitable expansion potential to create sufficient job opportunities.

While the agricultural sector also showed increasing production, it was widely known that increased mechanisation restricted the creation of new job opportunities.

This left the manufacturing and service sectors as the most important resources of jobs in the country. This sector had already been identified as the one which would have to make the largest single contribution towards the country's continued development, he said. — Sapa.

74

FOREIGN TRADE

1-9-80 - 31-12-80

Israel-SA in big trade talks

RDM 30/12/80

(74)

(159)

ISRAEL and South Africa have concluded important trade talks which will result in an extensive two-way flow of goods and know-how.

The main outcome of the recent visit of the Finance Minister, Mr Owen Horwood, who met Mr Yigael Hurwitz, the Israeli Finance Minister, was an agreement for South Africa to provide R125m on easy credit terms over the next three years. In addition South Africa will permit investment of around R45m in Israel.

Some of this will be for development in medical, solar energy and electronic projects.

Part of the investment will be raised by the sale in South Africa of Israel bonds, the first time this has been permitted. It was also agreed in principle for Israeli fishing vessels to increase their activity in South African coastal waters.

Under the new arrangements South Africa will step up supplies of coal to energy-starved Israel. South Africa has already undertaken to supply 1-million tons of this fuel, but Israel, now switching to coal-fired power generation, would like 3-million tons.

Apart from coal, Israel buys South African meat, hides, tobacco, asbestos, food and paper. Its exports to South Africa — the published ones, that is — include agricultural produce, clothing and pharmaceuticals.

For the first nine months of 1980 Israel imported South African goods worth $110m and sold back only $59m worth. Israel, facing ever higher foreign debts, is anxious to decrease that gap and to get the easiest possible repayment terms from South Africa.

Throughout the discussions here Mr Horwood's aides have been markedly taciturn towards the media.

South African officials stress they are not in the aid business and that any deals struck are to the benefit of both nations. Questions about arms sales and nuclear co-operation, long reported in the foreign Press, were repeatedly brushed aside.

The visit did arouse some antagonism among Opposition politicians in Israel, mostly in the form of South African apartheid. Israel officials shrugged this off with the comment: "We have to find friends where we can."

SA-ISRAEL [redacted] 74

Getting chummier

FM 11/12/80

SA will provide Israel with an economic aid package amounting to some $250m over the next three years, following the five-day visit of SA Finance Minister Owen Horwood which ended last week.

Horwood, who held talks with Israeli Finance Minister Yigael Hurvitz, Industry, Trade and Tourism Minister Gideon Patt and Prime Minister Menahem Begin, will recommend to his government the extension of credit lines of up to $165m to Israeli importers of South African goods over a three-year period. He also agreed to recommend a slight increase in the ceiling for SA investments in Israel — from $50m to $60m over the same period.

According to International Monetary Fund figures, Israeli exports to SA in 1979 totalled $48m, while imports from SA amounted to $153m. This marked a substantial increase in trade over 1978, when Israeli exports to SA totalled $38m and imports totalled $80m.

Local Finance Ministry officials believe trade, as well as the trade gap, has diminished somewhat in 1980, but the two countries are still far from trade parity. Meanwhile, Israeli exports represent only 0.5% of SA imports, while Israeli purchases from SA amount to 2% of Israel's imports.

The two governments have agreed to set up a director general-level committee to look into ways of improving the trade — which could help right this imbalance.

Foreign press reports in the past have, apart from civilians trade, repeatedly cited Israeli sales of ammunition, light weapons, Gabriel sea-to-sea missiles, Shafrir air-to-air missiles and Sa'ar class missile boats to SA, as well as negotiations between the two about the possible sale to Pretoria of Israeli-built Kfir II fighter-interceptors.

Horwood, who came with a team of 20 experts, agreed in principle to the sale of SA coal starting in 1986 to power Israel's Hadera power plant, at present under construction. But details of the coal sale have not yet been hammered out.

Horwood also agreed to the sale in SA of up to $25m in Israel government bonds. At a press conference, Hurvitz expressed the belief — based on his talks with Horwood — that the SA government, like the US government, would agree to give tax exemptions for contributions to the United Jewish Appeal (most of whose funds go to Israel).

Horwood, who was reciprocating a visit to SA in 1978 by the then Israeli Finance Minister (now deputy Prime Minister) Simha Ehrlich, did not commit himself or his government on Israel's request for fishing rights in South African waters or to establish a research and development fund for agricultural and industrial studies.

CIGC (74) FM 28/11/80

Long-term cover

The new export cover facilities to be provided by the Credit Insurance Guarantee Corporation on losses incurred by exporters through rand/dollar currency fluctuations are seen by industrialists as "an important and long-awaited addition to the local export situation."

Previously exporters were able to obtain forward foreign exchange cover through the banks only for periods up to a year. The banks themselves are effectively prevented from going longer by the 12-month limit set in turn by the Reserve Bank on covering them.

The bank facility is in practice closed to a large number of exporters of capital goods and services, says the corporation's executive director Jan Bouwer, because most export contracts of this nature run for longer than 12 months. This meant that an exporter, who had locked himself into a contract price over, say, a five-year period, had to re-negotiate forward cover every year. As rates changed, losses were often sustained, more acutely in periods when the rand was strengthening against the dollar..

The recent rise of the rand, says Bouwer, coupled with the fact that so much of the world's trade takes place in the dollars, led to the government offering through the corporation an exchange loss cover facility. The Act by which the corporation is constituted, authorises the extension of re-insurance by government on "non-insurable" risks. These include things like political events and, of course adverse currency movements.

The corporation's forward cover, says Bouwer, will be offered only on dollars and only on contracts that have longer than a year to run, so as not to interfere with the banks' forward foreign exchange market. And in line with the corporation's usual credit insurance facility, which covers non-payment risks, it will be open only to exports of capital goods and services.

"Like the system whereby the banks and the IDC offer cheap finance to foreign buyers of South African capital goods," he adds, "it ties up with the broad campaign to boost the local manufacturing export industry."

KENYA [redacted] 74 FM 14/11/80

Shopping in SA?

As Kenya waits for the short rains this month, crops are shrivelling, presaging food shortages for the second year running. Hence it is possible the Kenyans will again be shopping in southern Africa.

Bad weather will almost certainly result in yet another buying spree on the international market to shore up the 1981 food crops harvest in this once self-sufficient country. It would also mean a mediocre performance for cash crops, which will push the balance of payments even further into deficit.

Like many other African countries, Kenya is wrestling with the problem of feeding a hungry nation without further damaging an already shaky economy. Yet, for this potentially fertile country, food imports could become routine. Next year anything from \$120m to \$200m will be dished out to make up the shortfall in grains and milk.

Patchy rainfall has spoiled what should have been a bumper maize harvest, depleting yields to a projected 1,8 Mt. Poor planning and bad weather has already forced Kenya to import about 350 000 t this year, some of it from SA. While the anticipated shortfall will be supplemented by the US under the concessionary PL480 scheme, it is probable that the Kenyans will still have to import substantially.

Moi . . . will he be handing round the begging bowl?

If the rains are good, Kenya's foreign maize purchases for 1981 should be some 300 000 t. If the rains fail again, requirements could double. The Kenyans will also be looking for other foodstuffs, preferably on concessionary terms.

Wheat is a chronically insufficient crop and 150 000 t are being imported this year. In 1981 this level will be the same. Rice is in the same predicament. Production levels are stagnant and, if the country's basic needs are to be met, 15 000 t must be brought in annually.

About 20 000 t of skimmed milk powder was imported this year to implement a free school feeding scheme initiated by President Daniel Arap Moi. Dairy farmers, who at the beginning of October were awarded a long-awaited price increase, will have to up yields by some 80 Mℓ to avoid further imports next year.

Kenya's inability to pay for its food requirements has been accentuated by spiralling oil prices and falling cash crop revenues. The benefits of a good coffee harvest will be cancelled this year by drooping prices, which have fallen by about 30%. Tea prices are down as well, and the crop is poor because of drought. Thus Kenya stands to lose some \$125m in revenue from its vital cash crops in 1981.

As a result, Moi's year-old government is going to be severely tested in the coming year. While agricultural output stagnates, the population continues to grow at 4% a year and foreign reserves are usually low with less than four months' buying power.

Says one planner: "The government has to make up its mind to pay higher producer prices, improve the efficiency of cereal marketing and the whole input supply business and provide adequate credit for large-scale and commercial farmers."

28/10/80

The Natal Mercury, Tuesday, October

74

S Africa on way to joining energy exporters

JOHANNESBURG—With the rise in Richards Bay coal exports to 44-million tons in 1985, from the present 24-million, South Africa will be well on the way to becoming a net exporter of energy, joining the small number of nations in that category.

According to Mr F W de Klerk, the Minister of Minerals and Energy Affairs, South Africa at present needs to import only 25(percent) of its energy needs.

With the opening of Sasol 111 in 1983-84 to reduce oil imports and the expansion of coal exports in 1985, and the continuing export of uranium, South Africa should be a net exporter of energy after 1985.

Although the Railways' official target is for the 44-million tons in 1985-86, unofficially it is working on a programme with the mines to increase exports gradually to 27-million tons in 1981, 28-million tons in 1982 with further increases in 1983-85.

After 1985, coal exports at a rate of 44-million tons a year will earn the country R1 500-million estimated on an export price of 48 dollars a ton fob Richards Bay.

Exports

In the meantime, hundreds of millions of rands will be invested to expand export production, creating work for many thousands of men.

Expansions to existing mines and the opening of new mines are expected to call for a high degree of mechanisation, which will not create as many jobs as in older coal mines, but the expansion will greatly boost the mining equipment industries and their labour forces.

By 1990, even if Richards Bay exports do not rise above 44-million tons a year, earnings, it is estimated, could amount to about R2 600-million a year, based on a fob price of between 70 and 75 dollars a ton.

The export of coal at 44-million tons a year will have an oil equivalent of about 600 000 barrels a day.

A decision has to be taken by the Government on expansion beyond 44-million tons after 1990.

Allocation

The industry confidently expects that the Minerals Bureau study of reserves and consumption will justify the Government in increasing the export allocation by 1990 to possibly 65-million tons a year, which could earn about R3 800-million a year.

Ten exporters hold allocations making up the 44-million tons a year of coal which will be shipped through Richards Bay from 1985. Annual allocations will be:

Amcoal 6-million tons (semi), Gencor 6-million (semi), BP Coal SA 5 500 000 (semi), TCOA 10-million (semi), Natal Associated Collieries 2-million (semi), Total Oil 2 500 000 (semi), Anthracite Producers' Association 2 500 000 (semi), Shell 5 500 000 (semi), Barlow Rand (TCL) 2 500 000 (semi) and Kwa Ngoma 1 500 000.

How will these companies meet their allocations?

Expansion

Trans-Natal Coal Corporation, the coal arm of Gencor, is spending R350-million on expansion, at a rate of R60-million to R80-million a year over the next five years.

Mr George Clark, chairman of Trans-Natal says: 'To take advantage of our export allocation our development will primarily be brown fields, meaning expansion of existing mines. There will also be some green fields expansion, meaning the opening of new mining capacity.

'We shall open a new mine near Nongoma to fulfil the allocation of 1 500 000 tons of anthracite.

'Ermelo Mines is our main steam coal export mine and the probability is that we shall expand operations there and it is possible that Optimum colliery, which supplies Hendrina power station, will be expanded for export. There will be additional employment but it will not be huge.'

Ermelo mine

Mr I J Sims, chairman of BP Southern Africa, said BP has had one-third or 1-million tons of the Ermelo Mine's 1979 quota and will expand on its own accord in the Middelburg area to meet its 5 000 000-tons export allocation in 1985.

It will continue to take its one-third share of the Ermelo output.

He said: 'To expand in the Middelburg area BP will exploit coal reserves on the farm Hartbeestfontein, about 22 km north-east of Middelburg, which have been held by the company for some years, as well as reserves owned by Witbank colliery.

Kanhym Investments has the right to part participate to the extent of some 7 percent and has indicated its intention to exercise this right.

'Rand Mines, which will handle the expansion, is preparing a mine design study for an opencast mine. Its subsidiary, Witbank Colliery, will in exchange for the coal reserves it will make available, acquire the right to subscribe for 5 (percent) of the capital needed for the project.

'The project is expected to begin production in 1981 and to create about 1 000 jobs. All workers will be paid above the Unisa SLL level.

'BP is a partner in Ermelo Mines and is also a partner, with Kanhym, in the Eikeboom Colliery in the Middelburg area, which produces for the South African market.'

Mr Graham Boustred, chairman of Amcoal, which has the same 1985 allocation as Gencor, says Amcoal has not yet decided whether it will open a new mine.

'We have the capability of a substantial amount of brown fields expansion,' he said.

Employment

'We have not yet decided whether we will go all brown fields (expansion of existing capacity) or whether we will open some green fields as well. There will be a substantial increase in employment.'

Shell Coal this year is exporting nearly 5-million tons of coal from Rietspruit Colliery, in which it is a partner with Transvaal Consoldiated Lands. It is also exporting coal which it buys from Amcoal's Kleinkopje mine.

In 1985, Shell's allocation will be 5 500 000 tons and Transvaal Consoldiated Lands' allocation 2 500 000 tons.

The exports from Rietspruit will then cover TCL's allocation and the bulk of Shell's allocation and Shell will continue to draw on coal from Kleinkopje.

COMMENT: Although BP Coal has issued no figures on its new mine, one can assume that its capacity will be between 4-million and 4 500 000 tons a year at full production. By any world standards this is a big mine and the capital investment will be large depending on the depth of the mine.

SA maize mission

16/9/80 STAR

(74)

TAIPEI — A maize mission from South Africa arrived here yesterday to review the existing agreement for 600 000 metric tons of maize to be exported to the Republic of China in the coming year.

A Sino-South African maize meeting is scheduled to be held today with officials of the board of foreign trade, local maize importers representatives, and delegates from South Africa, participating. — Sapa-CNA.

TAIWAN (74)

Odd bedfellows?

FM 17/10/80

When you're as unpopular internationally as SA is, you've got to cultivate all the friends you can find. So it's nice to know that we have more in common with Taiwan than both being among that little group of world pariahs. Taiwan is a genuine trading partner of growing importance.

Trade with Taiwan has more than doubled in three years. SA exports to Taiwan rose from R57m in 1977 to R115m last year, while imports rose even more sharply, from R25m to R60m. Our biggest export categories, each worth R45m in 1979, are vegetable products (mainly maize), and base metals, while mineral products (coal and uranium) totalled R17m.

SA imports were headed by machinery and electrical equipment (R19m), textiles (R11m) and a miscellaneous group of products including footwear (R9m).

SA trade is growing particularly quickly with many of the newly industrialising countries (NICs) whose stage of economic development is very similar to our own. This is not as contradictory as it sounds, because what these countries generally lack to fuel their rapid growth are raw materials. Thus exports to South Korea grew 233% to R63m last year, those to Israel by 69% to R98m, and those to Hong Kong by 23% to R185m.

Indeed, Asia other than Japan has increased its share of our total exports steadily from 5,3% in 1975 to more than 10% in 1979. (Israel, incidentally, is included as part of Asia in SA statistics.)

The Taiwan economy is slightly more than half the size of SA's. Gnp last year was US$32 billion, compared to SA's R46 billion ($62 billion at present exchange rates.) Per capita gnp for Taiwan's 17,5m people was US$1 720 last year which, interestingly, is *lower* than SA's R1 600 ($2 160). But wealth is much more evenly distributed.

Taiwan's international unpopularity stems from the fact that other nations have to choose which of the two Chinas, republican or mainland communist, they recognise.

Thus, although Taiwan trades with 148 nations, it has official diplomatic relations with only 21 of them. Even SA does better than that.

But economically unfettered Taiwan can teach us a thing or two about rapid economic growth. Between 1953 and 1978, industry grew at an average annual rate of 15%, and today it accounts for 46% of gnp, compared with 22% in SA.

This week's official visit by Prime Minister PW Botha may be little more than a polite formality, but if through closer ties, some of Taiwain's commitment to a market economy can rub off on our own government, we'll all be better off.

SA's Zambia exports increase

3606/74
WDM
21/9/80

LUSAKA. — South Africa has become the second biggest supplier of goods to Zambia after Britain, overtaking West Germany and the United States for the first time since 1973. This is according to preliminary trade figures for the first nine months of last year.

The latest issue of the UK Government's monthly digest of statistics showed Britain leading with sales to Zambia of K114 600 000 (about £62 300 000) for the nine-month period.

South Africa followed with K49 400 000, the US with K35 100 000 and West Germany with K32 500 000.

Preliminary figures for the same period in 1978 were K94 400 000 from Britain, K36 600 000 from West Germany, K25 400 000 from the US and K22 500 000 from South Africa.

Zambia's exports to South Africa remained low by comparison with purchases by Britain, the US, Japan and West Germany, because the Republic buys little Zambian copper and cobalt. — Reuter.

Eyes on SA's growing exports

20/9/80

By JOHN WORRALL

NAIROBI. — South Africa's burgeoning exports to black Africa are attracting discussion in the Kenyan Press.

A report this week describes maize as Pretoria's new "secret diplomatic weapon".

South Africa is recognised as the biggest maize producer in Africa and maize crops have been failing in many areas of black Africa because of drought, low productivity and managerial inefficiency. Thus many African countries are beginning to look to South Africa for essential food supplies.

It is well known that many countries granted food aid from the West get maize stocks ultimately from South Africa.

Eyes are blinkered against South Africa's apartheid policies, and OAU exhortations not to trade with South Africa are conveniently ignored.

Zambia bought 250 000 tons of maize from South Africa recently. Mozambique is importing 150 000 tons of maize plus 50 000 tons of wheat, and Zimbabwe is importing up to 100 000 tons of maize this year and between 150 000 and 200 000 tons next year.

Kenya bought tens of thousands of tons of maize recently from the United States, but much of it was shipped from Mozambique and is believed to have been re-sold South African maize.

Recently President Nyerere of Tanzania said if his people were hungry and he could not find another source of food, he would import from South Africa.

A diplomat in Nairobi said respect for South Africa's productivity has spread in black Africa, but it was not likely to help her politically.

"It is like Russia buying wheat from the United States," the diplomat said. "Nobody suggests that Russia is likely to move over to the capitalist system. It is purely a pragmatic business arrangement."

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Gg. 74

GOVERNMENT NOTICE

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No. R. 2219 31 October 1980

IMPLEMENTATION OF NEW SYSTEM OF EXPORT INCENTIVES

1. Following upon a statement by the Minister of Industries and of Commerce and Consumer Affairs in the House of Assembly on 13 May 1980, in which he announced the Government's acceptance of a new system of export incentives based on proposals by the Van Huyssteen Study Group, as adapted by the Reynders Technical Committee, which considered the practicability of these proposals, a Standing Committee on Export Incentives was appointed to assist with the implementation of the system, which came into effect on 1 September 1980.

2. The Standing Committee has now submitted its recommendations in regard to guidelines for the lodging of claims for compensation and a claim form as well as a registration form for exporters relating to compensation under Categories A and B of the new export incentives.

3. Notice is hereby given that the Minister of Industries and of Commerce and Consumer Affairs has approved the documents embodied in Annexures 1, 2 and 3 hereto.

4. Exporters qualifying for assistance in terms of the new system should register with and subsequently submit their claims in the prescribed manner to the Director-General: Industries, Commerce and Tourism, Private Bag X84, Pretoria, 0001.

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No. R. 2219 31 Oktober 1980

IMPLEMENTERING VAN NUWE UITVOERAANSPORINGSTELSEL

1. Na aanleiding van 'n verklaring deur die Minister van Nywerheidswese en van Handel en Verbruikersake op 13 Mei 1980 in die Volksraad waarin hy die Regering se aanvaarding van 'n nuwe uitvoeraansporingstelsel gegrond op voorstelle van die Van Huyssteen-studiegroep, soos aangepas deur die Reynders Tegniese Komitee wat die praktiese uitvoerbaarheid van hierdie voorstelle oorweeg het, aangekondig het, is 'n Vaste Komitee insake Uitvoeraansporings aangestel om met die implementering van die stelsel behulpsaam te wees wat op 1 September 1980 in werking getree het.

2. Die Vaste Komitee het nou sy aanbevelings met betrekking tot die riglyne vir die indiening van eise vir kompensasie en 'n eisvorm asmede 'n registrasievorm vir uitvoerders betreffende kompensasie onder kategorieë A en B van die nuwe uitvoeraansporings voorgelê.

3. Kennis geskied hierby dat die Minister van Nywerheidswese en van Handel en Verbruikersake sy goedkeuring geheg het aan die dokumente wat in Bylaes 1, 2 en 3 hiervan vervat is.

4. Uivoerders wat ingevolge die nuwe stelsel vir bystand kwalifiseer, moet hulle op die voorgeskrewe wyse laat registreer en hulle daaropvolgende eise op die voorgeskrewe wyse indien by die Direkteur-generaal: Nywerheidswese, Handel en Toerisme, Privaatsak X84, Pretoria, 0001.

for full text see Gg.

Charter on acquisition spree

88/80 57/80 232

By Geoff Shuttleworth

Charter Consolidated has accepted the cash offer from BP for the disposal of its interest in Selection Trust to BP for R187,5m.

The resolution was passed at an extraordinary general meeting in London yesterday by some 48m votes for the cash acceptance with some 21 210 votes against.

At the annual meeting also held yesterday, it was announced by chief executive Neil Clarke that Charter had already acquired three companies in the UK.

At the same time the stage is now set for Charter to begin negotiations with the Alexander Sham group and for the acquisition of one or more of BP's North Sea oil interests.

Mr Clarke stressed that no prior arrangement had been entered into concerning the acquisition of these two spheres of activities and that assumptions that the acquisition of these interests were a foregone conclusion were incorrect.

He told the meeting that Charter had acquired the entire issued share capital of Perard Investment Holdings.

Perard's operating company is a manufacturer of mining machinery and specialises in cable handling equipment, chainless haulage gear and mining equipment.

The second acquisition of Torque Tension is also mining related.

The company is a manufacturer of hydraulic drilling equipment and has formed an agreement with a supplier of roof drilling equipment in the US.

In a related but non-mining field, Charter has also acquired Oliver Tom's Catering Equipment whose products are complementary to some of those produced by Charter's subsidiaries in the Heatrae-Sadia Group.

These acquisitions are not expected to have a material effect on the net assets of Charter.

Mr Clarke did, however, point out that the net asset value of Charter had risen to R777,6m at the beginning of August compared with R585m at the end of March this year.

This was equivalent to 741,6 c a share (556,2 c).

SA cool on Taiwan coal imports

(74) RDM 20/4/80

By JOHN MULCAHY

SOUTH African coal producers obviously welcome any new demand for coal from Taiwan or anywhere else, but they are inhibited by the shortage of handling facilities, and on the other hand will be reluctant to put all their eggs in one basket.

Taiwan's Deputy Minister of Economics, Mr William Wei, announced this week that South Africa and Swaziland had agreed to export more coal to the Republic of China for power generation.

The Taiwan Power Co, the major coal consumer in that country, is negotiating with mines in South Africa for supply on a regular basis.

The Republic of China will require at least 30-million tons of coal annually within a decade.

South Africa's target export quota for coal is 44-million tons a year from 1985. The programme is for 27-million tons in 1981, 28-million tons in 1982 and further increases from 1983 to 1985. Maputo's coal export handling capacity is being increased to 8-million tons a year.

It is likely that a part of South Africa's exports is exported from Maputo, but there is not a significant amount of capacity available for further exports until the enlarged infrastructure is in operation.

The overseas coal market has been developed by SA producers over many years and any immediate increase in supplies to one customer would require a reduction in exports to others, possibly comprimising hard-won relationships.

The latest Government commission into the coal industry is expected to report early next year, and its findings will probably relate more to the problems faced by individual producers than to the overall view, which is seen by some producers as inadequate.

Further exportable coal production is expected to come on stream in Australia soon, and if this happens, the advantages for Taiwan in terms of transport savings alone are obvious.

It is easier to leave a market than to regain one, and South African producers will undoubtedly look for strong guarantees before reducing sales to traditional markets to satisfy increased demand from Taiwan.

Taiwan and SA set for trade breakthroughs

STAR 24/11/80

74

By Frank Jeans

There's a business boom developing between South Africa and Taiwan, following the successful trade mission from this country, and the immediate result is that six joint ventures between South Africans and Taiwanese are in the pipeline.

And two of the most important breakthroughs which have emerged from the South Africans' visit are two ventures which will prove mutually beneficial in this bilateral trade boost.

The first long-term projects covers the beneficiation of minerals before export to Taiwan, and from Taiwan comes the possibility of assisting South Africa in the further development of its electronics industry, particularly in calculators and mini computers.

A feature of the latter deal could be the establishment in South Africa of the first silicone chips plant. Silicone chips are the basis of the electronics industry.

But one of the main benefits so far as the Taiwanese are concerned is in the area of raw material supply.

PROBLEM

Taiwan is making big strides in industry from steel to shipbuilding and from cement manufacturing to textiles, and to develop these, it must depend upon good raw materials supply — but with the high cost of energy needed to convert these to the product is a problem for the Taiwanese.

Says Mr H G van der Merwe, senior executive of international commodity trading company, Leo Raphaely, and chairman of the SA-Republic of China Chamber of Economic Relations:

"This was a very successful mission, and its members achieved what they expected to achieve."

It is estimated that as a result of the build-up in trade which will result from the visit, exports from South Africa to Taiwan (valued at R115m in 1979) should get an immediate boost of about R10m, while imports from Taiwan should rise by about R2m.

An indication of the growing trade opportunities between the two countries can be seen by the export performance over the past years. In 1973 sales to Taiwan were valued at R18,6m while the R115m last year represents a massive 519 percent rise.

Orlando Damasio . . . Portugal aiming at developing trade with booming South Africa.

SA EXPORTS

Challenge of '81

FM 5/12/80 (74)

A sluggish world economy next year is likely to provide a major challenge to SA's non-gold exporters. But there is no need for gloom. For total export could, nevertheless, probably come close to at least maintaining its present position in real terms.

Sanlam's Economic Research Department (in its November Economic Survey) projects only a 2,0% real growth rate for the OECD member states. A weak recovery is foreseen for the US (1,5% real growth in 1981), West Germany (1,7%) and France (2,8%). Dynamic Japan should achieve 4,0% growth, while Britain will drop by 0,5%.

Sluggish momentum

Concomitantly, inflation in the majority of developed economies should by now have reached a cyclical peak. Sanlam foresees a further decrease in inflationary pressure in the leading industrial countries — the 1981 average for the OECD membership will decline to the region of 9,5% compared with about 12,5% in 1980 and 10% in 1979. The key US inflation rate, it believes, will fall from 13,5% in 1980 to 10,0% in 1981.

In this uninspiring economic context, the prices of base metals and minerals should remain "fairly weak" during the next six to nine months. Sanlam sets 1981 merchandise exports at R10 750m, 8% up on 1980 in rand terms; merchandise exports in 1980 are expected to attain a total of R9 950m, for a gain of 12,5% on 1979.

How do these forecasts compare with others currently available? The official view was succinctly expressed by Finance Minister Owen Horwood in his keynote address at the *FM* Investment Conference on November 13. Noted Horwood: "In view of the recessionary tendencies in many parts of the world, merchandise exports will probably show a relatively small increase in value and possibly a slight decline in volume."

Barclay's Bank forecasts, for example, a growth of 10,7% in the rand value of non-gold exports during 1981.

Wim Holtes, chief executive of SAFTO (SA Foreign Trade Association), speaking at the NDMF Business Outlook Conference on October 8, suggested that 1980 merchandise exports will total R10 050m, rising (by 14,4%) to R11 500m in 1981. Holtes noted that the growth in merchandise exports was already slowing, and is expected to decelerate further during the current year: Safto's foreign trade performance and forecast report for the next 18 months suggests a growth of between 13% and 15% in value terms, well down on the current 22,5% growth rate.

Holtes's reasons for expecting a slackening in merchandise export momentum deserve careful consideration. The upsurge in domestic demand is absorbing most of the excess capacity formerly available for exports. Concurrently, the stronger rand, combined with reduced demand and increased protectionism in the major industrial countries, is creating tougher market conditions for SA exporters.

In order to counter these adverse influences, urged Holtes, SA must pay close attention to certain critical factors. These include SA's ability to keep energy costs down, ensuring growth for energy intensive exports. (It is significant here that the export price of SA ferrochrome has just been raised by around 9%, despite the weakness in overseas markets.)

SA must also keep inflation down, train more middle management and skilled labour and increase plant utilisation by more general use of two and three shifts. The State must sustain its current support for all exporters, as reflected in the revitalised incentives package. Over and above this generalised policy, there should be specific State incentives on a selective basis to support individual industry efforts.

There should be improved efficiency in export logistics (both in individual companies and at national level) and intensified training of export personnel in the administrative and marketing functions and a sustained export awareness programme among all major groups to ensure product and volume allocation to export during the boom.

It is all too easy to lose sight of some very complex issues in the welter of rhetoric directed towards merchandise export promotion. A crucial point is the sheer diversity of SA's non-gold exports (see table), which range from energy materials like coal and uranium and a vast array of other metals and minerals to agricultural products and manufactured goods.

Louis Geldenhuys, writing in Senbank Economic Opinion for November 1980, obliquely challenges Safto's apparent direction of concern towards manufactured goods exports. He notes the obvious temptation to argue that a country like SA, with a serious unskilled unemployment situation and a shortage of capital and skilled labour, must enjoy a natural advantage in exporting labour intensive goods. But, largely because of low productivity says Geldenhuys, SA in fact enjoys a comparative advantage in capital intensive rather than in labour intensive goods. So, economic logic lies principally in continuing acceptance of SA's status as a mining country, rather than in fostering the export of labour intensive manufactures.

This view may not necessarily find acceptance among all economists, but its mere existence points up the pitfalls of uncritical acceptance of the viewpoint of export lobbyists.

Geldenhuys also points to the need to insulate the SA exchange rate from the influence of wide swings in the gold price.

ANALYSING EXPORTS

	1969	Rm	%		1979	Rm	%
1	Diamonds	217	14,2	1	Diamonds	1 248	16,5
2	Fruit & vegetables	130	8,5	2	Iron & steel	743	9,8
3	Wool	118	7,7	3	Coal	557	7,4
4	Copper	106	6,9	4	Ferro-alloys	435	5,8
5	Machinery	75	4,9	5	Fruit & vegetables	400	5,3
6	Chemicals	53	3,5	6	Chemicals	370	4,9
7	Iron & steel	52	3,4	7	Machinery & transport	363	4,8
8	Sugar	43	2,8	8	Copper	270	3,6
9	Hides	41	2,7	9	Maize	220	2,9
10	Asbestos	36	2,3	10	Iron ore	199	2,6
11	Maize	30	1,8	11	Hides	190	2,5
12	Iron ore	29	1,8	12	Wool	183	2,4
13	Other	605	39,5	13	Other	2 372	31,5
	Total	1 535	100,0		Total	7 550	100,0

This table illustrates the composition of merchandise exports.
Note: Item 13 includes platinum, uranium and other strategically sensitive items.
Source: Safto.

He suggests that SA's comparative advantage in energy costs will widen, in turn strengthening SA's comparative advantage in energy-intensive exports like ferroalloys. Like other observers, he expects the export trade in the energy materials coal and uranium to grow.

It is well to conclude by recognising that there is a real conflict of interest between gold and other exports. A high gold price (termed by export lobbyists "artificial") tends to force up the rand to the detriment of non-gold exporters, while the sheer scale of foreign currency earnings currently generated by gold tends to down-grade the apparent importance of export promotion.

Notwithstanding this conflict, and notwithstanding the state of the world economy, SA's non-gold exports seem, in the aggregate, in a reasonably healthy state towards the end of 1980. An anticipated non-gold export level of around R11 000m speaks for itself.

What serious difficulties there might be, can only relate to narrow segments of the whole spectrum of exports. The very diversity of SA's non-gold exports protects us against too severe a generalised setback. It will not in the long run be healthy for government to get too deeply involved in subsidising marginally profitable export lines. Nor does there appear to be any need for a short-term cushion.

SA, Israel strenghten trade links

18/12/80
RDM
74

By ALEC HOGG

SOUTH Africa and Israel are to establish a standing committee to foster trade, economic and financial links between the two countries.

This was announced in Johannesburg yesterday by the Minister of Finance, Senator Horwood.

The committee will consist of senior officials from the Treasury, the Reserve Bank and the departments of finance and commerce.

Members of other Government departments will be called in to deal with specific matters.

The committee will look into means of furthering existing co-operation in industrial and agricultural research and development between the two countries. it will seek to facilitate trade, for example, by speeding up administrative procedures.

Addressing a news conference after his return from a visit to Israel, Senator Horwood said the ministerial agreement concluded in 1978 would be renewed when it expired in June this year.

"The agreement is to the advantage of both countries. South Africa and Israel both have relatively small domestic markets, and their human and natural resources could complement each other," said Senator Horwood.

It had been agreed to renew the scheme for the sale of Israeli bonds in South Africa, again to the value of R20-million, for another three years.

Certain changes in the conditions had been made and they would increase the attraction of these bonds to South African investors.

Senator Horwood said the agreement for approved investments in Israel by South Africans had been revamped, with the maximum amount raised to R45-million, and the category of investments had been extended.

The available credit lines for the financing of South African exports to Israel had been increased "substantially" to R125-million.

In addition, it had been decided to make more South African coal available for Israel, which was converting on a large scale from oil to coal as an energy base.

According to Senator Horwood, Israel is one of South Africa's fastest growing trading partners.

Exports from South Africa to Israel have grown from R4 002 314 in 1971 to R98 104 535 in 1979, and SA imports have risen from R7 100 000 to R28 300 000.

This excludes diamonds which are estimated to be worth about R500-million a year in two-way trade.

guilty of any major criminal offence;

c) if he (or she) is the wife, unmarried daughter or non-adult son of an African qualified under section (a) or (b)

d) if he has permission from a labour officer to be in the area.

Section 10(1) is the legal cornerstone of the influx control system. Section 10(1)(d) links it with the labour allocation system; this is the section under which contract workers from rural areas and the homelands are admitted to the metropolitan and urban areas. Contract workers used to be able to earn section 10(1)(b) rights, but amended regulations introduced in 1968 require contract workers to return to their places of origin each year and so to break the continuity of their residence in prescribed areas. What section 10(1) does is to divide metropolitan and urban workers into two classes : 'insiders' with section 10(1)(a) or (b) rights and 'outsiders' with section 1C(1)(d) rights or present illegally.[4] People with section 10(1)(c) rights form an intermediate group of largely not economically active 'dependent insiders'. The residence rights of outsiders depend absolutely on their continued employment, while those of insiders do not. Or, more accurately, they do not to the same extent; insiders are not exempt from having to register at a labour bureau as a workseeker.

su

Bright future for SA ties with Taiwan

74

RDM 9/12/80

TAIPEI. — Mr Louis Vorster, South African Ambassador to the Republic of China, said yesterday negotiations were under way between the two countries to expand the scope of their co-operation.

In a speech to more than 2 000 students and faculty members of the National Chengkung University in Tainan, southern Taiwan, Mr Vorster expressed optimism over future bilateral ties.

Mr Vorster said that since 1975 two-way trade has been growing at an impressive rate.

In the first 10 months of this year, trade between South Africa and the Republic of China totalled about R266-million, an increase of R96-million over the same period last year.

Mr Vorster said the two countries signed a maize trade agreement in 1973, which was renewed in 1975 and 1979, to the effect that South Africa would ship 600 000 tons of maize per year to the Republic of China until 1981. The possibility of increasing this agreement by 150 000 tons annually was being studied at present.

In the near future, bilateral co-operation in science and technology, trade and tourism, and other fields will be further strengthened and expanded for mutual benefits, he said. — Sapa-CNA.

SA's Africa exports hit R1 000m record

RDM 31/12/80 (74)

By GERALD REILLY
Pretoria Bureau

SOUTH African exports to African countries have broken through the R1 000-million barrier for the first time, the Department of Customs and Excise has announced in Pretoria.

Efforts to expand South Africa's broadening trade bridgehead in many African countries will be continued and intensified in the new year.

For the first 11 months of 1980, exports to the rest of the continent were valued at R1 022,5-million.

Imports from African countries rose to a record R264,4-million for the January-November period.

According to a Government source in Pretoria, South African trade is penetrating deeper into Africa.

He estimated that South Africa was now exporting goods and services to more than 40 African states.

What the spectacular trade expansion indicated, he said, was that African countries struggling with massive economic and food production problems were pushing political antagonism and boycotts aside to trade in the best and cheapest market — South Africa.

Although no breakdown of the details of trade with individual countries is given by the department it is clear that food — maize, wheat and processed foods — makes up a big slice of

Government's apparent insistence that the unit became absorbed in
construction of Maseru's prestigious international airport. The u
necessarily small (250 employees in the first year and 500 thereaf
because of its experimental nature and its expensive foreign techn
leadership. The fundamental obstacles, however, are the setting
small net increase in employment of a full time nature within the r
ments of law and popular expectations set against the alternative o
work at recently enhanced rates in South Africa. An alternative a
is suggested below, the strength of which is its ability to provide
time work at rates below those ruling in the countryside; rates wh
a fraction of the present urban determined rate for full-time emplo

The long period of benign colonial neglect has left Botswana with li
technology suited to her rather extreme agricultural conditions and
little skilled manpower or institutional capacity to produce the sa
Botswana's willingness to use foreign experts provides her with the
to draw upon international experience as a short cut. This Botswa
doing as problems are identified. It is more difficult to create
and organisational arrangements which allow local (field) interests
the work of short-term foreign technicians. Similarly, it would b
tunate if the training and early work experience of national techn
were to be unduly influenced by the social and the professional st
elements introduced by foreigners.

Botswana's central government is organised much as many other thir
governments in terms of Ministries of Planning and Finance, Agricul
Local Government and Lands, Education, Home and Foreign Affairs.
distinguished by having a Ministry of Mineral Resources and Water A
in keeping with their unique place in the economy. What marks Gov
ment functioning is its openess and the amount of structured inte
contact (through the mechanism of committees). As Government has
to tackle more complex issues so the need for contact between Minist
increased. Today some key committees have been given executive po
The growing complexity of decision making through the use of commit
fits the present phase in which Government is attempting to advance
number of fronts at once. It also reflects the weakness of local
ment and the concentration of power at the top, this despite offici
intentions to the contrary.

Africa, including Zaire, Zambia, Mozambique, Botswana, Lesotho and Swaziland.

However, the Pretoria source said African states with mining industries were buying increasing quantities of mining plant and other machinery from South Africa.

Agricultural authorities said it was clear that most African countries, because of fast-expanding populations and a lack of expertise, were falling further and further behind adequate production levels in basic foods.

ROB TAYLOR ***reports that*** **by June this year economists were already forecasting that the total export volume to African countries would exceed R1 000-million.**

At the time the general manager of the Maize Board, Mr H Nel, said South African maize was exported regularly to Mozambique, Zambia, Zaire and Zimbabwe.

Lesotho, Swaziland and Botswana also depended to a large extent on South Africa for their needs, and reports indicated that maize was also shipped to Kenya, Angola, the Ivory Coast and other African states, Mr Nel said.

And at the same time the general manager of the Wheat Board, Mr J van Aarde, said that in the current season 60 000 tons of wheat from an estimated surplus of 183 000 tons had been sold to African states.

Negotiations were in progress to market another 45 000 tons on African markets before the end of September.

Countries known to have bought South African wheat included Malawi and Zaire and efforts had also been made to sell part of this season's surplus to Mozambique and Zambia.

Mr Van Aarde said that for a number of reasons, selling wheat overseas involved big losses. These included high production costs, high transport charges and fierce competition from regular exporters like the US and Canada.

It was far more advantageous for South Africa to sell to countries in Southern Africa ... lower costs

of annual rentals on surplus grazing rights, would bring some P1 million to P4 million extra income, minus taxation, to the poorer families. If we take the net transfer involved at P1 million to P3 million, we are still left with the question of how government can productively place P6 million to P8 million into the pockets of the poorer families.

A guaranteed employment programme does provide a mechanism - the registration of work seekers - whereby the poor identify themselves and receive wages in exchange for labour. The cost of such a programme is not entirely an extra cost since it can finance much of the physical construction government would undertake otherwise. What it does do is to force government to explore a number of technical and organisational questions that otherwise are convenient to ignore. By placing the initiative in the hands of individual citizens it helps to redefine the service roles of technical departments in contrast to the empire building and management roles that technical departments often seek.

Botswana's sparse population and its simple economy has allowed it to follow a South African contractor-dominated approach to construction. The innovation of the labour brigades and the intention to create a labour intensive construction unit demonstrate the desire to move to more appropriate methods. A works programme that set out to channel at least P6 million into the pockets of the poor would have to design and supervise productive works able to employ, at perhaps P0,80 per day as an average wage, 7,5 million man days per year. Botswana's small population could not provide that much labour. The average employed per day over a 350 day work period would be 214 000 per day, or roughly 2 persons per household or 4 per household under the poverty line. At P2,00 per day it would require an average attendance of almost one member from every household for 350 days a year or 2 from the poorer families. Clearly neither magnitude is likely.

By the end of the century when Botswana's population will have doubled from the 700 000 odd today to nearly 1,5 million such magnitudes will look both more likely and probably as,or more,desirable. At present it would seem that a guarantee employment scheme would not be able to spend more than about P2,5 million in wages a year at an average wage rate close to P1,00 per day. That would leave a gap in the minimum income distribution sought of P3,5 million. It raises the question whether or not Botswana should not examine a higher wage as socially desirable, perhaps P2,00 per day. Almost

Lesotho may export beer to Free State

LESOTHO may export beer to the Orange Free State under the terms of an agreement signed in Maseru this week.

The agreement between the Dutch company, Tigatel, and the Lesotho National Development Corporation provides for the building of a R10,5-million brewery and soft drink plant in Maseru.

DESIGN

Preliminary design work on the new brewery is over and construction is expected to begin in July.

A locally-registered company, Lesotho Brewing Company (Pty) Limited, will run the brewery and soft drink plant.

The LNDC will hold 60 percent of the shares and Tigatel 40 percent.

Tigatel is linked to South African Breweries and has interests in Botswana, Swaziland and Rhodesia.

The Lesotho brewery will produce brands such as Castle, Lion and Black Label under licence and a national beer to be offered for sale in Southern Africa.

To enable the new plant to run at full capacity immediately Lesotho beer will be exported to the Free State.

74

Hansard 1[illegible]

Hansard 8(492) 25/3/80 (74)

5. The fixed costs of a firm

   (a) are fixed only in the short period

   (b) when expressed as an average, do not change with output

   (c) increase with the level of output

   (1) (a) and (b) are both correct

   (2) (a) and (c) are both

   (3) only (a) is correct

   (4) only (b) is correct

   (5) only (c) is correct

8(492) 25/3/80

Coal

503. Mr. I. F. A. DE VILLIERS asked the Minister of Mineral and Energy Affairs:

(1) What quantity of coal was (a) mined and (b) exported in 1979;

(2) whether his Department has completed its estimate of the Republic's coal resources and reserves; if so, what are the figures?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) 125 825 646 tons

(b) 23 341 308 tons

(2) No, but this major task is still receiving constant attention and authoritative interim figures should be available before the end of the year.

6. An indifference curve ind ... ining the same,

   (1) combinations of good ... prefer to any other

   (2) a consumer's prefere

   (3) the price ratio betv ... which rate differently in ... preferences

   (4) combinations of goods which yield a consumer equal amounts of satisfaction

   (5) the amounts of commodities that a consumer will buy at given prices

7. Assuming a two-commodity world, and assuming the household seeks to maximise its total utility, it will allocate its budget so that

   (1) $\frac{\text{marginal utility of A}}{\text{marginal utility of B}} = \frac{\text{price of B}}{\text{price of A}}$

   (2) marginal utility of A = marginal utility of B

   (3) $\frac{\text{marginal utility of A}}{\text{total utility of A}} = \frac{\text{marginal utility of B}}{\text{total utility of B}}$

   (4) $\frac{\text{marginal utility of A}}{\text{marginal utility of B}} = \frac{\text{price of A}}{\text{price of B}}$

   (5) either A or B is purchased, but not both

Hansard 7 Quest Col 401
17/3/80
74

Export of deciduous fruit

439. Mr. T. ARONSON asked the Minister of Agriculture:

What were the gross proceeds from South African export of deciduous fruit during 1979?

The MINISTER OF AGRICULTURE:

R206,6 million (1 October 1978 to 30 September 1979).

Re-cycling of lubricating oil

296. Dr. Z. J. DE BEER asked the Minister of Industries:

(a) What quantity of lubricating oil was re-cycled for re-use during 1979 and (b) what was the estimated saving in foreign exchange resulting from such re-cycling?

The MINISTER OF INDUSTRIES:

(a) and (b) The re-cycling of used lubricating oil is entirely a private sector activity. The information called for is consequently not available in my Department of Industries.

Hansard

Jute/kenaf

218. Mr. N. B. WOOD asked the Minister of Industries:

(1) What quantities of (a) jute and (b) kenaf in (i) raw and (ii) bag form were imported into the Republic during each of the last five financial years;

(2) what was the (a) free on board cost and (b) total landed costs, including transport, commissions and all other charges, of jute and kenaf, respectively, over the period;

(3) how many local concerns (a) utilize (i) raw jute and (ii) kenaf and (b) distribute bags containing (i) jute and (ii) kenaf?

The MINISTER OF INDUSTRIES:

(1) and (2) This information can only be obtained from the private sector and it cannot be expected from them to make public particulars of their business transactions; and

(3) (a) (i) two, as far as is known;

(ii) unknown;

(b) (i) and (ii) various, but mainly the agricultural co-operatives.

SA may get offer of trade deal in exchange for policy change

(74)

STAR 4/9/80

Jaap Boekkooi

An influential delegation of the European Parliament, completing a study visit here, will be drafting a proposal aimed at making South Africa an associate member of the Common Market, the world's most powerful economic bloc.

In return for this lucrative offer, which would give South Africa preferential trade tariffs in Europe's richest markets, the European leaders want South Africa to undertake gradual dismantling of all discrimination.

They also want the Botha Government to undertake to give every adult in South Africa the vote on a one-man-one-vote basis.

But, according to the leader of the delegation, German Christian Democrat MP Dr Jochen van Aerssen, such a universal vote need not be in a unitary South Africa and therefore "some votes could weigh much more than others to prevent domination."

This is the vague, still secret, deal which is being negotiated between the European leaders, of the majority group of Christian/Euro-Democrats and Liberals, in the Strasbourg Parliament of Europe.

Some of the parliamentarians, representing Germany, Britian and Holland, told me a deal with South Africa, or an association of Southern African countries, is vital for Europe itself because of the area's mineral resources, the Cape sea route and its need for stability.

The "feeler" negotiations in which 12 South African MPs, including verligte members of the NP, NRP leader Mr Vause Raw, and several PFP MPs, will take part, will be continued in November when a South African delegation of parliamentarians, black, Indian and coloured leaders visits Strasbourg.

● **Centre Page: European MPs use "softlee, softlee" change approach.**

European MPs use 'softlee, softlee' change approach

STAR 74 4/9/80

Jaap Boekkool

...ean parliamen... who have been ...this country and ...talks with South ... during the past ...s, are trying to ...ria to change its ...cies in an unusu...

...orld of loud de...as, UN resolu...cott threats and ...ction theirs has ...circumspect, dip...chnique.

...elegation, rep... the majority ...an Democrat... Liberal block in the Parliament of Europe, and thus the men who get things done in the powerful Common Market, have, according to all who met them, been so discreet and reasonable in getting South Africa on the right path by holding out the lucrative carrot of Common Market associate membership for this country and/or its neighbours.

From discussions with the negotiators, and the local political leaders they met, it is obvious that the Europeans would like South Africa to mend its ways, but not at a revolutionary pace.

They say it is in the interests of Europe and southern Africa to have point-blank racial laws removed. And a particular sore point among the Germans in the delegation, says Mr Harry Schwarz MP, who acts much as a catalyst between South African legislators and the Europeans, are the Immorality Act's racial clauses and the Mixed Marriage Act which they find as repulsive as Hitler's equivalent laws.

Far from uttering slogans, even behind closed doors, such as "Africa for the Africans" or "One man, one vote," the European MPs have been careful to cushion Pretoria's fears.

They would like South Africa, says Mr Schwarz, to investigate a system by which "everybody can participate in the electoral system which should apply to the whole of South Africa."

But at the same time "they are not pushing for equal votes in a unitary system. They are willing to accept a system where not each vote has equal value."

This would be the same system as that in the European Parliament itself where minorities, such as Luxembourg voters, have relatively far more power than big powers like France or Germany.

Or as in the United States, where California, with 50 times as many voters, has the same say in the Senate as Wyoming.

From the South African side verligte NP parliamentarians, including such men as Denis Worrall, Barend du Plessis, Wynand Malan and A E Nothnagel, have been telling the Europeans Pretoria's aims coincide much with Strassbourg ideals: time will remove all racial discrimination and, from the President's Council on, future South African government will run along the line of a confederation, a new, popular word in NP vocabulary.

In practical terms this means that a future South Africa would be governed, if the NP had its way, in a way akin to Switzerland where no majority can dominate and local rights, enshrined in the cantons, remain supreme.

The Europeans nodded understandingly at this, for they have seen them all, constellations, federations, confederations, and the scramblings in between.

They often asked for timetables and final policy objectives. To this the ruling MPs would say that the objectives would eventually flow from the negotiating mechanisms now being created.

The Europeans also tried to convince the South Africans they could only join the Common Market as an associate member via a southern African association of countries which would include Angola and Mozambique, but this gambit was regarded as rather impracticable by the South Africans.

The value of the ongoing meetings with the European MPs is that through them our own politicians can see themselves in a mirror.

Says Mr Schwartz: "Look at the divisions, the conflicts, the fears that have ruled Europe for so long. Yet they have shown you can create a system where co-operation is possible without domination.

"If our Government is serious about the confederal system we can learn a great deal from them in creating the system's checks and balances."

The visit of the Europeans, which will be reciprocated from here in November, is remarkable in that they, amidst the noise of the confronters, cooed in the tones of doves.

TRADE MISSIONS (74)

Amending the rules

FM 5/9/80

Government financial assistance to South African trade missions is hardly lavish and is hedged about with so many bureaucratic requirements that last year only two missions qualified for help.

However, the rules are being redrafted and commerce has been asked for its views. The Durban Chamber of Commerce, which is the country's largest chamber, has organised 12 trade missions abroad since 1968 and is highly critical of the present regulations.

It points out that on a recent mission to the Far East it "was frequently criticised for consisting mainly of exporters." The Chamber suggests that recognition be given to importers who tend "to have a favourable effect on the business done by exporting members" particularly in missions to export-oriented markets.

Furthermore, it claims that the requirement of submitting details of cost and composition of a mission three months in advance to the department creates practical difficulties. It means, in effect, that businessmen have to commit themselves as long as nine months to a year in advance because of the time-consuming market research required. Where South Africa has no commercial representation this can be difficult. The department requires market survey reports, including the names of potential and interested buyers, when other details are submitted at least three months in advance.

The chamber suggests that path-finder missions should qualify for assistance as this is a form of market research which qualifies for tax relief but not for direct aid. To qualify for assistance a trade mission has to be approved by the Minister of Commerce and Consumer Affairs, and help is limited to half actual expenditure on travelling and subsistence. The guidelines sternly warn "that no contribution will be made in respect of alcoholic beverages, telephone calls, telexes or any entertainment."

Finally, there is the demand for one 'consolidated claim in summary form from each member, with all supporting vouchers signed by two directors of the sponsoring organisation.

With such red tape one can well understand the Durban chamber's desire that "the main feature of an amended system should be its simplicity . . . "

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KENNISGEWING 613 VAN 1980/NOTICE 613 OF 1980

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

Opmerking.—Die in- en uitvoersyfers wat in hierdie opgawe verskyn is grootliks aangepas om dit in ooreenstemming te bring met die vereistes wat gestel word vir die opstel van die betalingsbalans

Remark.—The import and export figures reflected in this statement have been adjusted largely to bring them into line with the requirements for the compilation of the balance of payments

TYDPERK: JANUARIE TOT JULIE 1980—PERIOD: JANUARY TO JULY 1980

TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE
TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES

Wêreldstreke—World Zones	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
Afrika—Africa	167,3	132,3	648,0	387,1
Europa—Europe	3 118,3	2 385,8	3 041,7	2 796,2
Amerika—America	1 149,5	784,1	1 191,8	993,5
Asië—Asia	933,2	627,1	1 104,3	956,3
Oseanië—Oceania	54,5	42,2	51,7	39,0
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 393,1	999,7	5 535,5	2 774,5
Skeeps-/vliegtuigvoorrade—Ships'/Aircraft Stores	—	—	28,7	27,0
Groottotaal—Grand total	7 815,9	4 971,2	11 601,7	7 973,6

TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCCN
TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
I. Lewende diere: dierlike produkte Live animals; animal products	24,1	22,7	111,0	144,1
II. Plantaardige produkte Vegetable products	120,2	83,5	520,1	381,9
III. Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	40,7	30,1	21,3	23,2
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	77,8	62,9	354,6	261,[illegible]
V. Mineraalprodukte Mineral products	138,0	72,4	904,8	690,1
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	584,2	417,0	244,1	211,8
VII. Kunsharse en -plastiekstowwe, sellulose-esters en -eters, en artikels daarvan; rubber, sintetiese rubber, faktis, en artikels daarvan Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubber, factice, and articles thereof	284,4	187,5	44,3	33,[illegible]
VIII. Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van derm (uitgesonderd sywurmsnaar) Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and the like; articles of gut (other than silk-worm gut)	21,4	21,0	90,6	107,1
IX. Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork	50,8	35,0	29,5	23,[illegible]
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	170,1	114,3	88,7	89,[illegible]

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
XI. Tekstiele en tekstielartikels Textiles and textile articles	308,8	231,5	209,8	195,5
XII. Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar; waaiers Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	26,3	19,0	9,2	7,0
XIII. Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	62,0	45,2	30,1	22,2
XIV. Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	34,7	17,1	1 566,7	1 392,1
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	368,8	245,0	985,4	943,2
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	1 898,8	1 261,6	151,1	107,3
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	898,4	874,2	80,1	103,3
XVIII. Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en -weergewers, magneties; onderdele daarvan Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments, television image and sound recorders and reproducers; parts thereof	244,5	178,8	13,7	11,1
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	52,8	31,1	13,7	11,4
XXI. Kunswerke, versamelaarstukke en antieke Works of art, collectors' pieces, and antiques	10,4	2,9	22,4	2,2
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 398,7	1 018,4	6 110,5	3 212,3
Groottotaal—Grand total	7 815,9	4 971,2	11 601,7	7 973,6

(5 September 1980)

KENNISGEWING 616 VAN 1980

KENNISGEWING VAN ONDERSOEK NA EN BEPALING VAN EIENDOMS-, OKKUPASIE- EN BESITREG OP OPGEMETE GROND, DISTRIK UMZINTO

Nademaal ek, Edward Harold Oelschig, kragtens artikel 8 (1) van die Swart Administrasie Wet, 1927 (Wet 38 van 1927), behoorlik deur die Staatspresident aangestel is as Kommissaris ten opsigte van die grond in die Bylae hiervan genoem;

En nademaal ek ingevolge artikel 8 (6) van genoemde Wet ondersoek na die eiendomsreg op genoemde grond moet instel;

En nademaal ek ingevolge artikel 8 (1) gelees met artikel 8 (7) van genoemde Wet die besitreg of eiendomsreg van ander persone dan Blankes of Asiate moet ondersoek en bepaal of moet bepaal wie die persoon is wat daarop geregtig is om geregistreer te word as die eienaar van sodanige van genoemde grond as wat geokkupeer of besit word deur 'n Swarte wat nie die geregistreerde eienaar daarvan is nie;

NOTICE 616 OF 1980

NOTICE OF INVESTIGATION AND DETERMINATION OF RIGHTS OF OWNERSHIP, OCCUPATION AND POSSESSION OF SURVEYED LAND, DISTRICT OF UMZINTO

Whereas, in terms of section 8 (1) of the Black Administration Act, 1927 (Act 38 of 1927), I, Edward Harold Oelschig, having been duly appointed by the State President a Commissioner in respect of land referred to in the Schedule hereto;

And whereas in terms of section 8 (6) of the said Act I am required to inquire into the ownership of all the said land;

And whereas in terms of section 8 (1) read with section 8 (7) of the said Act, I am required to investigate and determine the rights of occupation and ownership of persons other than Europeans or Asiatics claiming to own the said land or to determine who is the person entitled to be registered as the owner of such of the said land as is occupied or possessed by a Black who is not the registered owner thereof;

STAR 15/9/80

Gundle Plastics invades Chile

By Frank Jeans

One of South Africa's leading plastics groups, Gundle Plastics, is making big inroads into the South American market, with particular focus on Chile.

Gundle believes there are major opportunities in Chile for South Africans seeking to widen their export horizons.

"Chile offers a total free market economy and a stimulating competitive atmosphere," said Mr Ian White, export manager of the company, after a visit there to investigate export potential.

Gundle will be represented at the South African pavilion at the Fisa Trade Fair in Santiago from October 30 to November 13.

"We are particularly interested in the shrinkwrap and stretchwrap business since, surprisingly, there is no local industry in Chile serving this section of the plastics market.

"We believe that with our know-how in this field, we will have the edge there against American competition."

With Chile's buoyant economy based on mining and fishing, plastic covering of palletised product offered a big new market for Gundle.

Chilean authorities are believed to be interested, too, in the company's advances in ventilation ducting and plastic lining of settlement tanks in the copper mining industry.

Another avenue which could open up for the South African company in Chile is in the fishmeal industry.

"While I was there, I had discussions at a fishmeal plant which needs weatherproof covering for about 175 000 tons of fishmeal which is stored in the open," said Mr White.

During a recent trade mission from Chile to this country, members of the delegation visited Gundle's Johannesburg plant and expressed interest in South Africa's advance technology in the plastics field.

Mr Simon Hughes, a mine ventilation officer, has joined Gundle as a technical adviser.

15/9/80

SA trade with black Africa 'explodes'

STAR

74

NEW YORK — "South African trade with black Africa is exploding at an exponential rate, giving the lie to threats at the UN of a boycott of Pretoria," Business Week says.

In its September 22 edition the US publication adds that "last year, South African exports to black African areas outside the rand bloc — the areas tied to Pretoria's currency — grew by 39 percent. So far this year they are running 75 percent ahead of 1979 and will reach 1 300m dollars (about R900m) by year-end, accounting for 10 pecent of all South African exports.

"That is the simple reality that black African delegates at the UN will have to wrestle with next month when they consider proposals for selective sanctions against Pretoria arimed at enforcing UN instructions on moving SWA/Namibia towards independence."

As an example, Business Week says that "oil-rich Nigeria, which officially does not trade with South Africa and leads the call for sanctions against Pretoria, nonetheless receives South African meat and other products through such devices as double invoicing and false certificates of origin." — Sapa-AP.

Coal could become top export

(amd) (74) RDM

18/9/80

By SIMON WILLSON
Industrial Reporter

COAL is set to follow gold as a mammoth money-earner for South Africa during the 1980s, and revenue from exporting "black gold" could top this country's gold bullion income within twenty years.

This is the major conclusion to be drawn from a sharp rise over the past few months in the price that energy-starved countries of the industrial West are prepared to pay for coal.

The price of steam coal has risen 60% since the beginning of the year and South Africa, which will be exporting 44-million tons of it by 1986, is poised to cash in on worldwide coal demand during the next ten years.

The increasing activity in the world coal market also means South Africa can now achieve effective self-sufficiency in energy within the decade, whatever happens to the see-sawing gold price.

On current international price trends, coal exports will earn more than enough foreign exchange to meet the national oil bill. And the search for an alternative to costly and politically-manipulated oil could mean a still greater inflow of money into South Africa than the present gold-earned cash tide.

The coal South Africa is physically exporting now was sold ahead — that is, bought in advance one or two years ago at the prices of the day — and is going for an average of about $28 (R21) a ton.

On that basis, this year's coal export earnings will be about R538-million.

But a much higher world price is now being paid by importers buying ahead for 1981 and 1982, and by the time this year's bigger payments are accounted for next year, total earnings in 1981 are expected to be nearly 50% higher — at more than R800-million.

Experts' projections of future movements in the coal price promise even greater wealth.

Mr Dick Bird, managing director of the Transvaal Coal Owners Association, predicts a $10 (R8) rise over 1980, while Mr Allen Sealy, manager of Rand Mines' coal division, goes higher and predicts a 42% rise for the year to $40 (R31), and a further 20% rise in 1981.

Private projections going around in the coal industry see the value of South Africa's coal exports jumping by 350% by 1986 to hit R2 500-million — nearly half the R5 800-million gold earned this country last year.

The Organisation for Economic Co-operation and Development estimates South Africa's coal exports will be 94-million tons a year by the year 2 000, compared with 24-million tons a year now.

A 94-million ton export total at the expected price at the turn of the century of $230 (R175) a ton will be worth more than R17 000-million, the same as the value of this country's gold exports at the expected price of $2 000 an ounce in 2 000.

The reasons for the escalating world demand for coal are the quintupling of oil prices during the 1970s, delays caused by environmentalists in European nuclear power generation schemes, and the absence among coal producers of a politically motivated cartel like that which controls world oil production.

See Page 11

Export coal price soars

(74) RDM 18/7/80

By ADAM PAYNE

A REMARKABLE upsurge has occurred in the export coal market, with a rise of 60% in the fob price of steam coal in the past nine months.

The anthracite market is also strong with a recent rise of about 15% in the price of low-quality anthracite exported to France for power stations and to Korea for domestic heating.

Companies that will benefit by the upsurge in the steam coal market include Amcoal with its Kleinkopje colliery; Rand Mines with its Rietspruit mine in partnership with Shell and Trans-Natal Coal Corporation in partnership with BP and Total Oil in the Ermelo export mine.

Members of the TCOA, including Apex, will also benefit from steam coal exports covered by the TCOA's export quota.

Only nine months ago the steam coal price was $24 a ton fob Richards Bay.

Today, if there is coal available — and it is a big "if" — South African exporters would ask between $35 a ton and $38 a ton fob Richards Bay.

Exporters tell me they are fully committed and even for 1981 there is little tonnage not committed.

Mr Dick Bird, managing director of TCOA, said: "We have some contracts for 1981 on which prices have yet to be fixed and we shall be looking for a price exceeding $35 a ton.

"We have indications that US and Australian prices are well over that figure

"Existing contracts for 1981 vary between $28 and $35 a ton. This compares with $26 for 1980 delivery only a few months ago."

Another exporter said that during last year a typical fob price for typical steam coal was between $20 and $23 a ton.

In the last quarter of 1979 the steam coal price began to move up and as a result of this a typical price for new contract coal was $22-$23 on a rising curve.

"The price depends on which month you talk about because the position has now improved to the extent that the prevailing price for new business is between $35 and $38 a ton.

"Those exporters committed to old contracts are selling at the old prices but people who have some spare coal can now get up to $38 a ton."

He said the old contracts lay in a wide range of prices.

"When it comes to 1981, the pricing season has not yet started on the international coal market. Pricing is usually done in September and October so it is too early to forecast what price will rule for 1981.

"But on a study of the market we think the price for next year will be between $40 and $42 a ton.

"That is not excessive if you take into account the rise in the world price and the rise in costs here."

From a fob price of $42 (R32) several charges must be deducted to get an approximate pithead price.

Among these are port charges of R1,75 a ton and railage charges from Witbank area of about R5,50, a total of R7,25.

Another exporter said: "Most of us are fully committed for a year ahead. It will be difficult for consumers overseas to get new contract coal from South Africa for 1981.

"Coal for 1982 is still available but we are unwilling to commit ourselves on prices so far ahead.

"The market is under the influence of the rise in the rand against the dollar, which means South African exporters must raise the dollar price to maintain earnings in rands. Since it is a sellers' market they can usually do so.

"A second factor in the market is the disillusionment of Far Eastern countries with Australian suppliers who have been unreliable because of strikes.

"These buyers are trying to hedge their bets by looking to South Africa and to North America, and North America is handicapped by the inefficiency of its export ports in comparison with Richards Bay.

"So pressure is on here for coal supplies against a background of rising oil prices."

Finally, he pointed out that coal at the prices quoted by South African exporters was at a considerable discount to oil in calorific value.

BUSINESS

STAR 18/9/80

74

French Bank pushes for SA trade

By Frank Jeans

The French Bank of Southern Africa and its parent company, Banque de L'Indochine e de Suez (Indsuez) have signed an agreement aimed at promoting trade links between France and South Africa.

In terms of the agreement, a South African businessman seeking a French export credit within the framework of the bank's plan, must undertake that payments to the French supplier will partly be made by means of a buyer's credit made available by Indosuez.

Payment of the total amount owing to the French supplier will be made in three instalments. On the final payment to the French supplier, Indosuez will grant a buyer's credit to the South African company.

To take advantage of the scheme, the South African exporter must have guarantees from the French bank, a guarantee which will be issued by the bank on behalf of the exporter in favour of Indosuez for the amount, capital plus interest, of credit.

The agreement is a timely one, with strong French participation in the Electra Mining Exhibition at Milner Park, Johannesburg, — a show which again emphasises the determination of France to make big inroads into South Africa.

Mr Pierre-Jerome Ullmann, president of the French Chamber of Commerce and Industries of Southern Africa.

19/9/80 ARGUS 74

Meat exports 'negligible'

74 2 meat

Political Correspondent

THE MINISTER of Agriculture, Mr Hendrik Schoeman, said today that South Africa's meat exports were minimal and did not affect meat prices in the country.

He was reacting to allegations that these exports were partly to blame for recent sharp increases in meat prices.

Mr Schoeman said the only meat exported recently was approximately 4 000 sheep carcasses which formed part of an old contract.

If South Africa could still export meat at the present prices, this gave an idea of how high overseas prices were.

Mr Schoeman said he did not expect meat prices to rise any further. They would at the same time not come down much.

Prices had been unrealistically low and this had discouraged farmers from producing meat. In many cases farmers had gone bankrupt.

He dismissed suggestions that by Christmas some cuts of beef could go up to R8 or R10 a kg.

He said that, at that price, there would not only be consumer resistance, but many people would simply not have the money to buy meat.

● A spokesman for the meat board said in Pretoria today that the board was not exporting meat at all now.

Last year when there was a surplus of meat, the country had to embark on an export programme, the spokesman said. It developed markets in certain countries including Greece and African countries.

● See Page 9

SA-UK trade up — Minister

(74) (N15)

RDM 19/9/80

By GERALD REILLY
Pretoria Bureau

SOUTH African exports to Britain increased by 170% between 1965 and 1979 — from R358-million to R964-million, the Minister of Commerce and Industries, Dr Schalk van der Merwe, said in Pretoria last night.

Addressing a South African British Trade Association function last night the Minister said Britain was for a long time the most important buyer of South African goods and the principal supplier of South Africa's imported requirements.

However, as South Africa's economic structure changed, a considerable diversification of the country's foreign trade took place. Countries such as the United States, Germany, Switzerland and Japan gradually became larger buyers of the Republic's export goods, while they also increased their shares of South Africa's import trade.

"The effect of this was that the British share of South Africa's exports declined from a peak of 33,7% in 1965 to 10,3% in 1979."

The United Kingdom's share of the Republic's import trade decreased from 28,2% in 1965 to 17,8% in 1979.

"It should, however, not be concluded that South Africa's exports to and imports from the United Kingdom had decreased in absolute terms."

On the contrary, the value of this trade had increased.

The value of South Africa's imports from Britain increased from just under R500-million in 1965 to more than R1 250-million in 1979, or by some 150%.

Wheat may be next for import

22/9/80

74

By TENDAI DUMBUTSHENA
'Mail' Africa Bureau

SALISBURY. — Zimbabwe is already importing maize from South Africa while it struggles to restore self-sufficiency in its crippled food production.

Now it faces the prospect of being forced to import wheat unless the situation improves.

But agricultural sources say there is no food crisis, and the Commercial Farmers' Union is confident that the Government's pragmatic approach will assure an upsurge in agricultural production.

Zimbabwe has ample stocks of wheat, but unless there is substantially increased production, there will be shortages within the next 12 months.

Mr A B Long, acting general manager of Zimbabwe's Grain Marketing Board, said yesterday that there were ample stocks of wheat at the moment, and a new crop was expected in October.

But he added: "With consumption going up, however, there is a possibility of a shortage in 12 months."

Mr Long said Zimbabwe had been self-sufficient in wheat for the past 10 years, but confirmed that maize production had lost ground.

"We started importing maize from South Africa nine months ago because of two successive droughts.

"We are no longer exporting to black countries to the north of us because of our own critical supply situation," he said.

He could not give an estimate for the amount of maize Zimbabwe was obtaining from South Africa. "The volume fluctuates," he said.

Another source said there was no food crisis in the country, despite numerous problems.

The source added that food production was still adequate to feed Zimbabwe, although it had lost its capacity to export because of the war and rampant stock theft.

"The beef supply is at present equal to demand, but we expect an improvement," he said.

Stock theft has been drastically reduced and Zimbabwe is expected to regain its position as a major beef exporter within the near future.

(74)
FW 26/9/80

SOUTH AFRICAN RESERVE BANK

Announcement of a Census of Foreign Transactions, Liabilities and Assets

A census of South Africa's foreign transactions, liabilities and assets will be taken by the South African Reserve Bank early in 1981 in terms of Government Notices 702 and 703 of 20 April 1956. The Reserve Bank is officially responsible for compiling balance of payments statistics for South Africa and the information to be collected in the census is necessary for the improvement and updating of statistics relating to the country's balance of payments and international investment position. Apart from the need of such statistics for the purpose of framing economic policy in South Africa, balance of payments data have to be submitted to the International Monetary Fund in terms of Section 5 of Article VIII of the Fund's Articles of Agreement.

All individuals, unincorporated businesses and organisations, and companies which have engaged in foreign transactions or have outstanding foreign liabilities and/or assets, will be required to complete the census questionnaires. A preliminary survey, covering all registered companies in South Africa, will be conducted in the last quarter of 1980 to identify those companies which have foreign liabilities and/or assets, so as to ensure that they will be included in the forthcoming main census. In addition, the preliminary survey is aimed at obtaining aggregates for selected transaction, liability and asset items. A short questionnaire will be mailed to all companies at the end of September 1980; companies which have not received the questionnaire by the middle of October should obtain forms directly from the Economics Department of the Reserve Bank. Individuals, non-profit organisations, farmers, partnerships, administrators of trusts and other unincorporated organisations need not complete the preliminary questionnaire, but will be required to complete the census forms early in 1981.

Separate information on South Africa's economic relations with South West Africa and South West Africa's economic relations with foreign countries will be called for in the census. This information will be collected in co-operation with the Directorate of Finance in South West Africa.

The assistance of various national associations and organisations has been obtained, but in the last instance the success of the census will depend on the co-operation of individual respondents. It has to be pointed out, however, that the submission of returns is compulsory.

The Reserve Bank is fully aware that the information required in the census questionnaires is of a confidential nature and has taken special precautions to preserve secrecy. Staff members who will be responsible for the processing of the census returns have been carefully selected and sworm to secrecy. In addition, Government Notices 702 and 703 of 20 April 1956 prescribe penalties for breach of the secrecy provisions. The processed data will be published only in aggregate form and information relating to individual persons or organisations will not be divulged in any way. The assurance is further given that no action of any kind will be taken under the Exchange Control Regulations against any person or organisation on the grounds of information furnished in the census.

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ASBESTOS AND ASBESTOS-RELATED DISEASE IN SOUTH AFRICA

INTRODUCTION

Exactly how dangerous is asbestos to human health? Whether at the level of industry, the State, trade union organisations, academic institutions, civic bodies or interested individuals, many arguments are heard.

There is clearly a double question involved here. What precisely are the vested interests that are brought to bear when taking up any point of view?

Naturally one would expect industry to be biased in favour of playing down the dangers involved and of being most conservative in setting, often expensive, processes for protection of workers in motion. Likewise one would expect trade union and civic bodies concerned with environmental pollution to stress the risks of exposure to asbestos. Academic researchers, where they are not directly employed by industry or trade unions, whether at private or State institutions, may be expected to produce arguments that lie somewhere between these two positions. However it will be argued in this paper that, as is the case with the State (labour department or research bodies), academic institutions and their research workers generally lean more to the side of industry by virtue of a multiplicity of connections.

Essentially there is a state of industrial dispute in society. There is also generally an explicit acknowledgement of this division in most advanced industrial societies, which is enshrined in the law and various state structures. If then asbestos has been established as a carcinogen (a cancer-causing substance), the problem that immediately springs to mind is who is to take the decisions with regard to protection against the effects of this substance in a divided society?

One might think that those directly involved by virtue of their exposure should take the weighty decision, particularly when a notable feature of the whole asbestos controversy has been

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54. Dus Que
55. Dus W.
56. See
57. The J.
58. Amo Ash eff
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os.

NOTICE 723 OF 1980

DEPARTMENT OF INDUSTRIES

INQUIRIES INTO THE SOUTH AFRICAN MANUFACTURE OF HEAVY MOTOR VEHICLES AND COMPONENTS AND TRACTORS AND COMPONENTS

It is hereby notified for general information that the Minister of Industries has repealed the directives by the then Minister of Economic Affairs to the Board of Trade and Industries to inquire into the South African manufacture of, *inter alia*, heavy motor vehicles and components thereof and tractors and components thereof, which directives were published in *Government Gazette* 4709 of 16 May 1975, under General Notice 320, and in *Government Gazette* 6411 of 27 April 1979, under General Notice 301 of 1979. (BTI Ref. T7/2/17/2 and T7/2/17/3.)

(3 October 1980)

KENNISGEWING 723 VAN 1980

DEPARTEMENT VAN NYWERHEIDSWESE

ONDERSOEKE NA DIE SUID-AFRIKAANSE VERVAARDIGING VAN SWAAR MOTORVOERTUIE EN KOMPONENTE EN TREKKERS EN KOMPONENTE

Hierby word vir algemene inligting bekendgemaak dat die Minister van Nywerheidswese die opdragte van die destydse Minister van Ekonomiese Sake aan die Raad van Handel en Nywerheid vir ondersoeke na die Suid-Afrikaanse vervaardiging van, onder meer, swaar motorvoertuie en komponente daarvan en trekkers en komponente daarvan, soos in *Staatskoerant* 4709 van 16 Mei 1975 by Algemene Kennisgewing 320 van 1975 en in *Staatskoerant* 6411 van 27 April 1979 by Algemene Kennisgewing 301 van 1979 gepubliseer is, ingetrek het. (RHN-verw. T7/2/17/2 en T7/2/17/3.)

(3 Oktober 1980)

3/10/80 74 1 ~~92~~ Gg 7242

KENNISGEWING 701 VAN 1980/NOTICE 701 OF 1980

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

Opmerking.—Die in- en uitvoersyfers wat in hierdie opgawe verskyn is grootliks aangepas om dit in ooreenstemming te bring met die vereistes wat gestel word vir die opstel van die betalingsbalans

Remark.—The import and export figures reflected in this statement have been adjusted largely to bring them into line with the requirements for the compilation of the balance of payments

TYDPERK: JANUARIE TOT AUGUSTUS 1980/PERIOD: JANUARY TO AUGUST 1980

TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE
TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES

Wêreldstreke—World Zones	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
Afrika—Africa	190,7	155,4	736,6	457,[illegible]
Europa—Europe	3 670,0	2 753,7	2 505,0	3 710,9
Amerika—America	1 341,8	921,4	1 353,5	1 198,2
Asië—Asia	1 103,3	723,5	1 295,6	1 100,8
Oseanië—Oceania	64,9	46,7	62,7	47,8
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 832,8	1 264,1	6 320,4	3 193,[illegible]
Skeeps-/vliegtuigvoorrade—Ships'/Aircraft Stores	—	—	32,9	30,[illegible]
Groottotaal—Grand Total	9 203,5	5 874,8	13 307,7	9 238,9

TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCCN
TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
I. Lewende diere; dierlike produkte Live animals; animal products	27,7	24,9	129,1	164,[illegible]
II. Plantaardige produkte Vegetable products	134,8	101,5	591,2	418,[illegible]
III. Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	44,3	39,1	23,4	27,[illegible]
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	92,1	72,2	428,7	[illegible]
V. Mineraalprodukte Mineral products	160,1	90,5	1 041,4	[illegible]
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	673,8	494,0	275,8	[illegible]
VII. Kunsharse en -plastiekstowwe, sellulose-esters en -eters, en artikels daarvan; rubber, sintetiese rubber, faktis, en artikels daarvan Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber synthetic rubber, factice, and articles thereof	327,3	227,1	49,8	[illegible]
VIII. Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van derm (uitgesonderd sywurmsnaar) Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and the like; articles of gut (other than silk-worm gut)	25,3	24,3	101,1	[illegible]
IX. Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork	59,1	41,8	36,6	[illegible]
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper making material; paper and paperboard and articles thereof	201,3	131,7	106,9	[illegible]
XI. Tekstiele en tekstielartikels Textiles and textile articles	354,1	269,5	235,2	[illegible]

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1980	1979	1980	1979
XII. Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van menshaar; waaiers Footwear, headgear umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	31,1	22,3	10,5	7,9
XIII. Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	72,5	53,3	37,6	26,2
XIV. Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	40,9	19,3	1 819,5	1 607,2
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	433,8	287,8	1 100,8	1 087,7
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	2 247,7	1 457,0	172,2	126,9
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 068,9	987,4	92,4	121,0
XVIII. Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en -weergewers, magneties; onderdele daarvan Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments, television image and sound recorders and reproducers; parts thereof	287,1	205,6	15,6	13,2
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	63,2	37,4	18,0	13,6
XXI. Kunswerke, versamelaarstukke en antieke Works of art, collectors' pieces, and antiques	12,9	3,5	16,2	2,3
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 845,5	1 284,6	7 005,7	3 703,4
Groottotaal—Grand total	9 203,5	5 874,8	13 307,[illegible]	9 238,9

(3 October 1980)/(3 Oktober 1980)

Govt won't curb huge import surge

RDM 8/10/80

74

By GERALD REILLY
Pretoria Bureau

THE Government has no intention of curbing the growing volume of imports, in spite of a dramatic increase, according to Government sources in Pretoria.

The Reserve Bank's recent quarterly report reflected a big decrease in the surplus on current account of the balance of payments — from R1 994-million in the first quarter of the year to R160-million in the second quarter.

A Government source said 85% of South Africa's imports consisted of semi-processed raw materials and part-manufactured plant and machinery — the ingredients necessary for economic growth.

Consumer goods represented only about 15%.

The source pointed to the recent prolonged period of virtual stagnation in the economy, during which surplus capacity in industry had piled up.

Because of the upsurge of the past 12 to 18 months, surplus capacity had been taken up.

This had resulted in a big increase in the importation of plant and machinery for factory and production expansion.

And at the same time as imports rose there was a drop in exports.

The source said this was at least partly due to much stronger consumer purchasing power, buying up goods which would otherwise be exported.

The executive director of the Association of Chambers of Commerce, Mr Raymond Parsons, said he agreed with the Government source's analysis.

"We must expect that with the upturn we will suck up more imports so that we can grow."

He said that at Assocom's annual conference later this month a motion on import control would be discussed.

The motion, from the Cape Town branch, says that because of the problems arising from the recent policy on imports, the Government be asked to pursue an import control policy in 1981 to:

- Reduce the administrative burden on imports;
- Ensure that the use of the system as a form of commodity control is avoided;
- Rely on customs tariffs rather than import control to protect local industries wherever possible; and,
- Continue to give effect to the Government's undertaking that import control measures would be progressively dismantled.

Picardi plea for export incentives

(74)

RDM 13/10/80

CAPE TOWN. — The South African exporter of manufactured goods should get export incentives other than through tax concessions, says Mr J A J Pickard, chairman of Picardi Canners, in the company's annual report.

Existing dispensations do not help the industry to make its goods more attractive overseas, he says.

"Even though our country is experiencing unprecedented prosperity due to the healthy balance of payments, and importers are being favoured by the strength of the rand, the fact remains that in the long term we are dependent on exports other than gold and minerals."

If exports do not become more competitive some of the traditional markets may have to be relinquished.

This would be a severe blow to the fruit-canning industry so important to the Western Cape. The industry earns more than R100-million a year in foreign exchange.

"To ensure the future of this industry, which is already burdened by immense cost increases, it is essential that those of us in South Africa who determine policy, that is the authorities and all those involved in the industry, should assess this future carefully."

Currency uncertainties are working against foreign trade. The strengthening of the rand against the currencies of trading partners and the dollar is making products more expensive and weakening the competitiveness of the South African exporter.

"It is generally known that the industrial countries of the world, who are our main customers, are all experiencing a recession while in the US this condition is far advanced.

"It is expected that currency uncertainties will continue and that the US dollar will weaken still further over the short term.

"The export market started performing poorly during the second six months and is in a worse state than a year ago, mainly as a result of the currency situation.

"Buyers are reluctant to issue shipping instructions due to high interest charges with resultant expensive holding costs."

Piccan had a net profit of R351 900 for the past financial year against the previous year's loss of R694 609. — Sapa.

STATE REVENUE 74

Skimming the cream

FM 17/10/80

Having exceeded R5 000m in the five fiscal months to the end of August, state revenue figures released by the Treasury indicate a rising buoyancy within the domestic economy, despite the decline in the trade surplus.

The abolition of the import surcharge sliced nearly R100m off customs revenue, yet receipts from this source are more than R70m higher than they were in the April/August period last year, reflecting the sharp rise in imports.

Internal revenue for the five-month period rose 45% to R4 770m, with the income tax portion amounting to over R3 000m. This includes the August month-end tax payments, of which about R2 000m was estimated to have flowed from the private sector, coming mainly from the gold mining companies. This constitutes the highest single tax flow in the country's history.

The increase in dividend distributions abroad, also mainly a function of the healthy profits of the gold mining companies, is reflected in a 60% rise in non-resident shareholders tax receipts to R99m. And there appears to have been an increase in the volume of profit distribution locally, with state income from undistributed profits tax dropping to less than half last year's levels.

Revenue from marketable securities tax has doubled over last year to R13m. And transfer duty revenue, at R58m twice as high as in 1979, testifies to the buoyancy of the property market.

Export duty on diamonds, however, has dropped by more than 50%. Treasury sources say this indicates a fall-off in the volume of South African diamonds being sent by De Beers for sale in Europe and could imply a stockpiling strategy in anticipation of a downturn in sales.

The clearest indication of the rise in aggregate demand comes from gst receipts. This is backed up by the fact that private consumption expenditure has increased at an annualised 11% in the last year. At R640m, gst receipts are 34% higher than they were by August 1979.

Total inland revenue for the first five months of the 1980/81 fiscal year is already close to 50% of the amount budgeted for the whole year. With another major mining company tax payment due in March, there is a strong possibility that the government's real borrowing requirement may be lower than the stated amount. Any adjustment of it, however, will depend on the view taken by the authorities of money supply and interest rates.

One disturbing factor revealed by the Treasury's figures is that direct taxation of income is currently responsible for 60% of total revenue. This is still out of line with the generally accepted ideal of direct and indirect taxation contibuting to total revenue on a 50/50 basis.

'Imported' chickens may be S African

17/10/80 ARGUS

74

Consumer Reporter

'IMPORTED' chickens which a supermarket chain is hoping to sell over the Christmas period may originally have been exported from this country and brought back.

The difference between the low price obtainable for the chickens overseas and the much higher price in this country — one producer is now asking for R2 a kg — would make this worthwhile.

A spokesman for Checkers, which is trying to obtain Government permission to import two million chickens from Europe, hesitated when asked if these would be re-imported South African chickens and then replied: 'I would prefer not to comment on that.'

Pressed, he admitted: 'In certain circumstances we would be prepared to consider entering into such a deal.'

PERMISSION

He said he was 'reasonably confident' that the group would be able to obtain permission to import the chickens, in spite of the strict regulations which would usually prevent this, 'because of the shortage on the home market.'

Some of the chickens would be on sale in Cape Town at R1,39 a kg within six weeks, if permission to import them were obtained.

A spokesman for Checkers' main rival, Pick 'n Pay, said his group had no intention of importing chickens and he was very doubtful whether any other firm could obtain permission to do so because of the stringent regulations against this.

The Argus understands that, a few weeks ago, Pick 'n Pay looked into the possibility of importing chickens and turkeys from an American producer.

Supermarket chains have accused South African producers of creating an artificial shortage of chickens by exporting large quantities in order to force up the price on the domestic market.

One producer, Rainbow, is now asking for a wholesale price of R2 a kg, which is more than the price paid for pork at Cape Town abattoir auctions.

1				5	6
ORANJERIVIER - ORANGE RIVE					
57 ARMENIA				41	40
58 BOEGOEBERG				79	100+
59 EGMONT				40	37
60 HENDRIK VERWOERD				50	49
61 LE ROUX P. K.				81	81
62 SMARTT SYNDICATE				0	0
63 WELBEDACHT				25	25*
SUBTOTAAL - SUB TOTA				60	61
Bethulie 31/8/80					3
Leeubos 1/9/80					0
Rooiberg 6/8/80					0
Victoria West 30/9/8		0,047	1		1
WES KAAP - WESTERN CAPE					
64 BRANDVLEI		85,4	100+	89	90
65 BUFFELSJAGT		5,26	100+	99	100+
66 CLANWILLIAM		116,1	99	98	96
67 DUIVENHOKS		5,71	100+	100	100+
68 EIKENHOF		22,2	100+	100	100+
69 ELANDSKLOOF		11,3+	100	100+	100+
70 KORENTE - VETTE		6,20	100+	65	73
71 KWAGGASKLOOF		41,1	100	79	78
72 LAKENVALLEY		1,15	51	11	11
73 MISVERSTAND		6,45*	100+	100+	100+*
74 ROODE ELS BERG		5,14	80	62	63
75 STEENBRAS		25,9	100-	77	77
76 THEEWATERSKLOOF		85,2	12	17	18
77 VOëLVLEI		115,5	80	71	70
78 WEMMERSHOEK		47,1	97	82	80
SUBTOTAAL - SUB TOTAI		579,2	57	54	54
Bulshoek 29/9/80		4,41	81		84
Calvinia 15/9/80		0,270	12		32
Ceres 1/10/80		0,216	100		67
Keerom 3/10/80		2,00	58		24
Klipberg 1/10/80		0	23		0
Moordkuil 1/9/80		0,639	99		46
Pietersfontein 3/10/		0,077	2		3
Poortjeskloof 29/9/8		0,145	39		1
Stettynskloof 1/10/8		6,00+	99		100+

Sugar talks

NM 22/10/80 74

Financial Editor

SOUTH AFRICA and Taiwan are negotiating with Japan to sell about 160 000 tons of sugar for delivery early next year.

Mr Peter Sale, general manager of the SA Sugar Association, confirmed that the annual talks were on but declined to comment further.

South African sugar sales are likely to be severely down because of the drought.

The Japanese have told Taiwan that they are prepared to buy their sugar but at £2 less than the current price, which is the London daily price, plus 50p. Taiwan has indicated that it might accept the price but ship less sugar.

The sugar price appears to be entering a high phase and this should help boost South Africa's lagging sugar income.

Price of imports to rise next year

RDM 24/10/80 (74)

By SIMON WILLSON
Industrial Reporter

GOODS imported by ship from Europe will cost up to 3% more by the middle of next year following a 14% increase in Europe-South Africa freight rates announced yesterday and effective from January 1, 1981.

And freight transport experts predict the shipping rate increase will be followed by increases in the cost of freighting goods inland, leading to across-the-board price increases in South African shops triggered by transport costs alone.

The rate of increase on imported freight, implemented by the nine shipping companies which comprise the Europe-/South and South East Africa Conference of shipping lines, has been approved by the Government.

The size of the increase is in line with trends in inflation and currency movements in the Conference's member countries over the past year.

The Conference's north- and southbound freight rates have gone up annually for the last two years — by 15% at the beginning of 1979 and 12% at the beginning of this year.

The managing director of South African Container Depot (SACD), Mr Tony Yuill, said yesterday the 14% increase in the new year would take about four months to work through to shops, adding about 3% by April, 1981, to the retail prices of goods imported from Europe and sold in South Africa.

He said goods shipped from Europe under the higher freight rates would start to arrive in South Africa in mid-February next year, but local stocks and consumer resistance would delay consumption of the more expensive imports until about April.

SACD is South Africa's biggest container handling company. About 70% of South Africa's European imports come in containers, and SACD handles more than 100 000 containers a year.

"When, as we expect, local inland freight services follow the SEAC lead, they will add roughly 1,4% in transport costs to domestically-produced goods as well," Mr Yuill said.

He said he thought the Conference's shipping companies had a "pretty valid" case for increasing their freight rates by 14%.

"There are several adverse factors affecting shipping companies at the moment. The most significant is the higher price of fuel. But shipping companies maintain large land-based operations requiring staff and office space, which both get more expensive every year."

Mr Yuill said another factor which had hit freight shippers particularly hard recently was the "dead-heading" trend in container traffic, where shippers had to send empty containers back to Europe to be filled, because South African exports had been dropping off and imports had stayed steady.

Current surplus closes in on record R3 000m

RDM 30/10/80

(74)

By HOWARD PREECE
Financial Editor

SOUTH Africa chalked up a booming surplus on the current account of the balance of payments in the first nine months of this year — close to the record R3 001-million achieved in 1979.

The reason is, of course, the gold boom.

The full surplus for 1980 should now be more than R3 500-million.

But that will probably be less than the increase in the value of gold output this year over 1979.

In the second quarter of 1980 the current surplus dwindled to R160-million from R1 993-million in the first quarter as gold fell and imports soared.

Imports went even higher in the third quarter, but the renewed vigour of gold seems to have been enough to send the surplus up into the R500-million to R750-million range.

Full figures are not yet available, but some of the key components were detailed, or at least outlined, by Dr T W de Jongh, the Governor of the Reserve Bank, this week.

He told the annual meeting of the National Finance Corporation: "Regarding the balance of payments, imports rose further during the third quarter of 1980 whereas merchandise exports showed little change so that the trade balance, excluding gold, weakened further.

"Net gold output, which decreased from R2 795-million in the first quarter to R1 971-million in the second quarter in the second quarter, rose, however, to R2 885-million in the third quarter.

"This resulted in an improvement in the current surplus of the balance of payments.

"The gold and other foreign reserves also increased substantially in the third quarter."

For starters then, there was a rise of R914-million in the value of gold output from the second quarter to the third.

On the other hand, Dr De Jongh said that imports were about R3 400-million higher (50%) in the first nine months of this year against the 1979 equivalent.

According to the Reserve Bank figures, imports for January to September totalled R6 896-million in 1979.

Add R3 400-million to that and it means they were R10 296-million for the comparable months this year.

Imports, again according to the Reserve Bank, were R6 451-million for January to June this year.

That means they must have been about R3 845-million for July to September — R250-million up on the second-quarter figure of R3 595-million.

Knock that off the gold increase of R914-million and that leaves an improvement of R664-million for the current account in the third quarter.

Dr De Jongh said non-gold exports in the third quarter were much the same as the R2 435-million in the second quarter.

There is unlikely to have been a major change in the third quarter in the deficit on invisibles and transfers from the net shortfall of R651-million in the second quarter.

Put it all together and it looks as though the overall current account surplus for July to September was in the R500-million to R750-million range.

That in turn means that the running surplus for the first nine months of the year would have been between R2 650-million and R2 900-million.

But what has to remembered is that the value of gold output for January to September this year was R7 651-million compared with R3 987-million for the same months in 1979.

Thus, while the present surplus is enormous — almost Opec style in relation to the total size of the economy — it could soon be eroded by a standstill in gold while imports coninue to soar.

Even a modest fall in gold could put the current account in deficit by the end of next year, as the second quarter of this year showed.

How much concern should be attached to that is a matter of opinion.

Dr Gerhard de Kock, the Governor designate of the Reserve Bank, does not think such a development would necessarily be either unhealthy or restrictive.

NORWEGIAN EXPORTS TO SA SOAR

30/6/80 ARGUS

(14)

Argus Correspondent

OSLO. — The developing Norwegian export trade with South Africa is embarrassing the Department of Foreign Affairs and the Federation of Trade Unions.

Until August of this year, Norway's exports to South Africa were worth R43-million compared with R13,5-million for the whole of 1978 and R23,4-million for 1979.

The main export items are precious metals, worth R30,6-million so far, this year, and delivered by the multinational concern of Falconbridge Nickel Works at Kristiansand.

NICKEL CONTENT

Mr L Hougen ,director of Falconbridge, said ore with a nickel content was imported from South Africa.

'This ore also contains precious metals. We keep the nickel, returning the precious metals, specially platinum to South Africa.

'Our export quantities have not increased, yet prices of precious metals have risen dramatically in the past few years.'

At a time when the Norwegian Government is considering economic measures to lessen contact with South Africa, Falconbridge's trade has caused headaches in the Department of Foreign Affairs.

HEADS OF STATE

Late next month Norwegian politicians will have to try to defend Norway's export statistics at a meeting of African heads of state in Mozambique.

Mr Kaare Sandgren, international secretary for the Federation of Norwegian Trade Unions, said no attempt would be made to curb the Falconbridge's activities.

'Several thousand Norwegian work places could be affected,' he said.

2.2 TEACHERS' R

Evaluation.

a) External problems about the length of time (often 3 weeks) it takes for schools to get off the ground at the beginning of the year prevents serious work from starting. By the time this has settled, the pressure of the syllabus is so great that it is difficult to fit in introductory sessions. The teachers need to find a way to do this out of school hours.

b)/

THE ARGUS, THURSDAY OCTOBER 30 1980

DOCK workers clear up sunflower seed spilled during off-loading operations.

IN TABLE BAY

DUNCAN DOCK

A Berth: THORSWAVE.
E Berth: AL-AHWAR.
F Berth: MARGRETHE MAERSK.
G Berth: HELLENIC PATRIOT.
H Berth: PRIMROSE.
K Berth: DIDIER.
South Arm 3: TROPICA[illegible]
South Arm 4: MERCUR[illegible] LAKE.
Elbow: GAMTOOS.
Outside 2: SUNG SING [illegible] HAI SHAN 1: SHEH HUFA [illegible]

BEN SCHOEMAN DOCK

Shipping by Bill Goddard

COALS to Newcastle . . . sunflower seed is discharged in Cape Town after being shipped across the Atlantic from the United States.

Imports familiar — but vital

30/10/80 ARGUS (74)

IMPORTING asbestos, sunflower seed and wood pulp seems a bit like 'carrying coals to Newcastle' . . . particularly as South Africa ranks as one of the world's major producers of all three.

6/...

[illegible].1980) HET EEN VAN ONS GROOT
[illegible]EDING GETOON DAT SIEKTES VAN DIE
[illegible]TES INSLUIT, STEEDS DIE BELANG-
[illegible]ONOMIESE GEVOLGE VAN HARTGESTREMD-
NIE.
[illegible]R 'N VERMINDERING IN HARTSTERFTES

K/L Berth: ILHA DE SAO NICOLAU.
L Berth: FUKUKYU MARU 3.
M Berth: FANY: DINA MARIA.

Landing Wall 1: HSIN CHIN 32: DA JOUN XI: TAI IH: CHIE HONG 12.

Landing Wall 2: SHIAN FENG CHANG 18: NAN YEOU.

Repair Pier 3: SA HELDERBERG.
Repair Pier 4: DAVE DODGE.

VICTORIA BASIN

North Side Collier Jetty: AFRICANA II.

Q 604: SAFOCEAN NEDERBURG.

Q 500: (Inside): RSA.

Q 502: CAPE HUSTLER.

Q 702: MELODIE.

Due in next 24 hours: ALIKI: KOLSNAREN: MELTEM UNIVERSAL: PORTO: NAHOON: TARPON SILVER: CHIN PENG 6: KIKU MARU 12.

Due to sail in next 24 hours: ALFA.

For inquiries please telephone 43-2160.

Business leaders and representatives of various shipping lines are quick to point out, however, that nothing could be further from the truth.

Asbestos and wood pulp are both imported from Canada, while shipments of sunflower seed come from the United States.

An executive of one of the firms that imports asbestos explained that South African and Canadian-mined asbestos differ enormously in their fibre content and as such can be considered separate products with very different end uses.

A similar answer is given regarding the import of wood pulp.

South Africa's burgeoning newsprint industry imports large quantities of wood pulp produced in Canada, while the locally manufactured product is shipped in the opposite direction.

IMPORTING

Officials in the newsprint industry say that here again it's a case of a raw material possessing different qualities and being suitable for different manufacturing processes.

The importing of sunflower seed is a slightly different story, according to officials of the Oil Seed Control Board.

The chief marketing executive of the board, Mr Dawie van Zyl, said the Cape Town firm Cape Oil Products was recently given permission to import nearly 14 000 tons of sunflower seed . . . 'to keep the factory ticking over until the local crops are harvested early next year.'

TOP PRODUCER

Mr van Zyl said that South Africa, which produces an average of 350 000 tons of sunflower seed annually, was rated as one of the biggest producers in the world.

The shipment was brought across from Duluth in the Great Lakes in the 27 000-ton Greek-registered bulk carrier Vaporia.

South Africa exports a fairly large amount of oil and oil cake from its annual R90-million sunflower yield.

1/3

NEWS RELEASE

*BONUS BONDS

*FIRST PRIZE

Chickens from US for sale in city store

30/10/80 ARGUS

(74)

Consumer Reporter

IMPORTED American chickens will soon be on sale in Cape Town at R1,39 a kg.

Checkers announced they had been given permission to import two million chickens from the States.

Marketing director Mr Harold Greenstein said today: 'These birds should start to become available to customers by the beginning of December, but we are also investigating the cost implications of airfreighting some initial supplies because the shortage in our stores is chronic.

'The selling price will be approximately R1,39 a kg — a massive saving to the consumer when compared with any locally negotiated prices.'

ARTIFICIAL

At present, the cheapest chickens in Cape Town are at Pick 'n Pay, which is selling fresh chicken at R1,72 a kg and frozen at R1,49 a kg.

Mr Raymond Ackerman head of Pick 'n Pay, has accused South African chicken producers of causing an artificial chicken shortage by exporting birds.

Mr Ackerman said he would not import chickens because it would be ridiculous to do so while this country was exporting at less than the prices on the home market.

Instead, he has been negotiating with producers in an attempt to persuade them to divert exports to the home market.

Early today, Pick 'n Pay announced that they had secured an agreement with two major local producers that chicken prices would not rise above R2 a kg over Christmas.

News that Checkers is importing birds may cause local producers to drop their prices. A spokesman for Pick 'n Pay agreed that this would strengthen their hands in negotiations to bring down prices.

A spokesman for Grand Bazaars said that competition from imported chickens might cause local chicken prices to fall.

Mr Greenstein said: 'families will be able to purchase the protein they require at reasonable prices. It provides competition to the meat industry and may well have an impact on restoring those prices to a reasonable level.

'Because we realise our commitments to the long term future of SA's food industry, we are importing only the shortfall between local supply and consumer demand. We are not trying to flood the market.

SERVICE

'However, if the impact of our actions is to balance supply and demand and thereby reduce the high price of chickens, we believe we will be doing both the SA consumer and the poultry industry a service.

'As soon as we are assured of sufficient local supply, we will stop importing poultry,' he said.

All the supermarket chains report that chicken sales have soared since the price of red meat went up steeply at the beginning of September.

The 35th mont ... fund of R825 750
was held in P ...]. The results
of the three

FIRST PRIZE -

Winning numbe
Date purchase
Place: BERTSH

SECOND PRIZE

Winning number
Date purchase
Place: ERASMI

THIRD PRIZE -

Winning numbe
Date purchase
Place: POSTMA

The complete ... unclaimed prizes
in respect of ... n the following
dates in the f ... ntioned newspapers:

TUESDAY AFTERN

The Argus, The ... Evening Post,
Oosterlig en V

WEDNESDAY MORN

The Friend (Blc ... ser (Kimberley),
Beeld and Die E

This month's dr ... numbers which appear on certificates bought BEFORE 1 September 1980. Numbers of bonds redeemed in the same period are, however, no longer eligible for participation in the prize draws.

...2/-

FM 31|10|80 (74)

EXPORT INCENTIVES

The long-awaited export incentive system is to be given its first real shot in the arm when the initial guidelines drawn up by the standing committee on export incentives is gazetted this week.

It is expected that the guidelines will clarify the incentive situation for exporters, within the framework announced by Commerce Minister Schalk Van der Merwe in May this year. They will then be able to judge under which category they qualify.

Although the guidelines are only now being published, the incentives will be applicable to all goods leaving the country after September 1, 1980.

The system is broken down into four categories, two of which deal with new assistance.

These are Category A, whereby exporters will be compensated to the extent that their raw materials and other intermediate input prices exceed international price levels, and Category B general assistance which provides for uniform, across-the-board aid at 10% of the value-added component involved in exports.

The new categories will cost government R180m gross.

The existing export assistance is contained in categories C and D.

Bid to prevent 'cheap' chicken imports from US

5/11/80 ARGUS

(74)

Consumer Reporter

POULTRY producers, through their association, have asked the Minister of Agriculture to stop planned imports of chicken from the United States which would be sold at well below the market price in South Africa.

Their call comes in the wake of indications from a supermarket chain that chicken prices are likely to fall steeply next year because production has been stepped up.

Mr Harold Greenstein, marketing director of Checkers, which hopes to have imported chickens on sale in its Cape Town stores within a few weeks, said it was clear that the poultry producers were trying to stop the imports in order to protect their own interests with no regard for those of the consumer.

PERMITS

Mr Greenstein said in an interview that Checkers already had all the necessary permits and the first chickens were due to leave tomorrow.

They would be sold 'around R1,40 a kg' and Checkers were importing only sufficient to make up the shortfall between supply and demand.

Mr Greenstein said his firm was importing chickens only as a temporary measure until supplies became plentiful again.

By opposing this, the chicken producers made him believe allegations by Mr Raymond Ackerman, head of Pick 'n Pay, that the shortage had been created artificially to force up the price at the time when demand was high.

RED MEAT

'Until now I did not believe this,' said Mr Greenstein. 'I thought the shortage had been created only by increased demand as a result of the rise in red meat prices.'

Mr Greenstein said Checkers would fight this attempt to stop chicken imports. In this, the firm had the support of the South African Housewives' League and members of the South African Agricultural Union.

A spokesman for Pick 'n Pay said that if the chicken producers diverted their exports to the home market, there would be no need for imports.

'They claim they have cut exports substantially,' he said, 'but we know that vast quantities are still being exported, particularly by Rainbow.

'The producers will not divulge by what precentage they have cut exports.'

He said he expected chicken prices to come down in January because the producers had increased production and their new broiler houses would soon be supplying more birds for the home market.

'OPEN DOOR'

The spokesman said it was clear that the producers were opposed to the importation of chickens in the meantime, partly because it would force down prices on the home market, if the imported chickens were sold more cheaply, and partly because it would open the door to future imports at times when supplies on the home market were not plentiful.

Pick 'n Pay had sufficient stocks of frozen chicken, bought before the shortage, to ensure supplies at reasonable prices at Christmas. He was confident that after that prices would come down.

Mr Desmond Lurie, chairman of the County Fair group of companies has not been available to speak to the Press for several weeks.

SA may have to import wheat

By GERALD REILLY
Pretoria Bureau

SOUTH Africa's wheat crop and the current carry-over may fall short of local requirements and the wheat board has contingency plans for imports which could cost about R20-million.

The manager of the board, Mr T van Aarde, said in Pretoria yesterday that with a crop currently estimated at 1,6-million tons, plus a carry-over from last season, available wheat would total 2 184 100 tons.

The total needed, however, including a normal 572 000 ton carry over, is 2 357 000 tons.

Total commercial milling requirements amount to 1 785 000 tons. Exports to Lesotho would amount to 27 000 tons and to Malawi 24 000 tons.

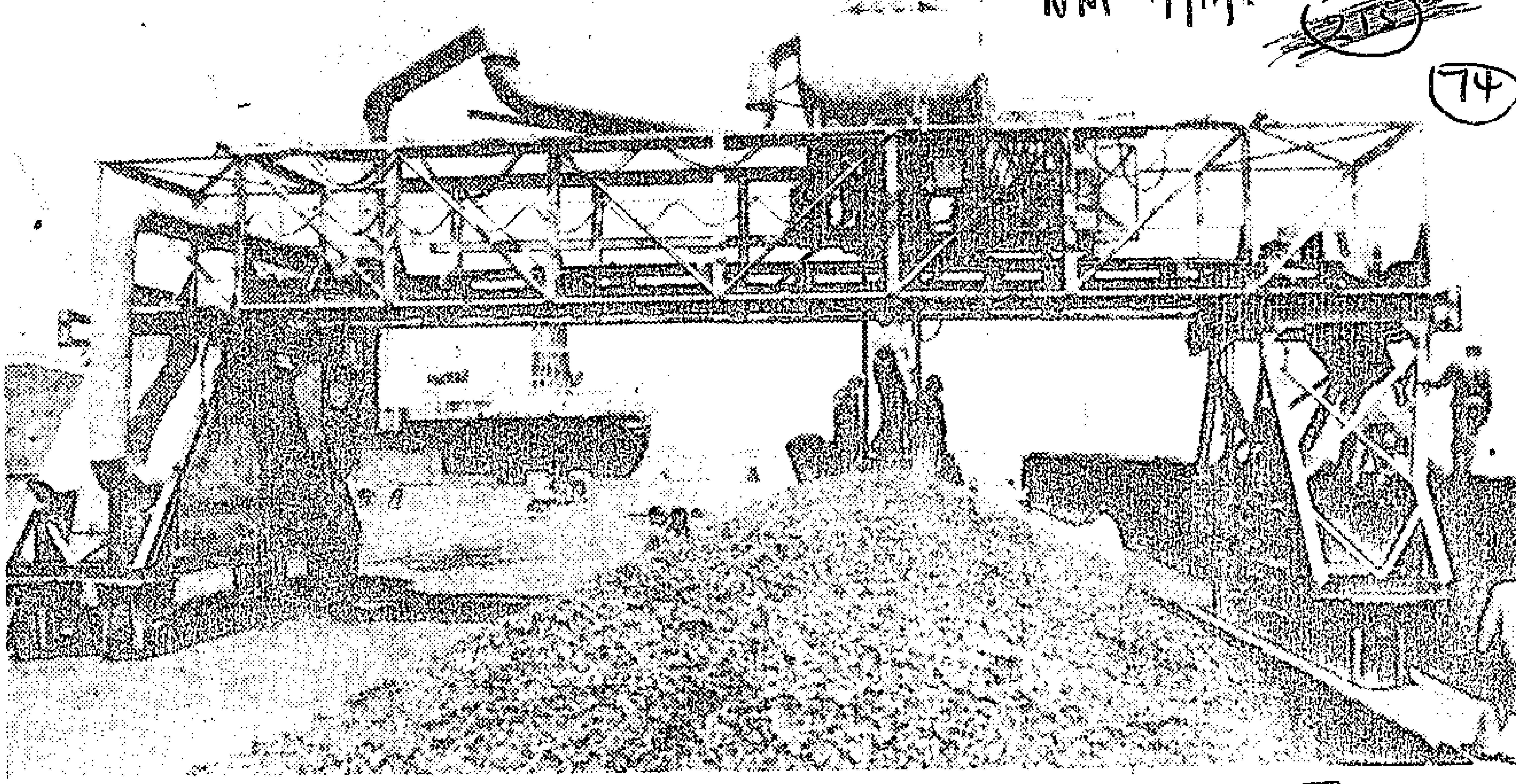
Whether more was made available for exports to other African countries would depend on the Government.

The current price of wheat on international markets was R195 a ton, landed in South Africa, which was R15 a ton less than the local producer price.

"So if we do have to import, we would make a small profit on the deal. Certainly the consumer would pay no more than he is paying now," Mr Van Aarde said.

NM 7/11/80

74



To speed coal exports

Shipping | Andy Newby

STUTTAFORDS Ships Agency has begun an ambitious programme on New Pier No 1 with the installation of sophisticated bulk handling equipment which should significantly increase the port's coal export capacity.

The pneumatic-hydraulically operated equipment recently arrived in Durban from Cape Town where it was made for more than R1 million and tests were conducted near berth 105 this week.

Explained quite simply, the coal will be sucked out of quayside rail trucks and carried to the holds of the ship by portable equipment.

According to Stuttaford Transport's Johannesburg-based general manager, Mr Lloyd Koch, who was in Durban for the new development, the experiments went well. 'We should be ready for action later this month,' he said.

The coal unloading and loading equipment is not revolutionary and is used widely overseas. But former Port Director, Mr Ben Lombard, now an executive consultant to Stuttafords, said it was being put to new use.

The development comes at a particularly crucial stage for South African coal exports, when export support systems are being stretched to their limits while ships wait anchored off Durban to receive coal.

As far as the Railways are concerned the New Pier programme is being treated separately when it comes to coal allocations, and the Bluff Coal Appliances (BCA) is a completely separate outlet.

'Allocations through New Pier are being regarded on an *ad hoc* basis for this programme,' said Mr Lombard.

Stressing that Stuttafords were not in the business to export coal but rather to handle it for exporters, ships' agency manager Captain Yoav Giladi said the rationale behind the decision to go ahead with such an advanced coal handling service, was to provide a superior streamlined service which would be attractive to shippers.

'Stuttafords has a stevedores' licence. One of the conditions laid down by the Railways was that we should serve all exporters of coal. The exporter's main concern is demurrage.

'This project should keep him happy because now there is another facility at his disposal. The coal is handled much faster than if it were unloaded by conventional grabs and dropped into the ship. And with this equipment, the coal is not damaged because it is not dropped from any great height — not as much coal dust is formed,' added Captain Giladi, who did much of the groundwork in establishing the unusual stevedoring operation.

Another condition laid down by the Railways was that the equipment should be portable, to allow flexibility of operations at the berth. This was stipulated so that when 105 is not being occupied by a coal ship, the loading and unloading equipment can be moved to one side. This also suits Stuttafords, because it means that the large investment is not necessarily confined to one area.

The system can move 400 tons of coal an hour.

Sunday EXPRESS **Business**

Edited by DEREK TAYLOR

Home market boost is slowing down exports

74

DOMESTIC market conditions for many manufactured goods have improved dramatically, with drastic effects on export commitments, SAFTO pointed out in its annual report this week.

At the same time, the weighted value of the rand is drifting upwards, because of higher gold earnings and a more flexible exchange rate policy.

"The 'luxury' of such an otherwise necessary policy is, however, 'paid for' by the export sector, for the stronger rand obviously undermines the competitiveness of South African exports," explains SAFTO's chairman, Charles Skeen.

Already the growth in merchandise exports is slowing and is expected to decelerate further during the current year.

SAFTO welcomes the Government's apparently greater commitment to exports and especially its breakthrough in introducing new export incentives.

There is, nonetheless, a reservation that not enough has been done to stimulate the level of export growth required by the Eighties.

SAFTO again calls for a targeted export development policy in addition to the present broadly based incentives on the ground that implementing a policy of 'balanced' growth does not obviate the need for 'selective' development — each has a role.

The absence of any plans for large-scale export projects to propel South Africa on to a higher export level is seen as a serious weakness. An aggravating factor would be possible State disinterest in supporting large-scale projects because of its policy of encouraging greater private-sector participation.

"Most major export projects require long-term guarantees for finance and for supply contracts which must involve Government approval."

Skeens sums up by calling for a multi-faceted export programme for the Eighties:

- On a broad front — continued State support for all exporters as reflected in the present revitalised incentives package.
- On a selective basis — individual industry effort backed by specific State incentives to develop massive new export growth.
- Avoidance of export-inhibiting factors which could initially result from Government moves towards greater private-sector participation and free-market operation.
- Improved efficiency of export logistics, both in individual companies and at national level.
- A sustained export awareness programme among all major groups to ensure product and volume allocation to export during the boom.

Wheat import decision

SOUTH Africa will decide by the end of January if it needs to import wheat for the first time in 10 years. However, indications are that the drought-affected 1980-81 crop may not prove as poor as at first feared, says the manager of the Wheat Board, Mr Denis van Aarde.

If imports are necessary, they should total no more than 150 000 tons and will probably consist of US hard winter No 2 wheat, which is almost equivalent in quality to South African wheat.

The Wheat Board's unofficial estimate of the 1980-81 crop is about 1 600 000 tons compared with a pre-season estimate of 1 400 000 tons.

The Department of Agriculture's second official wheat crop estimate was revised upwards to 1 560 000 tons from an initial forecast of 1 470 000. The third estimate is due around mid-November.

The South African wheat season runs from October 1 to September 30, but is complicated by different growing seasons in various regions.

The higher estimate of the current crop reflects rains in September in the Free State, which provides more than 60% of the South African crop.

Harvesting in the Free State usually takes place in January and rains between now and then could improve the crop.

The carryover into the current season is estimated at 375 000 tons, equivalent to 2.6 months' milling capacity, against a 587 300-ton carryover into last season.

Theoretically, with this season's carryover South Africa should be able to manage without imports provided the wheat crop does not deteriorate further.

11/11/80

Fowls from US to arrive soon

RDM

(74)

By PAT SIDLEY
Consumer Mail

MOVES by the Poultry Association to stop Checkers importing cheap chickens from the United States have failed and the first batch of the R2-million order arrive at the end of this month.

Last week the Rand Daily Mail reported that the Poultry Association had asked the Government to halt the import. Checkers say they will import chickens worth R2-million which they hope to sell for about R1,39 a kg. Local chicken producers are selling chickens to supermarkets for up to R2 a kg and prices in the supermarkets vary from R1,50 to R2,30 a kg.

Dr D J de Villiers, Minister of Industries, Commerce and Tourism, said in a statement yesterday that after meeting representatives of chicken producers and distributors, the Government had decided to issue permits to import a limited quantity of chickens before the end of December.

"By virtue of the information received from the representatives concerned, the Government came to the conclusion that a temporary shortage of dressed chickens exists in the market," the statement said.

"Consequently it was decided to issue permits to import a limited quantity of dressed chickens before the end of December 1980."

SA imports know-how: loth to export?

74

STAR 11/11/80

While South Africa pays vast sums every year for overseas technology, it seems disinclined to create two-way traffic in expertise.

As a young, fast-growing country, South Africa has made substantial developments in recent years, which could be licensed in other industrial countries. At the beginning of the year, Merites Africa, the local partner of Nightingale and Associates of the US, offered private and public bodies engaged in research and development, assistance in spotting overseas organisations or individuals interested in licence or joint venture agreement, but the response was negative.

Executive director of Merites, a company specialising in technology identification, evaluation development and transfer, therefore concluded that leading industrial organisations were not interested in entering into licence agreements overseas.

Upon further investigation, Merites found that there was not a central register on patents available for licensing or joint ventures, nor found co-operation from Government bodies or industrial associates.

Merites points out that any institution or company engaged in the development production and marketing of a new product needs to know what other parties in other countries have done in the same area of development and production. Much time and money can be wasted in the development of a process or apparatus which is already in existence.

Merites has access to more than 250 computer data bases which can provide on-line data identifying literature and patents which are then analysed by a team of scientists and engineers to select technologies with potential value in meeting clients' needs. — Jean Moon.

EXIM BANK

High-level hitches

FM 14/11/80 74

The SA government has objected to certain procedural stipulations laid down by the US Export-Import Bank for monitoring SA companies seeking bank finance for their US imports. This is likely to extend further the effective moratorium on Eximbank credit assistance to this country.

Eximbank guarantees and credit insurance relating to the export of US goods to SA, which exceeded $80m in 1978, came to an abrupt halt in October 1978 as a result of legislative action in the US Congress. After a late-night sitting of the House of Representatives, the Evans Amendment on Eximbank financing to SA was tacked onto a bill that had nothing whatever to do with the subject in hand, a common Congressional practice.

The Amendment added a further restriction to the existing ban on direct loans to SA, and to the existing three-year limitation on any transaction. It placed an outright prohibition on Eximbank financing for any SA-destined export "which would contribute to enabling the government of the Republic of South Africa to maintain or enforce apartheid."

Financing of other exports to "the government or its agencies" were conditional upon the US president deciding that "significant progress toward the elimination of apartheid had been made." However, private purchasers were left with a loophole that made financing dependant upon their visible observance of the "fair labour practices" enshrined in the Sullivan principles. Final responsibility for vetting applicants on this basis was given to the US Secretary of State.

Paradoxically the Evans Amendment, according to US sources in SA, was inserted by Congressional moderates as a means of staving off more extreme anti-SA action in the American legislature. The State Department, which was given the responsibility of administering the new law, was apparently taken by surprise. It then spent a year developing procedures whereby SA companies seeking Eximbank finance could be vetted.

In the meantime, US bank sources say, it became clear that finance for exports of goods having any possible military or strategic end-use would not be considered, notwithstanding their destination or the "acceptability" of the prospective purchaser.

Since the procedures were finalised about a year ago, a small number of SA companies have applied for Eximbank finance, and agreed to complete the obligatory questionnaire concerning their labour practices. It appears, though, that no application has yet been passed.

Normal bureaucratic delay may be part of the reason. But it is also possible that State Department, vociferously anti-South African under the Carter Administration, has put deliberate obstacles into the last remaining loophole. The SA government, the FM learns, has objected to the fact that the Americans are now demanding that their local consular staff make personal on-site inspections of those companies applying for Eximbank finance, presumably to verify information on labour practices supplied in the questionnaires.

With negotiations currently in progress over this stumbling block, both parties are understandably reluctant to comment. But a US government source cautiously suggests that Republican control of the State Department may bring a change in day-to-day attitude.

"The law itself, which effectively excludes the SA government and the parastatals, is unlikely to be changed. I cannot see anyone in Congress mobilising sufficient political energy to do it. But a Republican State Department could implement the application procedures in a more favourable way."

However, he warns, the US bureaucracy is a vast and labyrinthine machine. "The State Department took a year to develop procedures to implement the 1978 Amendment. Even assuming a change of heart, it will take at least that long to develop new ones."

In the short-term, the situation may be influenced to some extent by the attitude taken by Congress to revitalising the dismal US record in export markets in the last 10 years. The 35% upgrading of the Eximbank's budget to $5 000m for the recently-ended fiscal year 1980 could be a sign. But considering that the bank, which had been limping along on its frozen 1979 budget, is now facing about $8 000m of applications for loans and guarantees, this is far more likely to have been an *ad hoc* containment measure.

So it appears that SA importers of US goods, who seem to have managed tolerably well without the Eximbank, will have to continue to do without it. However, the willingness of the West Germans and Japanese to extend export credit to SA, and the healthy state of SA/US trade, suggest that its support may not be indispensable.

ONLY THE BRAVE

(74)

FM 14/11/80

Current belief in industrial circles is that, as far as exporting is concerned, only the strongest will survive. SA's export market, with the exception of gold and minerals, is a reflection of this belief. The majority of local manufacturers are confining sales to the local market.

This leaves a relatively small core of producers who, in the face of tight foreign competition and market conditions detrimental to a growing export market, have to overcome many obstacles in marketing goods internationally.

Merchandise exports from SA are hitting the R10 000m mark, but the prevailing belief in commercial and financial circles is that the growth potential of exports is not healthy.

Dr Piet Kieser, GM of SAFTO (South African Foreign Trade Organisation), gives three reasons for the stunted export market:

□ The recession throughout most of the non-oil producing world;

□ The rapid expansion of the SA economy, which has encouraged manufacturers to switch from export to home markets; and

□ The rising value of the rand.

The Standard Bank says SA's export volumes are expected to decline approximately 3% this year (this includes the fall in the volume of gold output).

Conversely, imports continue to soar, with oil and arms contributing to an enormous drain on the country's trade balance — favourable at present, but with prospects of strain.

Another SAFTO executive says that, in his view, "the possibility of a drop in domestic demand should not be excluded." And for this reason, he believes, SA should "consider entering international trade by establishing good export connections."

For several years, government has considered introducing schemes to promote and encourage exports from SA, aiming at a healthy trade surplus.

This year saw the implementation (from September 1) of the export incentives recommended as far back as 1972 by the Reynders Commission of Inquiry into SA's export trade. And 1980 is also the fifth year that the Export Trade Promotion board — an affiliate of the Department of Industries, Commerce and Tourism (formerly Department of Commerce, Industries and Consumer Affairs) — is making awards to those local exporters who have distinguished themselves on the world market.

Applicants for these awards — the State Awards for Export Achievement — are predominantly from the entrepreneurial ranks, and those who have won export awards over the past five years all have one thing in common: they have overcome the obstacles.

All have shown marked improvements in their exports and have penetrated international markets that have strong local industries of their own for these SA imports.

This year's overall winner is Cape Town-based Goldline Furniture Manufacturers, which exports do-it-yourself pine furniture to 12 countries, including Scandinavia — renowned for its furniture production.

Winners in the main award sections are: Safropa (primary sector), a group of nurseries which this year exported 80m chrysanthemum seedlings to Europe — mainly Holland; Eagle Furniture Industries (manufacturing sector), suppliers of doors and handles to major UK furniture manufacturers; and the RPM record company (services sector), which put SA music on the international map.

Considering SA's buoyant economy and industrial growth, it is still something of a disappointment that only 80 companies — the same number as last year — applied for the awards.

It seems that SA manufacturers are still — as former Minister, Dr Schalk van der Merwe, put it — "reluctant to brave export waters." Incentives came rather late this year, however, so perhaps 1981 will see greater efforts in the export field.

BD. 14/11/80

(74)

US chickens on EL shelves by first week in December

EAST LONDON — Cheap imported frozen chickens will be on sale in East London by the first week in December, the marketing director of Checkers, Mr Harold Greenstein, said yesterday.

He said the birds would be sold at "around R1,40 a kilogram". Frozen chicken is at present selling at around R2 a kilogram in many stores here.

Attempts to contact the two largest producers of frozen chickens in the country were unsuccessful yesterday.

Earlier this month, the Poultry Association — which numbers among its members the major producers — tried to stop Checkers from importing the chickens.

In another development, supermarket chief, Mr Raymond Ackerman has virtually clinched a deal to stop the export of between 400 000 and 500 000 chickens from South Africa to make them available for local sale — at prices below the present ones.

Mr Ackerman, chairman of Pick 'n Pay, indicated this week that negotiations with three major chicken suppliers — he would not disclose their names — were at an advanced stage and that their response had been "positive."

The consignment of chickens would be on the supermarket shelves within two or three weeks.

Mr Ackerman said he believed the present chicken shortage was caused by both the export of chickens to Switzerland and the Middle East and the recent increases in the price of red meat.

He said chickens were being exported at the rate of 300 000 a week for under R1 a kilogram and the South African public was "being held hostage by these exports."

"It's not only the large chain stores that are importing chicken to help the South African consumer — corner cafes across the country could soon have low-cost American chicken on their shelves.

Metro Cash and Carry, the wholesale chain that supplies 50 000 independent traders, has been granted permission to import 500 tons of frozen chicken

"We have had a man in America for the past two weeks tieing up the supplies and they start coming in soon," said a spokesman for Metro. — DDR-DDC.

Transkei goods must be declared

DD 14/11/80

(74) (103)

DURBAN — Transkei border officials are insisting that documents showing the value of all goods entering their country for use or sale there and bought in South Africa must be produced.

Mr H. T. Yiba, Transkei's Assistant Secretary for the Interior, said yesterday his country believed the R13 million allocated to Transkei by the South African Government in customs duty was too low. Statistics were being compiled by the Transkei Department, of Finance so that a higher claim could be substantiated.

His comments follow a complaint by a Pietermaritzburg glass company that a truck transporting glass to Matatiele was turned back by Transkeian authorities at the Umzimkulu border post because the driver did not have an invoice showing the value of glass he was carrying.

Mr Yiba said the regulation applied only to goods destined for Transkei. A declaration had to be made, but no charge was levied.

"Even a loaf of bread bought in South Africa must be declared at the border post," Mr Yiba said.

He said some people feared they would have to pay duty if they declared goods they had bought in South Africa, but the declarations were aimed solely at compiling statistics. — DDC.

MR ANDY STERN with some of his handbags.

Top UK stores to sell SA handbags

15/11/80 ARGUS (74)

By Mervyn Harris

HANDBAGS designed and made in Cape Town will be on sale at Harrods and Selfridges in London this Christmas.

The first consignment worth R20 000 will leave Table Bay harbour later this month and trial orders worth considerably more will be sent to America and Australia next month.

The man who obtained these orders, Mr Andy Stern, 26, managing director of Afghan Industries SA, was only six months ago wondering what to do with his life.

He came to Cape Town 18 months ago to further his studies at university here after studying for BA and B Comm degrees in Johannesburg.

ETHNIC LOOK

Conscious of fashion since his youth, Mr Stern was in his P...

The first 7 000 handbags were snapped up by stores throughout the country and this encouraged Mr Stern to look at overseas markets.

With the help of the export division of the Department of Commerce in Cape Town he made telephonic contact with 62 potential clients before going to America and Europe.

Mr Stern said: "There was no resistance to South African merchandise and firms welcomed doing on a Saturday afternoon in March sorting material sent to him by his father, who runs a textile business, when an accountant friend suggested he make cushion covers.

'I know the ethnic look is the current fashion vogue world-wide and decided the material would be more suitable for handbags,' Mr Stern told Business Argus in his newly-opened offices on the Foreshore.

His first step was to approach a local handbag manufacturer who agreed to make the handbags from material and designs supplied by Mr Stern.

well made, extremely unusual and the prices competitive.'

EXHIBITED

On his return, he wrote to firms in all parts of the world and last month exhibited at a fair in Florence, Italy.

Among the replies flowing into his office are telexes from companies in the Far East which, he said, 'is rather surprising as they are the largest manufacturers of handbags in the world.'

Mr Stern started the project with four styles and now has a range of more than 40.

(74) DD 15/11/80

Ackerman: businessmen can change face of SA

EAST LONDON — South African businessmen could change the face of South Africa through their attitude, without waiting for changes from the government, the managing director of Pick 'n Pay, Mr Raymond Ackerman, said here last night.

Mr Ackerman was the guest speaker at a dinner to celebrate the seventh anniversary of the Cambridge Round Table.

He said his company believed strongly in always negotiating for the best price. There were too many boards in South Africa and too many monopolistic groups.

South Africa had, contrary to America, pockets of wealth and oceans of poverty and it was thus important to negotiate for the best price.

"If anyone stops me from negotiating it goes totally contrary to consumer sovereignty," Mr Ackerman said.

If the suppliers succeeded in stopping distributors from negotiating, runaway inflation would follow.

With regard to the chicken situation, he felt it was wrong of suppliers to export chickens and thus create a further shortage which pushed prices up.

While he had sympathy for the problems of the industry, he felt it was morally wrong to try to maximise on the current shortage and high prices by exporting.

Mr Ackerman said his company was negotiating with chicken suppliers in order to get them to release some of the export chickens. The situation looked hopeful and there would be more production from February. This would help to alleviate the shortage.

He said a business should have a social responsibility.

Businessmen could change South Africa on their own through their attitudes. "There should be no discrimination based on colour," he said. He was proud to say that in his company there was no discrimination whatsoever.

South African businesses had no excuse for discrimination by hiding behind the government.

"Human relationship in businesses is as crucial as the merchandise you sell."

Mr Ackerman predicted that the new American president, Mr Ronald Reagan, while not agreeing with the country's apartheid policy, would be friendly towards South Africa. — DDR

Dawie's shoulder behind Italians

74

RDM 21/11/80

London Bureau

LONDON. — In his first speech outside South Africa since his appointment to the Cabinet, the new Minister of Commerce, Industry and Tourism, Dr Dawie de Villiers, has sought to strengthen the "Italian connection".

He told the Italian Club of South Africa in Rome that the two countries had long-established links that included Roman law, Sir Charles John Molteno, first Prime Minister of the Cape Colony, who was of Italian descent, Italian backing in the Anglo-Boer war and the situation during the Second World War when many citizens of both countries were prisoners of war in both Italy and South Africa.

Today there were 75 000 Italians or people of Italian descent living in South Africa and bilateral trade was worth R600-million a year.

"I know that in Italy Jody Scheckter and Christiaan Barnard are well known. We are proud of their achievements. But there is so much more to know about my country."

He urged his audience to visit South Africa "to enjoy our wildlife, seas, scenic wonders and cities".

He spelt out the potential for Italian businessmen in South Africa, but sounded a warning: "Businessmen, who have a stake in free trade, should keep their governments constantly informed of the disadvantages of bowing to radical pressures in this regard. We do not believe in boycotts and value our reputation as a reliable trading partner."

The country's potential and reputation was based on: "A growing economy and a growing population."

Given present growth rates, the next 20 years would see black consumer spending "transforming our markets to an extent which is scarcely imaginable . . ."

Against a "sad picture" of economic decline and poverty in Southern Africa and of regional instability and chaos, South Africa stood out as a "bastion of stability, security and progress".

"Never has our future looked more promising, both politically and economically," Dr De Villiers said.

Not enough of tariffs, reply textile-makers

By SIMON WILLSON
Industrial Reporter

TARIFFS on textile imports would be adjusted every six months if the Textile Federation had its way, said the federation's executive director, Mr Stanley Slagman, yesterday.

Responding on behalf of the federation to critical remarks about the textile industry by the president of the Transvaal Clothing Manufacturers Association (TCMA), Mr Abe Hirsowitz, he said regular tariff adjustments were the only way the South African textile and clothing industries could keep up with the "chaotic" state of world trade in textiles and finished garments.

"The problems for our industries are all the result of the world situation, which is in a complete mess.

"Trading arrangements become invalid within six months of their institution, and fresh arrangements are necessary not to increase revenue or further restrict imports but merely to keep the effects of the previous arrangements at the same level," Mr Slagman said.

"We are, therefore, forced to ask for regular adjustments in duties on textile imports."

World textile trade is in a state of flux because the international agreement governing imports and exports of textiles and finished garments, the Multifibre Agreement, is due to expire next year and, because of the Western recession, will probably be replaced by a stricter code which will further limit Eastern fabric exports to the West's contracting markets.

In his address to the TCMA's annual meeting, Mr Hirsowitz criticised what he termed the South African textile industry's "almost annual revision of duties", saying the industry should concentrate instead on improving quality and reducing delivery times so that the consumer would benefit.

"It's all very well to advocate the benefits of the free market to the consumer, but we have 250 000 jobs to maintain in the textile industry."

Mr Slagman replied: "We are not merely supplying the clothing industry with fabric, we are supplying it with customers in safe employment."

He said that in a truly free market situation without protection, the South African textile industry would go the same way as the European textile industry, which kept up free trade and, as a result, had now been "virtually wiped out".

"We need constantly adjusted tariffs to help us operate against destructive competition. We could be as competitive as the four Eastern textile producers if we paid the same low wages and put our workers in the same bad conditions, but things are different here.

"What makes more sense is an equitable quota system, but we are moving away from quotas and back to tariffs at the moment. Given that position, we will have to ask for adjusted duties regularly to maintain our level of protection."

Clothing manufacturers could have no valid gripe about the quality standards of South African textile output.

"The people walking our streets are 80% dressed in South African textiles and we have had none of the complaints the clothing manufacturers are talking about. If we had, these people would no doubt prefer to go around naked."

Rdm 28/11/80 (74)

IMPORT AND EXPORT NEWS

BRITAIN...

THE value of two way trade between South Africa and the UK could be as high as R3 000-million this year and possibly even higher in 1981.

This is the view of the SA-Britain Trade Association's chairman, Mr Tony Briggs, who believes there is a growing realisation in the West of the importance of South Africa as a dependable and efficient supplier of raw materials.

In the first seven months of 1980, South African exports to the UK rose 47,3% to R836,4-million (R567,9-million in the same period last year), while imports were 33,8% higher at R949-million (R701,1-million).

Britain's chief exports to South Africa are road vehicles, specialised machinery, office machines and power generating machinery.

On the other side, South Africa provides Britain with vegetables, fruit and raw materials, while there is an impressive increase in exports of manufactured iron and steel products.

Former British Ambassador, Sir James Bottomley, who is on a business trip to South Africa at present, agrees with Mr Briggs that trade between the two countries will remain strong.

Sir James, who headed the British Diplomatic Mission in South Africa from 1973-76, said economic relations between the two countries are not threatened, even if the Labour Party does win the next general election in the UK.

"There was never any talk of impeding trade between our two countries while I served here as an Ambassador and I served under a Labour Government for most of my term," he said.

In fact, were any sanctions imposed on South Africa, the UK is likely to at least feel some of the repurcussions, because the R5 000-million invested by British bodies in this country represents some 60% of total foreign investment in South Africa.

Britain is, through its historical connections, one of South Africa's oldest and most important trading partners and, with much talk about impending trade sanctions doing the rounds, it is good to know that at least one country will stand by South Africa.

UNITED STATES...

RONALD Reagan is likely to prove a major shot in the arm for South African/US trade links over the next few years, believe leading local economists.

Mr Reagan, although not seen as a friend to South Africa, is likely to be less of an enemy than his predecessor, Mr Jimmy Carter.

It is expected that US firms wishing to do business with this country will no longer have to suffer "noises" from Washington, but will be able to carry on trade relations in their own way.

US fixed investment in South Africa totals some R1 500-million — 18% of total foreign investment — thus this factor cannot be over emphasised.

The US, which is South Africa's biggest individual trade partner, is heavily dependent on local minerals, with much of our coal being used to help the leader of the Western World fight its energy crisis.

In fact, South Africa is the US's biggest foreign supplier of coal, while exports of platinum, chrome and manganese are in equally strong demand.

For its part, the US exports a major portion of South Africa's capital goods needs, and total value of US imports is expected to grow by about 25% this year.

In fact, so strong has been the growth in US imports that Safmarine has increased its scheduled sailings to the US from 37 to 54 in the next 12 months and is using four to five ships every month compared with three ships before the South African economic boom and lifting of import controls.

In the first seven months of this year, South Africa imported goods worth R1 009,1-million — 47,9% more than the R682,4-million in the corresponding period last year.

Exports have also grown this year, albeit at a slower rate. South Africa exported goods worth R921,4-million in the first seven months of the year, compared with R763,4-million. This reflects a rise of 20,7%.

ISRAEL...

ISRAEL has been South Africa's fastest growing trade partner over the past decade, with exports to Israel up from R6,1-million in 1971 to R60,1-million in 1979.

In the same period, South African imports from the Middle Eastern country have grown from R7,1-million to R28,3-million.

And there is every possibility that in the future, trade links between the two countries will grow ever stronger.

Much of this expectation is based on the similar circumstances which both countries find themselves in.

Both are seen as something of an outcast by the rest of the world and are subjected to extreme criticism, which has led to discrimination against them.

Secretary for Commerce, Mr T F van der Walt, said earlier this year Israel could play a significant part in complementing South Africa's economy.

South Africa, he said, had vast economic potential with its abundance of raw materials and labour resources, but experienced a shortage of skilled labour, which could be provided by Israel.

In August, the then Minister of Industries and Consumer Affairs, Dr Schalk van der Merwe, said he was convinced that potential Israeli exporters would greatly benefit from an in-depth market research of South Africa, which would reveal many export opportunities.

"Purely from a longer term point of view, it would seem appropriate that the Republic should seek entry into the Israeli market for more of its manufactured products," Dr Van Der Merwe added.

Which all adds up to a further growth in trade links between the two countries in the forseeable future.

GERMANY...

TWO-WAY trade between South Africa and the Federal Republic of Germany is flourishing as never before.

And much of the credit for these better trade links must go to the local branch of the South African-German Chamber of Trade and Industry.

The Chamber's aim is not only to promote trade, but also investment and know-how, licencing and other matters which are of mutual benefit to both countries.

Its staff is headed by Germans "imported" from the fatherland, and members consist mainly of the top executives of locally-based German companies. Germany makes up about 10% of the total foreign investment in this country.

The Chamber was established way back in 1948 (even before diplomatic ties were re-established after the Second World War) and in 1952 was officially recognised as one of Germany's foreign Chambers of Trade and Industry. There are 34 such chambers around the world.

In the first nine months of this year, German exports to South Africa have risen 47% to R1 312,6-million, with major products being agricultural equipment and machinery.

South African exports to the Federal Republic have risen only 7,5% to R969,7-million in the same period this year, mainly because of lower purchases of Krugerrand by the Germans, following the introduction of a 13% value added tax at the beginning of 1980.

Deep concern in SA's textile industry over cheap imports

WJM 28/11/80

74

ALEC HOGG

DUMPING of substantial amounts of cheap fabrics and clothing from the Far East and the US is causing the domestic textile industry a great deal of concern.

The industry, which employs 250 000 people (about 16% of the manufacturing labour force) is worried that if stricter import restrictions are not put on these goods, severe domestic unemployment could occur.

As the managing director of the country's leading producer of artificial textile fibres, SA Nylon Spinners, Mr Justin Schaffer says: "Our job is to provide employment for South Africans, not Koreans, Taiwanese and other foreign residents."

By the end of August, the value of imported fabrics already totalled R151-million, compared with R126-million in the whole of 1979. It is estimated the imported fabrics bill will top the R200-million mark for 1980 as a whole.

One need only to look into the past, when similar relaxation in import restrictions occured, to see how grave the implications of such surging imports may be.

In 1974, when fabric valued at R190-million was imported, 10 000 employees were made redundant — representing 10% of the industry's work force at the time. The over importation of fabric in 1976 — when fabric valued at R156-million was imported — led to 5 000 workers being laid off, while a further 5 000 were put on short time.

Which obviously puts the authorities in a bit of a quandry.

While the phasing out of import restrictions has done much to keep a tight rein on overall demand inflation, the very future of the textile industry, some maintain, is being jeopardised.

The textile industry's grouse lies mainly in the fear that their plants will be forced to work well below full capacity, which will lead to laying off employees to cut unit costs.

Mr Stanley Shlagman, executive director of the Textile Manufacturers Federation, points out that while official figures put the textile industry's capacity utilisation at 75% to 80%, this does not take into account the estimated R160-million fixed investment in the industry.

The fruits of this capital investment will come into effect in the next few months, and Mr Shlagman warns that "the textile industry could easily drop to 60% of capacity in three months".

"This would be disastrous," he adds.

Cheaper imports from the Far East have already laid to waste the once booming textile industries of the UK and Germany, and it is evident members of the local industry do not want to see a recurrence here.

South Africa faces increased low-priced competition from the Far East, mainly because of the Multifibre Agreement (MFA) in Europe and the US.

The MFA puts a ceiling on volume, but not value on imports from the Far East, which has led to the Orientals turning their eyes to other countries, such as South Africa, to sell their down market fabrics.

This has resulted in much cheaper fabrics being available in South Africa, but as yet there has been little assistance to the consumer, as all that has changed is the mark-up percentage.

Whereas produce from the local textile industry is marked up by about 80%, imports can be marked up by 200%, which has (in the interests of profitability) led to increased usage of the Far Eastern product.

Obviously the textile question is a complex and tricky one for the authorities — but it is one which must be attended to soon.

OFFICIALS FRUSTRATED OVER...

S Tribune Finance 3/11/80

The sudden export switch

74

THE big switch is on from export sales to local sales to help fill the shelves in the shops.

By JACK BRICKHILL

Frustrated Government officials are watching all their promotion efforts — backed by attractive new incentives — dissipate as industry shuns the export market.

The export or die spirit that characterised Britain at one time and is now evident in countries like Taiwan, Hong Kong and Japan, has not taken root in South Africa despite a big effort by Safto and Department of Commerce officials.

The stability of the country is vitally dependent on merchandise exports to balance gold which accounts for half the total exports of about R20 000 million. Every hiccup in the gold price has a significant effect on the balance of payments, emphasising the folly of placing ... ping ground when local sales are subdued. Once the line of supply to a market has been interrupted it is not easy to re-enter the market.

Nedbank economist, Dr Piet van Schaik, says industry might get away with it once or twice but not a third time and some markets have now been disrupted several times during recent economic cycles.

Dr van Schaik said it costs a lot of money to build up a market but it is relatively cheap to maintain and it is advisable for industries to at least keep a toehold in the market.

Among the larger groups to cut exports in preference for the local market are Iscor and BMW. Iscor's policy is ... ed to the local market which has risen dramatically says marketing director Vic Doolan. When an expansion programme is completed in two or three years the company will be back in exports "in big quantities". BMW, which formerly exported 20 percent of production, is looking at the possibility of exporting components.

The lack of interest in exports is worrying Safto's regional manager for Natal, Nora Hill.

She says many industrialists are short-sighted and lazy. Although there is a recession in Europe and the United States, there are many opportunities for example, in South American countries, Australia and France.

One of the obstacles ...

Safmarine slammed over fruit delivery

STAR 3/12/74

By John Cavill
Financial Correspondent
The Star Bureau

LONDON — A high-speed dash by the Safmarine container ship Cedarberg will still fail to get 26 000 cases of South African pineapples to Britain in time for the lucrative pre-Christmas market — the fourth year running South African fruit has missed the Christmas market.

This was claimed yesterday by Mr Keith Sims, managing director of JO Sims Ltd, one of London's leading fruit importers.

"It is the fourth year something has gone wrong — and it could cost the pineapple growers more than R250 000," said Mr Sims, who strongly criticised Safmarine's decision to put the Cedarberg into dry dock in Cape Town.

Safmarine's London office claimed that high winds delayed the Cedarberg's getting into dry dock and so failing to sail yesterday as advertised.

"There is very little we can do," said a Safmarine spokesman.

"It was beyond our control. But we are now hoping to leave on December 5 and will make full speed to Southampton.

"Unless bad weather delays the vessel it should arrive on December 18," he said.

The Cedarberg will also be carrying 30 000 cases of peaches for the European markets.

"We would obviously have preferred to have had them on December 16 as planned," said a DFB official here.

"It will present us with difficulties but we have made plans to shift the 10 000 cases for the British market as quickly as possible, including getting a dispensation to have them cleared by Customs as quickly as possible."

But Mr Sims said Safmarine's efforts to make up the delay were "a hit and miss affair and just not good enough."

He claimed the East London shippers of the 250 tons of pineapples, Shelford Pineries, would not have loaded the fruit had they been told the Cedarberg would not sail as planned.

"By the time the 23 containers of pineapples are unloaded and cleared we will be into the weekend (of December 20 to 21) and it will be Monday before the fruit gets onto the markets," he said.

"That means we have effectively just 24 hours in which to sell 26 000 cases.

"It is a disaster and would not be allowed to happen in any other country."

During the past year, protective import tariffs have meant that a wide range of imported products rose steeply in price. Products included crockery, certain textiles and clothing items and toys. Awaiting decisions on whether or not protection should be given is another wide category of clothing — which could cause price increases of 300 percent to the consumer — and scissors, among others.

CHARLENE BELTRAMO, editor of Fair Deal, looks at import protection and how it affects the consumer.

Control boost local industry . . . and prices

~~180~~ 74e STAR 2/12/80

The consumer is the prime beneficiary and the main victim of import protection measures.

Advocates of import protection say that by preventing cheap imports flooding on to local markets, it paves the way for similar local industries to develop.

This naturally creates local employment opportunities and the likelihood of future export markets and increased foreign exchange.

They point to countries like the United States, Japan, Germany and Britain, that became economic giants while sheltering behind protective import tariff walls.

POOR PRAWNS

Those who are opposed to it — and most are favourably inclined to some degree of protection — point to the way import tariff protection can force up prices on the [...]

● Recently Natal fishermen asked for a 6 000 percent import duty on prawns. However, retailers and members of the Department of Sea Fisheries alike, pointed out that local prawn supplies were not sufficient to meet local consumption and the quality was much inferior to that of cheap imported Taiwan or Australian prawns.

● Retailers complain about the heavy 35 percent to 40 percent protective import tariff on toys.

Although they say local toy manufacturers are generally excellent, they complain about the limited range.

"A very small percentage of educational toys is made here as an example," said Mr Ig Ferreira, managing director of Pick 'n Pay Hypermarkets.

"There is a tendency to throw a blanket protective cover over everything, without due regard to whether or not the product is made or available here — and in sufficient quantities [...]

[...] mand," Mr Ferreira said.

Mr Ike Rabinsky, of Greatermans, voiced the same criticism. He pointed out that it would probably be impossible for local manufacturers to produce battery or electronically controlled toys.

"Production lines have to be enormous, about 100 000 toys would have to be made at a time," he said.

It is the blanket way in which protective import tariffs are often applied which is of the most concern to retailers and commerce.

As an example, Mr Rabinsky mentioned a request for import tariff protection from a local scissors manufacturer.

TWICE THE PRICE

"Imported scissors normally sell for about R1,49. The local manufacturer, who has a limited range, sells for R5. We are concerned that the Board of Trade may impose protective import tariffs on all scissors and not just those of the type manufactured locally."

[...] saying tariffs were often not selective enough "which means we import inflation unnecessarily."

The Minister of Finance, Senator Owen Horwood, announced a perk to consumers in his April Budget speech this year, when he dropped the 7,5 percent import surcharge on more than 6 000 commodities ranging from motor vehicles to foods and books.

Other importers complained that other costs had "forced them" to absorb the surcharge cut.

Import controls — which ban certain items from being brought into the country — have been dropped to a large extent.

Senior Department of Commerce and Industry economists predict that this will cause many more manufacturers, who were sheltered behind the wall of import controls, to now apply for protective import tariffs.

"Import control is too extreme a measure at any rate. Tariff protection is the remedy for local industries. The Board of [...] the manufacturer an advantage of 20 percent over foreign imports, whereas with import control, local industry could have an advantage of as much as 200 percent, as an example."

The Clothing Federation does not consider the new protective tariffs it has applied for "will put up clothing prices at all."

"At present, less than 10 percent of clothing is imported, but with knitwear in particular, we're seeing Far Eastern imports dumped on the market at tremendously low prices."

Despite this, and by their own admission, the local clothing industry has shown remarkable growth. The value of production has increased R250-million to at least R1 000-million a year, since 1976.

Exports last year topped R32-million and the Clothing Federation hopes that the final figure this year will exceed R35-million.

Most businessmen are against the clothing sector being granted further protective tariffs for these very reasons, among [...]

local market. As examples:

- Import tariff protection measures taken a few months ago, meant that crockery doubled in price on the local market.

Retailers complain that the local crockery manufacturers, have a six-month supply backlog, deliveries are erratic and quality is not always up to standard.

Prices are also higher. A cup and saucer — imported through Hong Kong from Red China — that used to sell for 79c now costs R1,29, as an example.

State import restrictions questioned

Some businessmen have questioned governmental attitudes that see import restrictions as the sole way of combatting the economic revolution in the Far East.

Taiwan, as an example, has an annual growth rate of 8 percent and China is achieving a yearly growth of 10 percent compared to the world average of 3,4 percent. Last year, SA exports had a growth rate of 7,5 percent.

Main imports from the Far East to South Africa, include sports equipment, calculators, radio cassettes, hardware and giftware from Taiwan.

Tools from Japan — which retailers consider to be the best quality in the world.

About 90 percent of imported toys come from Hong Kong — often the conduit for goods from mainland China — as well as electronics equipment, car accessories, rattan ware, clothing and textiles.

Another major Far Eastern exporting country to South Africa is Korea.

Far Eastern imports will become a major contention for countries all over the world as growth in those countries accelerates during the next five years.

But in this country, at present, the subject of Far Eastern imports and "dumping" is probably being overplayed.

Imports from Taiwan, as an example, last year amounted to R60,1-million. The major import items were machinery and mechanical appliances — R19,5-million.

Exports to Taiwan, however, topped R115,2-million. Main exports (R44,7-million) were base metals such as copper, tin, lead, stainless steel and iron.

6/12/80

Weather forces wheat imports

Own Correspondent

South Africa is to import 200 000 tons of wheat.

A spokesman for the Wheat Board said that this year's wheat crop would be only about 1 450 000 tons. Two months ago the crop was estimated at 1 580 000 tons.

In the wheat-growing areas of the Western Cape harvesting operations were still being hampered by untimely heavy rains while, in the Free State, yields had been badly affected by late frosts and drought conditions.

These factors had caused a loss of 130 000 tons of wheat since October.

Domestic consumption stood at 1 800 000 tons. The shortfall of 350 000 tons could be borne out of last year's carry-over of 580 000 tons but this would leave South Africa almost no reserve stocks.

Because of South Africa's uncertain climate it was the Wheat Board's policy to maintain a reserve of up to four months' consumption, or 600 000 tons.

It had, therefore, been decided to import 200 000 tons at an estimated landed cost of R225 a ton. The domestic producer price was R215 a ton.

This meant an added cost to the country of R2-million. As world wheat prices were unstable, however, the extra outlay could be much higher.

The board's decision had still to be approved by the Minister of Agriculture, the spokesman said.

SA to import 200 000 tons of wheat

RDM 5/12/80 ~~[illegible]~~ 784

SOUTH Africa plans to import 200 000 tons of wheat next year — probably from the United States — the general manager of the Wheat Board, Mr Dennis van Aarde, said in Pretoria yesterday.

The board took the decision this week because of South Africa's poor crop this year — now estimated at 1 454 000 tons, compared with 2 035 000 tons in 1979.

South Africa's yearly needs are 1 750 000 tons.

Mr Van Aarde said tenders for wheat imports would be called in the second week of January — for delivery between March and June.

He said South Africa had exported about 142 000 tons of last year's crop at the beginning of this year, but the exports were stopped in May when it became clear that climatic conditions were not good for this season.

Normally, a four-month supply is carried over from one season to the next to meet local consumption, he said. With the 200 000 tons it was planned to import next year, there would be a carry-over of a 2½-month supply.

The landed cost of the imported wheat is expected to be about R225 a ton, compared with the present South African producers' price of R215 a ton for the best grade.

However, the price would even out to about the same level, with imports being used in areas closer to the harbour of arrival, and a consequent reduction in local distribution costs.

At the meeting of the International Wheat Board in London last week, the South African representatives had talks with the other producer countries.

Australia could not supply more than she was contracted for; Canada's crop was below normal; Argentina had also suffered crop losses because of drought; and the wheat from the European Common Market was of a type and quality not suited for use in South Africa.

Officials of the US Department of Agriculture had indicated that America would be prepared to sell to South Africa, Mr Van Aarde said. Their wheat was suitable for local use.

Referring to the expected landed cost of R225 a ton, he said the failure of wheat crops in other parts of the world — including China and Russia — had not only pushed up the price, but had also tended to increase freight costs. — Sapa

BUSIN

1/12/80

British imports from SA £667-m

STAR

LONDON — Britain imported £59,9-million worth of goods from South Africa in October, bringing the total for the first 10 months of the year to £667,2-million. In the same month she exported to South Africa £101-million worth of merchandise, according to figures just issued by the Department of Trade in London.

Metalliferous ores and metal scrap topped Britain's shopping list at £12,2-million, followed by non-metallic mineral manufacturers at £7,8-million, vegetables and fruit at £6-million, and non-ferrous metals at £3-million.

Britain's top-value exports to South Africa were all in the realm of machinery and transport equipment-road vehicles at £11,8-million, power generating machinery at £10,4-million specialised machinery at £10,1-million and industrial machinery at £7,1-million. — Sapa.

in Durban and Pietermaritzburg have fallen into severe poverty' (Simkins, 1978b: 65) and surveys in Lebowa and Kwa Zulu have revealed that households of 44% and 49% of unemployed respondents are in receipt of no wage income at all. (Simkins, 1978b: 84)

iii) that in the light of the size of the marginal pole being subject to the outcome of continuous 'negotiation' between it and a vastly more powerful advanced bloc, proposals to reduce South African unemployment by expanding informal sector employment vastly must be regarded as naively sanguine. This is not to deny that some scope for expanded employment in the metropolitan and urban areas exists; the extent of informal sector in the squatter settlement at Crossroads in Cape Town suggests this (see Maree and Cornell, 1977).

It is, however, important to realise that Erwin has not done two things :

i) he has not demonstrated what features of South Africa's

13/12/80 RDM maize 74

'Policy change may cut huge maize export loss'

By MARIKA SBOROS

THE huge maize export losses facing South Africa could be avoided in future if the Government's Industrial Protection Policy was changed.

This is the view of Professor Jan Groenewald, head of the Department of Agricultural Economics at the University of Pretoria.

Prof Groenewald was commenting on the reported massive maize export losses which have been estimated at about R120-million, and fears that the consumer will have to foot the bill.

The Industrial Protection Policy, in which local industries are protected against overseas competition by an import duty, had an indirect bearing on export losses.

"It can be leading us into trouble," Prof Groenewald said.

Prof Groenewald suggested that the policy be changed and a different mechanism considered to reduce local costs.

The internal maize price was fixed every year. One of the considerations in fixing the price was the local cost of production.

"If machinery or fuel prices rise faster than say in the United States or Hungary, then our international competitive position is weakened," Prof Groenewald said.

Prof Groenewald said it was a valid criticism that the Government was allowing large quantites of maize to be exported at a loss when there were needy people at home.

"This raises the question of whether the Government should in principle subsidise local human consumption," he said.

"If food prices are at such a level that lower income groups cannot afford them, there's a problem."

He explained that maize export losses occurred from time to time and were an international phenomenom.

The size of the United States' crop had a profound effect on grain prices internationally.

South African white maize was a very desired product, particularly in Europe, and this preferential demand should be pampered, he said.

He also said he would prefer to see the Government contributing an amount which would be used as a subsidy for maize as a stock feed in South Africa, rather than a subsidy for the European stock feeder.

"Most of our maize exports to Europe and Japan are used as stock feeds. If we use Government funds to bolster our exports of yellow maize, which is used almost exclusively as stock feed, we are in effect, subsidising the European stock feeder," he said.

$201m SA gold for Switzerland

RDM 8/12/80 (74)

BERNE. — Gold bullion worth $632-million entered Switzerland in November and $824-million worth left the country, says the Federal Customs Bureau.

The bureau's monthly figures show that South Africa sent gold worth $201-million to Switzerland and $193-million worth came from Britain.

The Soviet Union made no shipments to Switzerland in November, according to the figures.

The largest amount of gold exported was $202-million worth which went to buyers in the Netherlands followed by a shipment worth $185-million to France.

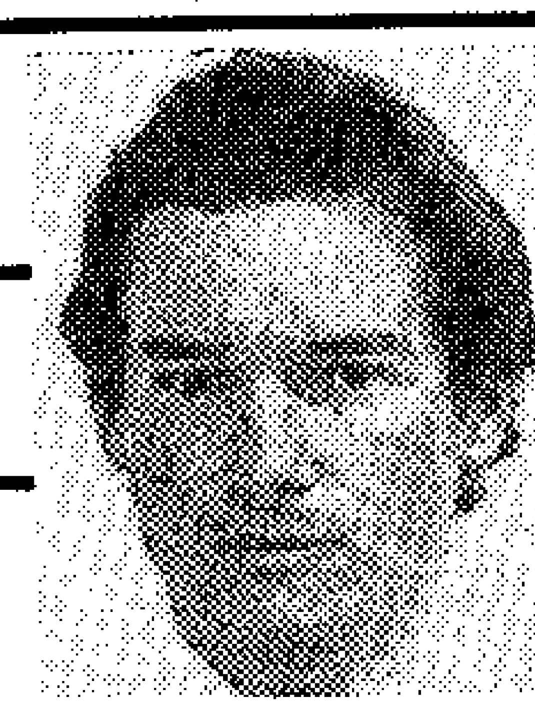
A small shipment worth $45-million entered Switzerland from Bulgaria in November.

Swiss believe this was all Bulgarian gold and not Soviet gold. Moscow sometimes uses another communist country's name to sell gold. UPI.

RDM 18/12/80 74

Japan challenges Germany for SA machine tool stake

BATTLE lines are being drawn for the contest among foreign exporters to supply the great South African machine tool re-equipment programme, and the principal combatants eyeing each other over the trenches seem to be West Germany and Japan.



Simon Willson — **Down to business**

It is a common prediction in industrial and engineering circles that some time in the next five years the precision-oriented end of South African industry will have to embark on a mammoth scheme to replace its ageing machine tools.

The economic upturn has stoked up demand for machined products and in the continuing absence of sufficient skilled manpower to meet the demand, industry is turning to mechanisation to deliver the goods.

Existing machinery, however, has been caught short of capacity by the upswing, with the result that the demand is unsatisfied and output is stuck at its pre-upturn levels.

This is turning out to be the excuse industrialists have been looking for to re-equip their shopfloors. They are in a better position to do this now than they have been since the early 1970s, and those few companies still short of liquid investment funds after a year of soaring sales can still rely on buoyant demand over the short to medium term to vindicate a large-scale decision to replace machine tools.

The exporters of the industrial West, not surprisingly, are elbowing each other in their attempts to cash in on the re-equipment programme.

Recession, compounded in some cases by firming domestic currencies, has all but dissolved machine tool markets in the developed industrial world, so manufacturers are looking south for markets.

While the start of the SA re-equipment programme is awaited, therefore, the West's leading machine tool exporters are jockeying for position to snap up the orders when they arrive.

Machine tool sales this year are expected to total about R250-million, of which SA production will account for about R30-million.

West Germany is the leading exporter to this country, with a provisional 26,4% of the imported machine tool market last year.

Germany has been top dog since 1975 when it took over from Britain whose exports fell during the last Western recession. Britain held a steady 17% of the market last year.

But the dark horse is Japan.

From supplying only 4% of South Africa's machine tool imports in 1976, Japan supplied 14% last year. Japanese competitiveness and efficiency are boosting that country's machine tool exports at the right time to take advantage of our expected re-equipment programme.

With the British share of the market expected to remain static because the British supply many of the specialised industries which have a single source for their tooling, the Japanese are the main threat to German supremacy in the mass-prodution sector of the market.

The German share of the machine tool market fell from 44% in 1977 to its 1979 level of 26%. The drop occurred when several large industrial projects, which specified solely German machine tools, were completed and orders dried up.

Now more orders are being sought, but in the chilly draught of Oriental competition.

The South African-German Chamber of Trade and Industry acknowledges the Japanese threat to its share of the South African machine tool market.

It says in its economic report that some Japanese machine tool manufacturers can supply lathes for about R60 less than equivalent German products.

But the chamber says the traditional factors which have given Japanese products such an advantage over Western manufacturers may be disappearing.

"One reason (for Japanese advantage) which might change in the future is the lower salaries. It is expected that Japan will also suffer in the future from pressure of their labour force for better pay and higher social contributions."

No such pressure from the Japanese labour force has been evident, however, in the other industries in which they undercut the West — like textiles, shipbuilding and electronics — and this might be wishful thinking by the chamber.

But if mass-production techniques and co-operative workers give the Japanese an advantage in the coming battle for our machine tool market, the Germans also have a few things going for them.

They have the track record of having had their products specified for various projects, such as the Atlantis diesel engine plant, and are the "incumbent" producers who have to be replaced, and have the largest market share.

The rand has risen against the mark for most of the second half of this year as Ger... slid into recession,

Combis cut US freight backlog

RDM 22/12/80

74

Industrial Reporter

THE TWO new SAA Boeing 747 combi jets run on the New York-Johannesburg route this month should reduce the backlog of airfreight that has built up in New York over the past few months, says an American freight handler.

Mr Michael Squadrille, a vice-president of Amerford, one of the largest freight forwarders in the United States, is in South Africa to visit Rennies Airfreight, which Amerford represents in America.

He said: "The freight backlog at New York's J F Kennedy airport has been caused by the increase in cargo destined for South Africa because of this country's booming economy.

"In addition, American companies have embarked on a concerted export push because of the economic slowdown in the US."

Compounding this was the fact that four weekly flights had been temporarily pulled off the eastbound New York-Western Europe route because the return journey from Europe to America had become uneconomic.

This meant there had been a reduction in the amount of cargo capacity that could be routed to South Africa via Europe.

SAA's decision to increase the number of direct flights to New York from four to five a week, of which two would be the cargo-carrying combi jets would increase weekly load capacity on the route from about 143 m^3 to about 247 m^3.

Mr Squadrille said SAA's greater cargo capacity would be of considerable benefit to Amerford, which rated South Africa its fifth-largest customer.

But he called on SAA to offer special rates for full containers delivered to the SAA depot — as other airlines did.

At present SAA charged quoted rates whether goods were delivered separately or in full container loads and the agent had to cover the cost and time of stuffing containers.

22/6/80 ST/1st

~~1473~~ 714

~~21/01/89~~

Zimbabwe to oust SA as maize supplier

By Brandon Nicholson,
The Star's Africa
News Service

SALISBURY — This year's bumper maize crop has set Zimbabwe to take over from South Africa as a major supplier to Southern and Central Africa.

The weekend announcement by Commercial Farmers' Union president Mr David Spain that the total crop was expected to reach 1.8 to 2,2-million tons was today greeted with euphoria.

Various countries, Zambia in particular, have lately had to swallow their political pride and buy hundreds of thousands of tons of maize from white-ruled South Africa.

Now nations such as Mozambique, Zambia, Angola and Zaire will almost certainly be able to make up their own expected shortfalls by buying from Zimbabwe.

The crop is the largest produced in Zimbabwe and its size is seen as vindicating Prime Minister Robert Mugabe's pragmatism in building his socialist policies around the existing free enterprise system and of the decision by most white farmers to "give it a go" in the new Zimbabwe.

Mr Spain gave three main reasons for the spectacular result:

- The end of the war,
- The Government's "bold" decision to increase the guaranteed price to farmers from just over R100 a ton to more than R150.
- The fact that many farmers changed from growing tobacco to maize after the Government restricted the size of the national tobacco crop in a bid to improve flagging sales floor prices.

As a result, the area under commercial maize production jumped from 225 000 ha to more than 300 000 ha.

Zimbabwe's home maize needs are expected to be about 900 000 tons, which will leave the rest for export.

That surplus is sure to be seen in black-ruled countries as a significant boost to their plans to reduce economic dependence on South Africa.

Ironically, at least one of them, Zambia, could make a similar dramatic production increase if President Kenneth Kaunda heeded the pleas of his own commercial farmers' organisation to make maize growing viable.

MINERAL EXPORTS TOP R11 000-m

argus (74) ~~220~~
23/12/80

Argus Correspondent

JOHANNESBURG. — Foreign exchange earnings from mineral sales rose to R11 334-million in the first 10 months of the year, far surpassing last year's total of R8 500-million.

With local sales the total was R12 509-million against last year's R9 768-million.

In October exports totalled R1 142-million compared with R1 231-million in September, but far short of July's record of R1 424-million.

The major change in the monthly totals comes from gold, which accounted for R850,5-million against the September total of R967-million and August's R876-million.

Coal sales returned to above average levels in October with sales of R61,8-million compared with September's R53,5-million and August's R60,6-million.

ANTIMONY

Antimony recovered from September's R66 622 with sales in October of R111 426. But this figures was only about a third of August's R313 902.

Manganese ore recovered in October with sales of R11,1-million, against only R7,5-million in September.

Copper declined to more average levels after high sales in September of R19,8-million. October sales were R7,3-million.

DIAMOND SALES

Diamond sales in September totalled R48,4-million but in October rose marginally to R52,4-million. This compares with rock-bottom sales in May of R12,7-million. August's total was R55-million and July's R77,1-million.

Chrome ore sales fell in October to R2,1-million from September's R4,3-million and iron ore sales were virtually unchanged at R14,1-million against the previous month's total of R13,8-million.

Gold firm

THE news that some American banks had lowered their prime lending rates to 20,5 percent has helped the gold price to remain firm.

Gold traded at around 597 dollars in Hong Kong today, up 1,50 dollars on last night's New York close, but a dollar below yesterday's London close, Reuter reports.

Fixings in London yesterday:

	Dollars an oz	Rands a kg
10.30 am	594,00	14 359,17
3.00 pm	594,75	14 377,30

Dollar dips

THE United States dollar dropped 0,7 percent against most currencies last night after news that some US banks had reduced their prime lending rates to 20,5 percent.

However, the rand has appreciated by about 0,5 percent against the dollar in the past 24 hours, so has remained virtually unchanged against most other currencies.

Imports on way down from peaks

RDM 23/12/80

(74)

By HOWARD PREECE
Financial Editor

THE spectacular surge in imports is showing clear signs of moderating, although they are still remarkably buoyant. A reduction in oil stockpiling since the middle of the year may be one reason.

In the 11 months to November this year imports were R13 081-million, about 45% higher in money terms than in the comparable 1979 period when they were a shade over R9 000-million.

This contrasts with the eight months to August when imports were running at a whacking 57% up on the 1979 level.

These figures, however, are all from Customs and Excise and can be subject to hefty revisions in the final, official data from the Reserve Bank.

At this stage the Reserve Bank confirms the trend.

In the first six months of the year the bank reported imports of R6 451-million — 54,4% higher than in the 1979 equivalent.

But for the nine months to September the bank showed imports had eased to 49,6% above the previous year's level.

Thus, while the Customs figures are suspect in detail, their indication that the rise for 1980 over 1979 may turn out to be around 45% is likely to be fairly close to the mark.

Customs figures, incidentally, now include oil and military equipment as have those always from the Reserve Bank.

According to the bank, total imports in 1979 were R9 739-million.

It looks as though this year's import bill will be about R14 000-million, or about R4 500-million more than last year.

Imports are, however, continuing at high levels.

For November, Customs puts them at R1 311-million which is more than R100-million above the monthly average for 1979 although down on the August record of R1 388-million.

The reason for the reduction in the rate of increase in imports over 1979 in the past few months is partly statistical — the big take-off in imports began in the closing months of last year.

Customs says that for the 11 months to November South Africa had a favourable trade balance of R5 336-million — more than R1 000-million up on the surplus recorded for the 1979 period.

This, however, does not include the deficit on invisibles — dividends, shipping, insurance, etc — although it does count gold and Krugerrands in exports.

For the period to November, Customs says exports were R18 417-million, about 38% up on the 1979 total.

Gold has been crucial here, with the value of output for the nine months to September, according to the Reserve Bank, nearly 50% higher than in same 1979 time.

Going back to imports, one surprise is that the value should have risen so much when the rand has been appreciating in value on foreign exchange markes.

The Reserve Bank quarterly bulletin published in December says: "The rand continued to appreciate against most of the main currencies during the third quarter and in October.

"From the end of January 1979, when the new exchange rate system was introduced, up to the end of October 1980 the rand appreciated by 16% against the US dollar and the effective exchange rate of the rand increased by 12,7%."

In spite of this, however, it seems as though import prices have been rising overall by around 25%.

Oil must have played a significant part in this even though it accounts for perhaps only a quarter of total imports.

Military equipment could be another reason.

It is curious that a combination of a rising rand and depressed business conditions overseas, which ought to make suppliers of goods to this country keen to get business, has still not prevented a sharp rise in the money value of imports — a rise well beyond general inflation levels in South Africa and main supplying countries.

The Reserve Bank says: "In the first 10 months of 1980 imports were almost 50% higher than in the corresponding period of 1979.

"A higher volume of imports and a further rise in import prices were responsible for the increase in the value of imports in the third quarter and October 1980.

"Increases were evident in most categories of imports, but particularly sharp rises were recorded in imports of transport equipment and machinery and electrical equipment.

"The value of imports of mineral products (including petroleum products), which had reached an exceptionally high level in the second quarter, declined in the subsequent four-month period."

Argus 29/12/80

COMPANIES TO DISCUSS WAYS TO EXPORT

A SEMINAR entitled Exporting: The mainstay of Western Cape development, will be presented by Safto at the Oude Libertas Centre in Stellenbosch on January 30.

The seminar begins at 2 pm and will be chaired by Mr P J O'Sullivan.

The objectives of the seminar are to identify and evaluate export opportunities and regional problems, and to show potential exporters how some companies have succeeded in exports, says Safto.

Speakers at the seminar will include noted academics and industrialists and will devote some time to discussions. It will close at 9.30 pm after cocktails and a dinner.

Speakers include Mr J E Schaffer, managing director of SA Nylon Spinners, Professor J L Sadie of Stellenbosch University, Mr L Kriel of the Deciduous Fruit Board, Mr M Getz, managing director of Desiree Exports.

Mr W Borgelt, managing director of ABC Press, Mr C H Atkins, general manager of Irving and Johnson's fish division, Mr G R Knudsen, contracts manager of Murray and Roberts and Mr R B Hughes, managing director of Globe Engineering.

Kruger rand

KRUGER RAND today: Cape Gold Coin Exchange, buy R625 (R640) sell R640 (R650); half-ounce, buy R315 (R315) sell R325 (R324); quarter, buy R325 (R325); quarter, buy (R165); tenth, buy R62 (R62) sell R70 (R70).

31/12/80

Exports reach record R18 000-m

South Africa's exports reached a record R18 417-million in the first 11 months of 1980 compared with R13 316-million in 1979.

Figures released by the Department of Customs and Excise show that imports for the same period jumped to R13 081-million from R9 030-million in 1979.

Imports from Europe exceeded exports South Africa sent to the Continent. In 1980 South Africa received goods valued at R5 231,6-million compared with R4 779-million in exports from South Africa.

Imports from the US rose from R1 309,6-million in 1979 to R2 048,3-million, while exports jumped from R1 684,8 million last year to R1 933,9-million in 1980.

Imports and exports from and to Asia also rose considerably.

AFRICA

In the first 11 months of this year exports to African countries were valued at R1 022,5-million, which is considerably higher than the R668,9-million for the corresponding period last year.

Imports from African countries rose from R240,5-million for the period January to November 1979 to a record high of R264,4-million for 1980.

There are about 40 African States now dealing with South Africa, despite trade and commercial boycotts, a government official said in Pretoria today.

FOREIGN ~~S~~ TRADE

18 April 1980 — 28 August 1980

BP in R768m bid for Seltrust group

RDM 8/7/80

LONDON. — THE biggest takeover bid in London's financial history is announced, with British Petroleum offering more than R769-million for the big mining finance group, Selection Trust, in another bid by a giant oil company to diversify away from oil.

British Petroleum and Selection Trust, both issued statements saying their boards had agreed to terms of a R769-million offer by B P for Seltrust's shares.

The announcement came after weeks of speculation. Three weeks ago B P said it was interested in the group, and speculation hotted up after shares in the two companies were suspended on Friday.

It follows a trend by the world's leading oil companies to diversify their activities.

B P and others have been turning their attention increasingly towards mining, coal and other minerals, in the face of rising oil costs, calls for oil conservation and the eventual prospect of oil supplies running short.

B P has made little secret of its wish to expand. Earlier this year, B P chairman, Sir David Steel said that although "the company wanted to develop oil and gas resources wherever possible, it also wanted to move into other activities "mainly connected with the production and use of energy and other resources".

B P already has a successful mining division, B P Minerals, and is a big coal producer in the private coal industries of Australia and America.

But the acquisition of Selection Trust would be a major change in the shape of the partly government-owned B P.

The London-based finance group pumps money into mining projects including nickel mining in Western Australia, copper, zinc and silver in Australia and Canada, gold in South Africa and Nevada, iron ore in Australia and diamonds in West Africa.

The offer by B P is subject to agreement by the companies' shareholders and by the usual stock market and international authorities.

About 26% of the shares in Selection Trust is owned by Charter Consolidated, the mining finance house linked with Mr Harry Oppenheimer.

B P said that Charter Consolidated intended to accept the offer, as did the directors of Selection Trust, who held about 2% of the shares in their company.

B P is offering 18 of its shares for every five Selection trust shares. This works out at £13.46 for each Selection trust share based on stock market prices before Friday's suspension.

The total sum of £427 700 000 is about £50-million more than the previous record bid in London set by Grand Metropolitan's takeover of Watneys Brewery Company in 1972.

Selection Trust shareholders have also been offered an alternative by B P, if they prefer cash.

This amounts to £12,75 a share which would value the whole company at £405 200 000.

B P said acquisition of Selection Trust would give it a vehicle for developing its mining interests consistent with its policy of expanding into non-oil based extractive industries.

Mr Robin Adam, a B P managing director, said: "We are very pleased that we have been able to reach agreement with Selection Trust, which represents some of the best expertise in the international minerals industry."

He said it was intended that Selection Trust would operate as a separate company within the B P group.

The chairman of Selection Trust, Mr John du Cane, said: "We in Selection Trust have frequently expressed our faith in the future of the mining industry, and our belief that the world is facing a serious shortage of metals in the not too distant future." — Sapa-Reuter.

IMPORTS 74

More red tape

FM 1/8/80

The new "relaxed" import control system, which creates 15 new categories of goods for which importers have to apply for permits, looks like a case of the bureaucrats ensuring that they have a function.

The "relaxation" came into effect at the beginning of this year but was gazetted only this month, apparently because of administrative difficulties.

It replaces the old system of import control of quotas, arbitrarily decided upon by the authorities, by permit allocations covering importers' "full reasonable requirements", also decided upon by the authorities.

But whereas the old system allowed importers to make a simple application by letter for one general merchandise permit for a wide range of goods, now importers have to apply by separate permits for 15 different categories of consumer goods. The application, by way of a "solemn declaration", requires the importer to give details of the goods he stocks, turnover, most recent sales of imported goods and estimates of future sales.

Brian McLeod, director of the Cape Town Chamber of Commerce, says some importers who have recently applied for permits have received standard-form responses from the authorities referring them initially to South African makers of the goods required, which suggests that the system is being used to protect local manufacturers.

McLeod says the system is costly, complicates matters unnecessarily for importers and that there have been delays of a month and more between importers' applications and the granting of permits.

He says the system is highly unpopular with importers — borne out by the adoption by the congress of the Chambers of Commerce of the Western Cape in Ceres last week of a resolution of "strong objection to the departure from the past practice of issuing simple permits."

In defence of the new system, Wolf Wilker, Director of Imports, says proof of the effect of the relaxation can be gauged from the fact that, by the end of June this year, the value of permits granted for the former quota goods had already exceeded the total value of all the quota permits issued to importers during the whole of 1979.

He says the reason for subdividing general merchandising permits is to enable the authorities to decide whether the condition of "reasonableness" is satisfied and to monitor goods which might flood the market.

McLeod points out that a permit to import does not mean that the goods are in fact imported, and if they are, does not indicate when they are. Customs tallies on goods imported would allow much more accurate monitoring of imported goods, he says.

McLeod says the old general merchandising permit system, applied from 1948 until last year, catered satisfactorily for flooding of the market at times when SA's balance of payments was far weaker than at present.

Wilker continues: "Replenishment peral merchandise category was also necessary for greater ease of administration. However, in a written reply to the congress he admitted that there had been problems in administration, but said these had now been largely overcome for regular importers and traditional stockists of standard lines of merchandise. He said the same could not be said for speculative importers who had generally "not been an asset to the commercial community."

McLeod retorts that speculative importers are part of a healthy free-enterprise system.

Wilker continues: "Replenishment permits are being granted just as liberally in relation to the most recent record of sales of imported goods and the importers' estimate of expected volume of sales. This procedure has compelled a number of the more haphazard importers to improve their stock control systems but they are now beginning to find the process far less onerous and generally acknowledge the benefits of their more businesslike and orderly operations."

The vote of censure at the Ceres congress, representing a good sample of importers, does not reflect this grateful appreciation of the new procedures.

BUSINESS SPECIAL: TRANSPORT

SA strengthens routes to the north

74 Jw 28/7/80

By Geoff Shuttleworth

Trade and freight sources in South Africa say that the recent spate of conferences and resolutions aimed at lessening the dependence of Zimbabwe, Zaire, Mozambique and Zambia on South African transport, are unlikely to have a material effect on the infra-structure of the region for some time.

The ending of the war in Zimbabwe has had a major impact both on the infrastructure and on trade itself.

There has been a decided improvement over the last three months in Mozambique's port and railway efficiency, road and rail transport has picked up with a consequent decline in air freight and a new rail link between Botswana and South West Africa/Namibia is entering a detailed feasibility study stage.

In Mozambique, the Cabinet reshuffle, bring in a former engineer L M Alcantaro-Santos as Minister of Port and Land Transport, has been instrumental in improving that country's port efficiency and urgent attention has been given to the electrification of the Maputo to South Africa rail link.

Damage to the country's two rail lines to Zimbabwe has reached an advanced stage of repair.

The Salisbury/Beira link is now operating, albeit at small capacity — one train in each direction a day.

They say Mocambique claims of being able to run three a day are unrealistic as the line still needs ballasting and it does not have enough traction units for more trains.

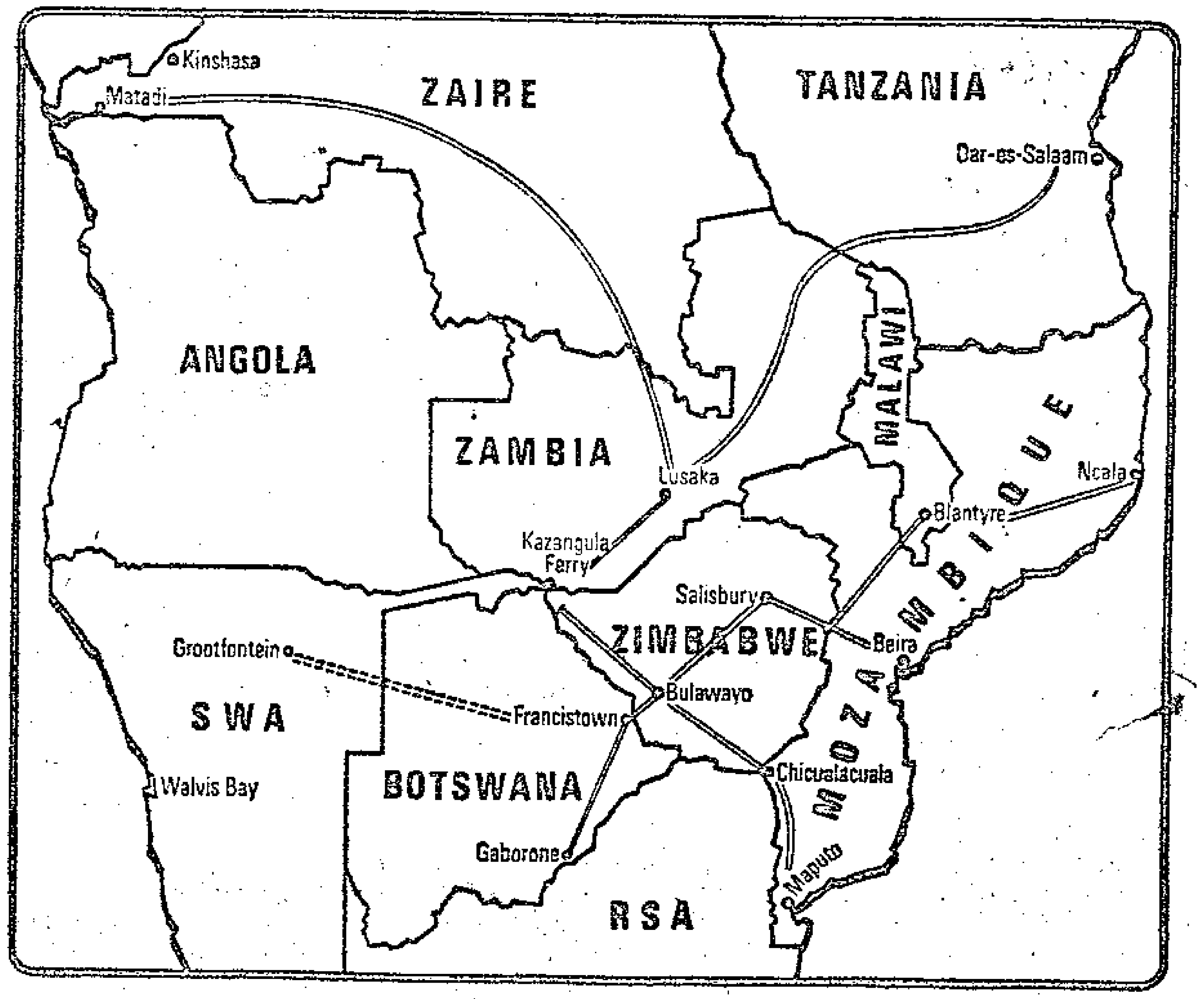
Trains have to travel slowly with cargoes not exceeding 750 tons. The port of Beira still has a problem of a shortage of material handling equipment, though this should be alleviated shortly as soon as its forklift trucks are returned from Cape Town where they are being refurbished.

The port's two dredgers were sunk during the war in Zimbabwe but one has been recovered and is being repaired in Maputo.

A smaller unit has been transferred from Quelimane but is unable to keep the port clear of silt.

The drought in the area has however prevented the Pungue river from adding to the problem.

The port of Nacala is functioning efficiently and is Mozambique's only container handling facility. It experiences no problem with silting and is one of the deepest Eastern seaboard ports.



Major existing and proposed rail routes in southern Africa, north of South Africa.

Malawi imports and exports about 40 percent of its goods through Nacala, and the railway to Malawi, which was financed by South Africa is still being paid back. It is however restricted, because of its light gauge, to small cargoes and slow speeds.

Shortly before 1975 it was to have been converted to heavy gauge but independence for Mocambique saw the abandonment of the project.

Recently a Canadian company has been evaluating the change over and sources believe it could be converted by 1981/2. A gantry crane, being built in South Africa, is expected in August.

The bulk of Malawi's imports and exports (less than five percent is handled by air) come through Beira, where about two percent of Zambia's railways are handled.

It is severely, as are Mozambique's railways in general, hampered by a shortage of traction units.

It has recently ordered 20 diesel units and 13 electic locomotives from GEC Brazil.

Last year it ordered a total of 57 units. There is still a shortage of rolling stock, despite it having impounded and used some 640 ordinary DZ trucks and about 300 tankers which were stranded in Mozambique after the closure of the border with Zimbabwe in 1976. Sources believe most of these trucks will not be restored to normal service because of their deplorable condition.

The Maputo line to Chicualacuala in Zimbabwe is, according to Mozambique, ready to handle traffic, though sources say the war damage to at least two bridges has only been repaired by Bailley bridges and doubt whether they can take fully laden trains.

To date no trains have travelled the line.

On the Zimbabwe side of the line considerable work has to be done to replace 60 km of track which was lifted to replace other worn sections. It is not expected to open before the end of the year.

The link between Malawi and Umtali in Mozambique has not been made available for Malawi cargo and is only used for Mozambique / Zimbabwe trade. One exception has been for the current transport of 85 trucks of South African maize to Malawi.

Mozambique is still desperately short of personnel and despite its own training programmes has been recruiting extensively in Eastern Europe for skilled staff.

Zimbabwe's two lines through Beit Bridge and Francistown are congested and a shortage of traction has resulted in an order for 20 units from Krupps.

In the last ten days South African Railways has imposed restrictions on Zimbabwe, Zambia and Zaire because of the slow turnaround times.

Zaire imports almost exclusively through South Africa while exports are evenly split between South Africa and its own port of Matadi, which is unable to increase capacity. Some exports will probably in time be diverted to Mozambique at South Africa's expense as Zaire pursues a policy of keeping all transport options open.

The land route to Zaire via the Kazangula Ferry is now operating, having been destroyed in the Zimbabwe war. Traffic is thin and handled by South Africans and Zambians who have Botswana and not Zimbabwe permits.

Zambian imports outweigh tonnages exported and is almost dependent on the South African link.

The Tazara line is extremely limited because of turnaround delays at Dar es Salaam and malfunctioning of much of the equipment which was installed second hand. Payments for the line are due next year for Zambia's portion of the R380m cost.

Sources believe the line will never reach designed capacity and efficiency has deteriorated to the extent the Chinese have been recalled as supervisors.

Shipping

Imports pour in

74

N M 24/7/80

THE S A Waterberg has been hustled prematurely back into service, and the City of Durban will be taking empty containers back to Europe — these are the latest moves by the Southern Africa Europe Container Service to cope with the increase in southbound trade.

According to Mr Neil Semphill, South African chairman of the South Africa/Europe conference, more boxes are needed in Europe to bring imports into the country, and an extra sailing is required to cope with the cargo volume.

'The S A Waterberg has drydocked, would have lain idle for a while and have come back into the run next month. But we now have her loading in Southampton.

'The S A Winterberg is also in Europe as scheduled and between the two of them we have rationalised loading at those ports and provided an extra sailing.'

Imbalance

Mr Semphill said the increase in southbound trade could be running as high as 35 percent over the volume recorded this time last year. Because of the imbalance between northbound and southbound trade, a significant number of containers need to be taken from South Africa to Europe to be filled.

Southbound traffic has always been higher than northbound traffic, but Mr Semphill said the current imbalance had been accentuated by a number of factors.

'South Africa's buoyant economy compared to the generally depressed European economies is the main factor. The decline in the local fruit exporting season is another — the large volumes of fruit are not going out anymore. The Sasol programme is in full swing, and there is a lot of heavy equipment coming in,' he said.

Heavy loads

The Ortelius, the most recent large SAECS container ship to call, has just discharged 19 large pieces of uncontainerised cargo for Sasol III at Richards Bay. The heaviest, weighing 50 tons, was handled by the heavy lift crane installed at the Zululand port to cope with the large Sasol cargoes.

She was the fourth ship of this class to call at Richards Bay and will be followed by the Transvaal.

As far as the four SAECS ro-ro ships were concerned, Mr Semphill said they usually travelled north and south almost full. The Ango, to arrive in Durban soon, is expected with a near-record southbound cargo.

'I expect this trend to continue for some time with the economy as it is. Traditionally, southbound traffic falls off slightly in August because of the European holidays and the factories shutting down. But I don't think that this will be the case this time,' said Mr Semphill.

GENERAL NEWS

'Productivity level threat to SA's trade'

RDM 22/7/80

247

Pretoria Bureau

THE Minister of Manpower Utilisation, Mr Fanie Botha, warned yesterday that the unsatisfactory level of South Africa's worker productivity seriously prejudiced its competitive position on international markets.

Mr Botha was opening a symposium on manpower training at the Council for Scientific and Industrial Research in Pretoria. It was organised by the National Productivity Institute and the US-SA Leadership Exchange programme.

Speakers said a massive training programme was needed for South Africa to maintain a reasonable growth rate in the next 10 years — and that over the next eight years, 5-million workers would have to receive "significant" training.

Mr Botha said South Africa would have to rely increasingly on exports if it hoped to provide jobs for its huge workforce.

He stressed the vital importance of raising productivity, and the need for more professionalism and greater co-operation among those involved in training.

The productivity increase per worker in South Africa was only a third of that in Britain and a fifth of the rate in Australia and Canada.

South Africa's productivity growth rate was falling further behind thse countries.

It was incorrect to say that increased productivity led to greater unemployment.

To combat unemployment, more and quicker economic growth was needed, and productivity was one of the most important elements of economic growth.

He added that from South Africa's point of view it was undesirable to use less labour by switching to capital-intensive methods instead.

It was clear more education and training would have to be provided.

In-service training centres were being under-utilised. There were only 11 registered training schemes for industry — and 328 approved private training schemes.

Mr Botha said the Government would have to consider ways of increasing the incentive for private industry to fulfil its responsibility in the field of manpower training and development.

Mr J A Lawrenson, of the Productivity Institute, said the labour force was no longer capable of achieving the economic growth expectation.

He called for greater emphasis on investment in "human capital".

The training capacity in South Africa was no longer able to support or sustain satisfactory economic growth and expectations.

A personnel adviser, Mr Martin Westcott of the P-E Consulting Group, told the symposium a system of registration should be introduced for personnel managers and practitioners in manpower training and development, reports the Rand Daily Mail Labour Reporter.

Mr Westcott also urged a controlling authority to "vet qualifications and to formulate professional standards and codes of conduct" for the profession, and statutory recognition for people involved in personnel and training work.

Attempts to gain official recognition of the kind enjoyed by doctors and lawyers have been under way for some time.

However, some members of the personnel profession are bitterly opposed to the idea, arguing that it would impose unnecessary controls on practitioners.

They suggest that standards in personnel management and training are not as exact as those in fields such as medicine and law and that a registration system is open to abuse.

Mr Westcott also suggested that too few blacks were involved in training and personnel work and called for the repeal of legislation restricting the entry of blacks into these fields.

GENERAL NEWS

Talks with Lesotho may improve trade links

STAR 21/8/80

Pretoria Bureau

Yesterday's meeting between the Prime Ministers of South Africa and Lesotho is unlikely to lead to any formal constellation or confederation but could improve economic relations between the two countries.

This was the consensus in Pretoria today after Mr P W Botha and Chief Leabua Jonathan met for the first time yesterday when they had talks in a caravan at the Peka Bridge connecting the two countries.

A spokesman for the Department of Foreign Affairs said it would be premature to talk of the meeting as heralding the entry of Lesotho into the constellation of states being formed by Mr Botha.

He pointed out that the communique issued by Mr Botha's office yesterday implied that both leaders were surprised the meeting had gone so well and were impressed with the results.

The communique described the talks as "candid and highly constructive."

Dr G Leistner, director of the Africa Institute, said Lesotho would at all costs avoid being dubbed "a glorified homeland" and was particularly sensitive on this issue.

For this reason, he said, Lesotho was likely to avoid joining any formal confederation or constellation of states which might give effective recognition to the independence of the former homelands of Venda, Transkei and Bophuthatswana.

Dr Leistner said it was more likely that purely economic considerations had been discussed.

WATER SCHEME

These could include the resurrection of the Lesotho highlands water scheme which has been pending for many years and which was planned to supply water from Lesotho to the tributaries of the Vaal River in South Africa.

Dr Leistner said this scheme may have been delayed in the past because the two countries could not agree on the price South Africa should pay Lesotho for water.

Lesotho would also benefit from the scheme which would generate electricity for the country.

Dr Leistner pointed out that South Africa was also aware of "a Trojan horse" in Lesotho in the form of communist-bloc diplomatic presence.

He said South Africa would be anxious to counter the Soviet presence by strengthening economic links with Lesotho.

Dawn raid spurs rethink on law

RDM 14/3/80

By NEIL BEHRMANN

LONDON. — The UK Department of Trade has recommended changes in legislation after the De Beers "dawn raid" on Consolidated Gold Fields.

In a consultative document, "Disclosure of Interests in Shares," the department suggests changes in UK company law.

It also advises that the Secretary for Trade should have legal powers to cancel the shareholdings of unidentified nominee shareholdings when a company or Secretary for State cannot obtain disclosure of the identity of the buyers.

This is the third document on "dawn raids" and is a direct result of the furor which has resulted from the De Beers-Anglo accumulation of 25 percent of Consgold's share capital from October last year to February.

The first document was issued by the Council of the Stock Exchange.

The second was the Department of Trade's 55 page investigation. And the final document recommends changes in legislation.

All the documents stated that the De Beers group and the parties involved, including Johannesburg stockbrokers Davis Borkum Hare, did not break the law.

This applied to the methods of accumulation and the registration of shares, where the parties conducted their activities within the ambit of existing laws.

Under existing UK law if investors or companies buy 5% or more of the voting shares they must disclose their identity.

Each nominee holding bought just under 5% of Consgold and then stopped buying. With the exception of one, where a genuine mistake was involved, there was no need for disclosure under the law.

However the Department of Trade investigation finds that the nominee companies were connected and were buying shares for the same purpose — to build up a stake in Cons Gold well in excess 5%.

The parties also delayed registration of shares. Though this does not break the law the Department of Trade says, "if the shares had been registered, even limited investigation into (nominee companies) Dido, Fermain and Security, nominees should have disclosed the probable identity of the company for whom they acted as nominees".

In the consultative document the Department of Trade says though there would be considerable difficulties in imposing statutory requirements on ad hoc combinations of persons or companies acting in concert or by arrangement, "the Stock Exchange Council and the Council for the Securities Industry (consider) the scope for supporting the spirit of the law by strengthening their non-statutory regulations in the interests of an informed market".

Zambia buys more from SA

RDM 7/8/80

(74)

LUSAKA. — South Africa has become the second biggest supplier of goods to Zambia after Britain, overtaking West Germany and the United States for the first time since 1973, according to preliminary trade figures for the first nine months of last year.

The Government's Monthly Digest of Statistics showed Britain leading with sales to Zambia of K114 600 000 (about R114-million) for the nine months.

South Africa followed with K49 400 000, the US about R35-million and West Germany with about R32-million. Preliminary figures for the same period in 1978 were about K94-million for Britain, K36-million for West Germany, K26-million for the US and R22-million for South Africa.

Zambia's exports to South Africa remained low by comparison. — Sapa.

More Zambian trade via SA

LUSAKA. — The route through Zimbabwe to South Africa has become Zambia's second most important outlet to the sea after Dar es Salaam and last year handled 637 000 tons of cargo.

This amounted to 41% of Zambia's total external trade consisting of 294 000 tons of imports and 343 000 tons of exports, according to the Bank of Zambia annual report just released in Lusaka.

The report said a large proportion of the imports on the southern route were maize and fertiliser. It explained that the route had been found suitable for these goods because the ports in South Africa did not experience any congestion in comparison to other ports which the country uses.

"With the independence of Zimbabwe, future traffic on this route is expected to increase substantially and may in no time exceed that on the Dar es Salaam route."

The bank said an analysis of Zambia's total external trade in 1979 by the various routes reveals that the Dar es Salaam rail and road routes and the southern route through Zimbabwe were the country's main outlets to the sea.

"The fall in the volume of external trade through the port of Dar es Salaam during the current year was attributed purely to the poor performance of Tazara. This railway line carried a total of 452 000 tons of both imports and exports, reflecting a steep decline of 47% from 856 000 tons recorded in 1978." — Sapa.

AFRIC

346 7lc

SA becomes 2nd in trade with Zambia

LUSAKA — South Africa has become the second biggest supplier of goods to Zambia after Britain, overtaking West Germany and the United States for the first time since 1973, according to preliminary trade figures for the first nine months of last year.

The latest issue of the Government's monthly Digest of Statistics shows Britain leading with sales to Zambia of 114,6 million Kwacha (about R114-million) for the nine-month period.

South Africa followed with 49,4 million Kwacha (about R50-million), the US about R35-million and West Germany with about R32-million.

Preliminary figures for the same period in 1978 were about R94-million from Britain and R36-million from West Germany. — Sapa-Reuter.

Star 6/8/80

Remgro in R100m energy, metals drive

RDM 2/8/80

By DAVID CARTE
Deputy Financial Editor

AS PART of a huge diversification drive, Rembrandt Group, in partnership with an unnamed European group, has established a R100-million off-shore commodities-based investment company.

This is revealed by the annual report released today.

The new company has spent R100-million on geographically spread and diversified portfolio investments in metals, minerals and energy. Of this, R48 300 000 was spent after the year to March 31.

The report does not say so, but Rembrandt watchers said the new company was established with the proceeds of the sale of Rothmans Canada last year.

Remgro also invested R78 500 000 in South Africa last year.

Its biggest SA investment was the R41-million it spent following its rights in the Federale Mynbou issue. In March, Remgro acquired a 20% interest in Total SA for R16-million.

It spent R6 300 000 following its rights in the Volkskas issue and its 20% interest in Legal & General Volkskas cost R5 800 000.

In February, the group entered a joint chemical manufacturing venture with Henkel KGA of West Germany. Its share of this 650-man, two-factory operation cost R9 400 000.

Much of this domestic capital expenditure was financed by the net cash inflow of R79 500 000 arising from the reconstitution of the liquor industry.

For the first time Remgro gives an asset and profit breakdown, which shows the extent of its diversification out of liquor and tobacco.

At the yearend, 57% of capital employed was in tobacco and liquor, 12% in mining, 13,5% in liquid funds and 15,6% in other interests.

The profit contribution from tobacco and liquor fell from 84,4% in 1979 to 72%. This happened even though liquor and tobacco profits were 8% better at R84 500 000.

Mining's contribution rose from 10,5% to 13% and liquid funds' from 5% to 10%. This trend away from tobacco and liquor towards mining and energy is expected to be even more marked next year.

In the year to March, in spite of the strength of sterling and the rand, Remgro pushed up pre-tax profit 28% to R97 623 000. A slightly lower tax rate, enabled taxed profit to rise 31% to R76 891 000.

Thanks presumably to the £18-million — or 18% — drop in profits of Rothmans International, which is not mentioned in the annual report, income from associates fell 7% to R40 688 000.

Income of subsidiaries sold during the year was R3 188 000 compared with a loss of R5 388 000 in 1979.

The upshot was that attributable earnings rose 27% to R118 670 000, while earnings rose in line from 179c to 227,3c a share. Earnings excluding associates were 57% better at 149,4c (95,1c).

The stronger rand and pound had the effect of reducing total reserves by R30 300 000, whereas in 1979 it increased reserves by R19-million. Exchange rate changes knocked R4 800 000 off pre-tax profits. In 1979 they benefited profits to the tune of R1 700 000.

Capital employed, excluding current liabilities, at the yearend was R835-million, of which R750-million, or 90%, was shareholders' funds.

Rembrandt Controlling, Technical Investment Corporation and Technical and Industrial Investments all depend entirely on Remgro for their income and their performance and prospects mirror those of the operating company.

COMMENT: Remgro is fast changing its nature, switching from the increasingly frowned-upon and regulated "dying habits" of smoking and drinking for the "now" sectors, commodities and energy.

The super-secretive group is even becoming slightly more forthcoming with information.

All these things are positive for the rating. So is the likelihood that sterling will weaken in the year ahead.

The bad news could be recession overseas and a stronger rand. Whatever happens the well-covered dividend is guaranteed to grow respectably over the medium term, so all the Rembrandt shares are reasonable value in a rather expensive market.

CAPE TIMES 11/7/80

SA a big exporter of arms — report

(259) (74)

Defence Reporter

SOUTH AFRICA is the largest importer of arms in sub-Saharan Africa, followed by three black Marxist states, according to the 1980 brochure of the authoritative Stockholm International Peace Research Institute (Sipri), entitled "Armaments or Disarmament?".

But it is a two-way trade: Sipri claims the Republic has now also become one of a group of "largest Third World exporters of major arms" — the others being Israel, Brazil, Iran, Jordan, Libya, Singapore and Argentina — which began to emerge in the 1970s.

The brochure paints a depressing picture of an impoverished Third World absorbing massive quantities of ever more expensive and sophisticated weapons' systems — fed by an international arms trade which has accounted for most of the arms used in Third World conflicts which have killed 25 million people since World War II.

During the 1970s, Sipri says, the United States was the biggest arms supplier to the Third World (45 percent), followed by Russia (25 percent), France, Britain, Italy and West Germany. After them, came the Third World group in which South Africa was included.

Of the various Third World regions the Middle East absorbed most foreign arms between 1975 and 1979 — 48 percent — and the Far East 16 percent.

Ten percent of the arms exported went to sub-Saharan Africa, the largest exporter being Russia, followed by France, the US and Britain.

South Africa imported 24 percent of all the arms flowing into Africa, Sipri says, with France as its largest supplier.

The next largest importers were Ethiopia (13 percent, with Russia as the main supplier) Angola and Mozambique (nine percent each, mainly from Russia), the Sudan (six percent, mainly from France, and Nigeria (five percent, mainly from Britain).

Sipri says that between 1975 and 1979 the average imports of arms by Third World countries increased by 25 percent every year, and there were no signs that this was likely to slow down.

"On the contrary, the early 1980s will see increased investment in conventional weaponry, which sooner or later will enter the arms market".

Not only was there a growth in the arms trade, an increase in the number of importing countries and a demand for more sophisticated weapons' systems during the 1970s, but the number of countries producing major weapons "is growing rapidly. Today some 56 countries produce major weapons and 24 of these are in the Third World . . .

"Two-thirds of the global arms-trade involves transfer of weapons to the Third World, a good part of which suffers from under-development, starvation and disease".

Sipri added the international arms trade could not be curbed unless the two largest exporters, the US and the USSR, agreed to take "decisive measures", although this would be difficult due to political factors.

However, Sipri warned, "there is always a danger that both the US and USSR could be drawn into a regional conflict, which could thus escalate into a world war. And this is more likely if these powers are the main suppliers of the weapons used in the original conflict".

SA capital outflow curb

RDM 19/4/80

74

165

By HOWARD PREECE
Financial Editor

THE RESERVE Bank took decisive action yesterday to check the outflow of capital from South Africa and to ease severe strains that were appearing in the domestic money market.

One effect, perhaps deliberate, will be to make it easier for South Africa to keep gold away from the world markets when the price is weak.

A sharp rise in the forward dollar discount from 2,5% to 12% was announced by the Reserve Bank with immediate effect.

This discount basically adds to the cost of domestic financing and is intended to offset the difference between South African and US and Eurodollar interest rates.

The aim is to make it at least as attractive for South African traders to use overseas as domestic financing for their deals.

It will effectively force exporters to restrict their credit to overseas buyers and to bring their funds home as quickly as possible. Importers will be encouraged to use overseas financing.

This will boost foreign exchange reserves and allow for greater flexibility in marketing gold.

US interest rates have gone soaring over the past year and, with the forward dollar discount stuck at 2,5%, South African traders have switched hundreds of millions of rands from overseas to much cheaper domestic financing.

This has stopped the huge increase in the foreign exchange reserves that might have been expected from the gold boom.

In its quarterly bulletin this month the Reserve Bank reported: "The balance of payments recorded a substantial net outflow of capital in 1979.

"This net outflow, including errors and omissions on the current as well as the capital account, amounted to R3 082-million compared with R1 293-million in 1978.

"An important factor contributing to . . .capital outflow was the switching from foreign to domestic financing of foreign trade that was induced by the high degree of domestic liquidity and the considerable interest rate differential between South Africa and foreign countries."

When interest rates are much higher overseas than in South Africa, it pays South African exporters to leave their funds overseas as long as they can.

Alternatively they can afford to give extended credit to buyers.

A statement by merchant bankers Hill Samuel said yesterday: "There will now be a greater incentive for South African importers to take advantage of US dollar import finance as well as to use supplier credit from foreign exporters.

"Allowing for the rand/dollar discount the cost of six-month US dollar credit will be in the region of 6,5% a year and that of 12-month credit in the region of 5,5%.

"The widening of the forward rates represents a serious disadvantage to South African exporters in that it will now cost them 12% a year to cover US dollar receivables forward.

"The new forward exchange rates will put a halt to any further switching from foreign currency to rand finance and will probably encourage South African importers to switch back to US dollar finance in many cases.

"A further implication is that there should be an increase in local money market liquidity."

The Reserve Bank said the change was made to avoid a further tightening of the domestic money market because of an increasing tendency in the switching of financing of South Africa's foreign trade from foreign to domestic sources.

The announcement said: "The margin between short-term interest rates in South Africa and comparable interest rates aboad is at present so large that the switching of financing of South Africa's foreign trade from foreign to domestic sources increased to such an extent that the domestic money market tightened considerably.

"In order to avoid that this tendency continues unabatedly the Reserve Bank finds it necessary to increase as from today its discount for dollar forward exchange transactions with a maximum maturity of one year from 2,5% to 12%.

"This should discourage exporters from extending credit for long periods to buyers of South African products while at the same time importers should more readily make use of offshore financing.

"This rate for dollar forward exchange cover will be adjusted from time to time in accordance with changes in interest rates and other economic conditions."

The change is likely to draw many protests from exporters who will argue that in the long term it will harm the balance of payments.

FM 6/1/78

MOZAMBIQUE

SA exports up

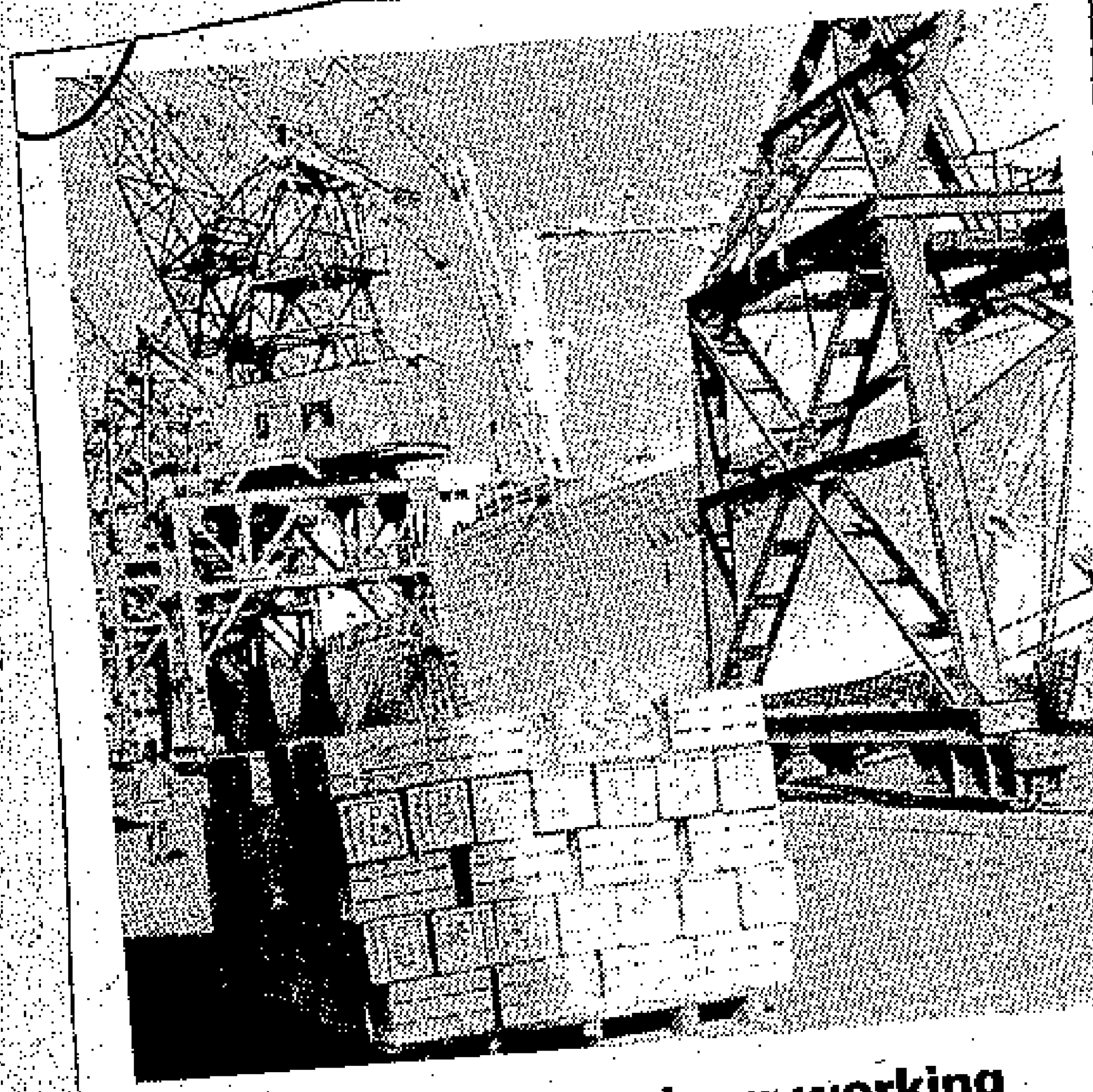
SA exports to Mozambique have taken a decided turn for the better in the last three years and currently account for more than 40% of that country's imports, according to the SA Foreign Trade Organisation.

"Too many SA businessmen are afraid to try trading with Mozambique because of mistaken impressions about hostility towards us or the lack of law and order there," says Safto marketing executive Sally Gallagher. "They couldn't be more wrong. Mozambique wants to do business with SA, and the prospects are good."

Gallagher says Mozambique, despite its limited resources, is managing its foreign exchange transactions in a disciplined manner and has never reneged on a payment.

SA exports to Mozambique fell rapidly after the withdrawal of the Portuguese in 1975. In 1974, SA sales of R55m represented 19% of the total. By 1976 this had fallen to R35m (15%), but in the first half of 1977 it was up again to R22m (19%). Safto estimates that SA's share is now over 40%, which would put a value of around R50m a year on the trade.

Mozambique's big imports are food, and SA has supplied maize, meat and pro-



Maputo . . . harbour working more smoothly

cessed foodstuffs. However, domestic food production (badly hit by natural disasters in the last couple of years) is rising, while the Zimbabwe solution and the beginnings of refugee repatriation (there were 120 000 Zimbabwean refugees in Mozambique last year) will reduce demand.

So it might be wiser for SA exporters to look at other fields, particularly machinery, capital goods and building materials needed for development. Much of the existing equipment in Mozambique originally came from SA, and the logic of continuing to get spares and replacements from this country is accepted, Gallagher believes.

What else do they need? "Everything," says Gallagher. "But growth prospects depend on the availability of foreign exchange." Port congestion is no longer the bugbear it once was to trade, she adds. "Traffic is increasing, and the ports are becoming more efficient."

Mozambique exports to SA are much smaller than its imports. Worth R4m in the first half of 1977, they accounted for 6,3% of that country's total exports.

EXPORTS

JULY 27, 1980

IT LOOKS LIKE MORE TRADE TIES WITH BLACK AFRICA

S. Tribune supplement 27/7/80

By BEN TEMKIN

TRADE patterns point towards greater trade with African countries and the United States while trade elsewhere is probably on a fairly constant basis with both imports and exports rising at much the same rate.

EXPORT SUCCESS

South Africa's massive trade surplus of R3 387-million for the first six months of this year — more than R1 000-million above the figure for the first half of 1979 — is a good reflection of both the higher gold price and growing economic strength.

The effect of the higher gold price has to be seen in the very high average of nearly 600 dollars an ounce, which was received in the first half of this year against the 250 dollars in the first half of 1979.

Economic strength is confirmed by the huge rise in imports of R2 058-million to R6 347-million. Imports tend to show the depth of an economic recovery because manufacturers only order new plant and machinery when they are sure that they need the extra plant and need the extra production to meet demand.

On the export side, it is important to appreciate that gold has featured prominently but that exports of other minerals must have remained at relatively high levels while manufactured goods have also met with good demand.

As our economic up-

the value of the rand. This same appreciation has a negative effect on our exports but, fortunately, much of the gain that we have made in export markets over the past few years has been based on good delivery, quality and service rather than on pure price considerations.

It is interesting to look at the pattern of trade:

- Imports from Africa rose from R112,6-million to R136-million and exports to African countries from R326-million to R539-million.
- Imports from Europe rose from R2 049-million to R2 564-million and exports to Europe from R2 337-million to R2 561-million.
- Imports from America increased from R627-million to R965-million and exports to America from R799-million to R1 027-million.

Giorgio Niccoli, commercial director of the Barlow Rand group company, Brollo Africa, displays the trophy his company won in THE SUNDAY TRIBUNE/ Safto Exporter of the Year competition.

On the left is Ken McLeod, general manager of the Natal Co-operative Timber Company, one of the runners up. On the right holding a scroll is Michael McEwen, managing director of Eagle Furniture Industries, the other runner up.

Next to Mr McLeod is the Israeli Ambassador to South Africa, Josef Harmelin, the Editor of The Sunday Tribune, Ian Wyllie and Garvin Bernstein, chairman of Eagle Furniture.

Size not a factor

THE SUNDAY TRIBUNE/ Safto Exporter of the Year trophy was awarded this week by Mr Josef Harmelin, Israeli Ambassador to South Africa to Brollo Africa after a closely contested competition.

The award and the presentations to the runners up, Natal Co-operative Timber Company and Eagle Furniture Industries, were made at a dinner in Durban attended by some of the leading personalities in the country.

They included bankers, politicians, top businessmen and members of the diplomatic corps. The ceremony was also attended by the acting administrator of Natal, Mr Frank Martin MEC, the deputy mayor of Durban, Mrs Sybil Hotz and the Mayor of Pietermaritzburg, Dr Ashton Tarr.

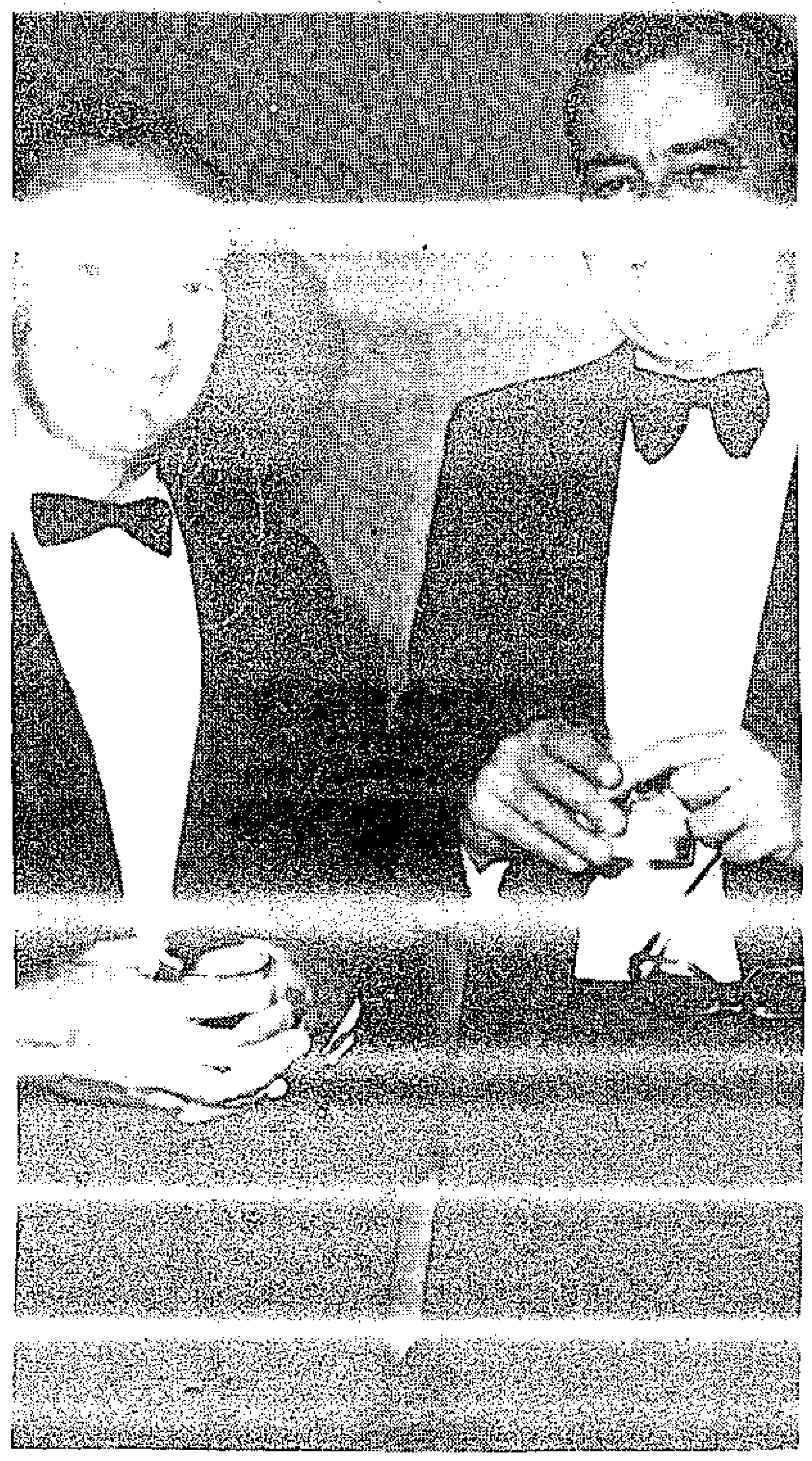
The general Manager of Safto, Dr Piet Kieser,

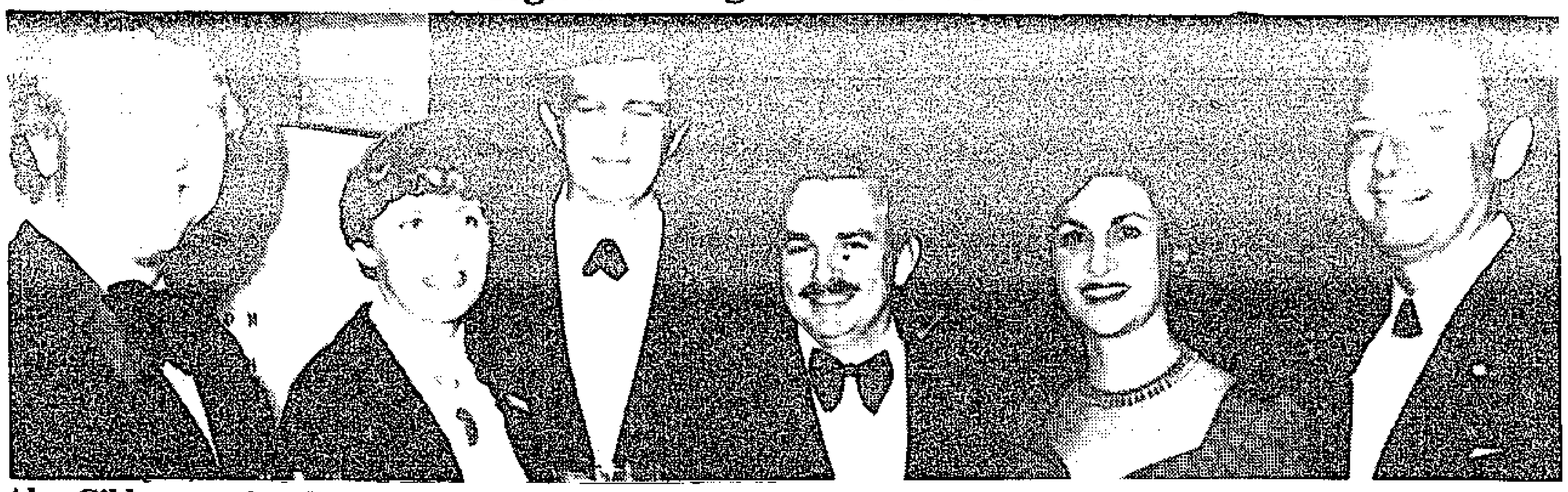
Leaders in the world of export

The British consul, David Wright, with John McCarthy of the McCarthy Group, Neil Lillelund, general manager (Natal) of Standard Bank and Jim Duncan, regional manager of the SABC

EXPORT SUCCESS

Peter Muller, managing director of Silicon Smelters in Pietersburg with Bob Ellwood, assistant general manager of Transalloys in Witbank at the export award cermony





Alan Gild, managing director of Natal Overall Manufacturing Company, Nora Hill, Natal regional manager of Safto, Ian Mackenzie, managing director of Smithchem, John Blogg of Durban Clothing Manufacturers, Rosalind O'Donoghue of Safto and Brian Ostilly, management accountant at Natal Overall

SAFTO LENDS A GUIDING HAND

NATAL industrialists have plunged into the export field with gusto assisted by new export incentives and the promotion efforts of Safto.

Membership of Safto, a private sector organisation, has soared and now tops 250 in Natal compared with 200 last year. Regional manager Nora Hill and Rosalind O'Donoghue report a steady increase in export inquiries and visits to potential exporting members.

Nora Hill says nearly all the major exporters in Natal now come under the Safto umbrella. This organisation, which was established in 1963 by a group of exporters, provides guidance to exporters and helps them develop their export potential.

The biggest problem facing exporters is ignorance of legislation and incentives, both in South Africa and in the country to which they are exporting.

Nora Hill says South African products generally compare favourably in quality and price with overseas products but there is still a great need for a professional approach to marketing.

Safto runs training programmes in the form of seminars, lectures and courses. Considerable literature is produced including an export manual which is

Rosalind O'Donoghue

Nora Hill

ditions in the local market can do enormous harm to South Africa's image abroad and it takes a long time and a lot of effort to regain the confidence

Richards Bay,

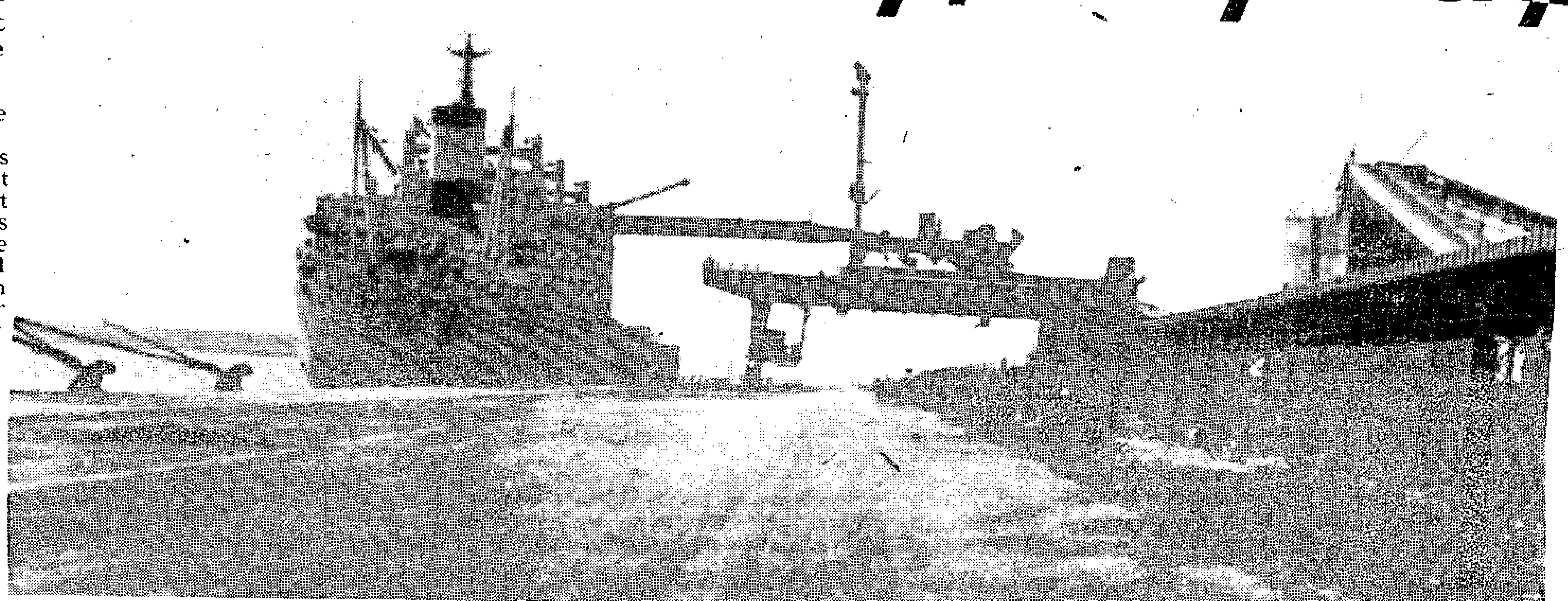
MORE than 22-mi tons of goods wer ported through S Africa's six mair bours during th st four months the year.

Figures releas y the Department of stics shows that the untry's newest harbour e giant Richards Bay l export terminal in land, is already han g more tonnage a m than all other ports ther, with the exceptio f the other ore exporti facility at Saldanha B

Richards Bay has handled on average 29-million s of export cargo a month since January this year. Saldanha Bay monthly average has run around 1,37-million tons for the same eriod.

Durban, as South Afric's busiest commercial harbour, handled an average 1,04-million tons of general and container cargoes a month this year in exports, Port Elizabeth 403 000 tons, East London 263 000 tons and Cape Town 207 000 tons.

A spokesman for the Railways and Harbours Administration in Johannesburg confirmed that all the main ports were running smoothly at present and there were no cargo loading backlogs. Container operations were running particularly efficiently, the spokesman said.



Loading coal at Richards Bay . . . more exports than all the others except Saldanha

They want South African knowhow

EXPERTISE in technology for the south African sugar industry is so well advanced that many countries are asking allied businesses here to export their know how in this and other enterprises.

A local firm of consulting engineers involved in the planning of Durban's now famous harbour sugar terminal — considered internationally as one of the best of its kind — is currently making headway on three continents in the highly competitive market of exporting ideas and know how for various industrial activities and other services.

A way of gaining an edge over other competitors, explained company MD Robin Boustred, was to form a consortium of civil, electrical, mechanical and other specialist engineers and offer the consortium's combined expertise as a "package deal" when bidding for overseas contracts.

The company is currently engaged in a number of lucrative, long term projects for developing states, but it was not policy to say what these projects were, nor which states, because of the delicate political situation on the African sub-continent, Mr Boustred said.

He pointed out that South African firms were often in a better position to export know how on technical projects in Africa because they were fully conversant with requirements on this continent. Overseas experts tended to view projects from the standpoint of requirements in their

… is essential in chick exporting

… is the essence of the export trade in day-old chicks. When no more than 20 hours are allowed between despatch to delivery to customer, the journey must be planned with military precision.

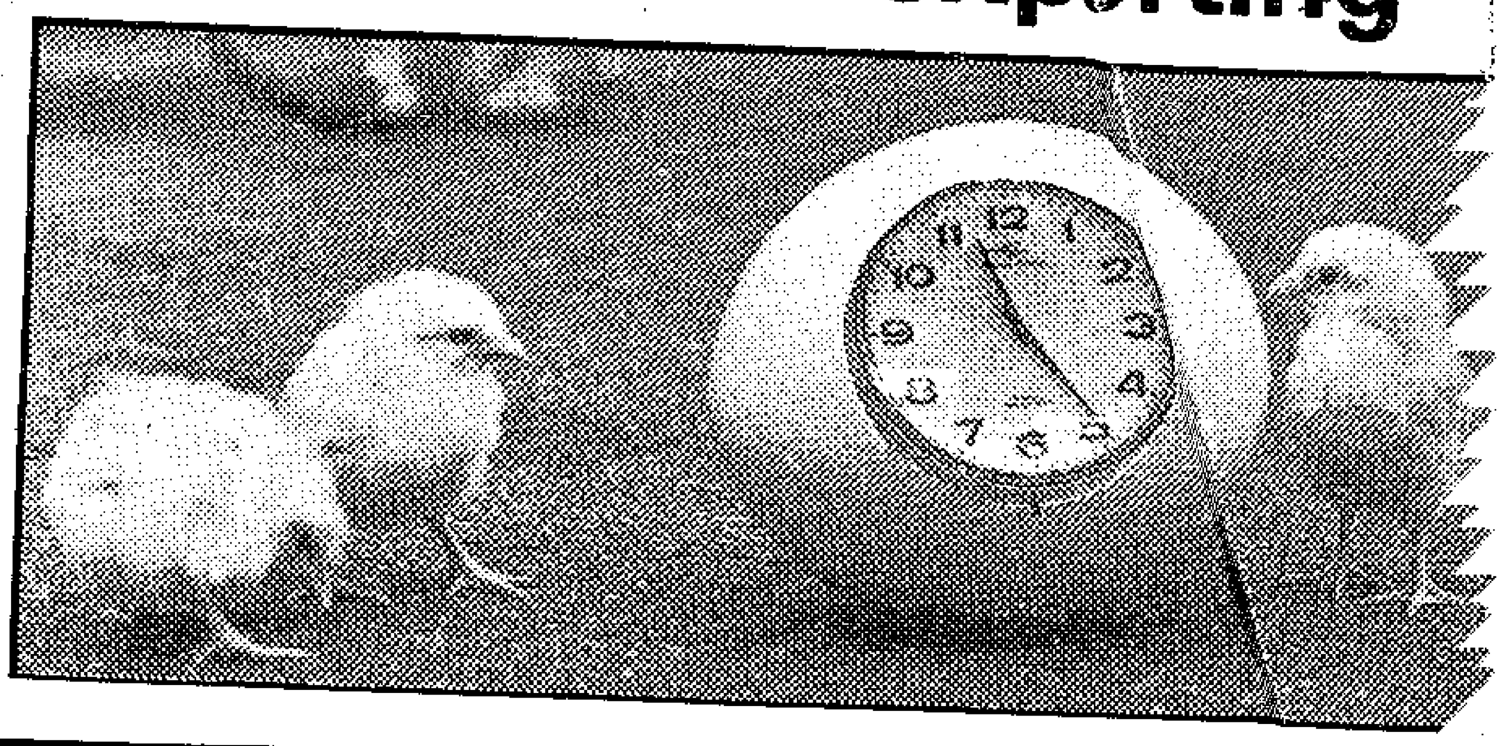
Natal's largest independent breeding operation exports day-old chicks to Malawi, the Seychelles and Taiwan. It is a business which can lend itself to the premature appearance of grey hair, says Cato Ridge farm owner Graham Long.

During the early days of the export trade, started three years ago, Long explained, a Taiwan consignment was delayed in Hong Kong for several hours because of a cyclone. The consignment eventually arrived at destination still in good order, but not before some nail biting on the consignor's side.

For the Taiwan trade a consignment must allow five hours of freight handling time at Jan Smuts Airport. On at least one occasion a consignment has been returned because of a delay in a Durban-Johannesburg flight, Long recalled.

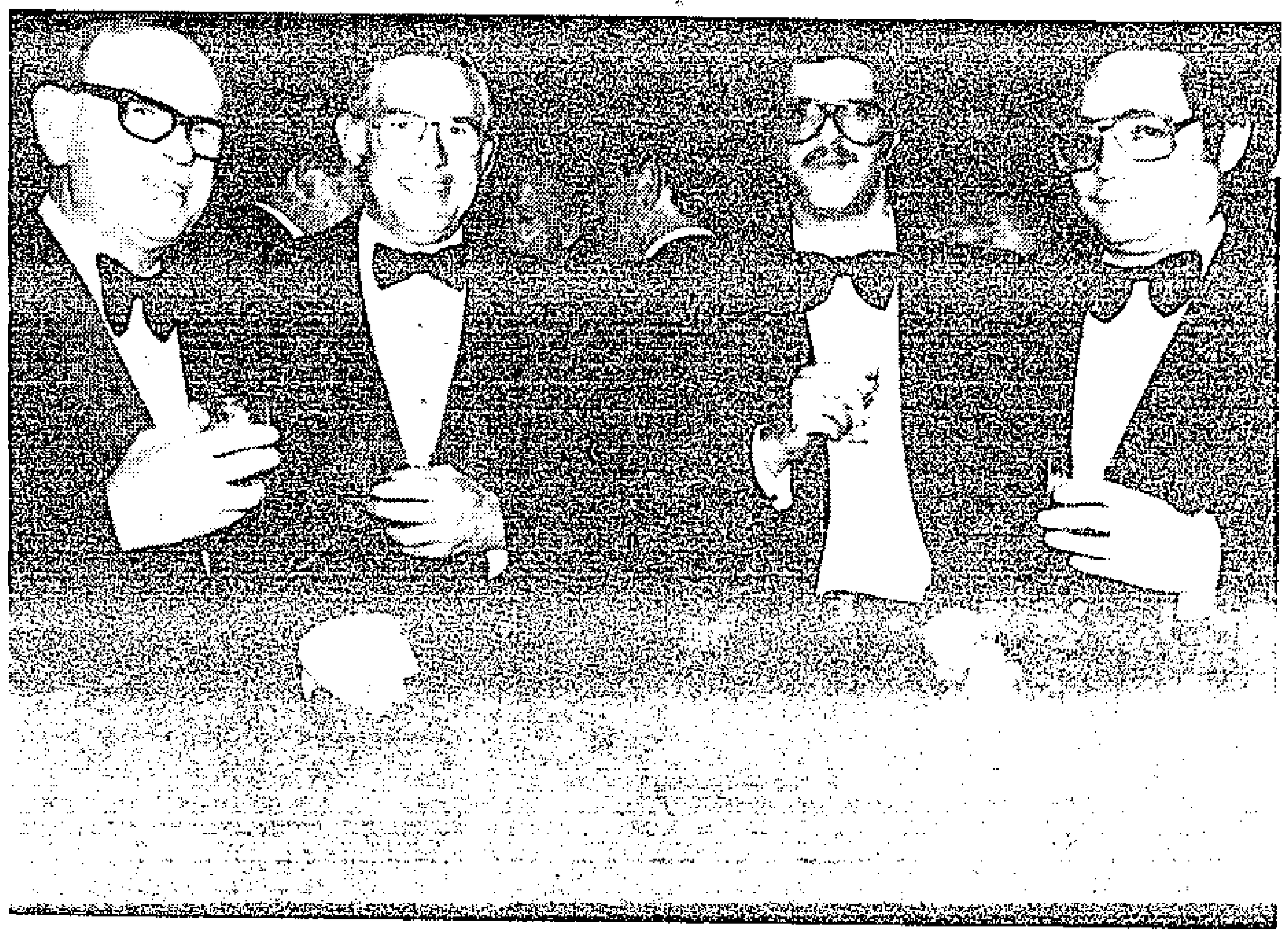
He points out that flights to all foreign destinations must be carefully booked — at least four weeks ahead of time. Hatching figures thus have to be very carefully planned and accurately predicted.

Also between hatching and despatch chicks must be graded, vaccinated and sexed. Long says the company exports about half a million chicks annually, constituting 15 percent of the operation's total production. Malawi is the biggest customer.

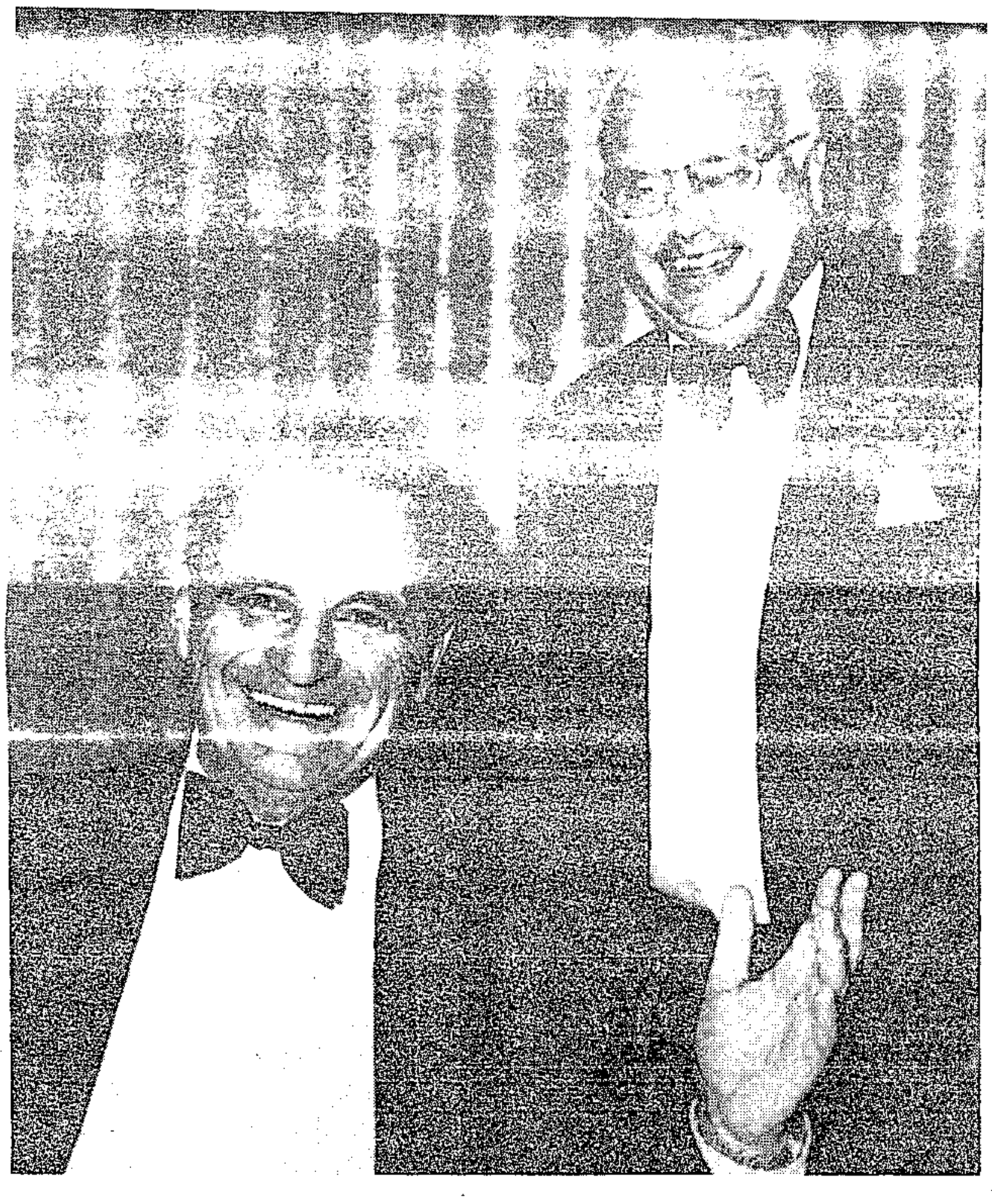


Leaders in the world of export

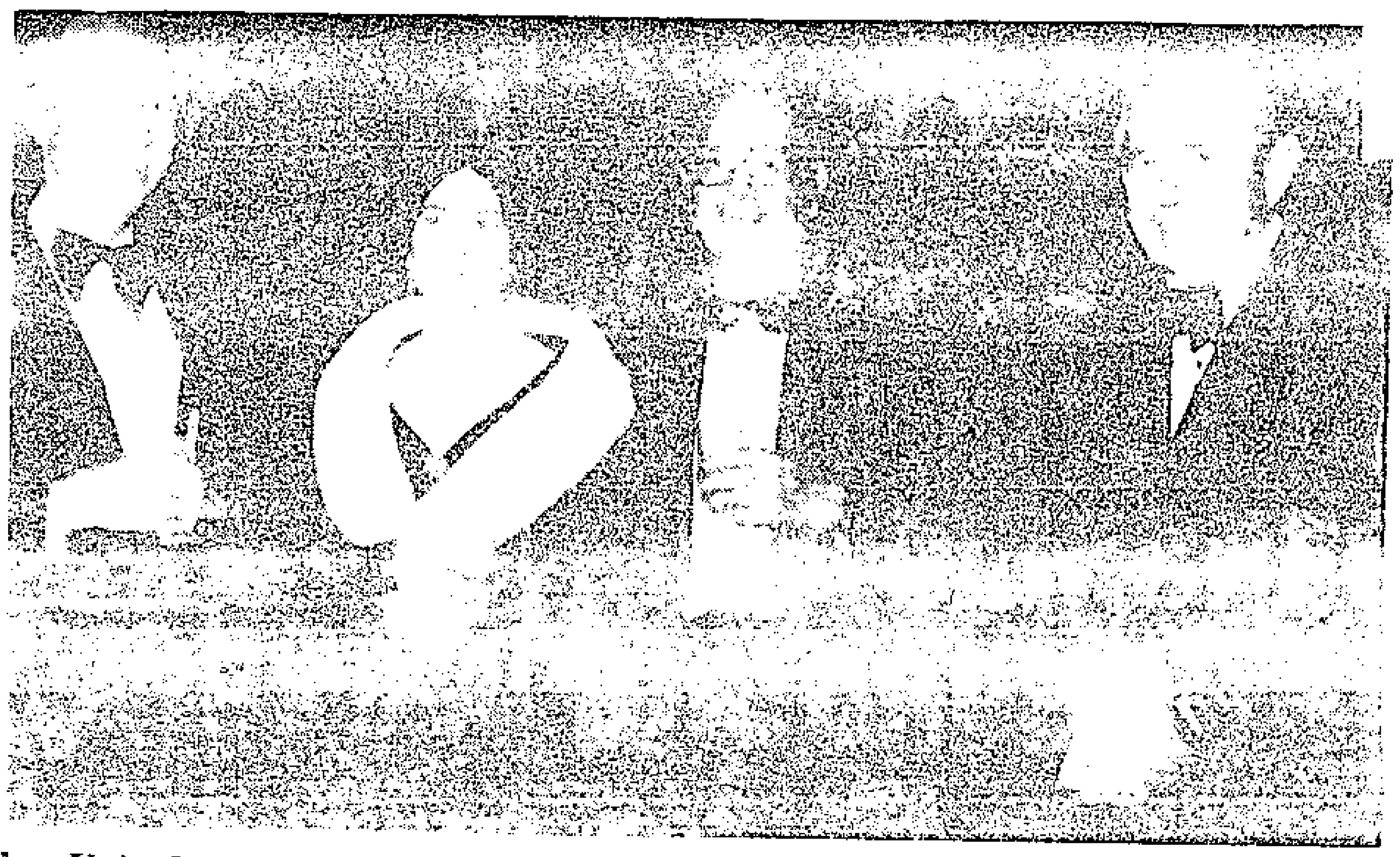
Dr H. Davidson, chairman of the Natal Zionist Council, Mrs Geraldine Davidson, Mrs Sheva Hodes, secretary of the Council and Mr Alec Rogoff, managing director of Beares



Dr Kees van der Pol, group managing director of Huletts Corporation, Mr Dennis O'Brien, general manager Natal for Barclays Bank, Victor Shames, financial director of the Johannesburg company Macsteel International and Sheldon Smuts, managing director of Macsteel, at the cocktail party before the award dinner



Mr Josef Harmelin, Israeli Ambassador to South Africa, and Mr Ian Wyllie, editor of The Sunday Tribune at the exporter award ceremony



The United States consul, Mr Jim Bumpus, the vice-consul for Portugal, Countess M.A. Jankovich-Besan, the director of the Natal Technikon, Mr Alan Pittendrigh, and Dr Alex Hotz, at the ceremony

Trade links with Israel are growing impressively

By JACK BRICKHILL

TRADE between South Africa and Israel has shown impressive growth in recent years but the balance of trade is still firmly in favour of South Africa.

The Israeli Ambassador to South Africa, Mr Josef Harmelin, says big efforts are being made to redress the imbalance by promoting Israeli goods. Mr Harmelin, who presented the Exporter of the Year Trophy to Brollo Africa at a ceremony in Durban on Wednesday, says the exporting companies are serving the interests of their country by promoting growth though the free flow of trade. Too many accepted at last that free trade has a much better chance of raising the standard of living.

Israeli trade with South Africa has grown from about R16 million in 1972 to R160 million last year. Of this amount only R40 million was exports from Israel mainly of chemicals and machinery. Trade between the countries has received a considerable boost from the recent agreement for South Africa to provide a million tons of coal a year to Israel worth about R24 million.

He says the outside world has a distorted image of Israel based mainly on the sensational events.

The image of a fortified ... tremendous strides have been made particularly in the development of skills. The country boasts the highest number of physicians per head of population in the world. Despite the scarcity of raw materials the economy has developed in difficult circumstances.

Israel does not try to compete with countries that have cheap labour but concentrates on more sophisticated products such as aircraft.

Dr Piet Kieser, general manager of Safto, said at the presentation ceremony that it was significant that Brollo had achieved its first major export breakthrough in Israel. "If you

World trade expected to...

SLOW DOWN

WITH a slowdown in world growth rates in general and the US beginning to feel the pinch of a deep recession, world trade in general is expected to slow down.

However, Safto feel that there are a number of factors that favoured continued growth, albeit at a slower rate, in South Africa's export earnings. They are:

- Renewed inflation in other industrialised countries resulting in higher prices not only for gold, but also in raw materials due to speculative demand.
- Increased demand for non-oil energy sources, especially coal, but also for uranium following the increased cost and disruption in supplies of oil. This comes at a time when increased coal exports have been made possible by the completion of phase two of the Richards Bay loading facility.
- The sharp rise in international nergy costs which has increased the competitive edge of some of South Africa's energy beneficiated products, such as ferro alloys.

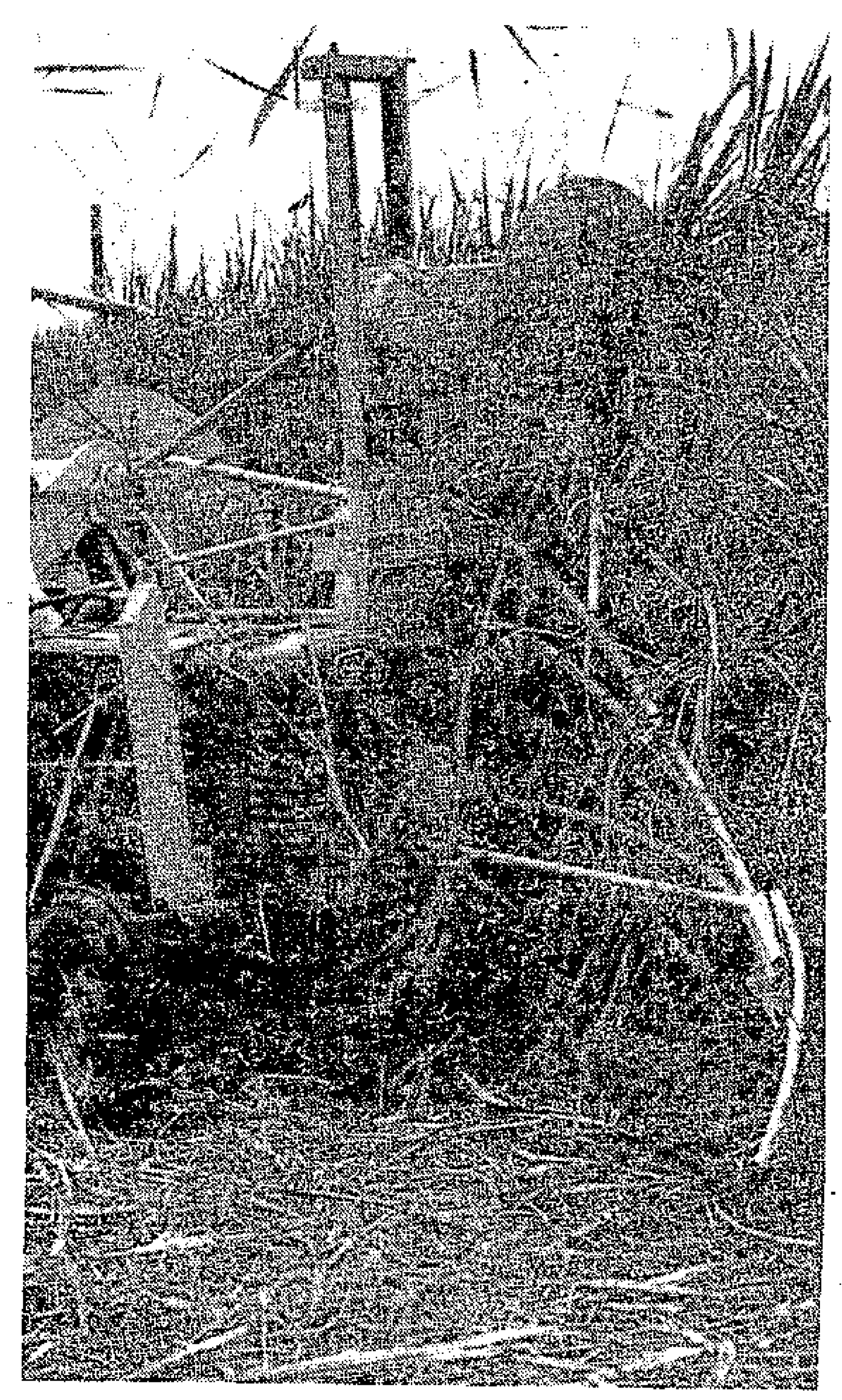
Although inflation in Western Europe and Japan is accelerating growth prospects seem to be more favourable than in the United States. Demand for raw materials is therefore expected to remain steady in the short-term, although it is likely to slacken towards the end of the forecast period as economic growth in these countries slows.

Expectations in the United States are that the economy will be the most severely affected by the worldwide slowdown and that it may be already in a recession. Despite this, prospects for South African exports to this market are somewhat better than might have been expected: The US entered an upswing in its business cycle as early as 1975 and this has given rise to a new investment cycle which is currently underpinning demand for raw materials. Furthermore, their decision to increase their defence budget must have a favourable influence on the demand for some of our export products.

The effect of higher world inflation on the Third World could well offset some of the gains the Opec countries might expect from their oil revenues, with the result that many planned development projects may still be slow in starting. Import demand is therefore not likely to resume its earlier rapid growth although bouyancy in some sectors should be evident.

On the domestic front, the adverse impact of the very sharp increase in petrol prices during the first half of 1979 offset to a large extent the stimulatory measures announced in the March 1979 Budget, with the result that the already sluggish revival in 1978 lost whatever momentum it had. With the measures announced in the March 1979 Budget, as well as the further stimulatory measures introduced in September 1979 coming into effect, the South African economy at long last entered a period of high growth. The sharp increase in the gold price and the further stimulation announced in the March 1980 Budget enhanced the growth prospects further.

Confidence, both domestically and internationally, revived dramatically. A growth rate of 6 percent in real gross domestic pro-



Sugar . . . an uphill task.

Sugar needs a boost

By JACK BRICKHILL

SUGAR exports face an uphill battle unless capacity in the industry is increased soon

The rise in local consumption will soon cut into the surplus exported to other countries.

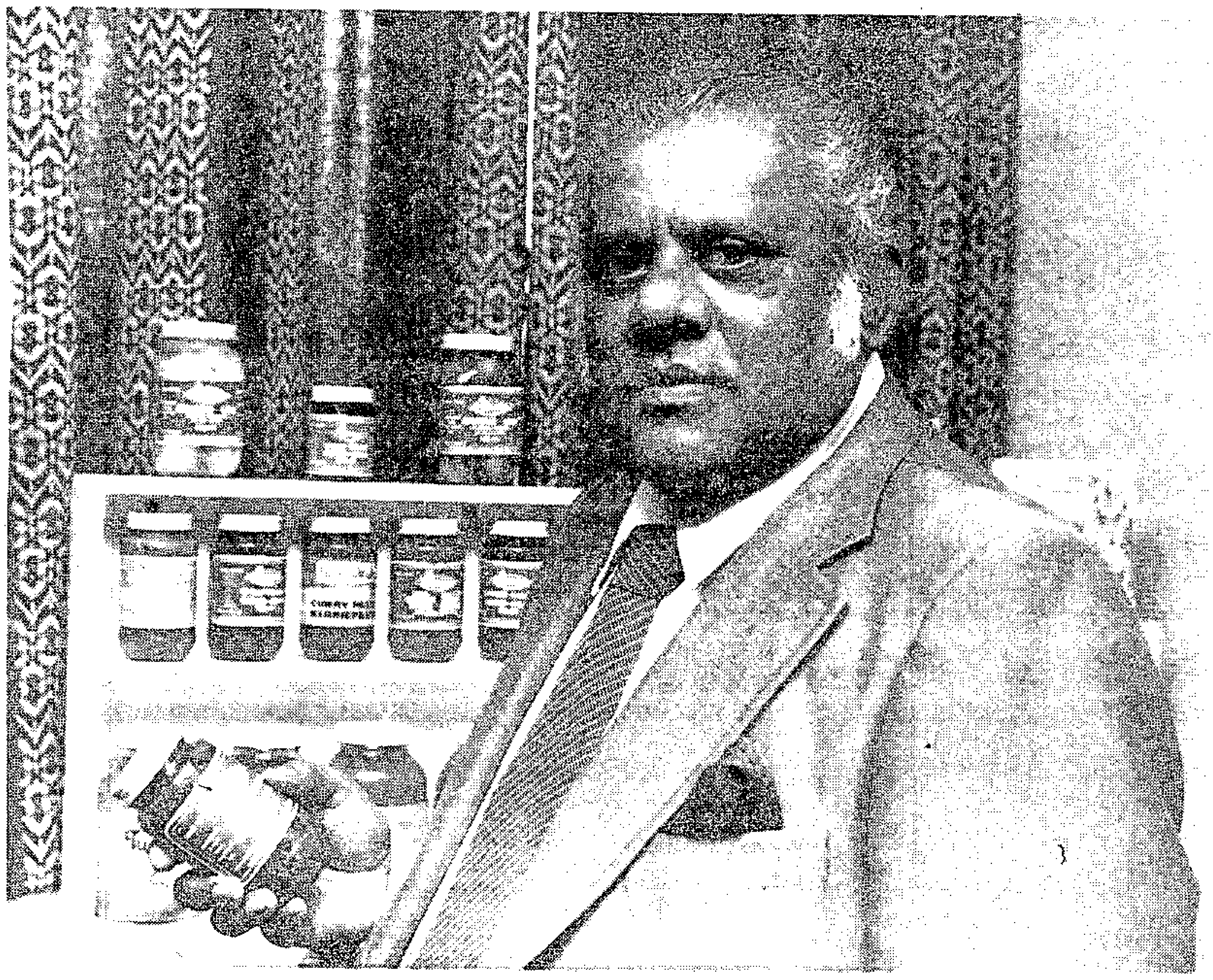
The worst drought in 50 years, coupled with the steady march of the cane-eating pest Eldana Borer, will reduce exports this year to a paltry 600 000 or 700 000 tonss. Local consumption is around one million tons a year. In a good agricultural year exports should be more than 1 200 000 tons.

Another factor affecting the industry this year is the selling forward of large tonnages of the crop so that the much higher world prices for sugar will not be felt for some time.

The export crop this year is unlikely to fetch much more than the R178 million earned in 1979.

However next year is certain to be better unless the bottom drops out of the market suddenly. At this stage it appears highly unlikely. Even sugar being sold ahead now for up to 18 months ahead will ensure very much higher earnings from the future exports.

Higher prices, hopefully an improved rainfall year and effective measures to curb the Eldana all point



Ram Naidoo, marketing director of Pakco, samples one of the export products which will have a new-look label.

PAKCO IS PICKING UP

By MARLAN PADAYACHEE

PACKO, the country's biggest producer of convenience foods and pickled products, is stepping up its export drive.

The Indian-owned company which broke into the British export market about 10 years ago — initially supplying pickled products — is renewing its overseas promotional campaign.

Packo's marketing director Ram Naidoo says their present export market is not too hectic. It's this area that the company is continually looking at.

As part of the promotional drive, the company, which cans a variety of curried foods and bottles a wide range of pickles, chutneys and spiced products, will be printing new labels for their export products. These will be available on supermarket shelves in Britain in a couple of months.

Mr Naidoo, who travels overseas at least three times a year, was in Melbourne, Australia early this year.

According to Mr Naidoo, the company has tied up a sizeable export order there for pickled products.

"An agency which will be opened soon will be handling our export products. These include chutneys and canned vege- port line is a variety of spiced pickles.

The company still ships a monthly minimum order of 2 800 dozen bottles of pickled products to London.

But until 1975 Pakco did a good trade with canned meat.

The company was forced to stop exporting red meat because the now disused Durban abattoir did not meet the approval of the British authorities.

Mr Naidoo is hoping that the new R47-million Cato Ridge abattoir passes the stringent British health regulations, so that Packo can start exporting canned meat once more.

However the company still produces canned meat for the large local market.

"Once Cato Ridge is passed we will embark on a full scale export drive of canned meat," he said.

Mr Naidoo says the company will not be exporting canned meat products to Australia because of that country's abundance of red meat.

"There is also a bigger demand for a mixed container of pickled products from the London market," he said.

He said the company is presently exporting a small shipment of canned foods and bottled pickles to Sri Lanka.

"We are particularly

we least expected the locals to go in for convenience foods," he said.

"India does canning on a small scale. Because it is closer to that country we expected the Sri Lankans to import from India. This is a further indication that even Indians, the curry cooking experts, are getting used to convenience foods," he added.

Packo is also sending small shipments of curry powder to the Seychelles.

And the Verulam-based company is also surveying the Mauritius market, with intentions of supplying the Indian Ocean island with convenience foods.

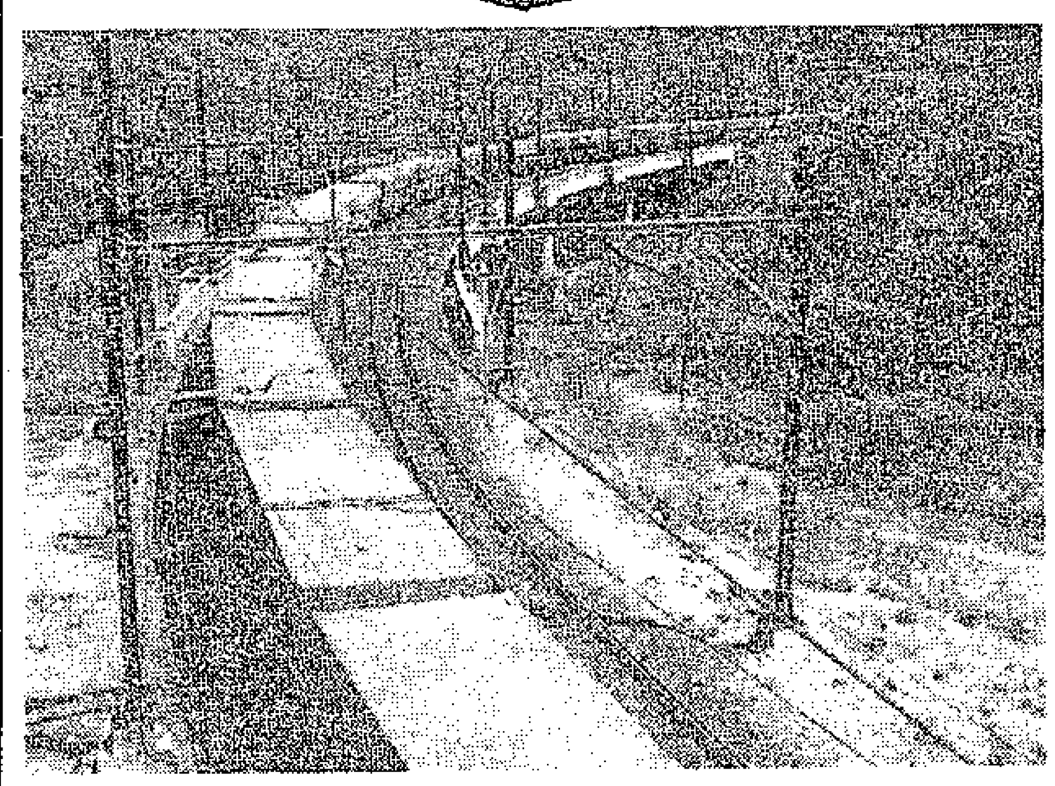
"Chicken is expensive, and there is a shortage of it. That's the line we will be pushing soon," Mr Naidoo said.

In time to come, Packo will be tapping the African market too.

"Our export market is starting to look promising and we are making steady progress," Mr Naidoo said.

Plastics are taking shape

Railways are using PVC tarpaulins



IN the field of plastics, South Africa is making its mark on world markets. Two companies operating in this arena are AECI and Gundle Plastics.

Gundle Plastics recently supplied the South African Government with two greenhouses, which were transported to the South African weather station on Marion Island to be used as a kitchen and a store.

In a matter of only four years, chemical giant AECI has increased its exports from R15-million in 1975 to R55,1-million in 1979. Although the rand value has escalated to some extent due to inflation, tonnages have increased significantly.

Plastics and explosives products account for the bulk of the company's exports. In previous years, explosives exported to accounted for the bigger portion, plastics and PVC in particular, have now outstripped explosives in export tonnages.

An aggressive sales policy has enabled this growth. A concerted technical service back-up operation forms part of the overall marketing strategy.

The export of chemicals tends to be related low, as in general they are high-bulk, low-cost materials which are highly susceptible to sea freight charges. Thus the markets tend to be within Africa and near neighbours.

Local demand is given priority over exports. However, de-bottlenecking is an ongoing project and can usually bring about extra capacity.

Gundle Plastics has followed up its initial export of greenhouses to the South Pacific by penetrating the lucrative European market — with the acquisition of Gemcon Manufacturing Company, which produces the highly successful Kliso Greenhouse.

To date, 60 specially designed greenhouses have been shipped to Britain. Further orders are being processed for the South Pacific and Mediterranean markets.

Based on extensive research into the requirements of the various framing sectors in countries abroad and in Southern Africa, Gundle Plastics has designed and manufactured the first South African multi-span structure which has been erected in this country.

Because of its advanced design, the maximum utilisation of ground area, its strength and the ease with which it can be erected, this structure is expected to have an export potential in excess of R2 million.

During June and July over 14 000 square metres of multi-span greenhouses were exported to Greece in sizes ranging from 16 metres x 40 metres to 24 metres x 100 metres. This was in adddition to a previous order of 27 x 60 metre long tunnels shipped to the same country.

A further order for four large greenhouses has been received from the South Pacific and another order has been completed for New Zealand. In and around Africa, greenhouses have been sent to Malawi

BLIND RIVET FIRM CLINCHES BIG ORDER

FOUR years ago the export market for blind rivets and riveting guns was a big unknown for Durban-based Fascor.

Today Fascor is the largest manufacturer of these commodities in Africa, and it exports to 28 countries on five continents.

In 1978 Fascor earned South Africa R470 000. Last year its export earnings were up to R640 000. This year managing director, Robin Reynolds confidently predicts that the firm will top its export goal of "well over R1 million".

Behind Reynolds' prediction lies the knowledge that Fascor recently landed its biggest single overseas order ever — the sale of millions of blind rivets to a major European manufacturer of the same commodity.

The deal, which is a culmination of six months of negotiations, is worth R233 000.

Asked why a major European manufacturer of blind rivets should approach a South African company for this item, he said: "Several European industrialists have told us that it's often harder to find reliable suppliers of certain materials than it is to find customers. And even when they do, haphazard deliveries often follow because of strikes and general lack of service.

"Our client approached us because European suppliers could meet neither his quality requirements nor his delivery deadlines.

"We have an excellent reputation both locally and abroad for meeting these two criteria as well as remaining highly competitive with European prices, despite our location 9 000 km from this market", Reynolds said.

Deliveries began in May when the first full container load of 10 million blind rivets was shipped out of Durban. Several more shipments are due to follow at regular intervals.

While final delivery is scheduled for the end of this year, Fascor believes this order to be the start of a long association with its new client.

Exports just keep on growing

THE phenomenal growth in South African exports of 29 percent last year has increased to 43 percent during the first quarter of this year.

As at the beginning of July the anticipated annual figure for exports, including gold, was running R24 000 million compared to the GDP of R59 thousand million, while imports were running at R14 thousand million. The combined import/export shows how vital international trade is to the South African economy as the make two thirds of the GDP.

Wim Holtes, chief executive of Safto has pointed out that South Africa is today trading with more than 130 countries with the US, UK, Japan and West Germany, trying to knock Switzerland off its perch as biggest importer of South African goods. the country took first place last year mainly because of the switching of diamond sales to that country.

Holtes pointed out that our exports to all these countries have been growing at approximately the same rate as our overall exports. For example, exports to West Germany grew by 33 percent, which was in line with South Africa's overall performance.

However, he said, of all these markets the most important increase was in exports to the US which grew dramatically, despite political posturing.

The role of the UK has shrunk dramatically, with that country taking 34 percent of exports 10 years ago and only 10 percent today.

On the other hand, exports to Africa which had been declining for five years show a sharp upturn last year. They are still expanding in both products and destinations.

Another area that has shown remarkable development is the newly industrialised countries such as Taiwan, South Korea Israel, Brazil and the Argentine. And exports to these areas have been mainly in the field of processed and manufactured goods.

The steady rise in the level of exports has had a highly encouraging effect on the balance of payments. Before 1977, the balance of payments current account normally ran at a deficit, but for the last three years a rapidly expanding current account surplus was balanced mainly by short term capital outflows.

The effects of the substantial surge in exports was to turn a current account deficit of R1 700 million at the end of 1976 to a surplus of R3 100 million at the end of 1979.

Despite the expected surge in imports, a surplus of R2 600 million is expected for the first half and R400 million for the second, giving a total for the year of R3 000 million.

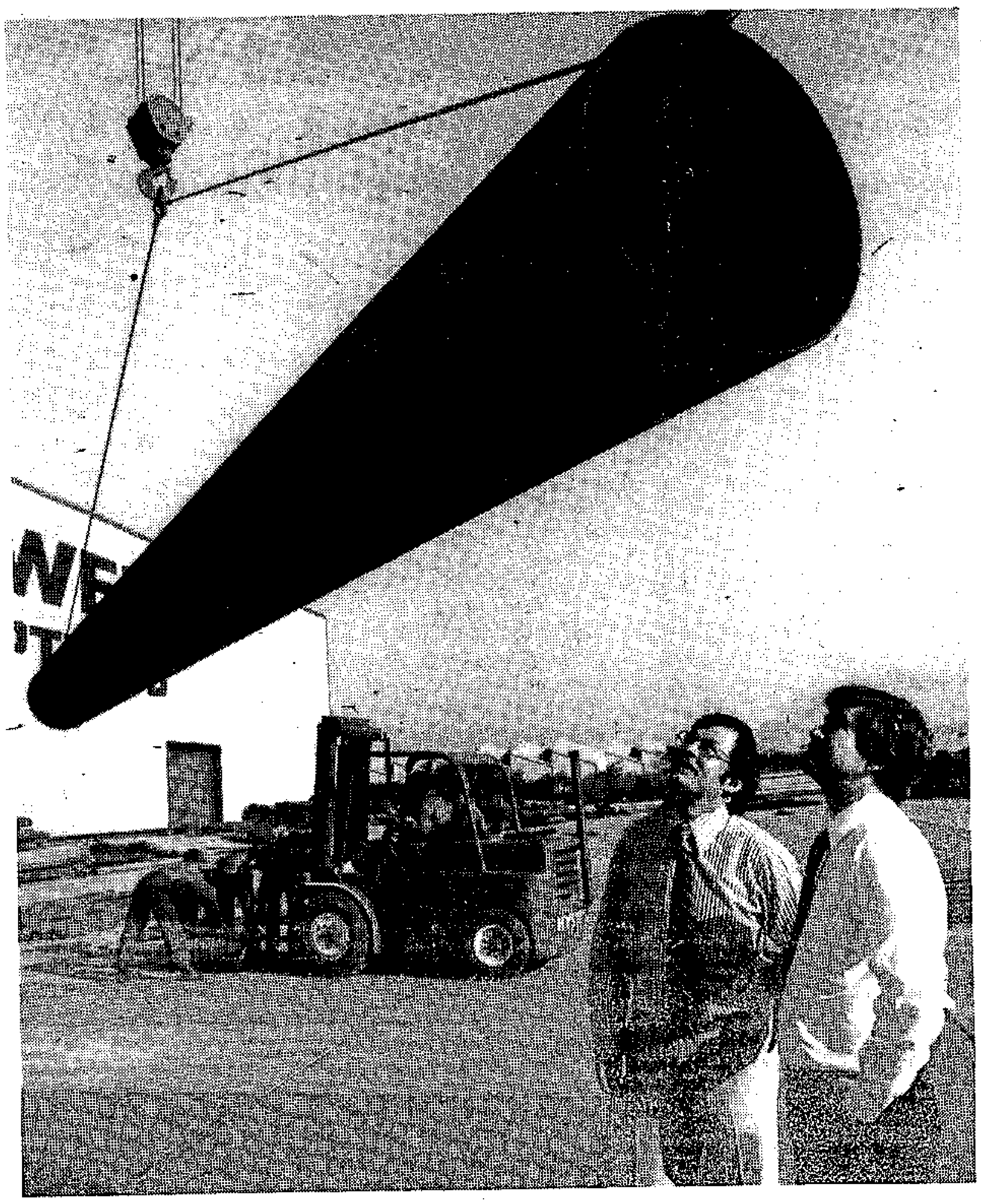
TABLE OF SOUTH AFRICA'S MAJOR EXPORT MARKET (VALUES IN R MILLION)

Country	Value of exports from South Africa 1979	1978
Switzerland*	1 428	467
United States	1 418	1 361
United Kingdom*	983	1 228
Japan	950	768
West Germany	786	672
France	362	278
Belgium/Luxembourg	350	260
Italy	348	199
Netherlands	210	201
Hong Kong	196	153
Canada	181	114
Taiwan	123	86
Brazil	120	78
Spain	112	98
Israel	98	58
Australia	74	54
Denmark	70	26
Ireland	66	56
African countries	754	538
Other countries	806	633
Total merchandise and Krugerrand exports (exclud-	9 430	7 329

Equador contract

In the face of competition from Japanese mills, Van Leeuwen Pipe and Tube (Pty) Limited, the South African arm of the world's largest steel pipe producer, has landed an order for locally manufactured piping in Equador. "This order, worth R50 000, is a vital breakthrough," said managing director Gerrit Perik. "We have been trying to win the confidence of South American dealers for years. I am sure that this country can soon be added to our list of major export outlets."

Van Leeuwen Pipe and Tube (Pty) Limited was established in Durban in 1977. Branches in Cape Town, Richards Bay and Johannesburg soon followed. An active export drive has contributed significantly to the company's success. This year they have exported South African manufactured piping in excess of R1.5-million to Europe, the Indian Ocean islands, a number of African states and the Far East. International trade links with the Van Leeuwen subsidiaries all over the world have strengthened the company's trading position.



Managing director Gerrit Perik (left) and general manager Kevin Cassidy watch the loading of pipe, part of an order for Equador.

Patterns are changing...

TRIBUNE CORRESPONDENT

SINCE the mid 1970's imports of general cargo into South Africa have been declining on all trades until recently. This was largely due to the economic position of the Republic.

Additionally, the country has had some success in its import replacement programme, such that many goods are now made locally and are heavily protected from overseas competition by import duties.

On the other hand, during the same period export volumes of general cargoes have held relatively steady, while those of bulk cargoes have increased manyfold.

These shifts in the Republic's trade patterns have necessitated changes in shipping practice. A look at the more significant trends, reveals that:

General cargoes:

- Import cargoes tend to be more highly valued and rated than export cargoes. Thus, since imports have fallen more than exports, until recently, the Conference shipping lines have lost proportionately more revenues. It has become necessary to raise many export freight rates proportionately more than import rates. Also the country is exporting more manufactured items than previously. It is thus becoming increasingly more difficult to differentiate rates between imports and exports of the same commodity. Exporters will thus have to export and allow for the impact of such factors as they occur.

- Exports of perishable cargoes to Europe are being carried increasingly in the SAECS container service. The container operation is becoming increasingly more competitive, with chartered refrigerated vessels which carry the seasonal peak and the bulk of such products. Containerised fruit is also fetching premium prices in European markets, due to its prime condition on reaching Europe.

- During the past year there have been proportionately stronger exports to the Mediterranean countries than to the North West continent or the UK. Exports to the Far East and United States have been steady but are starting to decline because of the imminent recessions of the industrialised countries. These trends will vary according to the relative economic strengths, inflation rates and exchange rates of currency compared with this country. In general it is expected that exports of manufactured items and certain commodities will decline because of increased domestic demand within the Republic.

- Certain export commodities from areas such as Zambia, Zimbabwe and even the Eastern Transvaal are likely to be increasingly routed through Mozambique ports as they are expected to be developed in the foreseeable future. Maputo is probably going to handle most of the containerised cargoes while Beira will cater for breakbulk and unitised cargoes, and to a lesser extent for some containers from Malawi and Zimbabwe. There are recent indications that this process has already started.

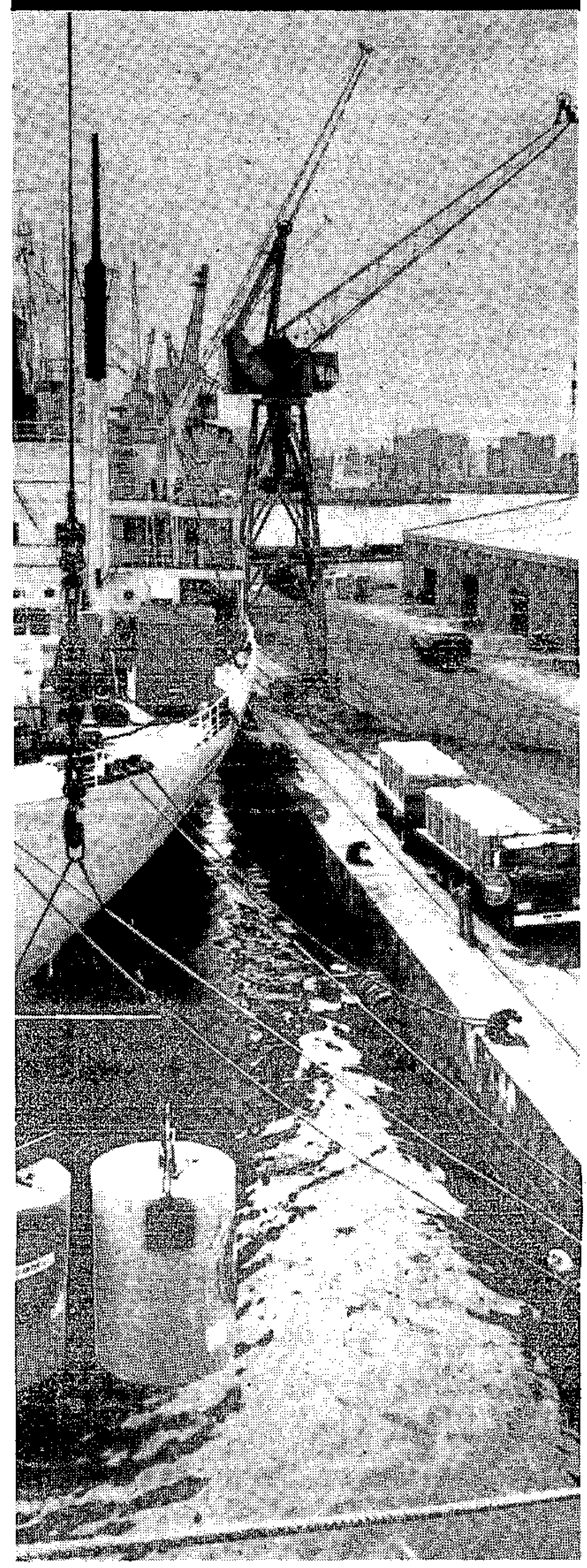
- Bulk cargoes are growing rapidly as exports of coal develop to Europe, Japan and the United States. Non-energy commodities, such as iron ore, can be expected to steady or even fall in volume as the recession deepens and stel cession deepens and steel demands abroad drops. Agricultural bulk commodities are frequently fixed by way of quota systems and thus flows vary according to such negotiated quota arrangements. Although bulk shipping rates have been governed by strong market conditions during the past year, there are recent signs of a softening of such rates. Domestic demand is also taking up some of past export flows for selected industrial commodities.

In summary, therefore, a varying export scene according to trade and commodity has been experienced over the past year, with a general trend of reducing export growth rates in non-Energy related and manufactured commodities.

Safmarine is preparing to invest in additional bulk shipping capacity to cater for the coal export growth and selected further commodities.

It is known that certain overseas countries are likely to place more emphasis on burning coal for certain industrial processing such as the cement industry, and also to start their own oil-from-coal processes. Such moves can only bode well for the long term coal exports from South Africa.

EXPORT TRENDS IN SHIPPING



Brazil implements major switch of policy

FOR several years Brazil has been the leading trading nation in Latin America and a growing industrial power. Its industry has developed rapidly in recent years and a point of near self-sufficiency in manufactured consumer goods and many capital goods has been reached.

Brazil's Achilles heel has been its balance of payments. To right the imbalance, emphasis was placed on import substitution to encourage domestic manufacture.

But late last year, the Brazilian government announced a major switch in policy in order to stimulate economic expansion. Key aspects of the new policy are the promotion of industrial and agricultural production and of exports to combat unemployment and reduce inflation. The programme has been masterminded by the new Minister of planning Delfim Neto.

The government now seems to recognise that eliminating, as far as possible, the bureaucratic controls on the flow of trade is essential if the new policy is to be effective.

Measures of interest to Brazil's trading partners are:

- Devaluation of the Cruzeiro by 30 percent, with regular mini-devaluations to continue as before.
- Abolition of the prior import deposit which stood at 90 percent of CIF value at the time of the announcement.
- Imposition of an export tax on commodities with international price levels.
- Public spending limited to 80 percent of 1979 budgets.
- Abolition of the law of "similarity" which effectively barred the import of goods competing even marginally with Brazilian manufacturers.
- Scrapping of the prior travel deposit for Brazilians.
- Elimination of inflation export incentives.

The combined effect of the devaluation of the Cruzeiro and abolition of the prior import deposit appears to leave greater scope for market forces to act within the economy.

SOUTH AFRICA'S TRADE WITH ARGENTINA AND BRAZIL: 1978

(Source: S.A. Department of Customs and Excise)

Commodity groups (BTN sections)	Argentina R'000 Imports	Argentina R'000 Exports	Brazil R'000 Imports	Brazil R'000 Exports
Live animals, animal products	208	2	6	41
Vegetable products	2 205	130	1 192	329
Animal and vegetable fats, oil and waxes, and products	2 039	60	1 684	—
Prepared foodstuffs, beverages, and tobacco	770	217	3 566	1
Chemical and allied products	686	3 079	2 059	58 532
Artificial resins etc., rubber etc.	41	189	102	17
Hides skins and leather goods	1 286	4	3 523	—
Wood and similar materials and articles thereof	—	2	5 314	5 923
Paper-making materials, paper and products	14	6 092	674	3
Textiles and articles	1 004	24	545	—
Footwear and other accessories	2	—	178	1 121
Articles of stone and similar materials, of ceramic and glass	368	604	109	—
Precious and semi-precious stones and jewellery	1	—	26	8 721
Base metals and products	182	1 442	3 071	441
Machinery, electrical equipment and parts	519	53	6 818	171
Vehicles, aircraft and parts	197	2 086	1 123	37
Precision and measuring equipment	41	12	181	2
Miscellaneous manufactured articles	4	1	99	7
Works of art, etc.	5	2	—	—
Other unclassified goods	16	1	175	—
TOTAL	**9 825**	**15 180**	**31 970**	**77 842**

Brazil is extremely rich in minerals, many of which are as yet unexploited. There are large reserves of high-grade iron ore, manganese, bauxite, nickel, lead and chrome. The country derives two-thirds of its energy requirements from domestic resources, although more than 80 percent of its crude oil needs must be imported. There is enormous hydro-electric potential, and following the discovery of large deposits of uranium, an extensive nuclear power programme is planned.

Despite the growing industrialisation of the economy, agriculture is vital. It employs almost half the labour force although only five percent of the land is under cultivation. Forests cover about two-thirds of the land area.

Brazil is the world's largest exporter of coffee, and other principal agricultural products include orange juice, soya, sugar, cocoa, cotton, timber and beef.

Industry has grown rapidly in recent years — especially in the Sao Paulo area, where output now represents about one-half of the national total — bringing Brazil close to the league of industrialised countries. International companies and foreign subsidiaries have dominated this expansion, enabling large inflows of investment capital to be directed into new manufacturing industry. The main sectors are motor vehicles, textiles, food products, iron and steel, cement, shipbuilding, petro-chemicals and synthetic rubber.

The continued expansion of the coal industry, and development of thermal power stations should offer good prospects for exporters of advanced designs of mining and handling machinery and of generating plant, and other related equipment. Transmission line materials will also be required. Experiments are being carried out into developing alternative sources of energy. Between 1979 and 1985, 5 000 million US dollars are being invested in Proalcoal, a project to develop the production of alcohol from sugar-cane for mixing with or as a substitute for petrol, oil and other oil products.

Brazil is fast becoming one of the world's main steel producers, output totalling. A major new steel works is expected to be

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ARGENTINA, one of countries, has sufficien very high standard of li income in South Americ

When the military government took over in March 1976, they were faced with many problems, including a negative growth rate, declining industrial and agricultural production, little investment, a large balance of payments deficit and soaring inflation (in 1975, inflation ran at 335 per cent and this jumped to over 750 per cent in early 1976).

A stringent recovery programme was introduced in April 1976, which included returning many state enterprises to private capital and administration, tax reforms, gradual liberalisation of the exchange market, promotion of exports and large-scale investment in the agricultural sector. Government approach to commerce and industry as a whole was far more liberal.

The economy began to improve considerably and last year saw booming retail sales, increased exports and a balance-of-payments surplus in excess of R1 700 million building foreign exchange reserves to over R6 600 million. Unemployment is down to 1,5 percent from 4,8 percent in 1976 and the economy's overall growth rate is around 6 percent.

Inflation, however, persists at around 150 percent. This had the advantage for foreign businessmen of making their goods more competitive.

The man behind this dramatic economic recovery is the minister of economy; Martinez de Hoz —a firm advocate of a mixed economy. He believes a modern state should 'push the economy and give direction' but should not intervene in things which private enterprise does better.

Under the present government, public investment is running at nearly 12 percent and Mr de Hoz wants R17 000 million invested in State projects over the next three years. The lion's share of R2 600 million spent last year went to the national oil company, the state power and water company, state telecommunications and the railways.

The country's economy is highly dependent upon

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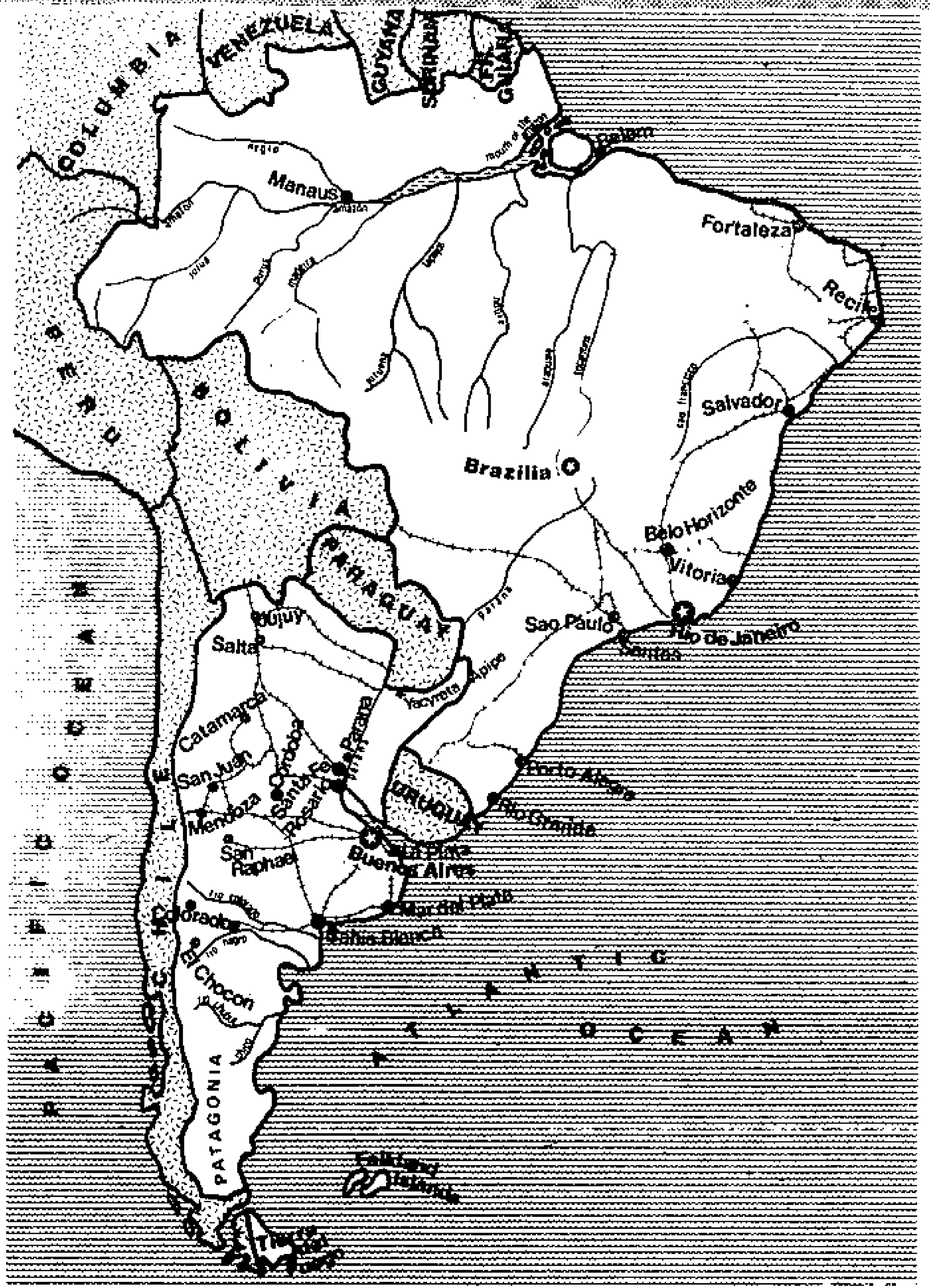

ɥe more highly developed Latin American human and material resources to achieve a ng and currently it has the highest per capita .

Argentina's reserves and foreign trade surplus. The country ranks as the world's second biggest by-producer and is fast becoming one of the biggest grain producers. It is the fourth biggest wine producer.

The government has embarked on an agricultural investment project which is intended to increase the use of technology and equipment to obtain higher yields. Such investments would include fertilizers, tractors and other agricultural implements.

In addition to agriculture the government has announced a number of other areas of investment covering fields of energy, water, transport, roads and railways. Large investments will have to be made in their manufacture to cope with increased agricultural output. An example of this is modernisation of ports and handling facilities, where presently bottlenecks exist.

Argentina has sufficient petroleum reserves to satisfy 93 percent of domestic requirements and, with increased national and foreign offshore exploration, it is hoped that the country will become self-sufficient in or by 1985.

Argentina also has gas, and plenty of it, only recently discovered and there is thought to be a lot more. Now the government is to build the two pipelines, each 1 600 kilometres long to get gas to population centres.

At present some 63 percent of Argentina's electrical consumption comes from oil-burning power stations, 23 percent from gas, some 6 percent from hydro-electric plant and some 2 percent from nuclear powerstations. By the end of the century if the present government has its way, 73 percent of electrical energy will be generated by hydro-electric power and 15 percent by nuclear power.

Over the past few years, the manufacturing industry suffered most from the new economic policy, not having a well-defined guideline.

But last year the government took major steps aimed at righting the situation. Among new measures introduced was one designed to reduce the cost of manufacturing motor vehicles. The chief feature here was a relaxing of import regulations and tariffs on parts, the latter with a range of 45 percent down to 10 percent.

The government has taken important measures to reduce its own inefficiency as a supplier of services and raw materials to manufacturing industries. In March 1976, 15 companies were being subsidised by the state; today only the postal service and the railways receive state funds.

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EXPORTS

Grasp the nettle

The euphoria about SA's healthy balance of trade figures should not obscure the fact that non-gold/platinum/uranium exports are already rising more slowly than they did last year, and the slowdown is expected to continue.

(Comparing first quarters of 1980 and 1979, exports rose 64% to R5,2 billion, imports 37% to R2,8 billion, trade surplus from R738m to R1,3 billion. But take away gold and the strategic minerals, and the increase in exports is only 24% in money terms compared with 27% for the whole of 1979.)

The point is that the healthy trade position is largely a gold windfall, and should be treated as such. Which makes Finance Minister Owen Horwood's failure to even mention the subject of exports in his March Budget somewhat incomprehensible.

Wim Holtes, chief executive of the SA Foreign Trade Organisation, Safto, points out that the Economic Development Programme singles out export growth as the best way to provide the employment opportunities so badly needed in this country. Certainly, most of the high-growth economies in the last two decades (such countries as Japan, South Korea and Taiwan) have depended heavily on exports for their advancement.

"Nowhere does the budget seem to support the EDP, which is the government's long-term economic policy instrument," says Holtes. "With the gold price soaring, the attitude seems to be that merchandise exports don't matter any more."

Holtes has a point. When the economy is down, the government is constantly urging greater export efforts to keep the balance of payments on an even keel. When gold removes the threat to the BoP, exports take a back seat. But higher gold revenues don't in themselves provide jobs. What's needed is a sustained, consistent programme to boost exports - a programme that doesn't come to a stop whenever the economy is booming.

The 24% rise in merchandise exports so far this year is close to Safto's estimate made last year for the first half. For the second half, Safto forecasts a 13% rise. In real terms (depending on whether you assume an inflation rate equal to that of the CPI's roughly 13%, or the wholesale price index's 18%), that means exports will rise 5%-10% in the first half, and flatten out or even fall 4% in the second half.

Exporters warn that inflation and the strengthening rand are eroding their competitive position in world markets. It's becoming easier to make profits in the booming domestic market. Ocean freight rates are soaring, exacerbated by adjustments in bunker surcharges and the currency adjustment factor. Exporters have been hard-hit by the fluctuations in the forward dollar discount, which in recent weeks has gone from 2,5% to 12% (costing some companies an annual R500 000 overnight, says Holtes) and back to around 6% now.

Even at 6%, the cost of forward cover is now more than twice what it was a few weeks ago.

"These factors could affect us very badly indeed in the next 6-7 months," says Holtes. "Already, I am getting distress calls almost every day from exporters who are re-examining their commitment to the export market."

The pulp and paper industry, which has raised exports by 50%, is abandoning foreign markets as the domestic market picks up once more.

Nor are world economic conditions conducive to export growth. Barclays Bank economist Dr Johan Cloete predicts the US recession will be steeper than most people expect.

"A reduction in real export earnings must be expected," says Cloete. "Our view is that the US recession will affect all commodity prices including that of gold. The fact that the Iranian crisis did not push gold back up to the $800 level suggests that the trend is downward."

Cloete forecasts a 1% *decline* in total exports of goods and services this year.

Holtes believes it would make a big difference if only the government would make a firm commitment to export incentives. It is now more than two years since a revised export incentives package was promised, and nothing has come of it.

The Reynders technical committee for revamped export incentives has proposed four categories of assistance to exporters: specific compensation for high raw material costs, general compensation for a percentage of the value-added component, incentives for special cases, and marketing assistance.

The Bureau for Economic Policy Analysis at the University of Pretoria, in a cost benefit analysis of the proposals, has calculated that the suggestions would reap an additional R3 of earnings for every R1 of assistance rendered by government. (Export incentives have not exactly crippled the government in the past: their cost has been around R100m a year.)

This analysis does not appear to have dispelled government's doubts about the cost efficiency of export incentives. It is also concerned at the possible adverse reaction from GATT. It seems unlikely that export incentives will be improved

WHERE THEY GO

SA merchandise exports by zone — Rm

	1979	1978	% change
Africa	748	538	39
Europe	5 021	3 668	37
America	1 808	1 616	12
Asia	1 630	1 398	17
Oceania	83	69	21

BIG MOVERS

% change in SA exports to selected countries

	1979 over 1978 (Jan-Nov)
Ecuador	402
Chile	348
Switzerland	346
Korea	191
Israel	84
Taiwan	45

this year.

The trend in the past few years shows that, despite political obstacles, there is plenty of scope for exports. Last year, when total exports rose 27% to R9.3 billion, the fastest growing of the five export zones distinguished in Customs and Excise figures was Africa, an area which for years before has exhibited a below-average growth rate in SA exports.

Unfortunately, no detailed breakdown of trade with the rest of Africa is given, but we know that economic realities have encouraged increasing trade with such countries as Zambia, Mozambique and Zaire. SA is now Malawi's biggest source of imports. In all, we trade with 40 African countries.

Next biggest growth area was also the largest of our market zones: Europe. SA exports rose 37%, and last year Europe took 54% of our exports. In the first 11 months of 1979 (the latest period for which a breakdown is available), expanding markets were Switzerland (soaring from R374m in 1978 to R1.3 billion because of diamonds and Krugerrands), Denmark (nearly a three-fold jump to R63m thanks to coal exports), Italy (up 80% to R316m, thanks to minerals, base metals, hides and leather), and Belgium (up 34% to R309m, the big item being diamonds and gold coins).

Exports to America rose a sluggish 12%, but this conceals a 65% jump in sales to Latin America. The big movers were Chile (from R4m to R14m), Ecuador (from R4m to R17m) and Brazil (also the biggest market, from R77m to R109m).

Asia was also an unexciting zone, with a 17% increase, but within it were Korea (up 191% to R57m), Israel (up 84% to R89m), Taiwan (up 45% to R112m) and Hong Kong (up 27% to R173m).

A feature of the statistics is that many of SA's fastest-growing markets are semi-developed countries at a similar stage of development to ours. Far from competing with us, they have need of raw materials which SA can supply. Moreover, they still have gaps in their own ranges of manufactured products which offer opportunities to SA manufacturers.

It's a sobering thought, though, that in many cases they are considerably faster-growing economies than ours — and they are getting much of their growth from exports.

Commodities still offering good export prospects are minerals, foodstuffs, high-energy products, diamonds and even manufactured products. SA's special position as a producer of hedge minerals such as gold, platinum and diamonds, and energy commodities like coal and uranium makes it well equipped for current world conditions.

Standard Bank economists believe mineral export earnings will continue to rise this year, despite the likely slowdown in economic growth by the country's major trading partners. Prices of iron ore and diamonds, and demand for vanadium, platinum and coal all look promising.

Manufactures still make up a small proportion of SA exports — about 20% including re-exports. But there has been good growth in such products as plastics, chemicals, vehicles, machinery and textiles.

Though raw materials still comprise the basis of SA's export effort, manufactured exports are vital for the country's long-term health. Industrialists are already exporting motor cars, electronic components and computer software. More people should grasp the export nettle.

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Maputo in R50m bid for SA coal

By ADAM PAYNE

MAPUTO Harbour and Railway authorities are expected to make a bid for a lucrative 5-million to 8-million tons of coal exports, mainly from the Transvaal, by building a R50-million coal-handling plant to ship coal from South Africa, Swaziland and probably Zimbabwe.

Prequalification documents for prospective tenderers have been issued by the Johannesburg representative of Mozambique Harbours and Railways, Mr J Coelho.

Watching the bid to gain this traffic is TCOA whose managing director, Mr Dick Bird, is puzzled.

He said: "We understand that export permits are limited to 44-million tons by the mid-1980s.

"By the mid-1980s, Richards Bay coal terminal will be able to handle this tonnage. The 5-million to 8-million tons of possible exports through Maputo would, therefore, seem to have to get further export permission but we do not know that this has been granted by the Government.

"It seems strange that tenders for a coal-loading plant will be called before the Mozambique Harbour and Railway authorities are satisfied that they will get the coal."

Mr J Coelho was confident, saying: "There are several sources of coal in Southern Africa although the main one is South Africa.

"We have been contacted by clients outside the TCOA who cannot get export permission through Richards Bay because the coal-loading terminal is fully committed.

"These clients have been told that if they can get export facilities they will be allowed to export through Maputo.

"We hope to bring these people together, to find out how much coal they can export through Maputo and then we will take a final decision.

"Meanwhile, we have issued prequalification documents from prospective tenderers which must be submitted by June 16."

According to Engineering Week, Soros Associates of New York, a firm with great experience in harbour construction, has drawn up the list of instructions for building the terminal, a feature of which will be a linear shiploader similar to one in Narvik, Norway, and possibly a system to handle anthracite through a soft-drop loading device.

The Mozambique authorities are planning to dredge Maputo harbour so that it can take bulk carriers of 80 000 tons in future which would be loaded at the facility at a rate of 3 000 tons an hour.

Mr Coelho said Mr David Pickering, a former managing director of Consolidated African Mines, and Mr John Popper were advising Maputo Harbours and Railways on marketing.

As to finance for the project, one party concerned with it, said: "A number of organisations are involved, including consumers as well as producers and some have indicated an interest in participating. In any case, contractor finance is usually available and there should be no difficulty in this case."

Mr Coelho was confident the South African Government would allow exports beyond 44-million tons by the mid-1980s, providing the additional port facilities were available, because South African coal reserves were much greater than estimated by the Petrick Commission several years ago.

I am told there is a group of small exporters including Rand London shipping coal through Durban. Members of this group have asked without success fo facilities through Richards Bay.

Other independent coal producers include Cat[illegible]na Collieries and Savage and Lovemore.

COMMENT: The promoters of this project insist that it is a Southern African venture but without a big tonnage from South Africa the prospects of the project could be doubtful.

If a substantial tonnage can be arranged then the building of the terminal will be a boon for the South African coal mining industry.

There would be no problem in railing the coal because of recent improvements to the railway to Komatipoort and beyond, bringing its total carrying capacity to 14-million tons a year.

Samancor, Assmang get Japanese contracts

~~947~~
74
RDM 28/5/80

BY ADAM PAYNE

SAMANCOR and Associated Manganese have wrapped up contracts to join the suppliers of 1-million tons of ferruginous manganese ordered by Japanese steel mills in the fiscal year to next March.

South Africa is the main supplier with India among the runners-up.

I am told that the negotiated price is about 9% higher f.o.b. than a year ago which will not cover the increase in mining and railage costs, but it is acceptable.

The ferruginous manganese is low in manganese content, but carries iron which is of value in the steel makers' furnaces.

In other markets in which Samancor and Associated Manganese are active — ferrochrome and ferromanganese — there is satisfaction that the entry of Zimbabwe to the ferrochrome market has caused no upsets.

"The recession in the US and the announcement of stragetic stockpiling in Europe are the biggest influences in the alloy situation," I was told by an industry source.

"The US recession will affect all markets, but it is not entirely bad for South Africa, which is a low-cost producer of ferroalloys.

"It will hit — and possibly knock out — some high-cost producers in other countries. We expect to emerge stronger from the recession. We cannot push prices up and our competitors cannot afford to drop prices. So we have to sit it out with patience."

This informant is bullish on ferrochrome, but not as optimistic as a month ago, pointing out that it has special applications for stainless steel in the petro-chemicals industry.

Chrome also plays a big part in the rearmanents programme.

The result of this situation is that South African ferrochrome furnaces are still at full production.

The re-entry of Zimbabwe as an unrestricted competitor in ferrochrome markets has caused no upset because of the orderly marketing policy adopted by Union Carbide which has taken over marketing from Univex, which operated during the UDI years.

Ferromanganese is a little less buoyant than ferrochrome because the demand for high-carbon mild steel from the automobile industry is down in the United States although it remains firm in Japan.

However, my informant says the effect of the US rearmament programme, particularly in shipbuilding, should begin to be felt soon by ferromanganese producers.

The announcement of the establishment of strategic stockpiles in Europe has been welcomed by alloy producers.

Various countries, notably West Germany and France, are buying to increase strategic materials, but have said that they will not upset markets. Therefore they are expected to buy when markets are slack, so providing a stabilising influ-
[illegible]

Trade team advises SA to look West

(74) RDM 26/5/80.

By SIMON WILLSON
Industrial Reporter

A GROUP of top international trade troubleshooters, just back from a three-month fact-finding trip to the French-speaking countries of West Africa, say South Africa cannot safely rely on a market for its exports in the proposed "constellation of states" region of Southern Africa.

The London-based Whitehead Morris consultant group sent a private team to West Africa in January.

Its mission was to assess prospects for South African exports in the French-speaking territories in the coming decade and the results of the daring expedition seem to require a major realignment of the Republic's foreign trade policies.

The trade group says changing politics in Southern Africa means that opportunities for South African exporters in their traditional market territories will unquestionably decrease over the next few years. The Republic's exporters should therefore look further north for new markets if South Africa's export performance is not to suffer.

The group's findings are therefore in direct opposition to the Government's vision of a South Africa-dominated "constellation of states", in which political co-existence between the states of the region would develop from their economic interdependence.

The possibility of closer South African links with West Africa is nothing new, but has fallen into disrepute since the early years of the 1970s when the then Prime Minister, Mr B J Vorster, blazed his pioneering trails with detente-promoting visits to Ivory Coast and Senegal.

The "constellation of states" idea decisively shifted the focus of South Africa's trade influence south again and the Whitehead Morris project this year has been the first sign of a return of interest towards the north-west of Africa.

The managing director of Whitehead Morris, Mr Clive Morris, says he wanted to "take a fresh look" at all African markets.

"Generally it can be said that West Africa as a whole has remained more stable and so far more conservative than the eastern, English-speaking part of the continent," he says.

"The mood of detente remains alive. Will South African businessmen pick up the gauntlet and answer the challenge?" Mr Morris asks.

The study group covered fifteen countries in West Africa, including Nigeria, the continent's richest and most populous black state, and others such as Liberia, Sierra Leone, Ghana, Togo, Upper Volta, Dahomey, Niger, Ruanda, Burundi, Spanish Guinea and Chad.

The region contains more than 150 000 000 people whose material demands are not being met by the economies of their own countries and who therefore form a substantial potential market.

The group's conclusions have the qualified support of available statistics.

South Africa exported goods worth R257 200 000 to black African countries during 1979, an increase of 39% on the year before.

But much of the increase came from greater export volumes going to Zambia, Mozambique and Zaire.

Exports, however, dropped last month. The total export value was R1 577 100 000 which was 7,2% below March's export value total.

While some of this decline can be attributed to the gathering recession in Western Europe and the United States, it also indicates a certain stagnation in demand for South African goods from the "constellation" states closer to our borders. It backs Whitehead Morris' call for renewed exploration of the potential West African market.

74

PROCLAMATIONS

by the State President of the Republic of South Africa

No. 92, 1980

COMMISSION OF INQUIRY INTO MALPRACTICES RELATING TO THE AVOIDANCE AND EVASION OF THE REPUBLIC'S EXCHANGE CONTROL MEASURES

I hereby repeal—

(a) the Proclamation whereby the provisions of the Commissions Act, 1947 (Act 8 of 1947), have been applied to the Commission of Inquiry into Malpractices relating to the Avoidance and Evasion of the Republic's Exchange Control Measures and promulgated under Notice R. 297 in the *Government Gazette*, dated 7 November 1978; and

(b) the regulations made under section 1 of that Act with reference to the said Commission and published under Proclamation R. 297 of 7 November 1978 as amended by Proclamation R. 327 of 30 November 1978.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Fifth day of May, One thousand Nine hundred and Eighty.

M. VILJOEN, State President.

By Order of the State President-in-Council:

O. P. F. HORWOOD.

PROKLAMASIES

van die Staatspresident van die Republiek van Suid-Afrika

GG 7041

No. 92, 1980 30/5/80

KOMMISSIE VAN ONDERSOEK NA WANPRAKTYKE WAT DIE OMSEILING EN ONTDUIKING VAN DIE REPUBLIEK SE DEVIESEBEHEERMAATREËLS BEHELS

Hierby herroep ek—

(a) die Proklamasie waarby die bepalings van die Kommissiewet, 1947 (Wet 8 van 1947), van toepassing verklaar is op die Kommissie van Ondersoek na Wanpraktyke wat die Omseiling en Ontduiking van die Republiek se Deviesebeheermaatreëls behels en afgekondig in die *Staatskoerant* onder Kennisgewing R. 297 van 7 November 1978; en

(b) die regulasies uitgevaardig kragtens artikel 1 van genoemde Wet met betrekking tot genoemde Kommissie en afgekondig onder Proklamasie R. 297 van 7 November 1978 soos gewysig by Proklamasie R. 327 van 30 November 1978.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Pretoria, op hede die Vyfde dag van Mei Eenduisend Negehonderd-en-tagtig.

M. VILJOEN, Staatspresident.

Op las van die Staatspresident-in-rade:

O. P. F. HORWOOD.

Exporters still penalised under new Govt booster

(74)

DM 12/6/80.

By SIMON WILLSON
Industrial Reporter

THE NEW export incentives announced by the Government last month still carried an inherent prejudice which penalised exporters and favoured export replacement industries, an industrialist said yesterday.

Mr Mike Getz, managing director of Desiree International, was speaking at a conference organised by the South African Foreign Trade Organisation (Safto) on the export incentives announced on May 13 by Industries Minister Dr Schalk van der Merwe.

Telling the 360 delegates in Johannesburg how the new system would affect the South African clothing industry, Mr Getz said tax deductible incentives for marketing and sales promotion were "woefully inadequate" in the industry.

"The limitation of existing incentives is that they are ineffective, if not irrelevant to some of the really critical problems South African exporters of apparel face," he said.

"There is clearly too little emphasis on successful exporting — the emphasis, in fact, seems to be on cost rather than performance.

"Inadequate incentives in the long run imply a slower growth of exports and a pattern of companies starting out as exporters, doing a little business and, after experiencing some poorly rewarded activity, withdrawing from the export scene."

Companies such as his which wanted to export had to accept a commitment to making and accepting losses.

"Precisely because garment manufacture is a labour-intensive industry we are automatically in probably the most competitive export sector of all. Developing countries without infrastructure choose textiles and clothing as a first entry in the field of exports."

But South Africa, facing underdeveloped competitors who paid a dollar a day to their workers for high-volume, low-price products, faced special problems, Mr Getz said.

These were:

- South Africa's southern hemisphere location and subtropical, temperate climate, with major markets in the northern hemisphere with extreme climates and opposing seasons.
- The considerable cost to domestic activity of diverting scarce resources to exports.
- The cyclic and seasonal garment market, with higher risks for exporters of textiles to foreign markets than for exporters of base commodities.
- Low pay in the South African clothing industry, the appreciating rand and the gathering Western recession, which militated against improved export performance.

Mr Getz said there were several additional requirements to be met before the incentives were satisfactory.

Areas to be dealt with included a move to a 100% tax deductible rebate from the tariff for imports instead of the proposed 50%, and measures to neutralise garment exporters from effectively paying freight charges twice — once on imported materials and again on shipped garments.

Other speakers at the conference welcomed the new incentives, with provisos.

Mr C J Cilliers, director of the South African Agricultural Union, said the 50% of duty reclaimable on each input used in export production was a concession that the agricultural exporter had never enjoyed and was welcome.

But he added that the 50% claim should be increased to 100%, and that agricultural exporters should be compensated for the levies which made fuel in South Africa more expensive than in America.

Mr Cilliers said the packaging allowance should be reintroduced for the agricultural sector only.

"This allowance was of great benefit to agriculture, but was withdrawn because of abuse by other exporters."

Mr L F Franszen, group marketing manager of Stewarts & Lloyds, said on behalf of steel fabricators there was a lack of clarity as to how the new benefits would accrue.

"For example, will the benefits take the form of cash or a reduction of tax liability? If it is to be captured via taxation benefits then I can visualise a lot of disappointment."

Dr J C van Zyl, executive director of the South African Federated Chamber of Industries, said some grey areas still existed regarded the detailed application of the new incentive system, but the problems would be investigated by the standing committee.

"The new system will do two things: pull the structure of export assistance in the direction of greater emphasis on productivity and performance, and pump an additional R150-R200-million into export promotion.

"These steps should go a long way towards developing the export sector in the right direction. In practice it is now up to the private sector to grasp the new opportunity."

74

Importance of forward exchange mechanism

RDM 16/6/80.

By NEIL BEHRMANN

ZURICH. — South Africa's forward exchange rate mechanism will continue to play an important role in the Reserve Bank's monetary policy.

In an interview in Zurich, the Deputy Governor of the Reserve Bank, Dr Chris Stals, disclosed that money supply was growing at a 30% annual rate in the second half of last year.

To absorb the huge inflow of money, the Reserve Bank decided to use the forward exchange rate to draw excess liquidity out of the economy.

Dollar interest rates have been higher than South African rates and therefore the forward dollar rate stands at a discount to the spot rate. Other things being equal, if dollar interest rates are 12% and South African rates 8%, the discount on an annual basis is 4%.

In foreign exchange markets the discount on the exchange rate offsets the interest rate differential; otherwise there is a certain profit to be made in arbitrage.

Assume a spot dollar-rand exchange rate of $1.29 and a forward rate of $1.29, then the foreign trader or bank can sell his rands and buy dollars and he will obtain higher interest rates.

However, in a foreign exchange market forward dollars are sold to cover the currency risk. In other words, using this simplistic example, $1 290 000 is bought on the spot market and invested at the higher interest rates. In the hedging operation the same amount of dollars are sold forward for the three-month period.

With many such operations in the open market the supply of forward dollars increases and the forward rate declines to an annual discount of 4%.

Of course, there are plenty of other factors and operations in the market which either narrow or widen the discount, but this is the principle as far as interest rates are concerned.

In retrospect, in spite of plenty unfair criticism at the time, the Reserve Bank foreign exchange policy in the first few months of this year was well thought out and highly successful in its operation.

In February, the sharp upward spiral of US interest rates began and to protect their currencies from depreciating against the dollar, other countries followed suit.

When US interest rates reached their peak, there was a gap of 10% or more between dollar interest rates and South African rates.

The Reserve Bank, however, managed the floating of the rand and kept forward rates at a discount of 2,5% at the time. The bank's policy was aimed at causing a temporary outflow of funds from South Africa. It thus paid importers and exporters to keep funds abroad for as long as possible.

Had the Reserve Bank not carried out this policy, it would have been extremely difficult to mop up the huge amount of money pouring into South Africa because of the high gold price.

Dr Stals says that this policy helped to reduce the money supply dramatically. Money supply is now running at only 13% a year, he says.

Such was the outflow that the Reserve Bank decided to alleviate a squeeze in April and allow forward rates to shift in line with market forces.

Under present policy the Reserve Bank will try to draw in excess funds through an open-market operations policy. One of the plans is the issue of Reserve Bank debentures. Treasury bill issues with tax advantages could also be issued to reduce liquidity.

However, if gold remains firm — and the Swiss believe that it will — the Reserve Bank may be forced to revert to lower forward rates. If interest rates are higher overseas, then funds will shift abroad again.

In the longer term, there could be further relaxation of exchange control. Apparently banks have about R300-million for arbitrage purposes. But instead of only allowing the banks far greater scope, Dr Stals believes that it would be fairer if the rest of the private sector could also take advantage of the international markets.

He does not believe that one sector should be favoured over others, so it will take time to sort out this problem and dismantle the exchange controls.

Dr Stals believes that a managed float is reasonable, considering that the Reserve Bank sells the gold and receives most of the foreign exchange.

Question 3 a.

factor attached to SA investment. "There can be no gainsaying the risks attached to investment in SA. Exchange control tends merely to increase the risks."

Brand is a well-known supporter of the recommendations of the De Kock Commission into the Monetary System and Monetary Policy, which are not in favour of exchange controls. Moreover, government policy is progressively to reduce these controls, especially on non-residents. Perhaps that is what the real task of the Brand Commission will be?

Simon Brand . . . liberalising exchange control?

EXCHANGE CONTROL

Easing the grip?

FM 27/6/80

To the brigades of bureaucrats and bank officers required to administer the country's severe exchange control regulations, has now been added a standing commission which ostensibly will operate as a kind of anti-evasion research squad.

Headed by Dr Simon Brand, finance planning chief in the restructured Department of Finance, the group seems to be taking over where the Van der Walt and De Kock Commissions left off — trying to plug the holes.

This is no cover-up of the work done by Hennie van der Walt's Parliamentary commission — which took over from the ill-fated Mostert Commission in the wake of the Muldergate blow-up — for that group spent most of its time trying to acquaint itself with the myriad technicalities of this very complex control mechanism.

Instead, there are some indications that what the Brand commission will be is a kind of advance party that will amass sufficient evidence to persuade the recalcitrant among economic policymakers that exchange control is something that SA, after 20 years of capital account paranoia, can now do without.

The trouble with exchange control is that it is impossible to determine how much greater capital outflows would have been without them. Or, conversely, how much more capital would have flowed into SA to take advantage of high-yielding, low-priced SA assets if there were freedom to move capital.

Another difficulty is that capital outflows can be relatively easily disguised as current or trade transactions on which there cannot be effective controls in an economy as dependent on foreign trade as SA's.

Thus, short of subjecting all current account transactions to minute scrutiny, there is simply no way that the exchange control authorities will ever know how effective their policing has been. That type of control would do incalculable harm to trade relations.

Among the obvious methods of beating the controls are to over-price imports and under-charge exports; to charge expenses to SA branches which benefit the multinational enterprise at large; to declare unsustainably large dividends or pay high rates of interest on foreign loans.

Writing in *Businessman's Law*, Brian Kantor of UCT said in 1978: "It would be far better for SA to recognise the inequities and ineffectuality of exchange control. SA should replace exchange control with a free market in foreign exchange."

Allied to this, he says, should be a commitment to achieve a zero inflation rate, best achieved by unhooking the rand from the inflating dollar.

"A free-floating exchange rate between the rand and other currencies will reflect differences between inflation expected in SA and inflation expected elsewhere. It would also respond to changes in the risk

Huge backlog of air freight hits economic growth in SA

STAR 8/7/80 (74)

By Kevin Murray, Air Correspondent

A huge backlog of hundreds of tons of South Africa-bound freight has built up at European airports because airlines do not have the capacity to cope with a major boom in imports to this country.

The backlog has resulted in delays on imports of up to three months, claim freight-forwarding agents, and local companies are being forced to retard growth.

The boom in imports has come about because of the lifting of the 7,5 percent import surcharge in March this year, and South Africa's economic upswing.

The backlog has been aggravated by strikes at TAP, the Portuguese airlines and Olympic Airways of Greece, which have placed added pressure on other European airlines.

Now the airlines are facing a barrage of complaints from frustrated importers wanting to take full advantage of the economic upswing.

Mr Tony Geyve, marketing executive for Rennies Airfreight, said today: "This backlog is affecting local production and slowing firms down.

"Some airlines feel it will be another three months before the freight backlog is cleared."

Mr Geyve said the increases in freight traffic to South Africa started after the import surcharge was lifted in March this year.

"The airlines were geared for last year's freight traffic, and do not have the capacity to cope with present orders.

LESS THAN 50 PC

"South African companies are receiving less than 50 percent of their order.

"Another reason is that because of the economic ... reached breaking point ...

... in Europe are being released for the South African market," said Mr Geyve.

A spokesman for British Airways said the airline had a backlog of about 50 tons waiting at Heathrow Airport, and flights to South Africa were full of cargo.

"The goods include everything from clothing to periodicals to medicine," he said.

A spokesman for TAP said: "We don't know how long the strike will go on, but it is causing a backlog in Lisbon.

"A lot of freight comes from Europe through Lisbon, and now other airlines are having to find the space."

AIRCRAFT FULL

A spokesman for South African Airways said: "Since the beginning of this month all flights from Europe have landed in South Africa with full freight capacity."

SAA is tonight making a special flight to Lisbon and Athens to transport hundreds of passengers stranded in South Africa by the TAP and Olympic Airways strikes.

A Lufthansa spokesman said: "Our four flights a week are bringing in 40 tons each, and there is still a backlog at Frankfurt of about 40 tons."

Importers still under whip

RDM 25/7/80

(74)

By HAROLD FRIDJHON

TECHNICALLY import control has been relaxed, but in practical terms importers are being harried as hard as they ever were before by the manner in which the new regulations are being administered.

Importers maintain that the issuing of permits is not in accord with the statement made last December by the Minister of Commerce and Consumer Affairs, Dr Schalk van der Merwe, said that permits would be issued "to meet the full reasonable requirements of importers".

He added that import control would be further dismantled as the balance of payments situation improved and that the action on import permits demonstrated the Government's faith in the free-market system.

Now, seven months later when the balance of payments is more buoyant than ever, importers and the import control office are working harder than ever.

Before the so-called relaxation, persons who wished to import any of the goods in the general merchandise category could apply for one permit which enabled them to bring in any of the dozens of goods listed in the category.

Now importers have to get a different permit for each type of merchandise. The goods have to be specifically described and a value must be stated for every article. Most importers handle dozens of different articles and the paperwork is not only causing difficulties in business houses but it is causing a mountain of work in the import control offices.

In some cases, importers are asked why they are importing goods when similar articles are being manufactured in this country. And the suggestion is put to them that they should try to buy their goods here before spending money abroad.

Importers are surprised that difficulties should be put in their way when the balance of payments is heavily in surplus and when demand, particularly for consumer goods, appears to be outpacing production capacity. Their view is that more goods are needed to try to curb the onslaught of demand-pull inflation.

It is said in business circles that the present system of itemising imports appears to presage some form of commodity control, but I understand that the system is being applied because the Board of Trade, which strongly prefers tariff protection to import control, wants imports monitored so that it will be in a position to judge whether SA industries need protection against an avalanche of foreign-made goods.

Assocom has been in close touch with the Controller of Imports about the new regulations and certain modifications have been made. But Assocom is still not happy about the outcome.

It has agreed to watch the position for a few months and to make further representations to the Government later in the year.

Imports should boom as controls are eased

74

Star 24/7/80

Pretoria Bureau

Import restrictions were eased this month in a move which could greatly accelerate the import growth of 50 percent for the first half of this year.

It is now easier to import a large variety of goods ranging from smoked salmon to fully built-up new cars.

South Africa's imports rose from R4 288,9-m during the first half of last year to R6 347,3-m for the same period this year.

Exports also rose dramatically from R6 615,2-m to R9 734,4-m.

The huge increase in imports could disrupt South Africa's transport system, economists have warned.

A Government Gazette notice this month eased import restrictions on a wide variety of goods.

When the Minister of Industry, Commerce and Consumer Affairs, Dr Schalk van der Merwe, announced the move last year, he said this would give further effect to the Government's undertaking to dismantle import control as the balance of payments improved.

"This step also serves as a practical demonstration of the Government's faith in the free-market economic system and more particularly of its policy to promote, as far as possible, sound competition as one of the essential features of this system," he said at the time.

The new regulations now place a large variety of goods on the "free" list which includes items which can be imported without import permits.

These now include goods such as chocolate, soups, crockery, various types of tools, pencils and chalk.

A second list includes goods which may be imported if written permission is given to bona fide merchants and manufacturers to meet their reasonable requirements.

This now includes new commercial and passenger vehicles. Used vehicles will continue to be subject to specific permit control

'Radical' change in import control

C. Times 23/7/80. 74

Industrial Reporter

A "RADICAL" change in the implementation of import control policy has been slammed by the Cape Town Chamber of Commerce which has accused the government of reneging on undertakings related to the issue.

In an unusually critical article in its latest bulletin, the chamber maintains importers were given no opportunity to adjust to the new policy which replaces general merchandise permits with separate permits based on various categories of consumer goods.

The new move is described as "unwarranted and totally unacceptable" by the chamber which says it introduces unnecessary rigidities into the administration of import control that would prove both cumbersome and costly.

'Scrap rules'

"Since the regulations are in conflict with the government's undertaking that import control would be dismantled progressively as the country's balance of payments situation improved, they should be scrapped. Unfortunately, until that happens — and here the Chamber will be doing everything possible to have the new regulations withdrawn — importers will simply have to live with them." The chamber would help with any problems.

Reasons given for the change were that the recent relaxation of import quotas necessitated the monitoring of goods into the country to protect local industries.

Sugar exports set for a sweet R200m

~~3-Sugar~~ 74 NM 3/4/80

Mercury Correspondent

LONDON—South Africa's sugar exports could double to R200 million this year.

In an interview yesterday, Mr Anson Lloyd, who is now consultant to the South African Sugar Association on the international sugar agreement, said that the country could export nearly 1 000 000 tons of sugar this year.

Last year exports were restricted to about 730 000 tons, and because of low prices the value was in the region of R100 million.

In terms of the sugar support agreement it had a support price of 11 c a pound and a ceiling of 21 c.

When the price soared through the ceiling, South Africa was allowed to release 121 000 tons from a special stockpile.

This week the International Sugar Council ruled that there would be no change in basic export tonnages of members.

However, in terms of the agreement there is a fallback formula.

Benefit

Mr Lloyd said that South Africa would

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5) Vir 'n opsommende bespreking van
Increased Reliance on Protective
1977-78", IMF Survey, 14 Augustu

benefit marginally from the formula because the new tonnages were determined by performance.

Originally the South African delegation had thought that the basic export tonnage would be 885 000 tons this year, but Mr Lloyd said the International Sugar Organisation calculation was nearer 880 000 ton.

This compared with a basic export tonnage of 875 000 tons in 1979.

With sugar depressed for most of last year, South Africa and other member nations were restricted by export quotas as well.

South Africa's quota was 81,5 percent of the basic export tonnage. Exports were thus only 713 000 tons. However, allowance had been made for extra deliveries towards the end of last year, so exports were around 730 000 tons in 1979.

This year with the 121 000-ton sale from the special stocks and the full basic export tonnage of 880 000, the South African Sugar Association should sell 1 000 000 tons at a much higher price.

Mr Lloyd cautions, however, that the intervention range of the agreement has been increased from 11 c to 21 c to a band of 12 c to 22 c. Within that band 'trigger' points have also been raised. Thus if the world sugar price falls below 16 c for several days, then the International Sugar Association will impose quotas again.

But Mr Lloyd is confident that sugar will hold above that price and the daily International Sugar Organisation price is currently 18 c a pound.

Mr Lloyd is confident because there is 'a much better statistical situation in the market'. The supply and demand situation is much healthier and sugar stocks are falling.

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Fruit exports begin

NM 3/4/80

14

FRUIT exports passing through Durban are expected to rise by at least 33 percent this year, according to a spokesman for the Perishable Products Export Control Board.

Last year consignments of oranges, lemons and grapefruit passed through the port at the rate of 12 000 tons a week.

'We are aiming to push this figure up by a third this year,' the spokesman for the Board said yesterday. This will increase the tonnage of fruit moving through Durban to 16 000 tons a week.

The 1980 fruit exports from Durban harbour begin this month and the first major consignment will be loaded aboard the 7 213 refrigerated cargo ship, Laura, formerly the Rothesay Castle, later this week.

Fruit exports will be maintained at around 1 000 tons a week for the first half of the month.

'We will reach the peak around April 21 and this will be maintained for the next few months,' the board spokesman said.

Fruit exports from Cape Town are already well underway.

tot gevolg, wat juis so dramaties by wyse van dalings in die aktiwiteitsindekse geïllustreer word; die teendeel geld vanselfsprekend ook.

Die huidige insinking in die S.S.K. van Kaapstad - volgens plaaslike persverslae neig dele van die gebied om te ontaard in doolhowe vir wetteloses - sal beswaarlik gestuit word, voordat 'n hoër besettingspeil verkry is vir die beskikbare sake- en kantoorruimte in die middestad en dit impliseer uitbreiding van werkgeleenthede in die stadskern.

Die owerheid kan moontlik die verdere bevordering van groepsverhoudings deur uitbreiding van Kleurling-indiensneming in die Wes-Kaap in ag neem, by besinnings oor desentralisasie van staatsaktiwiteite. Spesifieke departemente - wat nie hierin by name hoef genoem te word nie - bied besonder toepaslike werksaamhede sover dit taakinhoud en volumes van roetinewerk betref, vir nuttige indiensstelling van manlike Kleurlinge met sekondêre onderwys-kwalifikasies, 80 000 van wie reeds teen 1981 nie elders in die Suid-Afrikaanse ekonomie andersins geabsorbeer sal kan word nie.

Uiteraard sal besluite van dergelike belangrikheid berus by die hoogste gesagsvlak en derhalwe sou die verantwoordelike instansie(s) besmoontlik oorweging daaraan kan skenk dat 'n Kabinetskomitee ondersoek instel na desentralisasiemoontlikhede van owerheidsaktiwiteite, met spesifieke verwysing na heersende asook karakteristieke toestande in die Wes-Kaap.

Die BEO bepleit dan ook hiermee, oorweging van so 'n moontlikheid.

FOREIGN TRADE FM 18/4/80

(7c)

Winds of change

Some dramatic changes in SA's ~~foreign~~ trade patterns occurred last year. Figures for the full year are not yet available, but in the first nine months (compared with the same period of 1978), Switzerland leaped from fifth place to grab top spot in our league of foreign customers.

(Trade figures exclude exports of gold bullion, uranium and platinum, and imports of oil and military equipment.)

SA exports to Switzerland (mainly gold coins and diamonds) rose four-fold from R241m to R1 088m. This put Switzerland ahead of the US (R1 080m), Britain (R731m), Japan (R686m) and West Germany (R577m) in the SA export table.

To a degree, the change was a technical adjustment due to the re-routing of diamond exports. Previously they went to Britain for re-export to Geneva, but now they go direct and are included in SA-Swiss figures.

This has obviously affected the figures of SA exports to Britain, which fell by 26% last year. Exports of diamonds, other precious and semi-precious stones, and gold coins thus fell from R485m to R45m. If this is discounted, other exports to Britain actually rose.

With total exports up 32%, only Switzerland and Italy among SA's major trading partners, beat the average and thus increased their share of our foreign sales. Sales to Italy rose 76%, largely thanks to increased exports of mineral products and base metals. Increases to other major trading partners were: Japan 27%, France 26%, the US 22%, and Germany 19%.

Leading SA exports are still primary commodities. The US and West Germany took coins and diamonds, mineral products and base metals, Japan took minerals and base metals, and Britain took foodstuffs, vegetable products, hides and skins and minerals. Textiles were also a big item in exports to Britain.

Imports are primarily machinery (including computers), vehicles and chemical products, which were the main items purchased from all leading trading partners.

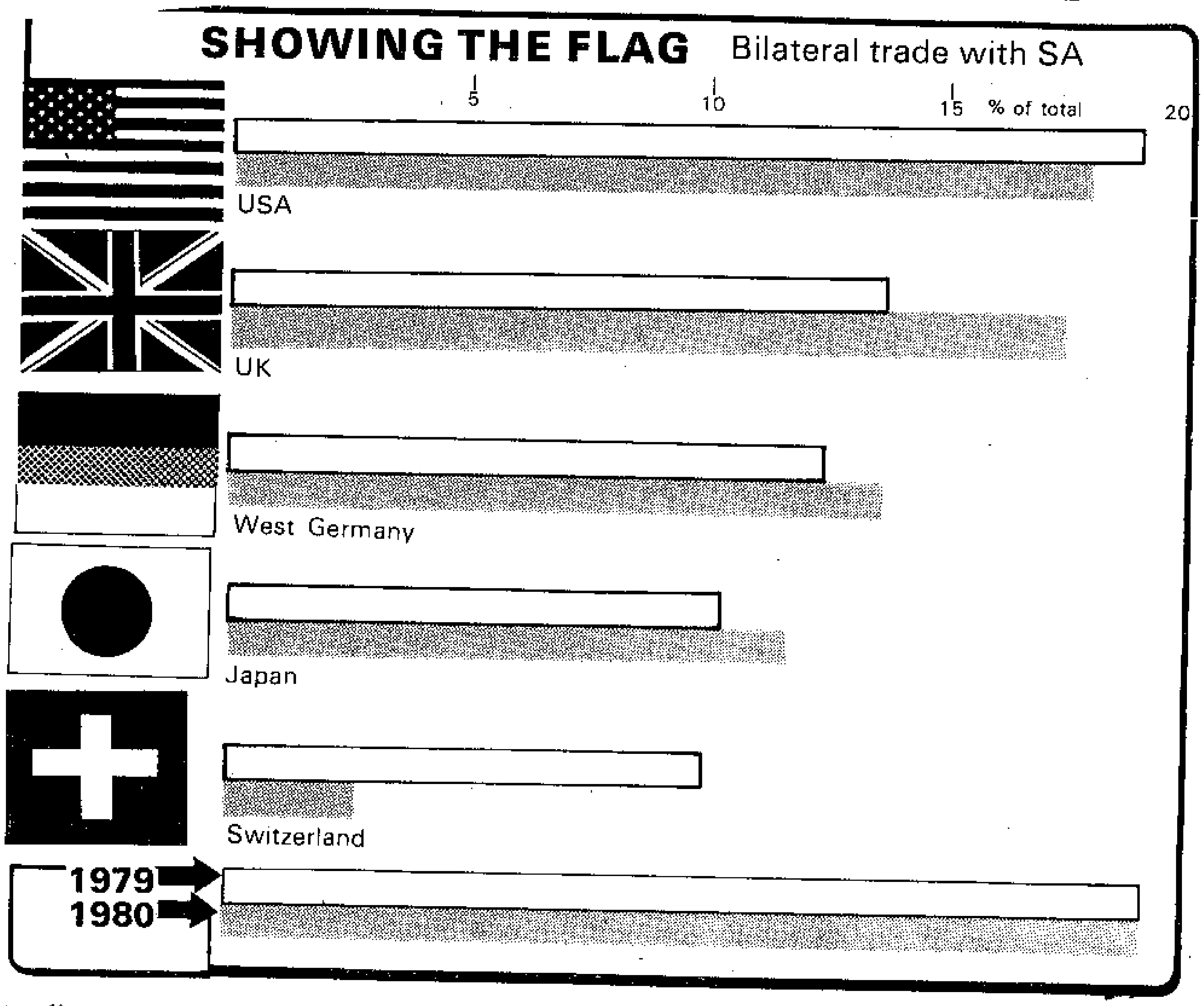
Total imports rose by 13%, and bigger percentage increases than that were registered by Britain (up 21%), the US (up 24%) and France (up 29%). But purchases from West Germany were up only 2%, and from Japan they fell 6%.

The US strengthened its position as SA's most important trading partner (see graph), and now accounts for 19% of our total bilateral trade with the rest of the world, with the balance of trade nearly R200m in SA's favour.

The increasing importance of the US as a source of supply undoubtedly owed something to currency fluctuations, which made the dollar relatively cheaper than, for example, the Deutsche Mark and the yen. Imports from the US included a lot of heavy mining equipment.

Britain is still second, though the margin between it and third-placed Germany narrowed markedly. However, the terms of trade shifted from being in SA's favour in 1978 to favouring Britain last year to the tune of more than R200m.

The balance with Germany was almost R400m against SA. Japan is in fourth place, just ahead of Switzerland, which has displaced France in two-way trade.



TRADE

French invasion

FM 4/4/80

74

French companies — aware of the opportunities now offered by the SA economy — are determined to increase their local market share and have set up an aggressive promotional campaign for 1980.

There is also a change in emphasis. France — which in the past has been associated mainly with perfume, fashion, cheese and wine — now wants to show her prowess in the field of capital equipment and technological expertise.

Pierre-Jerome Ullmann of the French Chamber of Commerce claims that there will be "a promotion on the French side every month," and the FCC expects between 10 and 15 groups of French businessmen to come to SA this year.

Whereas before it was mainly the larger French firms looking for markets, now the smaller firms are also recognising that SA is a sound business partner.

"If others don't get in now they will find the market tied up. Besides, SA is one country where you know you are going to get paid," says Ullman.

In line with the new drive for trade with SA, Arthur Abraham and Associates has been appointed to handle the campaign and two trade missions will get under way this month.

Promotions organised for this year will range from childrenswear to mining exhibitions with an added thrust prior to Christmas.

French suppliers are not worried about the higher price of their goods — they feel products are mostly not comparable, with differences in quality and style.

At present France is ranked fifth on SA's list of suppliers and intends moving up the ladder.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13100 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : N/A 13100

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			11b117	PRACT ACT I AFRKIAANS LOWER/AGS		

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DEAN ~~REGISTRAR (ACADEMIC)~~

UCT

REALITY KILLS FRONTLINE HOPE OF ECONOMIC LIBERATION

SOUTHERN SHADOW STIFLES A DREAM

ꟷHE shadow of "big brother South Africa" ꟷomed large over the economic union talks ꟷld here this week by nine independent ꟷack states.

The delegates, including the presidents of the ꟷontline states and the Prime Minister-ꟷesignate of the new Zimbabwe, Robert Mugabe, ꟷme to Lusaka seeking economic liberation from ꟷouth Africa.

Instead they left after laying bare harsh economic ꟷalities that will mean continued heavy trade with the ꟷite-ruled south for years to come.

From BRENDAN NICHOLSON of the Tribune Africa News Service in Lusaka

Most of the states see ꟷouth Africa and the ꟷartheid they abhor as ꟷo-colonialist, but there is ꟷtle they can do about it ꟷthout massive inꟷrnational aid of hunꟷeds of millions of rands.

After several days of ꟷeliminary deliberations ꟷ ministers it was acꟷpted that if South Africa ꟷuietly slipped into the ꟷa tomorrow the ꟷonomies of most of the ꟷtions assembled here ꟷould quickly slide in afꟷr it.

For black Africa the ꟷain value of the conꟷrence was as a historic ꟷeclaration of unity.

The five traditional ꟷontline states, Zambia, ꟷanzania, Angola, Mozamꟷque and Botswana, saw ꟷ the independence of the ꟷew Zimbabwe the ꟷssibility that their ꟷeam now had a chance ꟷ working.

They believe that their ꟷnbroken inter-continental ꟷelt", as President Kenꟷeth Kaunda put it, will eventually be strong enough to break South Africa's economic dominance of the sub-continent.

For the first time they invited to their talks the three nations with closest South African links, Swaziland, Lesotho and Malawi, in a bid to snatch them out of reach of the "constellations of states" being pushed by Mr P. W. Botha.

This time the realities stifled the stormy rhretoric.

One by one heads of state and other representatives warned that the new independence they sought would be a long time coming.

Mozambique's President Samora Machel stated bluntly that the nine were not in any condition to create a regional economic community. And, he said, they were not "declaring war on South Africa".

The history of Africa was unfortunately rich in examples of attempts that failed, he said, and the plans of the black states must have humble beginnings. "We must construct first the foundations and not the roof.".

South Africa, he said, saw its black neighbours as suppliers of raw materials and cheap labour. But the people of these black states rejected goods made in Zambia or Tanzania as inferior to those stamped Made in South Africa. That had to stop.

Now was the time for national jealousies to go and for each nation to see its neighbour's advancement as its own.

President Machel warned that there was no such thing as aid or charity in international politics. Help was based purely on the interests of those giving it.

Several black leaders warned that forces opposing their plans for the region — a reference to South Africa, although the name was apparently deleted from the final draft of speeches — would try to undermine their plans for an economic union.

But they went ahead with a unanimous declaration of their determination to improve and co-ordinate their economies.

South Africa aside, this makes sense. Their economies are in poor condition. Best off are those who have long admitted they need South Africa to survive, but they all have major problems.

They see the migrant labour from which they gain much of their foreign exchange as unhealthy but cannot employ their people at home. They have inherited a transport system designed to suit a group of rival colonial powers and not an international co-operative.

To improve transport, a communications commission will be set up in Maputo, capital of Mozambique, which they hope will take over from South Africa as a main gateway to the sea and trade routes.

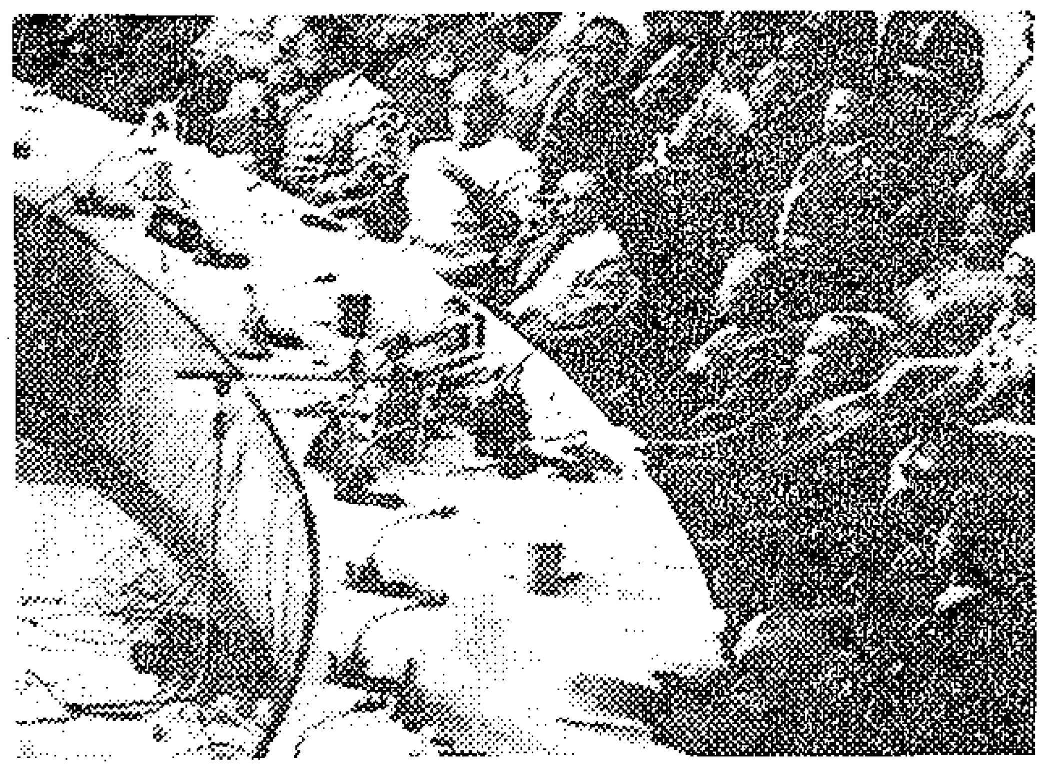
An international donors' conference will be held there in November to co-ordinate aid.

Botswana's President Seretse Khama has been cast in the role of co-ordinator of a seven-point plan for regional development.

High on his list of priorities is co-ordination of the fight against foot and mouth disease. His country has already developed its own vaccine to counter the disease but fresh outbreaks have spread from across its borders.

In a bid to avoid serious food shortages "a food security plan" will be established, though it is not clear how this will be done. A regional agricultural research centre will be set up to study ways of growing crops in semi-arid areas, an interesting point when most farmland in countries such as Zambia is lying idle or under used.

TOGETHER: President Kaunda with Swapo leader Sam Nujoma and (centre) Oliver Tambo of the banned African National Congress.



TOGETHER: The Front Line leaders of state in Lusaka this week.

An optimistic Oppenheimer

"IT'S AMBITIOUS," said Harry Oppenheimer, "but a man's reach must exceed his grasp, or what's a heaven for"

Robert Browning's romantic optimism was probably the appropriate spirit to invoke, since the Anglo American chief was talking about the Prime Minister's concept of a constellation of states.

Mr Oppenheimer had just been shown around the Government exhibition on the theme of a constellation of states at the Rand Show.

The exhibition — coupled with Mr Oppenheimer's opening speech — made the idea of a Southern African economic community seem a little more real.

Mr Oppenheimer said he was under no illusions, but gave the Prime Minister a great boost when he said: "I am optimistic enough to believe that our Government's new policy, if it is honestly and urgently pursued, will meet with the response which it deserves from black Africa."

He swept aside one apparent obstacle — the "counter - constellation" sponsored by Zambia's Kenneth Kaunda: "Economically such a concept could not hope to succeed. No economic grouping of Southern African states could afford to exclude the most powerful and most highly developed country in the area."

CONSTELLATION IDEA IS 'NOT UNREALISTIC'

By PETER FABRICIUS

The Prime Minister's constellation of states was "not an unrealistic idea. It is difficult to change people's minds but it is still more difficult to change the facts of geography and economics — which all point to unity," said Mr Oppenheimer.

The exhibition heavily underscored the point of interdependence and co-operation:

IN MEDICINE — "The S.A. Institute for Medical Research provides vaccines anywhere in Africa. Whenever epidemic threatens, S.A. Medical teams are there within hours.

IN EDUCATION — Nearly 4 000 students from Southern African countries outside South Africa register with UNISA every year.

IN FINANCING — The Economic Co-operation Promotion Loan Fund has disbursed R37 million loans for co-operative projects in Southern Africa in the 12 years of its existence. Other South African aid schemes have helped build for instance Cabora Bassa and the Selebe-Pikwe power station.

IN AGRICULTURE — South Africa cannot afford to allow plant or disease epidemics or plagues to threaten it from across its borders. These would sweep across the sub-continent unless checked by inter-state co-operation.

IN EMPLOYMENT — More than two million people in the sub-continent depend on the gold mines for existence. Black miners from outside South Africa send home R150 million in cash annually.

74

IMPORT SURCHARGE

FM 11/4/80

Protective clothing

19

As expected, Finance Minister Horwood's removal of the remaining 7,5% import surcharge has triggered a stampede to the door of the Board of Trade by manufacturers seeking compensatory protection.

First in line to obtain higher duties against imports are the Republic's 25 textile millers who lodged their application with the Board 18 months ago. The new duties, some of which could rise by as much as 50%, are due to be gazetted "any day now." Because they have been worked out according to a complicated formula it is impossible to calculate the average increase.

In Pretoria this week, representatives of the National Clothing Federation, representing 900 clothing manufacturers, had talks with BTI chairman Basie Kleu to seek protection against mountains of dumped garments expected to enter the country as a result of government's relaxed imports regime.

Clothing and textile men argue that unless drastic action is taken to protect domestic industry from dumped offerings from low-wage and state-trading countries, the same fate that has befallen the clothing and textile industries of Europe and the US could descend on SA.

At present, both SA industries are in fine fettle. Order books are highly satisfactory and there is full employment. Politically this is important. The combined work force is 260 000, 97% of them blacks, 90% of them women. So why import unemployment from the Far East and from state-trading communist countries? they asked Kleu.

In particular, clothing manufacturers want the board to block imports of garments in the cheap end of the market. They claim that imports of cheap garments do not benefit the SA consumer because middlemen importers pocket the difference between landed price and domestic wholesale price. For this reason, they argue, tariff barriers should be designed to keep out all but the most expensive lines of clothing.

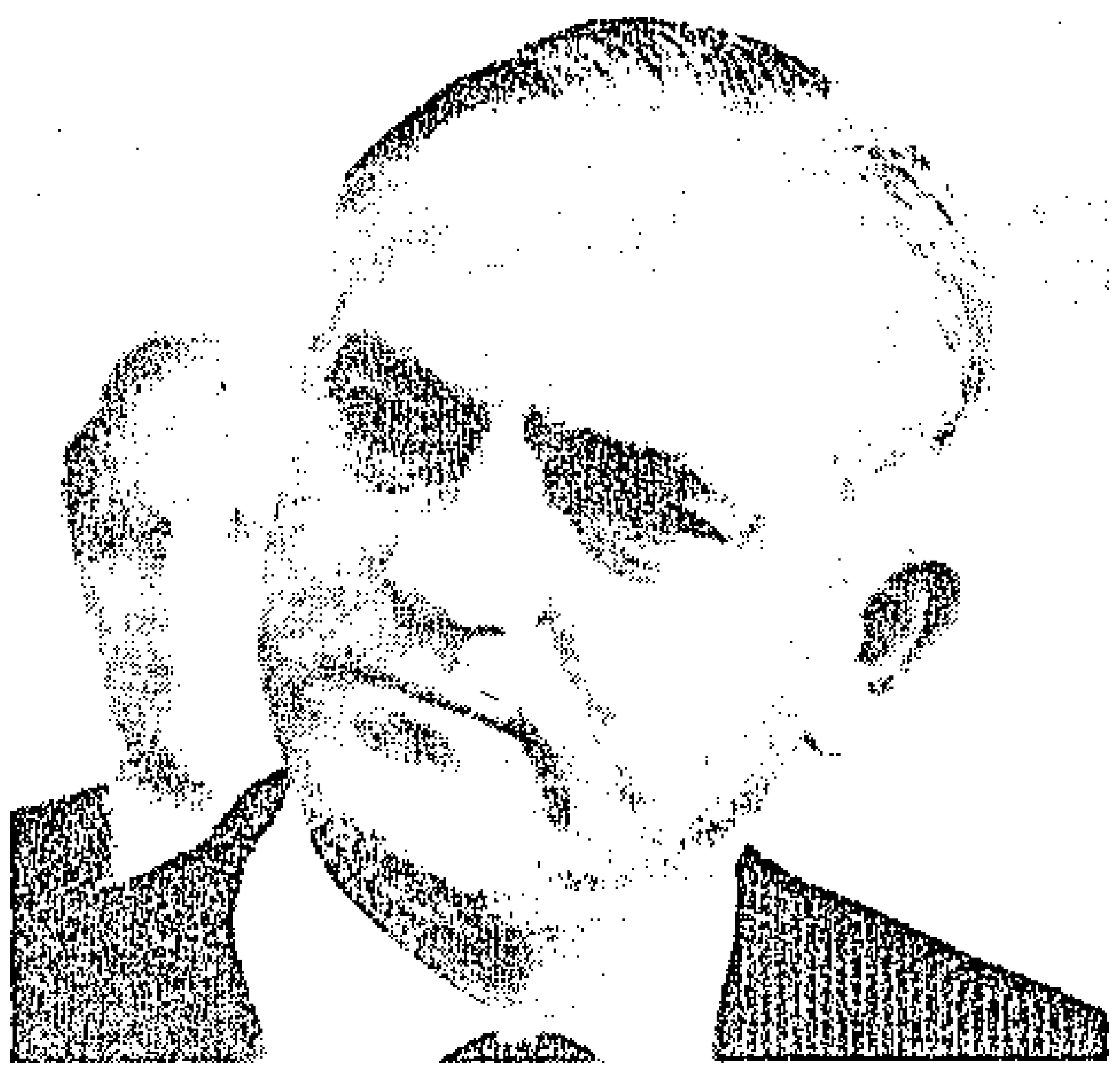
As a result of the collapse of the existing five-year international Multifibre Arrangement (MFA) under the auspices of GATT, SA clothing and textile men expect SA to become the target of the low-wage and state trading exporters who have brought the US and Western European clothing and textile industries to their knees.

It is understood, too, that clothing manufacturers raised the sensitive question of Rhodesian clothing exports. Rhodesian clothing manufacturers buy their fabrics, fully rebated, in the cheapest markets and, because the existing 1964 trade agreement is favourably weighted for Salisbury, hit domestic garment-makers where it hurts most — in the high-volume cheaper end of the market.

This argument is unlikely to wash with government trade officials who say that the lifting of sanctions and Salisbury's return to legality should reduce, not increase, the importance of the SA market to Rhodesian exporters. In any event, the 1964 agreement subjects Rhodesian exports of certain types of garments to a system of quota limits.

But while it is in Pretoria's best interests to maintain a discreetly permissive stance towards imports from Rhodesia, it is clear that strong action will have to be taken ahead of the international clothing and textile crisis.

More than a million workers in textile-related industries in Europe have lost their jobs; many thousands more will do so before the next GATT MFA is concluded, in 1982. Chances that the 1983-1987 MFA will be more protectionist than the current agreement are said to be slim. Pressure from developing countries for markets for their own industries, which are labour intensive and give a valuable boost to an unsophisticated economy, is becoming increasingly hard to resist.



Kleu . . . 'who will he shield?

European analysts now reckon that by 1985 as much as 25% of all EEC textile activity will have been "transferred" elsewhere and that 50% of all clothing manufacture will have been suppressed by imports.

Sharp rise in capital goods imports

74

Financial Reporter RDM 16/4/80

A SHARP rise in imports of capital goods seems likely over the next year, judging by the findings of the quarterly business opinion survey from Barclays National Bank.

The survey says that while manufacturing industry is bumping close to capacity ceilings, over half the firms questioned say they still have no immediate plans for new fixed investment.

Dr Johan Cloete, the chief economist of Barclays, says rising imports are likely to reduce the huge surpluses on the current account of the balance of payments.

South African manufacturers are fast approaching the stage where they will not only encounter shortages of skilled labour and of raw materials, but will start to run up against production capacity ceilings.

Dr Cloete says: "The latest figures published by the Department of Statistics for capacity use in manufacturing industry had already risen to 87,1% (last November), not far short of the 88,8% in November 1974 at the peak of the previous business cycle upswing.

"And, with capacity utilisation having almost certainly increased further since last November, it is clear that manufacturing industry cannot have too much spare capacity left.

"It could, of course, be argued that, given sufficient demand, it should be possible for manufacturing industry to push capacity utilisation significantly above the 89,3% attained in 1974, the highest level achieved during the 1970s as a whole, but in a decade characterised by depressed demand conditions in most years."

"However, it is doubtful that industry would be able to operate at a level of capacity utilisation much above 90% without running into shortages of skilled labour and raw materials and even bottlenecks in infrastructural services."

RDM 17/4/80.

'SA is a worthy trade partner'

(74)

HANOVER. — Legislation was constantly under review in terms of the Government's undertaking to move away from discrimination, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday at the Hanover Fair in West Germany.

South Africa was already a valuable trade partner of the free world but its vast energy resources would put the country in the forefront towards the end of the century when the world's oil supplies ran short, he said.

The West could reasonably expect political stability from South Africa as a prerequisite to continued economic an trade links. All South Africa asked was time and opportunity.

"It is determined to solve its problems in the best tradition of good and just government," Mr De Klerk said at a function of the South African-German Chamber of Trade and Industry at the fair.

South Africa had a fine reputation as a prime business partner. It also had an undeserved reputation in the field of human rights and human relations, maliciously created by the country's enemies.

There was strong interdependence between the Western world and Southern Africa.

South Africa needed international trade and international participation in its economy to supply job opportunities to its fast-expanding population.

It was equally true that South Africa's trading partners needed commodities which South Africa could supply.

The country was a major supplier of minerals such as manganese, platinum, asbestos, nickel, copper and lead.

A further dimension of the future interdependence between South Africa and the West was the energy crisis.

It was widely accepted that the demand for oil would surpass the supply towards the end of the century.

"A transformation of a world energy economy, primarily coal and nuclear power, should take place as rapidly as possible.

"It is in this regard that South Africa comes to the fore," Mr De Klerk said. — Sapa.

(b) Manual labour is hired locally from week to week.

(d) All the plant needed for Southampton has been owned for some years. £1,6000 is the year's depreciation (straight-line) in the financial accounts. If the Hull job is taken, less plant will be required, and the surplus items will be hired out for the year on similar work at a rental of £750. Interest is based on a memorandum entry, at 5% of original cost, in the cost records.

(f) Office and general expenses amount to about £1,800 every year.

Required:

A revised budget (if you think revisions are called for), adhering as far as possible to the same order as that used for the data above, showing which job you (as a director) prefer, with short notes explaining your guiding principles and any calculations. Both jobs would last 12 months; no other jobs are being done or are likely to be offered.

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SA may lose R150m on maize exports

(RDM 17/4/80. Maize (74))

Pretoria Bureau

SOUTH Africa will have to export a massive mealie surplus of more than 3 500 000 tons this year — at a possible loss of more than R150-million, according to economic authorities.

However, they point out that there are a number of vital reasons why South Africa cannot afford to risk producing only enough for its own needs. One is the stategic importance of "mealie diplomacy" in a hungry Southern Africa.

Mr Deon Fourie, senior lecturer in strategic studies at the University of South Africa, said the country's food surpluses had a strong potential political and strategic value.

"Food surpluses can be used as a political lever, or as a means to buy the goodwill of countries unable to feed their own populations."

The chairman of the commission which reported recently on the financial plight of farmers, Dr A S Jacobs, said there were good reasons why South Africa should continue to cultivate maize on the present scale.

The most compelling, perhaps, was the extremely variable climate, which could affect crops by up to 40%.

With its fast expanding population — especially in the lower income groups — South Africa could not afford to limit maize cultivation to an area which, under favourable conditions, would yield only sufficient to meet domestic needs.

The risk of a serious shortage — which could mean having to import maize at inflated prices — was too great.

Dr Jacobs, general manager of the South African Reserve Bank, said the problem of what to do with land where maize had traditionally been grown was another factor. In most of these areas, there was no viable alternative crop.

He pointed out, too, tha maize yields in South Africa, even in what could be considered a normal season, were low. In the United States, yields averaged 11 tons a hectare; in South Africa about 2½ tons.

Dr Jacobs said two other important factors were the foreign exchange earned by maize exports, and the strategic importance of being able to export to supplement inadequate production in other Southern African states.

Huge mealie surplus

South Africa's export loss could be R150 million

Mercury Correspondent

PRETORIA—South Africa will have to export more than 3,5 million tons of surplus mealies this year, at a loss which could exceed R150 million, according to economic authorities.

They point out, however, that there are a number of vital reasons why we cannot afford to risk producing just enough for our own needs, among them the strategic importance of 'mealie diplomacy' in a hungry southern Africa.

The senior lecturer in strategic studies at the University of South Africa, Mr Deon Fourie, said the country's food surpluses had a strong political and strategic value.

'Food can be used as a political lever or as a means of buying the goodwill of countries unable to feed themselves.'

He emphasised, however, that mealie diplomacy could be effective only where concern was expressed about the political and social effects of the spread of hunger.

The chairman of the commission which reported recently on the financial plight of farmers, Dr A S Jacobs, said there were good reasons why South Africa should continue to plant maize on the present scale.

Perhaps the most compelling was climatic conditions which could result in crop variation of up to 40 percent.

South Africa, with a fast expanding population, especially in the lower income groups, could not afford to limit its maize plantings to an area which — under favourable conditions — would yield just enough to meet domestic needs.

The risk of serious shortages, and of having to import maize at inflated prices, was too great.

Dr Jacobs, general manager of the Reserve Bank, said the problem of what to do with land on which maize traditionally had been planted was another factor. There was no alternative in most areas.

He pointed out, too, that maize yields here were low even in what could be considered a normal season. In the United States, for instance, yields averaged 11 tons a hectare. In South Africa the yield was about two-and-a-half.

Dr Jacobs said two other important factors were the foreign exchange earned by maize exports even at a net loss, and the strategic importance of South Africa being in a position to export to other southern African States.

Maize had been exported recently to Zaire, Zambia and Mozambique. The former British protectorates of Lesotho, Swaziland and Botswana also imported our surpluses. Taiwan also imported fairly large quantities of maize.

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(WM 17/4/80. maize

74

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in February that his party stood for "disengagement from the dominant international system which influences the flow of investment, trade and aid."

Where these new leaders will take their country remains to be seen, but Liberia's Bureau of Maritime Affairs announced in New York on Tuesday that the new government "fully supports the existing maritime and corporate programmes."

18/4/80

FOREIGN TRADE

FM

Winds of change

(74)

Some dramatic changes in SA's foreign trade patterns occurred last year. Figures for the full year are not yet available, but in the first nine months (compared with the same period of 1978), Switzerland leaped from fifth place to grab top spot in our league of foreign customers.

(Trade figures exclude exports of gold bullion, uranium and platinum, and imports of oil and military equipment.)

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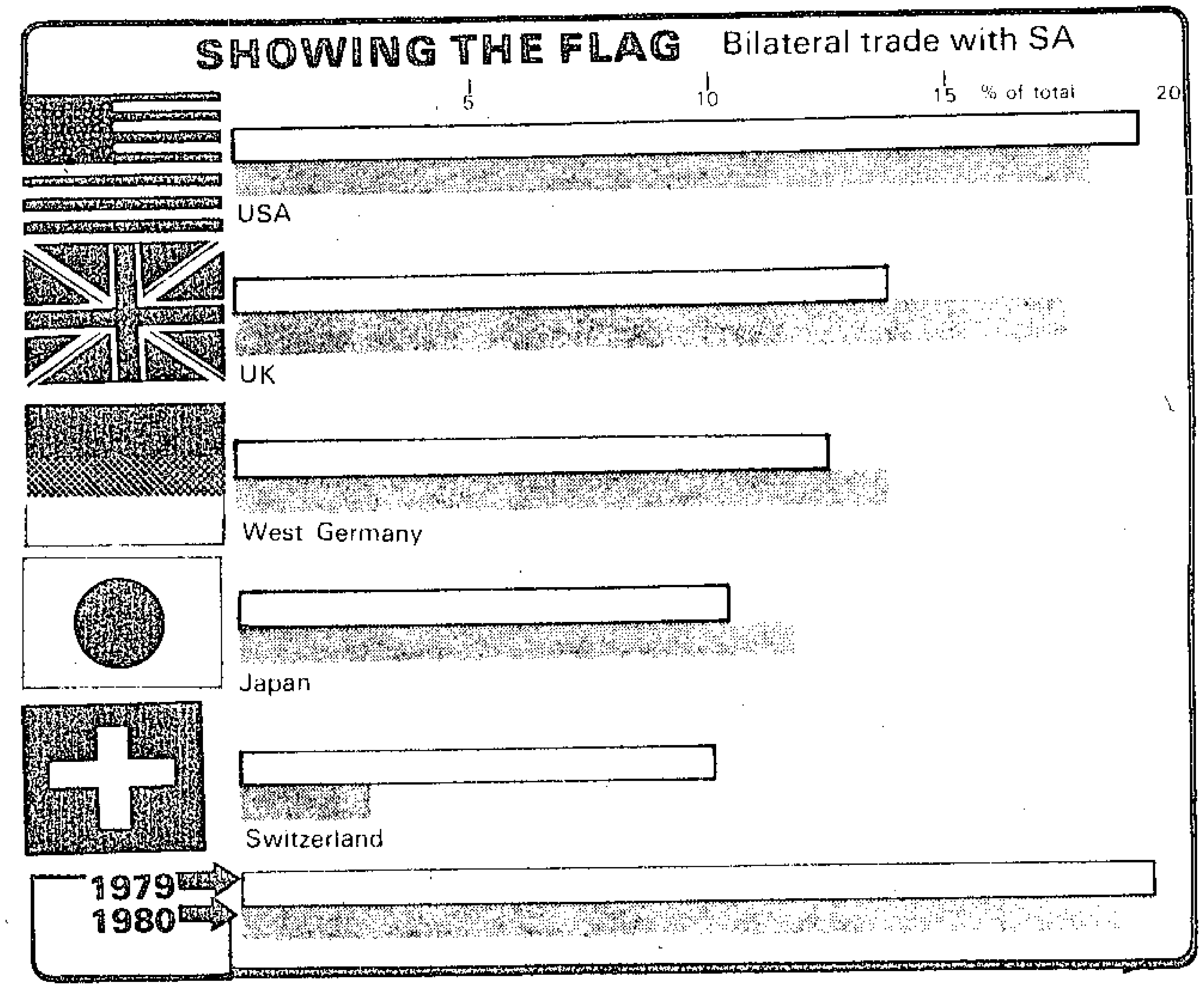
Total imports rose by 13%, and bigger percentage increases than that were registered by Britain (up 21%), the US (up 24%) and France (up 29%). But purchases from West Germany were up only 2%, and from Japan they fell 6%.

The US strengthened its position as SA's most important trading partner (see graph), and now accounts for 19% of our total bilateral trade with the rest of the world, with the balance of trade nearly R200m in SA's favour.



The increasing importance of the US as a source of supply undoubtedly owed something to currency fluctuations, which made the dollar relatively cheaper than, for example, the Deutsche Mark and the yen. Imports from the US included a lot of heavy mining equipment.

Britain is still second, though the margin between it and third-placed Germany narrowed markedly. However, the terms of trade shifted from being in SA's favour in 1978 to favouring Britain last year to the tune of more than R200m.

The balance with Germany was almost R400m against SA. Japan is in fourth place, just ahead of Switzerland, which has displaced France in two-way trade.

Maize abundance is losing game

STAR 22/4/80 (74)

Hann

Far

Will abundance defeat its own blessing? Who will pick up the bill for the growing South African maize export loss?

In a good season like the present one, South Africa produces a sizeable maize surplus.

If the current crop reaches the 10,1-million tons it is estimated to yield, two-thirds or 6,7-million tons will be consumed locally, leaving 3,4-million tons for export.

Marketing a large crop represents a tremendous effort by the farmers, silo operators — mostly co-ops — and the SA Railways and Harbours management.

Having no inland waterways, South Africa depends upon its rail and harbour systems to move its export grain. This has, over the years, developed into a fine art, where all movements are meticulously computerised. Block loads of 36-truck trains, lately increased to 50 42-ton trucks, move with military precision from inland silos to East London and Durban.

Clients

The selling is being done by tender. Private interests find the markets and arrange the shipping. Tenders are normally for shiploads of 14 000 tons, give and take some 1 000 tons either side, to allow for full utilisation of ships' holds.

South Africa's main maize clients are Japan, Taiwan, Hong Kong and, to a lesser degree, the UK, Spain, Italy and Portugal.

Prices fluctuate around a world trend which is set by the Chicago Grain Market. Currently the export price, free alongside ship, is around R107 a ton.

Transport and handling is a costly business, however, and on the present net producer price of R100 the breakeven point is around R135, leaving a deficit of R28 a ton exported, to be borne by the farmers as a levy charged against the price they receive.

During last year's drought, the export market happened to enable the Maize Board to make ends meet with a levy of about R1,50.

This year, however, at a net producer price of R118 a ton, the levy would have to be so high as to make maize farming uneconomic. The board's way out has been to assume a rising world maize price, increase the levy only moderately, and take up a R75-million loan from the Reserve Bank.

But even so, the crisis of abundance remains.

Two lines of thought may already be identified. One is to view the loss as the result of "over production" — the classic handful of cotton waste for plugging a hole in economic thought. Produce less when the export surplus climbs, said even Dr A S Jacobs, general manager of the SA Reserve Bank, in a recent speech to a maize farmers' congress.

The other approach would be to point out that the rapid inflation in the prices of farmers' costs, like fertiliser, fuel, implements and farm chemicals, has long overtaken the rise in the consumers' price level.

So, in agriculture the rand is worth less than elsewhere. The agricultural rand is therefore overvalued vis-a-vis the money units of the countries to whom we export maize. The price South Africa receives leaves a deficit in rands.

Factors

The Reserve Bank would rightly baulk at the idea of devaluing the rand for this reason alone. But the prices of farm expenses happen to be mostly State-administered. When the State chose not to control some of them or press them down by other means, the consequences might have been foreseen.

This is a crisis in which administered price decisions by the State, reasoning in terms of a general economic policy, are one important ingredient.

Farmers will claim that the economy as a whole should consequently shoulder a large part of the export loss.

Now they are to pay back, within four years, the Reserve Bank's loan out of export gains which may or may not materialise. Even now that the board is to be a "bull" operator on the Chicago market, next year's picture is likely to be fundamentally the same.

So the paradox has to be faced by the State, the farmer and the consumer alike: who is to pay the cost of abundance?

tillement to collect a fee from those fishing on board. In effect, the fishing crew must rent space on his boat. Suppose each *still* gets an equal share of whatever is caught on board. How many will the boat owner allow on board and what price will he charge? (For simplicity, assume the owner stays on shore and catches four fish from shore while the boat users are at sea.) He will allow four (or five) people on board and he will charge each a fee of almost 3.5 fish which each person will pay from his equal average of 7.5 fish obtained from the day's catch. That will leave each person with just a smidgeon over four fish. The total payment to the boatowner of almost 3.5 fish times 4 people equals almost 14 fish—almost the entire social gain.

A fifth person (still assuming the owner stays on shore) could be admitted, but that would not be more profitable for the boat owner. If their total catch is divided equally among all five fishermen, each would get 6.8 fish, which is only 2.8 more than the four each could catch on the shore. So they would each offer at most 2.8 fish

Forwarding costs minuscule

351 RDM 74 21/4/80

A SURVEY undertaken on export costs shows that the charges by freight forwarders on exporters for their services are minimal in relation to the overall c.i.f. cost of goods.

The results were obtained from a random sampling of hundreds of current export shipments of general cargo by Rennies Shipping (South Africa) and dealt with the export estimates and costs involved in a c.i.f. contract.

Including in the survey were a variety of commodities and different trade routes incorporating both break-bulk and containerised shipments.

An analysis showed that the ex-works (production) cost of goods account for, on average, 85% of the c.i.f. cost with the transport, shipping and other costs making up 15%.

The actual cost of the services rendered by a freight forwarder accounted for less than 1% of the toal cost.

"It proved," says Mr Mick Kerford, marketing manager of Rennies Shipping (South Africa), "that a company selling to overseas countries can reap the benefits of thousands of rands of investment in people, experience and expertise for as little as 0,8% of total c.i.f. cost by using a freight forwarder."

The survey is part of continuing programme of evaluation of shipping costs conducted by Rennies Shipping which should prove beneficial to industry.

SA's trade surplus more than doubles

(74) RDM 23/4/80

'H Africa's trade surplus than doubled to R2 468,3-on in the first three hs of this year, compared R1 162,7-million during the period last year, according to the preliminary statement of trade statistics released by the Department of Customs and Excise.

Imports during the January-March period amounted to 51,9-million, compared R2 013,7-million, while exports totalled R5 220,2-million against R3 176,4-million in the first three months of 1979.

The import and export figures reflected in the statement have been adjusted to bring them into line with the requirements for the compilation of the balance of payments.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are now included in the trade statistics.

Imports from Africa increased from R53 900 000 to R64 900 000 and exports to African countries from R137 200 000 to R264 200 000.

Imports from Europe rose from R968 400 000 to R1 186,7-million and exports from R1 072,4-million to R1 239,1-million.

Imports from America increased from R325 200 000 to R438 400 000 and exports from R304 900 000 from R473 800 000.

Imports from Oceania totalled R22 100 000 compared with R16 400 000, while exports rose to R25-million from R15 200 000.

Imports of other unclassified goods and balance of payments adjustments increased from R411-million to R2 757-million.

Exports of ships and aircraft stores dropped slightly from R12 900 000 to R12 400 000. — Sapa.

FINANCE

Argus 24/4/80

DOLLAR FALLS AS U.S. BANK CUTS RATE

74

58

Financial Editor

THE dollar — accompanied by the rand — has fallen sharply in the past 24 hours after an announcement by the Chase Manhattan Bank in New York that it was cutting its prime rate immediately to 19 percent from 19,5 percent.

In recent weeks high United States interest rates have made holding the dollar an attractive proposition and its value has jumped, say dealers in London.

But Chase Manhattan's decision appears to be the start of a general turnaround in US interest rates.

The decision triggered nervous selling that saw the dollar drop four pfennigs against the German mark and later by four yen against the Japanese currency, Reuter reports. The pound rose to its highest level against the dollar since late February.

SLOWING DOWN

The reduction in the Chase Manhattan's prime lending rate is also an indication of a slowing down in the US economy.

Confirmation came subsequently in a Detroit report that mid-April car sales were down 33 percent on the year-ago figure, while car sales since the start of the year were down 17,4 percent.

A survey of householders' buying expectations also showed that consumer confidence fell in March for the fifth consecutive month.

However, the US administration's policy of putting the economy into a recession in a bid to curb inflation has so far not had much effect.

The US Department of Labour reported this week that consumer prices rose a seasonally adjusted 1,4 percent in March, the same as in the two previous months.

As a result of the March increase the price index was 14,7 percent higher than a year ago.

SB-1

Standard Bank

Review

Issued by the Standard Bank Invest... O.Box 3862, Johannesburg 2000.

September 1977

In this issue

- Economic climate improves
- Mineral exports grow slower
- Money supply soars
- Financial markets

Registered at the G.P.O. as a Newspaper

FINANCE

GOLD SPURTS AMID NEW UNCERTAINTIES

Argus 25/4/80

74 ~~74~~

Financial Editor

THE gold price, after hovering around 500 dollars an ounce for the past four weeks, has suddenly come to life, having risen 40 dollars in the past 36 hours.

Gold opened at 546,50 dollars in London today after closing at 525,50 dollars in London last night and at 506,50 dollars on Wednesday.

The cause of the spurt in the gold price is not clear, although there have been several developments which could account for it. These include:

- The failure of the attempt to free the American hostages in Iran.
- The Iranian threat to close the Persian Gulf to shipping should a naval blockage be mounted against it.
- The possibility that Saudi Arabia may curb its trade with Britain in retaliation for the showing of a 'fictional-documentary' film on British television. This would affect Britain's payments position.
- The possible lack of agreement among International Monetary Fund members at today's Hamburg talks on what to do with the IMF's remaining gold, leading to the matter being shelved and the ending for the time being of IMF gold sales.

COLD WATER

The Argus financial correspondent in Europe, John Cavill, reports from Hamburg today that West Germany has already poured cold water on hopes that the two-day meeting will produce quick progress towards the setting up of the proposed gold-linked substitution account.

On the eve of the talks, Mr Hans Matthöfer, the German Finance Minister, said he neither expected that the account would be set up this year nor that any agreement in principle would be reached.

TWO YEARS

His disclosure followed biltateral discussions with Mr William Miller, the United States Treasury Secretary, in Hamburg.

It now appears that the substitution account — in which central banks could deposit surplus dollars without destabilising foreign exchange rates — will not come into effect for another two years.

The urgency given to the establishing of the account at the Belgrade annual meeting of the IMF in October, has now evaporated with the strengthening of the dollar. With Germany and Japan offloading dollars to support their own currencies the foreign exchange crisis had abated.

- Gold price fixings in London yesterday:

	Dollars an ounce	Rands a kg
10.30 am	514,25	13 333,59
3.30 pm	515,70	13 371,19

AIR TARIFFS

Sky high

TM 23/4/80

Tariffs for air-freighted perishables have soared by 47% since the end of August last year.

Freight rates for perishables averaged 65c/kg at that point. But on September 1 tariffs rose by 12%; on October 1 by 10%; and on March 1 by 10%.

The increases effectively pushed up tariffs to a new high of 95c/kg.

The impact of the compounded tariff hike will be substantial, says one prominent exporter of perishables. "Our exports used to be available to the man in the street in the UK and Europe. With these increases they will become luxuries," he laments.

It is expected that in volume and money terms, exports will plunge 17%-18%. "And we stand to lose considerable volumes of air freighted exports to sea routes. Sea freight takes three to four weeks. Inevitably quality and condition deteriorates," the exporter adds.

Air freighted perishables . . . now a luxury

Cash crops hit

Cash crops such as beans, capsicums, aubergines, sweetcorn, and pineapples are expected to be hardest hit.

Tom Snoek, director of F & R Waring, the biggest exporters of non-controlled perishables, says he expects every perishable export to be affected. "So much of the demand overseas is elastic — as prices go up, demand goes down. Every item will be affected to some degree, depending on how marginal profitability was before."

He expects cut flower exports will also suffer. "And it will kill a lot of vegetable exports, for example capsicums and beans of different varieties."

Snoek expects certain fruits — melons, litchis, avocados — will be able to carry the extra freight and duty. "But volumes will be reduced and only certain markets able too absorb the extra costs."

Snoek estimates the loss in foreign exchange could be as high as R5m to R8m annually, following the tariff increases.

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... interest rate, since ... holding money is the foregone interest.

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c) The speculative demand (the ...). Since a bond has a fixed return ... in its price will cause its rate of return, or interest rate, to fluctuate inversely. People have their own perceptions about the price of bonds & if they consider them highly priced they wait in anticipation of the

AUSTRALIAN TRADE (74)

Didgereedon't?

FM 25/4/80

The occasional hostile noises made by Australian dockers concerning SA should not deter us from doing business down under, according to the SA Foreign Trade Organisation.

"Many SA exporters have the impression that there is a boycott against us by Australia," says executive director Heinz Baur. "This is not true. There is no problem in business transactions. Even the dock workers, who previously refused to handle SA cargo, have adopted a more pragmatic approach because they are worried about their jobs."

In the first nine months of last year, exports to Australia rose 20% to R48m compared with the same period of 1978, while imports rose from R48m to R51m.

Major exports were base metals, textiles, live animals and chemical products. Chemicals accounted for 40% of our imports, followed by machinery and animal and vegetable fats.

"The upward trend in exports is likely to continue," says Baur. "This is because Australia is beginning to apply different principles to its foreign trade. It is becoming international and it is playing a role in the Pacific area. There is likely to be a Pacific common market.

"It is developing its mineral resources and increasing mineral exports, particularly to Japan and other Asian countries. A stronger balance of trade position would enable Australia to liberalise its imports, some of which (including clothing) are subject to quotas.

"The government also no longer wants to protect industries which are not capable of standing up against foreign competition. If this happens, it would benefit SA because we have already achieved some results in our exports of clothing and textiles. We could do better if it was not for the quota system."

SA prices are generally very competitive, says Baur. Garment styling and quality is acceptable, and deliveries are good.

"We consider Australia an important market for SA," says Baur.

RAPPORT 27/4/80

VSA-bank leen glo miljoene aan SA

Van FRANZ KEMP
WASHINGTON

AMERIKA se tweede grootste bankkorporasie, Citicorp, wat glo tussen 1972 en 1978 1 278,4 miljoen dollar aan die Suid-Afrikaanse Regering geleen het, is skerp aangeval weens sy finansiële verbintenis met Suid-Afrika.

Dit het gebeur pas nadat die Suid-Afrika-Stigting 'n studieverslag in Washington uitgereik het oor die omvang van die grootskeepse Amerikaanse veldtog om die onttrekking van beleggings in Suid-Afrika aan te moedig.

Die verslag dui daarop dat die veldtog, wat in 35 state deur sowat 50 000 aktiviste gesteun word, binne die volgende paar maande in 'n meer intensiewe en gekoördineerde vorm as in die verlede verskerp sal word.

Die verslag is verlede week uitgereik en Citicorp is deur die organiseerder van Amerika se „Big Business Day" in Washington in die sogenaamde „korporasiesaal van skande" verdoem.

Citicorp, een van elf groot Amerikaanse sake wat as deel van die landwye protesdag teen die korporasiestelsels gekruisig is, is uitgesonder omdat hy „die invloed en belange het wat strek van wolkekrabbers in Manhattan tot die olievelde van Venezuela en die goudvelde van Suid-Afrika".

Die organiseerders sê: „Citicorp het die twyfelagtige onderskeiding dat hy die wêreld se grootste lener aan Suid-Afrika is."

Die „Big Business Day" was die hoogtepunt van die pogings van die vyande van Amerika se korporasiestelsel. Onder die organiseerders tel Ralph Nader, kampvegter vir die verbruiker, en vakbonde soos die United Farm Workers of America, die American Federation of State, County and Municipal Employees en die United Auto Workers.

In Washington het die organiseerder hul „korporasiesaal van skande" onthul. Ander groot sake in die saal is onder meer Castle and Cooke, DuPont, Occidental Petroleum, Grumman, Exxon en US Steel.

Citicorp se voorsitter, Walter Wriston, is ook vir kritiek uitgesonder omdat hy hom aangesluit het by die direksie van Minorco, die buitelandse arm van Anglo American.

Citicorp se beleid teenoor Suid-Afrika het in 1978 verander en nou word lenings hoofsaaklik vir „konstruktiewe" projekte toegestaan. So is byvoorbeeld verlede jaar 200 000 dollar vir 'n swart behuisingskema en 'n hoër skool in Soweto geleen.

Die inligting dat Citicorp tussen 1972 en 1978 1 278,4 miljoen dollar aan die Suid-Afrikaanse regering geleen het, kom van die Corporate Data Exchange, 'n navorsingsmaatskappy van New York wat 'n verslag gepubliseer het oor Amerikaanse lenings gedurende dié tydperk aan Suid-Afrika.

Die verslag is verlede week in die „skandesaal" uitgestal. Daarvolgens is die ander groot Amerikaanse leners aan Suid-Afrika gedurende die tydperk van ses jaar die volgende:

Manufacturers Hanover 945,9 miljoen dollar; Chase Manhattan 591,8 miljoen dollar; J. P. Morgan 521,8 miljoen dollar; Kidder Peabody 513,2 miljoen dollar; Smith Barney 353,3 miljoen dollar; Whiteweld Holdings 232,8 miljoen dollar; First Moston 202,2 miljoen dollar; Pefco 175,8 miljoen dollar; en BDA 118,0 miljoen dollar.

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Clothing barriers sought

STAR 1/5/80 (74)

CAPE TOWN — A flood of clothing imports from the Far East is forecast by the National Clothing Federation and it is asking the Government to step in and raise tariffs on imported cheap clothing to protect the South African industry and its 125 000 workers, according to a statement released by the federation in Cape Town.

"Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled," said the federation in a submission to the Board of Trade and Industries.

Profits from cheap imports were "tremendous" with a mark-up of 200 percent compared with 80 percent on local goods and no benefit to the consumer. — Sapa

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Tons of SA books shipped to UK

CT 1/5/80

(74)

SOUTH AFRICAN-produced books are being shipped by the ton to Britain and elsewhere because they look so beautiful and are so cheap by world standards.

So much so, says local publisher Richard Ross, one of the exhibitors at the Cape Town book fair at the Civic Centre, that last year his firm alone exported 15 tons.

"Just imagine — South Africa selling Shakespeare to Britain!", he said.

About 250 printers and publishers are exhibiting books at the fair. There are about 20 000 titles on display, worth an estimated R600 000.

Many foreigners are visiting the book fair, according to the convenor, Mr Murray Coombes. Many are Zimbabweans, but there is also a group of British publishers who are bent on doing business.

Mr Coombes said some kinds of books could be printed here, sent to Britain and still sold at prices undercutting British products.

"Traditionally British have used overseas printing firms in Hong Kong and elsewhere in Asia. Now they are beginning to look to countries like this one.

"One reason is that they are dealing with an English-speaking country, so that your directions are actually followed.

"There is also the question of distance. South Africa is much closer than Asia, and freight costs have risen astronomically.

"Substantial amounts of locally-produced books are being sold overseas . . . Even a fairly small publishing firm like ours now sells 24 percent of its production abroad."

The fair, which is open every day till 10pm and ends this Saturday, has been "very well patronized" so far, according to Mr Coombes.

"What has struck me is the large number of children who have been here, and it has been gratifying seeing them standing around, not playing the fool with the books but getting thoroughly immersed in them.

"The interesting thing is that the kids have not just been looking at the sort of books adults think are good for kids.

"I've been very pleasantly surprised to see them leafing through things like our book on Swakopmund. And when we've had authors addressing them, they've been asking very interesting questions."

CDM 1/5/80

Russia unlikely to get SA maize

279 74

By NEIL BEHRMANN

LONDON. — Grain sources say the Soviet Union will not buy grain from South Africa through either direct or indirect channels. There has been speculation that South Africa with projected maize exports of 2 300 000 tons could be one of the sources of Russian grain this year.

However, sources close to the American Administration do not believe the reports. They say Eastern European grain imports and exports are increasing and this is further proof that grain continues to seep into the Soviet Union through Eastern Europe in spite of the United States embargo.

In February the sources estimated that Eastern European countries would have imported 16 900 000 tons of grain in the 12 months to June 1980. However, they have adjusted these figures because it is evident that grain is finding its way to these countries and then to the Soviet Union.

The sources reckon that Eastern bloc imports will be 17 500 000 tons and they calculate that exports will increase, too. They expect Eastern European wheat exports to rise by 50 000 to 425 000 tons and coarse grain exports to rise by 90 000 tons to 1 800 000 tons.

The grain trade is tight lipped whenever Russia is mentioned, so it is difficult to estimate where the grain will come from. However, traders admit that much will have its origins in the United States. It will pass through several hands and it will be difficult to detect the maize, wheat, sorghum and soyabeans that escape the US net.

The United States Agriculture Department reckons that the Soviet Union will import 30 500 000 tons of grain in 1979-1980, which stretches from July to June. The US will supply 11-million tons in terms of the fourth year of the US-Soviet trade agreement. Canada will supply 3 500 000 tons and Australia will sell 3-million tons under previous agreements.

Argentina will export 6 500 000 tons to Russia under a new agreement covering maize, wheat sorghum and soyabeans.

This leaves 6 500 000 tons and it is expected that Russia will be scrounging around the world markets.

The Eastern European returns suggest some of this grain is already finding its way into Russian granaries.

Sources detect shipments into Rotterdam, Antwerp and Hamburg and believe that grain is shifting from these cities into Eastern Europe and then into Russia. Poland is one of the countries mentioned, and there have been hints of Hungarian and Romanian involvement.

The head of a Greek shipping line says unusually large US grain shipments are landing in Mexico and Venezuela. He suspects some of this grain will find its way to Russia.

However, American trade sources say the Mexican crop was disappointing and the United States promised extra grain. Argentina's exportable surplus is going to Russia and this means that her traditional markets will be short of grain.

So instead of buying the grain from Argentina they will buy from the United States.

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NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

TRADE FINANCE

FM 8/5/80 (74)

Time to borrow overseas

This week the Reserve Bank clearly signalled its intention to use the forward dollar discount vigorously to implement monetary policy. On Tuesday and Wednesday, the Bank adjusted the margin down from 12% and varied it according to the length of the forward cover period — 9,75% up to 121 days, 8,75% for 122-243 days, and 8% for 244-365 days.

The 2,25% cut in the forward discount from last week's 12% largely reflects the recent drop in foreign interest rates. Morgan Guaranty, the fifth largest US commercial bank, lowered its prime lending rate a full percentage point to 18,5%, while other major banks dropped theirs by 0,5%. Of greater significance, though, is last week's drop in the US Treasury bill rate from 12,7% to 10,8%, which many bankers now feel points to a gradual downtrend in US rates.

By introducing a graduated forward discount according to the financing period — and serving notice of its intention to adjust it from time to time — the Reserve Bank has effectively brought the outflow on short-term capital account under its own control. And this, says bankers, is not only welcome but very necessary.

Bankers estimate that the country's capital outflow was well on the way to the R3 billion mark in only six months, when Church Square decided to widen the forward margin to cover the differential between local and foreign interest rates. Moreover, by opening up the possibility of large-scale switching to foreign sources, and thereby reducing pressure on its foreign cash reserves, the Reserve Bank should be in a position to offset any eventual forward currency losses by placing larger deposits overseas at relatively high interest yields.

Moreover, by taking the pressure off its foreign reserves, the bank will be in a much stronger position to conduct a more flexible gold sales policy.

UAL GM Tony Ross points out that the latest adjustments to the forward margin — taking bank commissions into account — now make it marginally more attractive to borrow abroad right across the trade finance spectrum, ranging from one to six months. For example, the three-month Eurodollar deposit rate is currently about 14,5% which, if the 9,75% forward discount is deducted, brings the cost down to about 4,75% for SA borrowers. This is 0,7% above the current three-month SA deposit rate of 5,4%.

But, says Ross, rates obtainable from overseas banks are "highly negotiable" and vary widely between different banks. This means the Reserve Bank is now placing the option to borrow either locally or abroad squarely in the hands of the market. Ross believes this move will soon see a rapid build-up in offshore financing facilities.

The cost of the wider forward margin will undoubtedly mean that some exporters will take the risk of not covering forward. After all, points out Ross, although the rand seems to be continuing its upward momentum, it is higly unlikely it will appreciate much more than 5% or so over a year — which still leaves plenty of leeway under the 9,75% forward cover cost.

Exporters granting credit facilities to foreign buyers could hedge against the rand's appreciation, say bankers, by simply charging an additional 5% per annum, or so, above their current rates. Even the extra 5% still makes SA financing substantially cheaper than that which could be obtained by the importer overseas.

Meanwhile, underpinned by the likelihood of a sharp reversal in capital flows and a corresponding hike in the cash content of the reserves, the rand began appreciating rapidly at the end of last week. By Wednesday this week, it had firmed to a mid-point of \$1,2504, from \$1,2450 last Friday — a rise of nearly 0,5%.

Market expectations are that the rand will continue strengthening, reaching a level of around \$1,28 by the end of October. But this forecast, warns Ross, is based on the assumption that gold more or less maintains its present level and that there are no major changes in the dollar against other currencies.

Exporters who do not cover forward are effectively speculating in currencies. And speculators, of course, help to make markets. But in uncertain times such as these, they might usefully ponder whether they are equipped for the business of arbitrage better than exporting.

FOREIGN IS CHEAPER

Months	1	2	3	4	5	6
Forward margin %	9,75	9,75	9,75	8,75	8,75	8,75
Eurodollar deposit rates %	14,4	14,4	14,5	14,3	14	13,8
Effective rate %	4,65	4,65	4,75	5,55	5,25	5,05
SA deposit rates %	5,2	5,3	5,4	5,75	6	6,0
Difference between Eurodollar and SA rates %	0,6	0,7	0,7	0,2	0,7	0,95

Source: UAL

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FM 2/5/80 (74)

TRADE SURPLUS

Revealing more

Trade figures compiled by the Department of Customs and Excise show a R2 468,3m surplus for the first quarter of 1980, more than twice as much as in the same period last year, when the surplus totalled R1 162,7m. But, while impressive at first glance, this figure gives a misleading picture of two-way merchandise trade.

Statistics for gold sales and purchases of oil and defence equipment were introduced for the first time in January to bring the Department's calculations into line with the overall balance of payments figures produced by the Reserve Bank.

In January 1980 "unclassified" exports (the bulk of which is gold) leapt to over R863m, and at the end of the first quarter this year stood at R2 757m, against an "unclassified" import figure (including oil and defence equipment) of R689m.

So, the huge quarterly trade surplus mainly reflects gold revenue. If these figures are removed from the equation, the trade balance, though still in the black, actually shows a smaller absolute surplus than it did last year.

This trend is in line with overall economic cyclic expectations, points out Nedbank's senior economist Rudolf Gouws, with merchandise imports growing faster than exports as domestic demand increases and international demand for SA commodities eases. The latest quarterly figure shows a 22% increase in imports from Europe, the largest single geographical trading unit, against a 15% increase in exports. Last year's respective annual increases for Europe were 11% and 31% respectively.

This view is shared by Peet Strydom at Senbank, who maintains SA's export position will deteriorate further as its major trading partners move into a recession which, in the case of the UK, could be the worst in the post-war period. SA's BOP current account will probably move into deficit in 1981, he adds, but the consistent deterioration in the capital account should

ease substantially, now that the interest differential between SA and the US has already been negated by the increase to 12[illegible] in the forward premium of the rand against the dollar.

The most dramatic change revealed by the current statistics is in trade with Africa, although the base [illegible] comparatively small. Exports [illegible] 90% to R261,2m, [illegible] and processed food [illegible] indication of the vast and largely unexplored potential of regional trade.

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Alfa sprints into major export drive

4/5/80
S. Times (Business Times)
74

BY JOHN SPIRA

ALFA-ROMEO SA is about to launch a major export drive which is expected to earn more than R40-million in foreign exchange in 1981.

Alfa will be the second South African motor car manufacturer (after BMW) to dip its toes into the export market.

The move highlights the enormous potential for exports, running into hundreds of millions of rand, which could be tapped by the South African motor industry.

It also underlines the possibilities for reductions in the unit cost of locally-sold vehicles which could be achieved through economies of large-scale production.

Dr Vito Bianco, Alfa-Romeo SA's managing director, tells Business Times that the company's Brits factory will produce some 7 000 units this year — a figure which will rise to 12 000 next year, with the vast bulk of the additional production being earmarked for exports.

He adds that the plant has a fair measure of excess capacity, with the result that the additional 5 000 units will be produced with the minimum of additional capital outlay.

The factory has the ability, in fact, to turn out up to 24 000 motor cars a year, with the step up from 12 000 to 24 000 units requiring additional expenditure on plant of between R4-million and R5-million.

"However," says Dr Bianco, "the cost of setting up the additional capacity will be small in relation to the benefits which will accrue.

"Consequently, it will not be long before we are churning out cars at an annual rate of 24 000 units, at which stage we should be earning upwards of R120-million from exports."

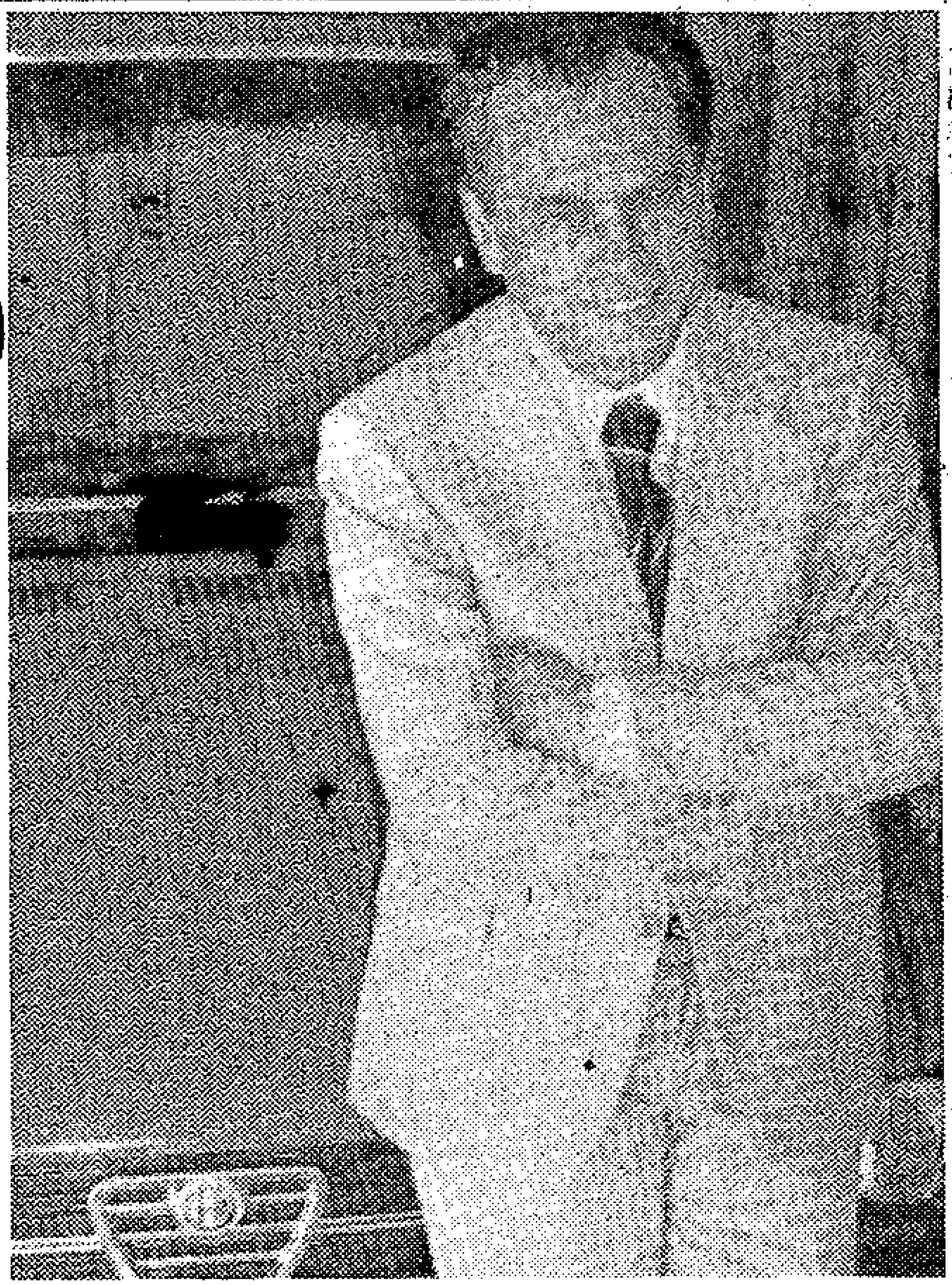
The Brits factory is the only Alfa plant outside Italy to manufacture Alfa cars with a substantial local content.

Accordingly, once export production gets underway, Brits will be placed under the umbrella of Alfa's Italian head office, from where international sales of cars coming off the Brits production line will be controlled.

Alfa's worldwide marketing efforts will be co-ordinated, with Brits being called upon to supplement production shortfalls at the Italian factories should the need arise.

For the present, Dr Bianco is in the throes of overcoming two obstacles which stand in the way of a full-scale export effort.

The first — and this has been substantially overcome — is the need to conform to the specifications laid down by the countries to which the vehicles will be sold.



Dr Vito Bianco . . . steering Alfa into world markets

Such specifications include specially-treated windscreens and the corrosion-proofing of all internal components.

Alfa-Romeo SA has already sent several of its export-orientated models overseas for exhaustive tests and approval has been forthcoming from a number of countries.

The second obstacle, says Dr Bianco, is the urgent requirement of the local vehicle manufacturing companies for export incentives over and above those at present in existence.

As things stand at present,

● To Page 3

Alfa in big export drive

12/5/80
S. Times (Business)

● From Page 1

exports of vehicles from South Africa to the UK, for example, contain little in the way of cost advantages over the same vehicles produced in Italy. This is because of the relative proximity of the UK to Italy.

Dr Bianco concedes that exports to Australia from South Africa would enjoy cost advantages over exports from Italy because of the distance factor.

"But," he stresses, "if we are to become a force in world markets, we must obtain the same assistance from the authorities as exporters elsewhere in the world get from their governments."

He is currently engaged in top level discussions with Pretoria and is confident that additional incentives will be forthcoming soon.

Help! Who will save us from dilapidated world economics and politics?

"The 1980s must be a period of rethinking the functions of government."
Jan Tumlir, chief economist of the world trade organisation GATT

(274) S. Times (Business Times) 6/6/80

KEYNES is dead. Neo-Keynesianism is dead. Laski and Marx are dead. Even Milton Friedman and the School of Rational Expectations and the politics of the New Left and the New Right are half dead.

As Keynes said, of course, in the long run we are all dead — which is perhaps enough death for the moment.

Seriously, what recent world economic and political events seem to prove is that neither capitalism nor Marxism, the free market or central planning, libertarianism or the new religious and tribal autocraties are, by themselves, a match for the challenges of the Eighties — especially in South Africa.

Obviously, it might be useful to have new visionaries to overarch and integrate the grand economic and political theories of yesteryear and yesterday; to provide a new framework to defuse the confusion and conflict that is increasingly debilitating the world political economy.

Unfortunately, such superthinkers tend to attract superpoliticians, who use the super-theories to create superbases for their own power.

Inevitably, this breeds further global conflict and confusion.

Meanwhile, however, we at least need to explode some of the old thinking about economic and political planning, negotiation and growth.

Thus, we need to reject the idea of perfect competition; the idea of rule by the masses or by an elite; the idea of monetarism as a cure-all; the idea of the free market as a free-for-all; the idea of government regulation and the welfare state; the idea of control by the Fiscus; even Adam Smith's idea of "the invisible hand" or Max Weber's "Protestant Ethic".

The facts tell us that in today's world, competition is inescapably imperfect and getting more so.

Rule by the masses means anarchy as in Iran or, in reality, rule by an elite, as in Moscow and even Pretoria.

Monetarism has its points — it does help to keep the growth in the money supply in line with expected real growth — but no-one has yet shown the political conviction or will to make it work, insofar as it works at all.

Government regulation does not create a welfare state but, in its pure sense, a state of poverty. The world Fiscus is in disarray, with the monetary system facing yet another crisis.

Not least, the invisible hand is increasingly visible in the form of organisations like Opec and the trend towards the multinational corporate collossi which Kenneth Galbraith so feared (although his case seems overstated).

As for the Protestant Ethic, of how many, worldwide, can one seriously say "they work with self-denial and individual diligence in this life as a virtue which may lead to salvation in the next life"?

So much for demolition. The greatest challenge facing governments today is to find new ways to maintain the platform of stability and growth needed for the "reconstruction" of socio-economic frameworks more suited to the times.

This they must achieve without yielding to the temptation (as Adam Smith described it) to "become always, and without exception, the greatest sprendthrifts in the society".

Also, they must strenuously resist unnecessary interference, regulation and bad planning which, in a form of Gresham's Law "drives out good planning by private people".

Not least, they must maintain proper military muscle, management and preparedness — without seeking open conflict but while standing ready to fight effectively if provoked — something the US is now re-learning.

There is nothing new in any of this. It is no more than commonsense borrowed from gurus past and present.

But there is one critical point for South Africa. In a country with our special problems, the basic rules have to apply across the board to work.

The current obsession with "total onslaughts" and whatever will feed on itself and lead to disaster unless the laudable efforts to strike a properly "mixed", free market economy are combined with equal efforts to achieve a properly "mixed" political system.

It may be boring to have to keep saying it, but politics, not economics, will dictate the economic future of this country, and not least the future of the "white sector".

At present, the economy is on the right path but the political dispensation is constrained in a dangerous "go-slow" channel.

Unless Pretoria can change this, then it is safe to predict that rapid economic growth in South Africa will soon be all but dead.

The gold price is a miraculous pick-me-up. How much better to have a healthy patient to enjoy it.

QUALITY	Div Decl	Current Price US cents	Prosp 1980 Div $450 SA cents	$550	Prosp Yield $450 Gross	Net*	$550 Gross	Net*
Buffelsfontein	Jun/Dec	3 250	550	750	21,0	17,8	28,6	24,3
Hartebeestfontein	Jun/Dec	6 200	800	1 025	16,0	13,6	20,5	17,4
Kinross	Mar/Sept	1 012	155	210	19,0	16,2	25,7	20,1
Kloof	Jun/Dec	2 625	340	420	16,1	13,7	19,8	16,8
Libanon	Jun/Dec	1 975	320	425	20,1	17,1	26,7	22,7
President Steyn	Apr/Oct	3 100	430	560	17,2	14,6	22,4	19,0
W Driefontein	Jun/Dec	7 275	1 100	1 350	18,7	15,9	23,0	19,6
Western Holdings	Apr/Oct	6 175	1 000	1 250	20,1	17,1	25,1	21,3
SPECULATIVE								
Grootvlei	Jun/Dec	800	130	180	20,1	17,1	27,9	23,7
Stilfontein	Jun/Dec	1 612	310	400	23,8	20,2	30,8	26,2
Welkom	Apr/Oct	1 212	180	250	18,4	15,6	25,6	21,8

*Net of 15% witholding tax.

74

RDM 5/5/80

Golds still enticing for foreigners

By HOWARD PREECE
Financial Editor

YIELDS on gold shares are still looking enticing to some overseas brokers and investors even though gold has settled temporarily around $500. The widening of the financial rand discount has again made a big difference in the yields open to foreign buyers of gold shares compared with South Africans.

To the extent that this encourages overseas buying it will obviously help the Johannesburg market.

After gold hit a record $850 earlier this year the financial rand discount narrowed briefly to below 10% for the first time in four years.

But the gold price retreat, coupled with political fears arising from the Mugabe Government takeover in Zimbabwe and latterly the coloured schools boycott, sent the discount widening again.

It is now around 26% to 27% although it has gone out to as much as 30%.

The acompanying table is taken from London brokers Williams de Broe Hill, although I have updated it and assumed an exchange rate of R1 equals $1,24.

The dividend estimates for the mines featured are De Broe Hill's forecasts for 1980 based on average gold prices of $450 and $550.

The yield calculations are mine and are based on last Thursday's closing prices in London in US cents.

Both gross and net yields — that is, the yield less the 15% witholding tax that South Africa imposes on dividend payments to foreigners — are included.

Some overseas taxmen will apparently allow the withholding tax to be deducted for tax purposes while others will not.

It should be pointed out that where the dividend recipient is hit by the witholding tax but still taxed in full in his home country he then needs a financial rand discount of 15% just to get the same yield as a South African investor.

But for those who can offset the witholding tax, yields are attractive with the financial rand discount in the 25% area.

De Broe Hill says: "The current outlook for the June quarter is not so good with average receipts to date of around $515, down around 20% on the high level in the March quarter.

"However, the abolition of the loan levy will have bolstered cash resources significantly.

"The mines to benefit most are those with June yearends because loan levies estimated for the September and December 1979 quarters may be claimed back.

"Typically though, this concession will add around 12% to 14% to average earnings on an annual basis at the ruling price and the recent loan levy abolition.

"In many cases a revision of our forecasts for recovery grades and cost inflation has eaten into the benefit of the loan levy abolition. Nevertheless, average prospective yields on quality stocks at the two gold prices are respectively 19% and 24%.

"As we continue to feel bullish on gold's medium-term prospects and we regard the current prospective yields as attractive, we continue to advise a full weighting in the sector.

"The following shares (those in the table above) are specific recommendations in the quality and speculative categories."

"Therefore, gold revenue can afford to drift downwards slightly without unduly affecting prospective dividends."

De Broe Hill says: "The generally excellent interim dividends from the Anglo American OFS mines in April set a precedent for those mines to declare in June.

"At this stage those mines with the most potential for good final dividends in June are Buffelsfontein, Hartebeestfontein, Libanon and West Driefontein, all in our list of recommended quality stocks. Those four stand to benefit more than most from the loan levy abolition and were very conservative at the interim stage in December 1979.

"At their current shareprices the prospective average yield on the forthcoming dividend is around 14%. At this level of prospective return we expect interest to focus on the June declarers, these four mines mentioned in particular, and consideration should be given to switching into these stocks.

"Following their strong relative performances and good dividends President Steyn and Western Holdings may be due for some underperformance as investors start to switch into the June prospects.

"Our prospective yield tables have been rebased on gold prices of $450 and $550 for 1980 to take account of the current

Another record surplus

(74) RDM 7/5/80

Financial Reporter

SOUTH Africa had another record surplus on the current account of the balance of payments in the first quarter of this year, according to Senator Owen Horwood, the Minister of Finance.

But he said yesterday that there had again been a substantial capital outflow, although overall there was a further big rise in the net gold and foreign exchange reserves.

Senator Horwood was introducing a motion in the Senate that the House "go into committee on the estimate of expenditure to be defrayed from the State revenue account during the financial year ending March 31, 1981."

He did not elaborate on the balance of payments, but the previous highest quarterly surplus was R1 133-million in the first three months of 1979.

There was also, however, a net capital outflow of R3 82-million last year.

Senator Horwood said: "Although balance of payments statistics for the first quarter of 1980 are not yet available, the indications are that, largely as a result of the high average price of gold during that period, the current account surplus broke another quarterly record, while the net outflow of capital was again substantial."

He said it was true that after showing an actual decline during the first half of 1979, the broad money supply increased in the second half at an annual rate of about 30%.

"But this excessive increase was largely a temporary aberration and not an indication of a longer-term trend.

"During the first two months of 1980 the broad money supply, after allowing for seasonal variations, increased at an annual rate of only about 9,2%.

"Another significant monetary development during the past year was the substantial further easing of money-market conditions and the resultant sharp decline in interest rates on call money, Treasury bills, bank acceptances, trade bills and other money-market paper."

Senator Horwood stressed the importance of his decision to relax exchange control to prevent the large current account surplus from "bottling up" excess liquidity in the domestic money market.

"Further relaxations will be considered as we proceed."

This was part of the Government's broad monetary policy.

If South Africa succeeded in applying the appropriate combination of fiscal and monetary policies, he envisaged that it could simultaneously attain a higher real economic growth rate, increased employment, a further strengthening of the rand and higher net gold and other foreign reserves.

"In the absence of unforeseen developments, we might even add to this impressive list a gradual reduction in the rate of inflation — if not in absolute terms, then at least in relation to the inflation rates of our main trading partners, and this in a world which, according to the latest official forecasts, will in 1980 experience a combination of slower growth, higher inflation and serious balance of payments difficulties."

Atlantis deal will add to inflation

(7U) (45) (192) Sun. Times (Bus. Times) 11/5/80

By BILL CAIN

TRANSPORT and farming costs are primed to rocket.

Truck and tractor makers fear prices coming from the State-sponsored Atlantis Diesel Engines company will add millions of rands to showroom mark-ups annually.

Virtually no business or household will escape the inflationary consequences which will result from this upward twist in diesel power prices.

Industry sources add that this burden could increase if protection given by the Government proves insufficient for diesel units supplied through the R300-million manufacturing project 50 km north-west of Cape Town.

ADE managing director, Hartmut Beckurts, tells me: "We are finalising our cost structure for engines based on the latest market forecast."

Approval by his board is sure to add millions of rands to national expenditure while the Government pushes through its plan for local manufacture of strategically needed engines.

Truck and tractor makers forced to fit Atlantis units estimate that the price of new diesel-powered vehicles will rise dramatically.

At least the ADE price-list will put them out of their pricing misery.

Manufacturers have been sweating for months over future selling costs of their vehicles.

They are unable to fix firm delivery prices because it is not yet known how much ADE will charge for its engines.

Mr Beckurts says his price-list will be handed in this month.

He adds that an up-to-date market survey on unit demand — for the phasing in of Atlantis engines during 1981-82 — will be completed by the end of this week and sent for scrutiny to the Department of Trade and Industries.

Both the price list and survey will then be published.

To ensure that the project is successful, all 2 000 cm² to 22 000 cm² trucks and tractors — including petrol-driven — will run into excise duties starting at 30% from October 1981, if they are powered by units not supplied by ADE.

Industries Minister, Schalk van der Merwe, makes it plain that if this protection proves insufficient, excise penalties will be increased until other suppliers give up.

Truck and tractor manufacturers are resigned to playing to new rules but are upset at the regulations being changed once the game has started.

Particularly aggravating is the 30% excise duty being imposed on the price of completed vehicles after being led to believe that only the diesel power component would be subject to penalties.

On a R45 000 truck, for example, the diesel component accounts on average for R10 000.

A 30% rise on the whole unit will push the price to R58 500 if the engine is imported. Manufacturers say the excise protection should be added only to the diesel engine to bring the total selling price to a manageable R48 000.

Doing the calculation the way Mr Van der Merwe has laid down, brings 13 000 trucks upwards of 10 tons each into the excise net along with the 14 000 annual tractor market.

Industries taking around 20 000 static diesel engines — for generators and pumps — will have to cough up. Many other users, too, will have to get their diesel power plants through ADE as traditional supplies are squeezed out.

The new rules also mean that suppliers will be paying duties — previously reserved for import protection — on components such as tyres and cabs manufactured locally.

There seems little likelihood of this double penalty being

To Page 3

Atlantis deal inflationary

From Page 1

lifted until ADE has eliminated local diesel engine competition.

This month's prices and market forecasts will at least give vehicle suppliers bases on which to make quotations.

Customers will eventually be restricted to having trucks and tractors fitted with diesels from a total selection of 11 Mercedes Benz or Perkins units.

Until ADE is in full production, with a target 50 000 engines from its new plant in 1985, it will import diesels needed by heavy vehicle manufacturers.

Mr Beckurts says: "It is our objective to establish a close and sincere relationship with all our future customers, to keep them informed at all times of our planning and pricing policies."

Tractor suppliers, whose market has shrunk from 19 000 units in 1975 to an expected maximum 14 000 this year, seem to be in for an even harder time.

There is no great opposition in the two industries to the argument that SA needs its own diesel engine industry for strategic reasons.

The cost to individual manufacturers, hauliers and others hit directly or indirectly by what looks like a severe transport price rise, will not be so easy to explain.

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

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Covering up imports of winter coats

Sun Times 11/5/80 ~~30~~ 74

IMPORTERS are maintaining a wall of silence in an effort to suppress disclosures regarding a key area of the clothing retail trade.

Ironically, the main beneficiaries in the affair are South African blacks, who obtain high quality, though second-hand, pure wool winter coats at a fraction of the retail price they would otherwise have to pay for a new SA-made garment.

The affair concerns the importation of at least 600 000 used overcoats from Europe so that blacks can face the winter frosts which hit the highveld this time of the year.

Essential

Keeping warm costs money and an average black's weekly wage would not stretch to buying a new locally-made woollen coat — an essential item for most workers who labour outdoors, in unheated premises, who leave home at the crack of dawn and return late at night.

Cheap second-hand winter overcoats are, not surprisingly, in great demand and it has been estimated that this small segment of the rag trade accounts for an astonishing R5-million at retail level.

To meet the blacks' demand

By VERA BELJAKOVA

for winter warmth at low cost, some five clothing wholesalers act as large-scale importers of second-hand coats — the only used clothing item legally imported into South Africa.

Understandably, the importers are anxious to keep the subject under wraps, because they face severe criticism from the South African clothing industry, which would like to monopolise the overcoat trade.

Similarly, the mines and security companies who buy the most, are not anxious to publicise the fact.

Most dealers have been operating for many years and describe themselves as suppliers of part-worn overcoats, mostly made from 100% heavy woollen tweeds.

Second-hand civilian coats, mainly imported from Germany, Belgium and Holland, sell wholesale for about R5 each.

But army and air force serge greatcoats, raincoats and trenchcoats cost about R12 each from the wholesaler.

(FOB prices for last year, however, averaged a little under R2 a coat.)

The price discrepancy between the civilian and military coats is due to the scarcity of military greatcoats in Europe, whose armies have steadily been diminishing during the last decade, as well as to the vogue of dressing up soldiers in synthetics.

Only Norway, Sweden, France and Italy still issue woollen greatcoats to its army, whereas the British, Dutch and Belgian soldiers no longer wear such weighty apparel.

Prohibited

Importing of second-hand clothing is prohibited in SA, but successive governments have exempted the used greatcoat in order to clothe the country's lowest income group, which would otherwise need to resort to blankets.

Import permits are required for the civilian coats, and a Board of Trade certificate for importing military coats.

Duty payable is 40% per coat or 25% of its FOB price, whichever is the greater.

Not surprisingly, the local garment industry views this trade with anathema, and would dearly love to be protected against such imports.

The National Federation for the Clothing Industry feels the mines and other industry leaders should support the SA rag trade, but the industries, of course, might retaliate by not providing warm clothing for their workers.

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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SA on verge of new coal bonanza

(85) (245) (74)

RDM 12/5/80.

Own Correspondent

PARIS. — South Africa will benefit enormously from a new "golden decade of coal", which is just starting as Western countries seek cheaper fuel than oil.

Le Monde newspaper reported yesterday that the coal boom will increase South African exports by 20% annually for the next five years.

It said that Richards Bay, one of the two main coal ports in the Southern Hemisphere, and Haypoint in Australia, will be at the hub of the new traffic.

This is because Western countries will have to invest in giant bulk carriers and only ports such as Richards Bay and Haypoint have the facilities to take them.

For instance, French shipowners have just ordered five 140 000-ton bulk carriers from Japan, costing R200-million. They will be launched in 18 months time and will use Richards Bay.

France has trippled its imports of South African coal in the past three years — South Africa is the third largest supplier after West Germany and Poland — and this increase will be stepped up.

France's coal needs last year were about 30 000 000 tons, of which about 21 000 000 tons were delivered by sea. This year France's needs are estimated at 33 000 000 tons and 23 000 000 tons will be shipped.

This increased rhythm is planned to continue until 1985 when France's first energy programme is completed. The new five-year plan, to 1990, will also lean heavily on South African coal.

A leading role in buying bulk carriers for coal is being taken by the consortium of French merchant fleets known as Centragpa — Economic Grouping of French Shipowners).

Le Monde said the group's fleet of bulk carriers, including the five new ones, will be used on direct France-South Africa routes and the South Africa-Rotterdam route for third party cargoes.

Le Monde said: "The coal boost is not a straw in the wind, either for the mine-owners or shipowners."

A communist campaign to halt French imports of South African coal, which started six months ago, has been a total flop.

BORLAND

SA must encourage the multinationals'

STAR 13/5/80 ~~60~~ 74

THE ASSEMBLY — The Government had to create the right climate to encourage multinational corporations to invest in South Africa and generate labour intensive industries, Mr John Malcomess (PFP East London North) said yesterday.

Speaking in committee on the Industries, Commerce and Consumer Affairs Vote, he said the companies could utilise local and imported materials to manufacture goods for world-wide export.

Many Western countries had sufficient infrastructure but lacked the final element, labour. South Africa had a large pool of unskilled labour.

South Africa needed job opportunities while the Western world needed unskilled labour. But the cost of providing jobs was escalating sharply.

An estimate had shown that R35 714-million was necessary to provide another one-million jobs here.

For that reason it was obvious that ouside investment had to be a major part of South Africa's strategy.

South Africa can capitalise by providing the labour pool the Western world needed so badly. — Sapa.

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Zimbabwe buys coal in crisis

STAR 13/5/80

222

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The Star's Africa News Service

SALISBURY — Zimbabwe is importing coal from South Africa to stave off a possible transport crisis caused by the 11-day Wankie colliery strike.

And yesterday, the strike situation worsened when more than 4 000 workers at other mines in the country joined the strike.

Zimbabwe Railways is importing 150 tons of coal a day from the Witbank coalfields to operate its steam locomotives in the south of the country.

The railways is the first major consumer of Wankie coal to be hit by the strike and railways sources said today certain train services would have to be curtailed if the strike did not end by Sunday.

The railways has stockpiles to maintain train services until Sunday but imports from South Africa will not be able to meet its requirements of 600 tons a day if the Wankie colliery does not go into production before then.

"The strike has affected us tremendously," said a senior railway official in Bulawayo.

"The situation is extremely serious."

There was no change in the strike situation at Wankie this morning, where about 4 000 workers have been out for 12 days.

The Wankie colliery is owned by the Anglo-American Corporation.

POLITICAL?

There are increasing fears in Salisbury that there may be political motivation behind the strike.

More than 4 000 workers at the British-owned African Associated Mines have joined the strike.

The group is a major asbestos producer.

The Labour Ministry also announced that 700 workers at the Lonrho-owned Arcturus gold mine, near Salisbury, had also gone on strike.

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BUSINESS MAIL

Investment pillar for increased De Beers payout

(246) (74)

RDM 14/5/80.

By NEIL BEHRMANN

LONDON. — Although diamond earnings are likely to decline this year, a sharp increase in investment income should enable De Beers to raise its dividend once again.

According to brokers Fielding Newson-Smith, demand for diamonds is weakening and only the top quality "investment" diamonds remain well bid.

The brokers expect lower sales from De Beers marketing arm, the Central Selling Organisation. This is inevitable, considering the compound rise of 30% in diamond sales each year from 1975 to 1979 and the recessionary influences in major economies.

Yet, the brokers expect an improvement in De Beers investment income because of sharp dividend increases from gold and industrial investments.

Tax will remain below average because of the continuing diamond-mining expansion programme and the increase of "already franked" investment income as a percentage of total profits.

The brokers estimate that income from the company's diamond account (diamond profits) will fall from R831-million in 1979 to R700-million in 1980. Investment income, however, will rise from R312-million to R390-million.

Total revenue may decline slightly and with the expectations of a lower tax rate, attributable earnings may drop from R742-million to R730-million.

Fielding Newson-Smith estimates that earnings a share could fall from 206c to 200c. This forecast allows for a decline in CSO sales in spite of a 13% average diamond price increase in September 1979 and a further 3% fall in the diamond account's profit margin. Nevertheless, the brokers forecast that the dividend will rise from 72,5c to 80c because of the 25% increase in investment income a share.

In fact, investment income of 87c a share covers the entire dividend.

The brokers note that cash balances have shrunk from R1 295-million to R975-million. However, listed and unlisted investments (valued at cost) rose from R494-million to R681-million at the end of 1979. The increase arises from larger holdings in Anglo American, Minorco and the purchase of Consolidated Gold Fields.

The brokers say that De Beers is standing at a 15% discount to net assets.

And this discount could be much wider because the diamond-mining and trading interests are based on a balance sheet value of only R282-million (77c a share) when these operations generated R831-million last year, or 75% of pre-tax profits.

Noting a potential dividend yield of 8,5% and a prospective price earnings ratio of under five, the brokers conclude: "De Beers financial power, low rating and grasp of the diamond market contrast so strongly with the short-term easing in the diamond market that we counsel against selling and to purchase on weakness."

Japan pays more for SA coal

~~215~~ 74

RDM 14/5/8

By ADAM PAYNE

A TRANSVAAL Coal Owners Association delegation — led by the chairman, Mr Steve Ellis, head of General Mining's coal division — has renegotiated the low ash blend coking coal contract with Japanese steel mills at a higher price to cover increased working costs.

The delegation obtained an increase from $39,45 a long ton f.o.b. Richards Bay to $42,38 a long ton f.o.b. Although this will compensate for increased working costs, it will not fully cover the loss of a rail subsidy of about 80c a ton provided by the Department of Commerce and which ended on March 31.

In the year to March 31 next the Japanese will take 2-million tons of coal, which is about the same quantity as supplied in the past year.

Because of the loss of the rail subsidy and because of higher production costs, the increased price will not provide a boost in profits for the mines supplying the coal, but it should keep them at similar profit levels to those achieved in the past year.

Collieries supplying the coal are SA Coal Estates in the Amcoal stable, Witbank Colliery operated by Rand Mines and Apex Colliery managed by GFSA.

Mr Ellis said: "In addition to the rise to cover additional costs, we tried to gain some cover on the appreciation of the rand against the dollar but without success.

"The Japanese wanted to settle the price for a longer term, suggesting three years, but we were not happy about that because at present it is difficult to determine the escalation in the market.

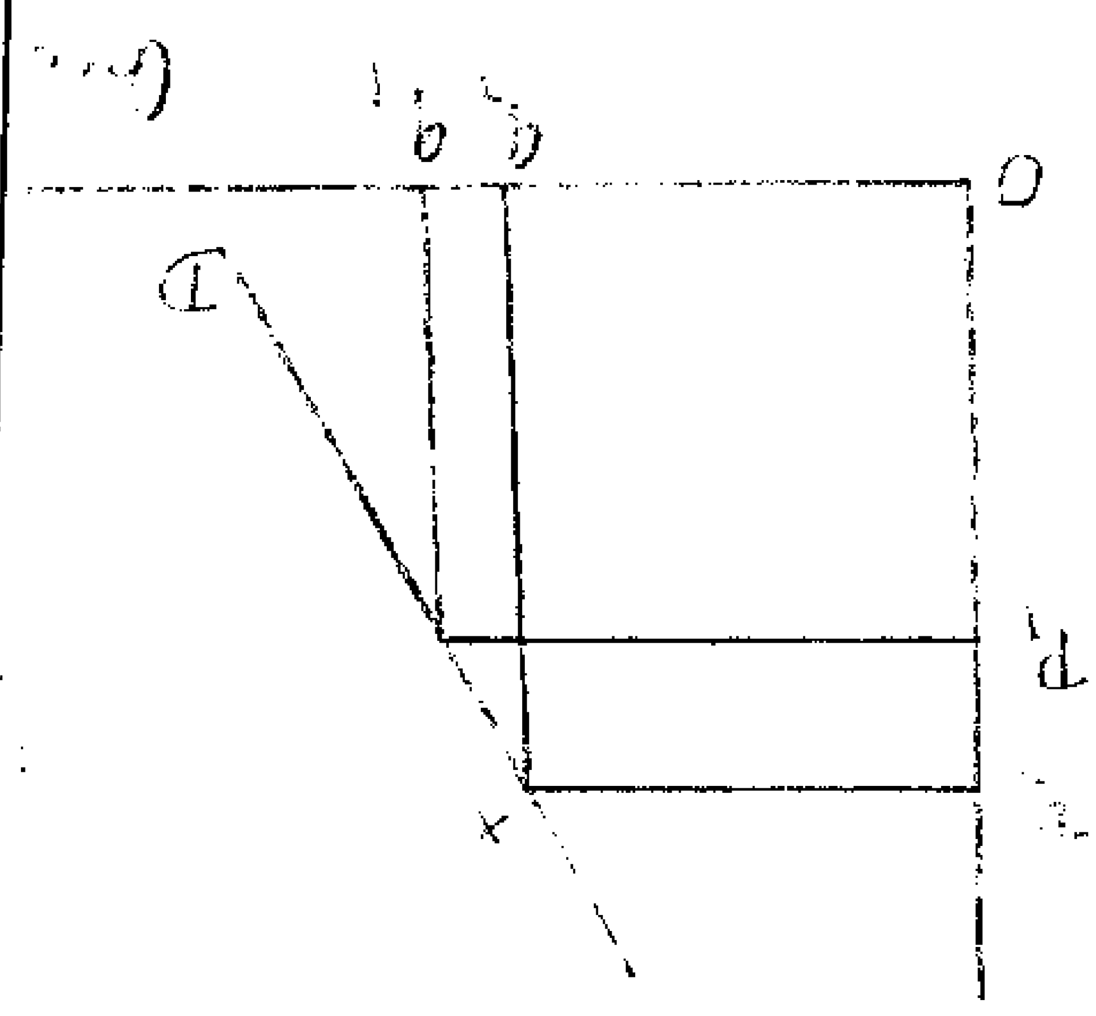
"The steam coal market is starting to harden and this will reflect on metallurgical coal prices. Therefore we were not agreeable to signing a longer-term agreement. The Japanese then accepted one year from April 1 to March 31 next.

"We travelled to Japan in February, but were unable to reach agreement. This time we came to terms that left both the Japanese and ourselves reasonably satisfied."

Mr Ellis said that the rise of $2,93 a ton or 7%, putting the price at $42,38 a long ton, meant that South African coal was competitive with Australian coking coal, but did not undercut it substantially.

"The Australian price has been held down in the past few years and the prices are more comparable now than they were in the past," he said.

The low ash blend coking coal contract was the first agreement for exports that enabled the Richards Bay harbour and rail project to go ahead, largely as an act of faith because the initial contract did not cover capital costs but in a short time the existence of Richards Bay led to multimillion-ton contracts for Transvaal steam coal, bringing substantial profits to the coal-mining industry.



Diamond traders see slump threat

RDM 26/5/80

By SIMON WILLSON
Industrial Reporter

THE ECONOMIC problems of the West's industrial nations posed a direct threat to the world's diamond traders, said Mr Moshe Schnitzer, president of the World Federation of Diamond Bourses (WFDB), this week.

Opening the congresses of the WFDB and the World Federation of Diamond Manufacturers Associations (WFDMA) in Johannesburg, Mr Schnitzer said the fall in the price of gold at the beginning of this year had led, in a short time, to certain investors redirecting investable funds into diamonds.

"We have just emerged from the serious effect of uncontrolled speculation in the prices of rough diamonds, followed by sharp increases in the prices of polished stones. When the price of gold eventually collapsed, the switch to investment in diamonds became a full-scale movement," Mr Schnitzer said.

The congresses are held every two years and this year more than 550 international diamond industry delegates came to South Africa for the two-day event.

Mr Schnitzer admitted that, at first sight, diamantaires (diamond dealers) ought to be happy about what seemed to be a positive development in their industry.

New marketing outlets in diamonds would encourage business for diamantaires by diversifying their clientele.

"However, all of us know that encouraging the sale of diamonds for purely speculative investment purposes exposes our entire industry to the dangers of a powerful time-bomb which may ruin not only those directly involved but also inflict heavy damages upon our trade as a whole," Mr Schnitzer said.

"It is one thing to emphasise the investment value of diamonds to jewellery buyers and it is a completely different matter to renounce a a long-established solid trade to enter the no-man's-land of ruthless international financial investment sharks."

Mr Schnitzer believed that through comprehensive and sincere discussions within the diamond community, insurance from unexpected financial surprises could be agreed on to limit the danger to "manageable proportions".

"I propose that we immediately open consultations with all interests involved, and above all with the heads of De Beers.

"As we all know, it has always been De Beers' pronounced policy to keep diamond prices realistic and prevent undue speculation.

"I believe that close, positive cooperation among all serious elements and groups in our trade will eventually prove to be powerful enough to curb and minimise any damaging and undesired outside influences."

De Beers — market overlooks the hidden riches

~~246~~ (79) ~~232~~ ~~211~~

RDM 16/5/80

LONDON. — There is a major anomaly in the mining share market which cries out for rectification, writes Andrew Wilson in the Sunday Telegraph.

For years platitudious arguments have held sway rather than fact — and it is frequently difficult for the major investment funds to reverse their long-held beliefs and even more so those of their trustees.

To begin at the beginning. The world's most efficient monopoly is that of the Central Selling Organisation which can count among its customers every significant diamond producer other than Ghana.

Even the Australians are likely to join the list of those who receive monthly cheques in respect of the Ashton mine when it begins to produce marketable quantities of diamonds later this year.

Ghana's production of 1 500 000 carats has a gem content of only 15% and these are not of high quality. That leaves the CSO selling revenue in 1979 of $2 598-million (R2 192-million).

By far the largest proportion came from gemstones and this is where the CSO's parent, De Beers, really scores. At present, it produces around 45% of world gemstones from its mines in Southern Africa.

But as pointed out here before, this proportion will rise over the next few years so that its share will exceed 55% with the major variables or unknown being Australia.

But the evidence from there indicates that Ashton could best be compared with the Orapa mine in Botswana with an 80% industrial diamond content.

Industrial diamonds have prices around 200p a carat at a crude approximation whereas a poor quality gemstone would start off a hundred times higher in the uncut form.

But there now appears to be some pressure on supplies worldwide. This has encouraged De Beers to develop synthetic alternatives, including one incorporating boron nitride for use in machining hardened steels. This points to a higher cash contribution from this source to De Beers revenue in future years.

Part of the adverse market sentiment to De Beers arises from the historically high proportion of profits gleaned from South West Africa at Consolidated Diamond Mines. Until recently, these accounted for over a quarter of net group profits. But in 1979 this had declined to 18% accompanied by a decline in diamond output of 246 000 carats to 1 650 000.

While the future of South West Africa remains a little uncertain, De Beers is still plugging ahead to evaluate new reserves although CDM's life expectancy is now the equivalent of 10 years at 1979 production levels unless there are significant discoveries.

The shortfall is to be made up from that part of the De Beers group which I have found the most exciting — Namaqualand which is to the south of the Orange River. There too, as at CDM, the ancient marine beaches contain large quantities of diamonds, although for some inexplicable reason these tend to be smaller than those on the northern bank.

But the deposits seem to extend ever farther south with desposits at Mitchells Bay, 65 km away from the mines at Kleinzee appearing to have the potential to be a significant contributor to group profits.

The heavy concentration on research is leading to greatly improved diamond recoveries. Treatment of the old spoil dumps at Kimberley saw a six-fold jump in the quantity recovered in 1979 at 335 000 carats. At the nearby Finsch mine, a switch from an open pit to underground mining will lead to a 2-million carat increase to 4 500 000 carats, so that with the discoveries in Botswana, De Beers output by 1983 will have risen from 14-million to 18-million carats.

So far, so good. Will diamond prices hold? The market is quiet at present, with the amounts being offered at the sights being reduced. Against reduced volume, however, the 12% increase in prices announced in February, coming in the wake of a 13% rise last September, appears to be sticking.

At this stage, it seems fairly safe to assume that diamond profits will be much in line with the R831-million of last year. But from here on, the inherent strength of De Beers begins to show itself. On a balance sheet basis, the mines and plant are valued at a mere R155-million, whereas on a realistic basis their value is nearer R1 000-million. This is computed on the basis of De Beers earning 60% of its diamond profits from its own operations.

Once De Beers had only its cash balances to fall back on. But in return for being treated as the Anglo American cash milch cow for several years, it has now accumulated an outstanding investment portfolio. In addition to cash on hand of R981-million at the end of December, it had 38,5% of Anglo American and 15,9% of Minorco.

The overall portfolio excluding cash was worth R2 304-million at the yearend which generated income of only R82 700 000, or a mere 3,6% But that was a year when gold averaged only $307 compared with the average for the first four months of this year, calculated on a perhaps artificial daily basis, of $603,25 an ounce Income from this source will explode in 1980 helped by the acquisition of a net 12½% of Consolidated Gold Fields.

It says much for the De Beers cash flow and profitability that it did not have to seek Reserve Bank permission to buy the Cons Gold stake; the amount of cash accruing through double taxation relief was sufficient — and we are talking of sums of around £150-million being held outside South Africa not required for diamond stockpile financing, which were used effectively to help fund Anglo's 12½% stake as well.

The links between Cons Gold and De Beers/Anglo are to become closer. The probable appointments to the Cons Gold board of Mr Julian Ogilvie Thompson from South Africa and Mr Neil Clarke from Anglo/Charter Consolidated will be balanced by Cons Gold chief executive Mr Rudolph Agnew taking his place around the table at 44 Main Street.

At this stage, investment income should improve by over R100-million to R240-million. This leaves pre-tax profits around R1 200-million and earnings showing a positive trend with a rise from 206c a share to 220c, depending on tax.

The dividend total could well increase from 72,5c to 80c a share. This would cost R288-million which dividend income alone covers over 1,4 times, leaving the diamond profits in for nothing. So one has an investment yielding a prospective 11,5% with the shares at 348p, covered by assets of R12,50 a share.

The discount against the mining-finance house such as UC Investments or Amgold is unjust and De Beers emergence as the world's largest investment holding company has still to be realised.

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2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

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BIG COAL EXPORT TO US

(74)

S.C. Post 18/5/80

SOUTH Africa last year became the leading exporter of coal to the United States, passing Poland and Australia, according to statistics published in Johannesburg.

South Africa sent 1 130 900 tons of coal to the United States. Poland sent 642 000 tons and Australia 172 000 tons.

The statistics said that South African coal production passed 100 million tons for the first time in 1979. This represents a 60 percent increase in five years.

In all, South Africa exported 23 400 000 tons of coal last year, earning about R630-million in foreign currency. — AFP.

RDM 20/5/80 74 ~~288~~

Anti-SA trade protest at EEC

Own Correspondent

PARIS. — Mr Alexander Moumbaris, the convicted terrorist who escaped from Pretoria Prison in December, is today leading a multination anti-apartheid delegation to the European Parliament in Strasbourg to protest against Common Market trade with South Africa.

The delegation plans to spend three days at Eurohaus (the nine-nation parliament) lobbying European MPs to halt the West's trade with Pretoria.

"This action . . . is one of the most ambitious undertaken so far to isolate South Africa where it hurts — its pocketbook," Mr Moumbaris said.

Mr Moumbaris, who is in his mid-40s, is married to a French woman and though he has Australian nationality, has been granted a French residence permit.

"It will be totally non-violent — I am against all violence — and we plan to [illegible] maximum coverage for our views by appealing to European MPs and trying to get a Europarliament debate on apartheid."

There is a fairly strong socialist and communist representation at Strasbourg and presumably the delegation will have no trouble getting support for its views.

Mr Moumbaris will be part of a delegation organised by the French Association for Solidarity for African People and including the French Anti-Apartheid Movement and anti-apartheid delegates from the EEC.

In addition, there will be representatives of the Organisation of African Unity.

Shell gives a promise on oil for S Africa

(56) (64) (74) (282)

STAR 21/5/80

The Star Bureau

LONDON — Shell has promised that it will not deliver crude oil to South Africa from any country operating an oil embargo against the Republic.

The oil giant's chairman Mr Peter Baxendell gave this undertaking to shareholders at Shell's annual meeting in London yesterday. There were "no circumstances" in which Shell would deliver such oil, he said.

Faced with a barrage of questions from a small group of anti-apartheid churchmen and activists, Mr Baxendell defended the company's presence in South Africa.

"Shell South Africa believes that it is a progressive and constructive element in South African society and through its contacts with government, business, academic and charitable institutions has a strongly beneficial influence towards racial harmony and social progress," he said.

The Organisation of African Unity in Addis Ababa yesterday called for a mandatory oil embargo on South Africa to help ensure that apartheid "will not roll on into the 21st century," reports Sapa-Reuter.

ALUMINIUM FM 23/5/80 74 189

Doubling up?

Although a final decision on whether or not to go ahead with the mooted R250m doubling of Alusaf's capacity will be made only in September, the 85 000 tons-a-year aluminium producer has committed R1.1m on earthworks and advanced engineering and design.

Since the plant came on stream in 1971, it's been producing at full capacity. At that stage this was 52 000 t/pa, increased to 78 000 t in December 1974. Present capacity installations were carried out in February 1979. Last year local sales totalled 45 000 t and exports 40 600 t (worth about R50m), but because of the buoyant local market and despite rocketing world prices, exports this year will be trimmed to 10 000 t.

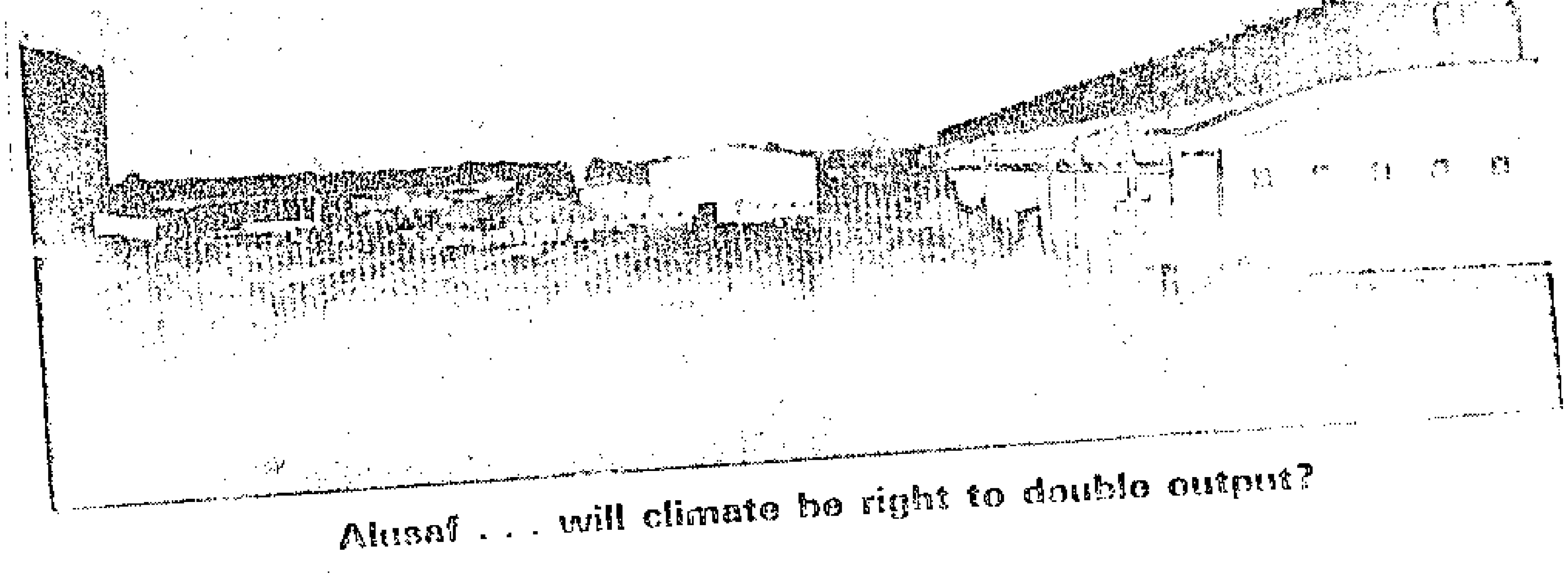
Alusaf's Johannes Diemont points out that export prices have increased dramatically. The present Alcan producer price (used as an export price bench mark) hovers around \$1 750/t — in January this was \$1 235/t — "although spot market prices have exceeded this substantially at times," says Diemont.

Huletts Aluminium MD Louis Sennett says that Alusaf will only be able to meet local demand until next year, so expansion will also have to be orientated toward the local market. Although Alusaf will be looking closely at levels of exports that can be expected as the US and Europe move into an economic slump, as well as what the rand can be expected to do against the dollar, before making a decision, what is clear is that SA has a tremendous advantage where cheap energy is concerned. Energy is the major cost component in aluminium production.

"A third of the smelters in Japan, where energy is dependent on oil, have closed and will never re-open," points out Sennett. Because of the world-wide demand for aluminium, scrap reserves (15% to 20% of aluminium component in SA, and 30% of that in US) are almost depleted. These are all plus factors in favour of expansion at Alusaf. But with long-term export contracts the major criterion in any decision, it could well be that a partnership agreement with an energy-starved producer (such as Japan) could be on the cards.

Annual per capita consumption of aluminium in SA, at 3.1 kg, lags well behind that of developed countries. In the US it is 21 kg, West Germany 14 kg and the UK 11 kg. Sennett however foresees "dramatic growth" in SA in the medium term, as has been evidenced already as the economy moves ahead.

Biggest offtake thus far has been in the building and domestic appliance industries, while the move to lighter motor cars has also contributed. "There is also very strong demand from packaging, and the overhead cable business. The conductor market was low, but with the electrification of Soweto and the SWA/Namibia powerline, this has rocketed," says Sennett. Huletts is actually importing packaging foil to meet present demand.



Alusaf . . . will climate be right to double output?

FRENCH AIM TO NARROW TRADE GAP

SUN. TRIB. 25/5/80 (74)

SA boom lures Western exporters

By FRANK JEANS

WHILE pressure by anti-SA lobbyists is forcing some states into avoiding official approval of trade build-up with this country, there is no shortage of private initiative from abroad aimed at strengthening footholds in the now booming South African market place.

The French, for instance, although pulling out of the Rand Show, have little intention of missing out on opportunities which the lucrative South African market is opening up.

No fewer than 40 French companies are to take part in major industrial exhibitions later this year — a concerted effort which is seen as a French bid to get a larger chunk of bilateral trade with South Africa and put into reverse the present trend which is heavily in this country's favour.

Last year French imports from South Africa totalled R800 million while exports to this country lagged behind at R440 million.

"In view of the favourable economic climate in South Africa, this is a state of affairs which French businessmen intend to put right during 1980," a spokesman for the French Chamber of Commerce and Industry said.

Last year consumer goods exports from France to South Africa reached R57-million—or 13 percent of total trade between the two countries — and French businessmen see this as a major area for exploitation.

Twelve companies have already booked for the electronic components exhibition in Johannesburg at the beginning of next month, and an estimated 18 other companies will be represented at the Electra and Mining '80 show in September.

A chemical exhibition in October has already drawn response from 10 companies.

Britain, which has maintained a steady flow of trade missions to South Africa over the years, has so far sent seven business teams and another eight are scheduled this year.

There will be a sustained effort, too, by West German businessmen to narrow the trade gap with South Africa, which last year had a R241-million surplus in its favour — thanks to growing interest in Krugerrands, sales of which were 172 percent more than in 1978.

A Krugerrand — the gold coin which enabled South Africa to have a favourable trade balance with West Germany.

South African exports to Germany totalled R1 742-million, of which R671-million was for "Kruger" sales.

About five missions from Germany are expected later in the year.

The Austrians, who have just taken part in their 20th Rand Show, are also striding into the big league of suppliers of specialised equipment. As one of Europe's most stable countries, Austria is widening its export horizons, bringing more focus on to South Africa, with a mission due to arrive at the end of the year or early in 1981.

And despite all the talk about disinvestment in South Africa, an American trade observer says there is a noticeable increase in the number of inquiries from the United States as "private business prepares to look the place over."

Spain is also stepping up its mission links with South Africa, with eight teams due during 1980, while Japan, whose capital goods exports to this country are 20 percent up, see still healthier opportunities ahead in line with the economic upswing.

On the other side of the trade coin, the Johannesburg Chamber of Commerce is following up its successful 1979 European tour with a hard-sell mission to Britain and Germany in September.

The value of direct contact by South Africans in Europe can be gauged by the success of one company which produces ice-making units.

In 1979 the company representative secured a R500 000 order in Britain which resulted in a trebling of production capacity to meet the order, thus providing more jobs.

Foundry equipment, lead, crystal and copper cable from South Africa accounted for orders during the 1979 tour valued at R125 000.

Sugar imports denied

~~Sugar~~ 74 Ron 27/5/80

THE SOUTH African Sugar Association still expects no rescheduling of exports in spite of the drought which threatens to cut the 1980-81 crop by up to 20%, says the export manager, Mr David Hardy.

He was commenting on London market rumours that South Africa might have to import sugar to meet domestic and export commitments.

He says there is no possibility of South Africa having to import sugar, and export marketing policy has been tailored to take account of the most gloomy estimates of the drought's effects.

Earlier this week the first official estimate of this season's crop put output at around 1 700 000 tons.

Export production for the season is estimated at 400 000 tons to 500 000 tons against last season's 990 000 tons.

About 60% of sugar exports are taken by Japan, about 30% by Canada and around 10% by the US and other countries.

Mr Hardy says there has been no sign of the drought lifting and the Northern Natal coast and Zululand continue to be the worst affected areas. — Reuter.

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'Red' chicory after surplus

RDM 29/5/80 (74)

Own Correspondent

PORT ELIZABETH. — Chicory is being imported — much of it from behind the Iron Curtain — only two years after 1 200 000kg of surplus South African chicory lay unsold in America.

Chairman of the Chicory Control Board, Mr A Bakkes, said about 6 000 tons would be imported from brokers in France and Germany this season to compensate for the crop shortage expected because of drought in the Alexandria area, which produces 98% of South Africa's chicory.

Imported chicory, which was grown largely behind the Iron Curtain, would supplement this year's demand for about 17 500 000kg, needed in increasingly popular coffee blends and substitutes, Mr Bakkes said.

Rain was essential during the current planting season. Late rainfall would delay crop production by months or limit the yield severely, Mr Bakkes said.

Farmers in the area say rain in the past six months had been inadequate.

An executive member of the Chicory Producers' Association, Mr Paul Howarth, of the farm Richmond, near Alexandria, told of the turbulent history of chicory production.

"After 1977, when surplusses were unsuccessfully shipped to the United States, chicory farmers were discouraged by over-production and many turned to wheat production as an alternative.

"Only now are we getting 'agterskot' payments for the giant 1977 crop.

"And although prices have now increased tremendously, drought is hampering us from meeting high demands."

The general manager of the board, Mr B F Weich, said it was difficult to gauge chicory demand until world coffee production was established, because chicory was used as a coffee blend.

However, the recent boom in chicory as a health beverage had created a new sales record, Mr Weich said.

He said that after its boost on agricultural shows, including the Rand Show, a new all-chicory coffee substitute was selling well throughout the country. "People have realised that chicory is not a poison and are buying coffee blends with higher chicory content," Mr Weich said.

28/5/80 ~~270~~ 74

Shipping by Bill Goddard

~~3 Fruit~~

R10-m frozen fruit store for harbour

WORK has begun on the first phase of a R10-million refrigerated holding store in Cape Town harbour — a project designed to provide storage for cointainers loaded with export shipments of fruit.

According to port officials the first phase will provide for 500 containers and is due to be ready for use towards the end of the 1982 fruit season.

The project, which will eventually provide for 2 400 containers, is part of the R60-million alterations made to Cape Town harbour to enable it to fall into the containerisation pattern.

250-m tons

Port officials said the bulk of South Africa's annual exports of 250-million tons of fruit, which earn the country more than R100-million in foreign exchange, will pass through the new holding sheds.

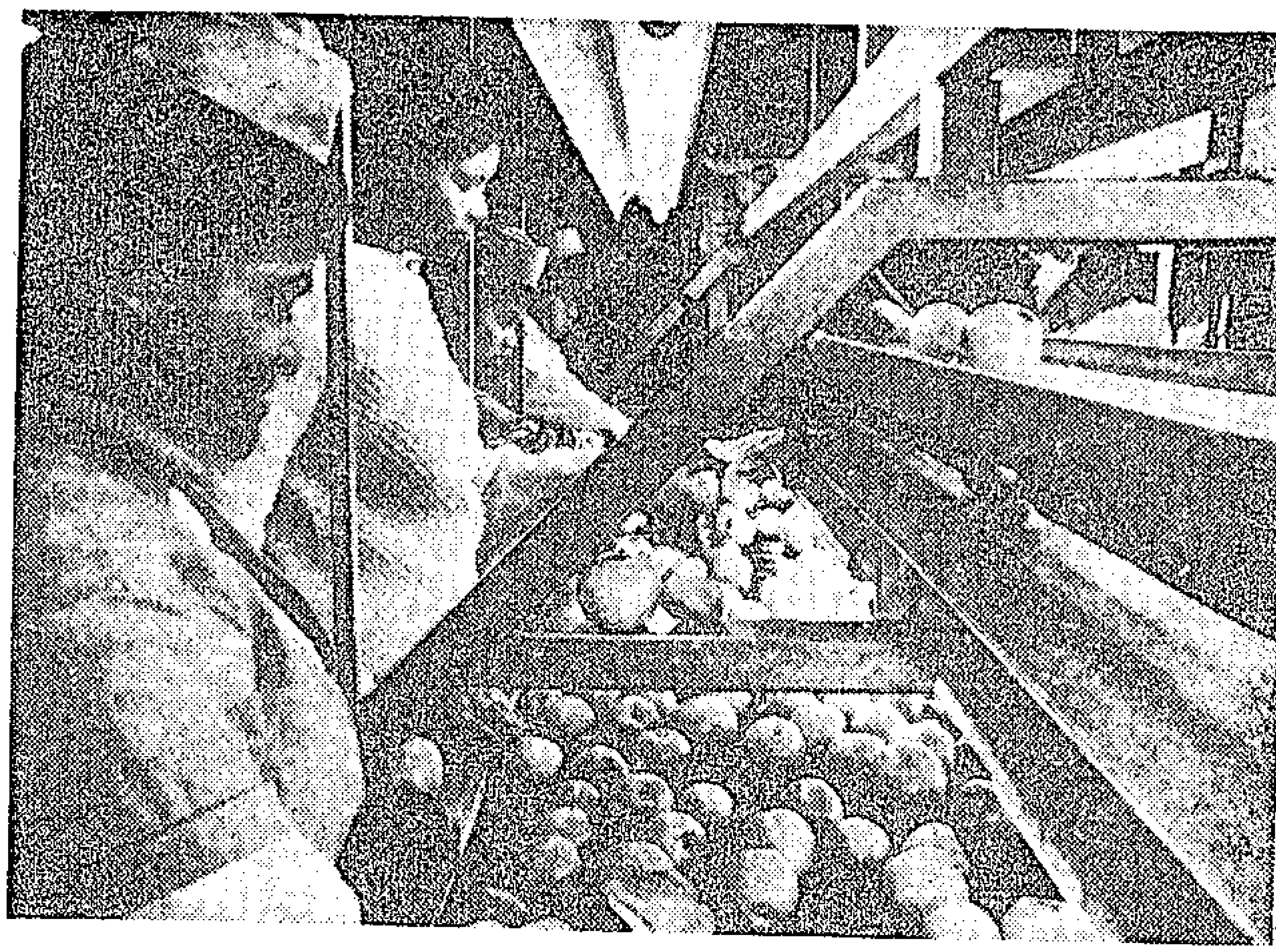
It is expected that much of the fruit will be precooled to the required temperature in the harbour's existing cool-chambers and then packed into containers before being moved to the holding store to await loading.

Cape Town harbour's precooling plant, which has 312 chambers, is the biggest single-roof complex of its kind in the world.

Fruit Board

Officials of the Deciduous Fruit Board, which handles the bulk of South Africa's fruit exporting, said facilities in Grabouw and Ceres would also be used to precool fruit to the required shipping temperature before the container loads were moved to the harbour.

Port officials said the holding sheds were to be built similar to the inside of a cellular container carrier and the TEUs would be stacked five high.



WORKERS sort apples for export shipments which will go through Cape Town harbour's precooling plant — part of the annual fruit exports which earn the country more than R100-million in foreign exchange.

RDM 31/5/80.

Huge maize export losses ahead

74

Financial Reporter

THE MAIZE industry will suffer "huge losses" on export markets this year, according to the Minister of Finance, Senator Horwood.

He said yesterday that uncompetitive prices overseas for South Africa's agricultural products would, if the trend continued, develop into a serious economic structural problem.

Senator Horwood was opening the agricultural and industrial exhibition at Rustenburg.

He said the Government had agreed to contribute R10-million to make good the maize export loss and had guaranteed a loan of R75-million.

In spite of Government aid, maize production carried a levy of R7,50 a ton which could be repaid at R1,50 a ton over the next five years.

If export prices improved substantially, the surplus from exports could cover that shortage.

"But", Senator Horwood asked, "what happens if further export losses occur next year?"

Financial losses also occurred in the tobacco industry, the grain industry and the dairy industry when surpluses were produced. There was no easy solution to the problem.

On the one hand, farmers had to be paid prices for their produce which would make farming profitable.

On the other, prices should be such that they did not encourage overproduction.

"We will have to take an urgent look at this problem, especially if it develops into an economic structural problem," he said.

Expansionist forces at work in the overall economy would in all probability push up the growth rate to between 5% and 6% at the end of the 1980-81 year.

In contrast with its major trading partners, South Africa was reaping the benefits of the Government's policy of financial discipline of the past few years.

The only negative aspect of the current economic upswing was the high rate of inflation. Exports generally were booming — not only gold.

FM 30/5/80

STRATEGIC MINERALS (74)

Stockpile stopgap

Recent rumblings indicate the US, Britain, France and Germany are seriously re-thinking their policies on stockpiling of strategic minerals which are purchased from SA.

While such a move may hold ominous portents for this country, in the short term it could help to offset the effect of recessionary conditions in the West.

Present conditions are causing a levelling off of demand for SA minerals, particularly ferrous and non-ferrous. Should stockpiling of certain minerals ie manganese, chrome, vanadium and platinum, in countries such as France and Germany be implemented, demand is expected to stabilise rather than be pushed up dramati-

Whatever the outcome of this reassessment, the outlook for the exports of SA minerals and metals remains favourable. Demand may flatten temporarily in the early Eighties but indications by countries such as the UK, US, Germany, Japan and France are that SA's strategic minerals could find themselves on stockpiles all over the world.

Of particular significance are platinum, manganese, chrome, asbestos, nickel, silver and vanadium. Only antimony exports are expected to drop 80% from 1979 levels in 1980.

Increasingly in SA's favour is the fact that Russia has faded on supplying the world with strategic raw materials. According to some sources, the Russians themselves are said to be stockpiling certain minerals imported from the West such as lead and titanium.

Says one SA minerals expert: "We believe the Russians are running desperately short of raw materials. It is now assumed that production of certain minerals such as chrome ore and manganese are uneconomic and exports are no longer feasible."

He takes a very bullish outlook on 1980 mineral exports. "Of particular significance will be the upturn in export revenues earned from gold, platinum, diamonds, coal and iron, to name some of the top performers in the field."

He categorically rejected the suggestion that SA could exercise its clout in the minerals field by steeply increasing prices for sought-after commodities.

"SA's continued success in minerals and metals exports relates firmly to the philosophy that prices are determined by the laws of supply and demand.

"SA minerals producers have avoided price cartels and collusion. It is unlikely that they will ever enter into an Opec type situation."

R52m SA loan

RDM 5/6/80

By HAROLD FRIDJHON

SOUTH AFRICA is to raise a R52-million (DM120-million) loan in Germany at the favourable rate of 9% and for a period of seven years. This was announced by Senator Owen Horwood in the Senate yesterday.

He said it was the first real foreign issue since 1972 when the Government floated a loan of about R43-million (DM100-million).

The Government does not really need the money or the foreign exchange. The Treasury is unlikely to be short of cash this year.

The probable reason is to try to re-establish a South African presence at a time when bankers are impressed with this country's economic performance.

The relatively favourable rate is an indication that there is hardly any political risk premium.

SA raises R52m in Germany

(74) RDM 5/6/80

By HAROLD FRIDJHON

SOUTH AFRICA is to make its first appearance in the European capital for eight years with a 120-million mark (about R52-million) seven-year loan at 9%. It will be issued at par and will be quoted on the Frankfurt Stock Exchange.

This was announced yesterday in the Senate by the Minister of Finance, Senator Owen Horwood, who said that the lead bank and manager of the loan would be the Deutsche Bank, Germany's most prestigious bank.

Senator Horwood said a small loan of $25-million had been raised in 1976. It is believed that this was a very short-term issue and did not rank as a major incursion into the European market.

Dr Joep de Loor, Director-General of Finance, said yesterday that the main purpose of the new loan was normal general financing, but in addition it was an exercise to fly the South African flag again in the European market and to capitalise on the favourable climate which had been generated by the strong recovery of the South African economy.

The rate, he said, was very favourable; at 9% it was 75 points higher than the rates prevailing on the domestic German market. Dr De Loor added that the Deutsche Bank was confident that the issue would be a success.

The 9% rate is indeed good; it appears to suggest that the lenders are applying a very low premium for the political risk which up to now has clouded the attitude of foreign lenders and which has influenced them not to advance money to this country, except at very high rates and for relatively short periods.

At the end of 1979, the total marketable debt owed by South Africa to overseas lenders amounted to R261-million with an average maturity of 26 months. Some R123-million had maturities exceeding three years and when this time scale is examined it is apparent that most of the "long" money is for periods of under five years.

The seven-year life of the loan — even more than the rate of interest — is the encouraging feature. It does indicate that overseas investors are not only impressed with the financial management of this country, but that they are also confident that with the prevailing high gold price the Government has room for economic manoeuvre which could induce political stability — if Mr Botha is sincere in his expressed attitude towards change.

Bearing in mind what the high price of gold has done for South Africa and the fact that if the gold price should collapse this country might once again experience balance of payments difficulties, particularly with imports rising, one can infer from the Deutsche Bank's association with the loan that the Germans are evidently of the opinion that the price of gold will remain high and that the South African balance of payments will continue to be strong.

Another indication of the favourable 9% rate is that currently long-dated British Government stock is being priced at 14% and five-year bonds are just under 11%.

The Treasury does not really need the money — even if the Reserve Bank is withholding gold from the markets to sustain the price. The South African gold and foreign exchange reserves are understated because R2 000-million of South African financing of foreign trade has created a hidden "inner-reserve" to the official reserves. With the discount which the authorities have applied to forward cover, a return flow of these hidden reserves can now be expected, with a strengthening of the published figures.

This really means that the prime reason for the new loan is what Dr De Loor calls "showing the flag". It is to get South Africa back on the books of overseas lenders so that a pattern can be re-established of this country going regularly to world capital markets.

Austrian, SA trade rises

(7?) RDM 5/6/80

AUSTRIAN exports to South Africa increased 30,2% in 1979 to about R54-million from R40-million in 1978, says the Austrian trade delegate for Southern Africa, Mr Lothar Puxkandl.

Figures for the first quarter of 1980 show a similar trend, with Austrian exports totalling R13-million.

The increase in exports has been caused by South African demand for mining equipment, technical goods and finished machinery.

The trade balance in South Africa's favour narrowed in 1979 to R19-million from R53-million in 1978.

There has been a 14% increase in South African exports of canned food, and this trend appears to be continuing. — Reuter.

FOREIGN LOANS FM 6/6/80 (74)

SA's German scoop

The South African government is to float a DM120m public bond issue in Europe. Finance Minister Owen Horwood announced in the Senate on Wednesday that agreement on the loan had been reached between the SA government and Deutsche Bank, which will manage the issue in conjunction with "several other leading European banks."

Horwood revealed that the issue offers a rate of 9% and will have a final maturity of seven years — "the longest period for any SA issue for some time." Foreign banking experts consider the rate of 9% to be favourable in current overseas market conditions, which have fluctuated widely over the past few weeks.

For example, Brazil, which usually ranks in the same borrowing category as SA (although it enjoys nothing like this country's economic stability) raised a large sum in the same market ten days ago at 9,25%.

And this week the German government itself is to enter the local DM market with a DM1,5 billion issue, offering 8,25%. These loans are comparable in maturities to the SA loan, according to a local representative of a European banking house.

UAL GM Tony Ross agrees that the SA rate is "extremely fair" in relation to other domestic DM borrowing rates and prime Eurodollar rates, and represents a "negligible margin for our political risk." Ross points out that the domestic DM borrowing rate for two years is currently about 9%, while that for four to five years is approximately 8,625%. Euromarket DM rates for one to five years are currently around 8,875%.

Show the flag

Although Horwood stated that "we are technically not in need of large amounts of foreign loans" — and the country is certainly not in need — Director General of Finance Joep de Loor tells the *FM* that it was decided to go ahead with the issue for two main reasons. First, government apparently feels that it is now opportune to "show the flag" in foreign markets, considering the current strength of the economy; and second, Treasury is keen to take advantage of a favourable market to borrow a meaningrul amount at a low rate which can be used to retire certain foreign loans raised at higher rates.

De Loor says the issue will be fully underwritten by a number of European banks, including Deutsche Bank, which means SA is already guaranteed its money.

Minister Horwood . . . no cap in hand this time

The question that remains is whether European investors will be quite so keen to support the issue following so soon after the Sasol blow-up and continuing township unrest. However, both government and private sector financiers canvassed by the *FM* are confident there will be no problems raising the money. As one banker notes: "Silverton had no effects and the local stock market has hardly reacted at all to Sasol or the other disturbances. And the Germans should know better than anyone else how to cope with such situations."

COMMODITIES FM 6/6/80 (74)

Producers' plans

Serious doubts now hang over prospects for a new International Tin Agreement (ITA) to replace the current pact which expires in mid-1981. These doubts afflict a range of important commodities following the recent failure of a divisive month-long consumer-producer negotiating conference in Geneva under the auspices of UNCTAD.

Few expected an agreement to emerge from the Geneva talks, but many are now more pessimistic about the chances of ultimate success. If a new pact is not made at further meetings later this year, or in the opening months of next, tin producers could easily go their own way, setting up a unilateral price support scheme, possibly involving a reserve or buffer stock arrangement, and also, at times of particularly weak prices, export controls.

Such a move would be in line with moves elsewhere. Of the four London-based international commodity councils which run price support agreements, only sugar has been active. Through a system of export controls, the current International Sugar Agreement, launched in January 1978, played a central role in helping to raise prices from lows of around US7c/lb towards the agreement's 11c floor — before mounting shortages and speculators took over, boosting prices to over 30c.

However, the International Tin Council (ITC) ran out of tin to sell in order to dampen down rampaging prices early on in the current agreement's lifetime, with the result that consumer countries were not protected against the boom. But, perhaps slightly ironically, it has been the producers who have been most dissatisfied with events over the last few years, as consumers fought tooth and nail to keep the ITA's price defence range from rising too far too fast. Even the latest increase in the base price to around £6 000/t barely covers costs in some cases, and hardly allows for long-term investment expenditure, the producers argue.

But whereas the current ITA was active in its early stages, producer-consumer pacts for coffee and cocoa have not stirred a muscle in the name of price support, as the trigger price for buffer stock buying, in the case of cocoa, and the introduction of export quotas in the case of coffee, were never breached. In both cases they were set artificially low at levels which, if reached, would not have provided producers with a sufficient return, especially remembering the ever-increasing cost of imported Western manufactured goods. Not surprisingly, it is the world's coffee and cocoa producers who are shaping what could be a new trend in commodity price stabilisation after years of failed consumer-producer pacts.

RDM 7/6/80. (74)

Horwood promises action on insurance

THE DEPARTMENT of Finance would investigate the insurance practice of underwriting risks abroad without benefiting by a return flow of comparable business to South Africa, said the Minister of Finance, Senator Horwood, yesterday.

He said at the opening of a Nedbank branch at Isando it was often alleged that insurers exported premiums in respect of risks that could have been underwritten in South Africa without getting in return foreign business of comparable volume and profitability.

"It is said that too often reinsurance business follows the shortest route overseas, without giving other local offices an opportunity to participate. Indeed, these so-called fronting operations have become common parlance in the industry.

"Apart from the adverse effect this has on our balance of payments, the practice is not in the best interests of South Africa."

By exporting those reinsurance premiums the training of manpower, job opportunities, investible funds for development, profits and taxation profits were also exported.

"We should take a look at the whole problem and my department intends to consult with the industry in this connection."

Regarding the problem of rate wars, he gave the assurance that he had no intention to criticise free competition.

"However, when competition reaches fever pitch to the point that business is written on unsound terms, even possibly threatening the solvency of insurers, or generally retards the sound development of a self-sufficient industry growing in harmony with the rest of the economy, then there is good reason for disquiet."

He said the answer perhaps lay in higher solvency margins which would not only introduce a measure of stability but bring the industry more into line with international practice. His department was also looking into this aspect. — Sapa.

RDM 9/6/80

Marine survey

74

CAPE Continent Shipping Group has acquired two additional companies specialising in marine surveying and insurance adjusting to broaden its operations. This was announced in Johannesburg by Mr E (Ted) Coote, managing director of the group.

The acquisitions are Spanner Rickson (Pty) of Johannesburg and S L Spanner & Co of Cape Town. They join Mark S Harvey & Associates (Pty), the marine surveyors of Durban, in Intercontinental Adjusters & Surveyors (Pty).

Mr Les Critchley has joined the board of Intercontinental Adjusters & Surveyors. In Cape Town Mr Stan L Spanner and Mr Willie Smith and in Johannesburg Mr Ken Q Rickson have joined the company's board under chairmanship of Mr Ted Coote.

US car slump bad for platinum

74

RDM 9/6/8

By NEIL BEHRMANN

London look at commodities

LONDON. — The US Government has granted Ford Motor Company a one-year reprive from anti-pollution standards for its small "world cars" which are to be launched in the US and Europe this autumn.

London platinum agents say, however, that the postponement will have a negligible effect on platinum demand.

Mr Dereck Dumenil, marketing director of Johnson Matthey, agents for Rustenburg Platinum Mines, says that the slump in the US car industry will have a greater impact on platinum than the clean-air reprive.

June car production schedules are 32% lower than a year earlier and 8% below the similar period during the tough recession year of 1975.

The June reduction comes on top of substantial production cuts which were put into effect in April and May. In May the US produced 524 000 cars — down 43% from the same month in 1979. These are the lowest May returns since 1958. June car production schedules are the lowest in 20 years.

In the five months to May 1980 total output, including cars and trucks, fell 36% on the same period last year.

Mr Dumenil says US motor manufacturers bought a lot of platinum last summer and as the winter progressed orders came to a virtual halt. The motor manufacturers resumed platinum buying recently, and on present indications their platinum consumption will be 10% to 20% lower than in 1979.

US platinum consumption for cars should be about 600 000 ounces this year compared with 700 000 ounces in 1979.

Other dealers say US consumption could be between 500 000 and 600 000 ounces in 1980.

The most pessimistic platinum expert estimates US platinum consumption for cars at 50% lower than last year's figure, but Mr Dumenil believes these projections are too gloomy.

"How can US auto demand collapse by 50% when production is only down a third and the more stringent anti-pollution requirements demand increased use of platinum for each vehicle?" he asks.

"The one-year reprieve will affect only a small proportion of the US auto market."

Mr Dumenil says demand from the petroleum reforming industry continues strong, and fibre-glass consumption remains firm.

Japanese jewellery demand is weak, although April imports were marginally better.

Mr Dumenil says producer price increases are constantly under review, but it is unlikely that there will be a change soon.

Mr Brian Nathan, of Ayrton Metals, agents for Impala Platinum, believes it is only a matter of time before the producer price is raised.

Mr Nathan believes the Russians are selling at a rate 250 000 to 300 000 ounces of platinum a year. His estimate is in line with those of other London, Zurich, Frankfurt and New York merchants. Johnson Matthey's estimate is 450 000 ounces a year.

Mr Nathan reckons the platinum surplus this year will be about 200 000 ounces. His theory is that the platinum surplus is so small that the excess can easily be absorbed by speculators and investors.

New York Mercantile Exchange platinum stocks have fallen from nearly 160 000 ounces at the beginning of April to under 133 000 ounces and dealers believe that this platinum is being delivered to Swiss vaults where it is being held for investors.

A Swiss banker, however, claims that a US precious metals merchant is short of platinum. But London dealers are sceptical because they say "that house always keeps a square book".

Mr Barry Salter, of Argos Metals, is sceptical about the investment theory. He says investors buy and hold platinum when the market is going up, but if the price slides after each rally, they become impatient and sell.

Mr Salter estimates there are plenty of stale bulls around and the stocks delivered to the Swiss could be platinum which was bought at higher prices.

"In the long run platinum should be at a premium over gold. But in the short run it could trade at a discount," he says. He would be surprised if the producers raise their price because of developments in the world economy.

Mineral exports rise

RDM 9/6/80

74

By ELIZABETH ROUSE

HIGHER exports of South Africa's main minerals and ores in March could not offset lower export earnings from gold and total exports came off to R1 147 584 848 from February's R1 354 321 155.

The value of gold exports fell to R838 059 043 in March from R1 128 211 341 in February and production fell to 55 027 kg from 57 143 kg.

Exports of all other minerals and ore rose to R311 525 805 from R226 109 814 in February.

Diamond sales rose to R58 270 200 from R54 481 261. Production was up at 743 891 carats from 606 223 carats.

Exports of miscellaneous metals and minerals, which include platinum, soared to R76 941 075 from R40 676 456.

Iron-ore exports increased to R67 690 096 from R53 749 684 and output rose by 1-million tons to just over 9-million tons.

Copper brought in R21 367 757 against R17 878 121 in February. Asbestos exports showed a welcome rise to R8 417 111 from R5 887 234, and manganese brought in more at R8 953 120 (R7 613 046).

Clothing fears Far East dumping flood

By SIMON WILLSON
Industrial Reporter

RDM 6/6/80 (74)

THE EXPIRY next year of the Multi-Fibre Agreement (MFA), which regulates textile trade between industrial and developing countries, will trigger large-scale dumping of cheap clothing on the South African market unless the Government acts.

This is the prediction which Mr Frank Whitaker, executive director of the National Clothing Federation (NCF), brought back from the international MFA conference in Brussels.

The gloomy world textile trade prospects set out at the conference will be used as additional ammunition in the NCF's campaign to get the Board of Trade to impose heavier formula duties on clothing imports from the Far East before the MFA's demise.

"All the indications are that the next MFA will tighten up considerably on Western countries' quotas on Far East clothing. The Eastern countries' next move is obvious — they will transfer all the exports which are shut out of Europe and the United States to countries outside the MFA like South Africa," says Mr Whitaker.

The NCF has lobbied the Board of Trade for higher tariffs on imported cheap clothing, citing the Government's commitment to dismantle import controls as an open invitation to South African buyers to increase imports from the Far East.

Now the perceived threat from the MFA's approaching hard line towards the Orientals has given the NCF's cause extra urgency.

NCF members meet in Johannesburg at the end of the month to make final the leading points of their approach to the Board of Trade.

Clothing manufacturers want a revision of the formula duties introduced in 1974.

The 1974 provisions stipulate a 35% basic duty on imported garments, or a sliding scale of charges on every 100 grams of the different fabrics, less 65% of the f.o.b. price.

This was designed to weed out the lower-priced items and thump them with a heavier duty than the more expensive garments.

The NCF wants the 35% duty to remain the same, but with a more stringent set of sliding charges.

But would the answer not lie in South Africa's joining the MFA and being one of the "Western" countries in the agreement which are uniting against the threat from the East?

Apparently not, according to Mr Whitaker.

"There are several problems about our joining the MFA. Firstly, although South Africa is classified by Gatt (the General Agreement on Tariffs and Trade) as a developed trading nation, we are still a low-wage economy from the MFA point of view, so we could not join on the right side of the agreement," Mr Whitaker says.

"Secondly, the Board of Trade is against membership as it would tie our hands in our trade policy. As things stand now we are free to do what we see as appropriate.

"Also, individual countries tend to make unilateral deals within the agreement which distort its effectiveness."

He is confident of a positive response from the Board of Trade to the NCF's proposals which, he says, will advocate a move away from quotas — which South Africa cannot use against the Far East because of the non-discrimination rules of Gatt and towards the more selective formula duties.

Volkskas set for a lively issue

7K

RDM 10/6/80

By DAVID CARTE

Deputy Financial Editor

UNSURPRISINGLY, Volkskas's 30-for-100 rights issue at 470c has been oversubscribed. With the share on 600c, the issue was generously pitched and there should be a lively trade in the letters when they come to the market.

Even though the shares are spread over thousands of holders, 91% of shareholders took up their rights. Only 476 000 shares were not taken up in terms of entitlements.

Many of those who did accept indicated that they wanted more than their entitlement and, as a result, all the shares will be placed.

The small shareholder is being favoured in the distribution of the 476 000 shares remaining.

All additional applications of up to 100 shares will be met, while bigger applications will receive at least 100 shares plus an allocation on a weighted scale geared to the number requested.

The wide spread of Volkskas shares among thousands of small investors is something of an anomaly in an era in which institutions have been buying from the individual on a large scale and holdings generally have tended to get bigger in a smaller number of hands.

This suggests that, to holders, these shares are far more than mere financial assets. They are something like sacred symbols that fathers lock up to pass on as heirlooms, regardless of market prices.

Volkskas has been stingy with dividends over the years but few can have been disappointed with its growth in power, size and stature.

The rights issue proceeds of R90 000 000 will go, not to bolster bank capital, but to "subscribe for further shares in Group subsidiaries".

Is the next step to take the additional few percent required in Metkor for control? Or does Volkskas want more of Bonuskor or its subsidiaries? Perhaps it wants to take the 20% minority out of high-growth Volkskas Merchant Bank.

There are many possibilities.

Forward rate cut is just a drop in an ocean of money

(74)

RDM 10/6/80.

By HAROLD FRIDJHON

THE Reserve Bank cut the forward discount rate by ¼% across the board yesterday as interest rates abroad continued to ease, but this move will have little impact on the avalanche of liquidity which is swamping the banking system.

Forex dealers told me yesterday that if the authorities want to tap the present excess liquidity they will have to take a much more determined look at the forward exchange discount because in spite of the present cuts local financing is still more expensive than offshore finance.

It was suggested to me that the Reserve Bank which is very concerned about the excess liquidity in the system should use the forward discount rate as an aggressive weapon in its armoury.

The one problem is monitoring the volume of transactions, but if the banks keep the central bank informed about the deals they do — in aggregate not in detail — it would be able to move the rate around to suit its time-to-time requirements.

The ruling discount rates are 4¼% for 121 days, 4% for 122 to 243 days and 3½% for 244 to 365 days.

The Reserve Bank did not offer debentures yesterday, but it was reported from the secondary capital market that the bank was offering Government stock with maturities in May 1981. Tap Treasury bills were also not on offer.

Both short-term and long-term markets, however, share the opinion that more positive action will be required, and very soon too, to sponge up all this excess liquidity if the volume of money is not to make interest rates slip to farcical proportions.

The discount houses are overburdened with money. I understand that the banks have hundreds of millions tucked away in the National Finance Corporation and that banking institutions are still encountering problems about what to do with their excess funds.

And no one in the banking sector seems at all perturbed by the fact that at the end of August total tax payments are estimated to exceed R1 500-million; the gold mines' share of this payment is said to be more than R1 000-million.

Bankers believe that a considerable proportion of this huge tax bill has already been "paid" in the form of the tap bills which were issued by the Treasury.

These bills mature on August 29 when they will be converted into cash to meet tax liabilities.

(74)

EEC gloomy on trade

RDM 11/6/80

BRUSSELS. — The European Economic Community Commission, in a document for this week's EEC summit yesterday painted a black picture of world trade development in 1980.

It said the outlook was especially bad for the community because, of its two main trading partners, there was a prospect of zero growth in Japan's total imports of manufactures, and the US market was "shrouded in uncertainty".

The EEC-Japan trade deficit in the first four months of 1980 was larger than that of the US with Japan on a much smaller volume of two-way trade, said the report.

The two immediate problems on world trade for the rest of the year related to inflation and the general level of economic activity, it said.

Low growth, higher inflation, budgetary deficits, high interest rates and general uncertainty made far-reaching structural adjustments extremely difficult.

"This is not to suggest that the breakdown of the open world trading system is imminent or inevitable," it said.

It was a sign of strength of the General Agreement on Tariffs and Trade and close consultation that the line against protectionism had largely been held. "But the situation remains a dangerous one," said the commission. — Sapa-Reuter.

Shopping list of the incentives

(74) RDM 12/6/80

Industrial Reporter

ALTHOUGH they have yet to be made final, the export incentives announced by the Government last month can be summarised as:

- Category A incentives (new): Assistance with the cost of SA raw materials and intermediate inputs used in exported goods, equal to 50% of the import duty.
- Category B incentives (new): Assistance amounting to 10% of the added value of the export products, designed to assist export industries which operate under tariff production in the home market. Further clarification has to be made by the Government on this category.
- Category C incentives (existing): These allow for special assistance on a discretionary basis by the Department of Commerce and Consumer Affairs.
- Category D incentives (existing): Tax allowances for export marketing expenditure as at present provided.

The Government has confirmed that all the existing incentives are covered by categories C and D in the new total incentives packages. This means that categories A and B are additonal incentives, not replacement incentives.

Goods leaving SA after September 1 this year qualify for the new incentives. A total of R180-million has been budgeted for the incentives in fiscal 1981-82, and the 1980-81 Department of Commerce budget provides an additional R138 500 000 for cash disbursements to the export sector (increased from R43-million in 1977-78).

The estimated value of current tax incentives is R100-million a year.

A standing committee on export incentives has been established to adjudicate individual applications and define operational procedures.

The committee comprises half Government and half private sector members, with all Government departments involved in exports being represented.

The additional export incentives have been welcomed as "timeous in view of increasingly difficult export conditions" by Safto.

Safto said the stronger rand, increased forward foreign exchange rates, the upturn in the domestic economy, higher SA inflation than in most foreign markets and recessionary conditions abroad were affecting exports adversely.

Safto hoped the new incentives would assist not only to maintain current high export growth of about 26%, excluding gold, but accelerate export growth to provide employment opportunities and to broaden the export base away from gold.

Opec-style surplus as SA booms

RDM 13/6/80

(74)

By HOWARD PREECE
Financial Editor

SOUTH Africa achieved a record Opec-style surplus of R1 970-million on the current account of the balance of payments in the first quarter of this year.

This was disclosed by Senator Horwood, the Minister of Finance, when he introduced the third-reading debate of the Budget in the House of Assembly yesterday.

The January to March surplus is equivalent to an annual R7 780-million — about 13% of the gross domestic product.

That is a current account surplus that would be unmatched anywhere except by some of the Opec countries.

South Africa's previous highest quarterly surplus was R1 133-million in the first three months of 1979.

The surplus in the first quarter of this year is way above any previous annual surplus (or deficit) apart from the R3 107-million reached last year.

Of course, there was also a heavy capital outflow in the first quarter of this year — although Senator Horwood did not go into that in any detail yesterday.

Senbank has estimated that the outflow for January to March may have been as much as R1 500-million.

That would be in line with the overall balance of payments view as reflected in the gold and foreign exchange reserves.

Most of that outflow, however, arose from the switching of trade finance from overseas to South Africa because of the comparatively low interest rates in this country.

That should have been largely checked in the second quarter of this year by the hefty increase in the forward dollar discount — a move which effectively subsidises overseas borrowing by South African traders.

Senator Horwood said that 1980 would probably be the best growth year for the South African economy since 1974.

Information that had become available since his Budget was announced in April indicated that the economy would fare even better than he predicted then.

The value of exports, thanks to an improvement in the domestic economy, continued to show an upward trend.

The rand, due to the strong balance of payments position, had appreciated considerably — by 11% against the dollar since January 1979.

The financial rand had strengthened, Senator Horwood said, to the extent that it was discounting at a rate of 27% against the appreciated commercial rand compared with 45% when it was introduced in January last yea

(The finrand has, of course, fallen sharply in the past few months. Early this year the discount narrowed briefly to 10% before gold fell from its peak and before the latest political disturbances and the Sasol sabotage).

Senator Horwood said that the Reserve Bank had so far approved applications for the use of financial rands totalling R600-million and the major portion of those non-resident investments were precisely what was needed — in manufacturing and mining, which promoted economic growth and employment.

"Given this underlying balance of payments position it is not surprising that South Africa's overseas credit rating has improved still further in recent months," he said.

The South African economy had remained in a cyclical upswing throughout the first five months of 1980. Conditions in most sectors of the economy were distinctly buoyant.

Senator Horwood said: "Although real fixed investment in new plant, equipment and construction has not yet risen adequately, it shows every sign of moving ahead rapidly in the period ahead.

"Such an increase in fixed investment is, of course, highly desirable, as it will not only generate additional income and employment in the short term but also expand productive capacity for future long-term growth.

"In these circumstances, I believe that 1980 will turn out to be the best growth year for the South African economy since 1974 and that the present upswing will continue some time thereafter.

"If a serious world economic recession were to develop in the period ahead, it would only be realistic to assume that the South African economy will, after the usual time lag of anything between six months and two years, also be adversely affected to some extent.

"Certainly the present cyclical upswing in the economy will not last forever, but should in the normal course of events be followed by some stage of normal cyclical downturn, however mild this might be."

TRADE FINANCE FM 13/6/80 (74)

Hobson's choice

The margins set by the Reserve Bank on forward foreign exchange contracts have been narrowing steadily over the past two months.

The margins are now 3,625% for contracts up to 121 days, 3,375% for 122 to 243 days and 2,875% for 243 days to a year. By and large forward margins reflect the interest rate differentials between SA and its trading partners. The purpose of the original increase was to stem the outflow of short-term capital — estimated at about R1 500m in the first quarter of 1980.

The forward margin has fallen faster than US interest rates but the effective cost differentials, though they vary, still favour foreign financing. The variations involved are as numerous as the methods of financing. Access to the New York acceptance market is available only for shipments financed within 21 days of the bill of lading. Failing this, the Eurodollar market must be used, in which case European interbank rates must be compared to local borrowing rates.

Locally, not all traders have access to acceptance facilities, in which case overdraft lending rates must be considered. And if funds are to be held in a readily accessible form in SA, local wholesale deposit rates must be compared to offshore deposit rates. On top of it all, banks charge commissions for different forms of lending that vary depending on the amounts and the times involved.

But the table showing all-in rates quoted by a local bank clearly illustrates that rand financing is still the most expensive.

The willingness of the Reserve Bank to vary the forward discount, has been widely acclaimed as an innovative step in the direction of more sophisticated monetary management. Should a fresh build-up of internal liquidity exert upward pressure on inflation and drive interest rates to low levels, the Bank has only to lower the forward discount to create a fresh outflow of capital.

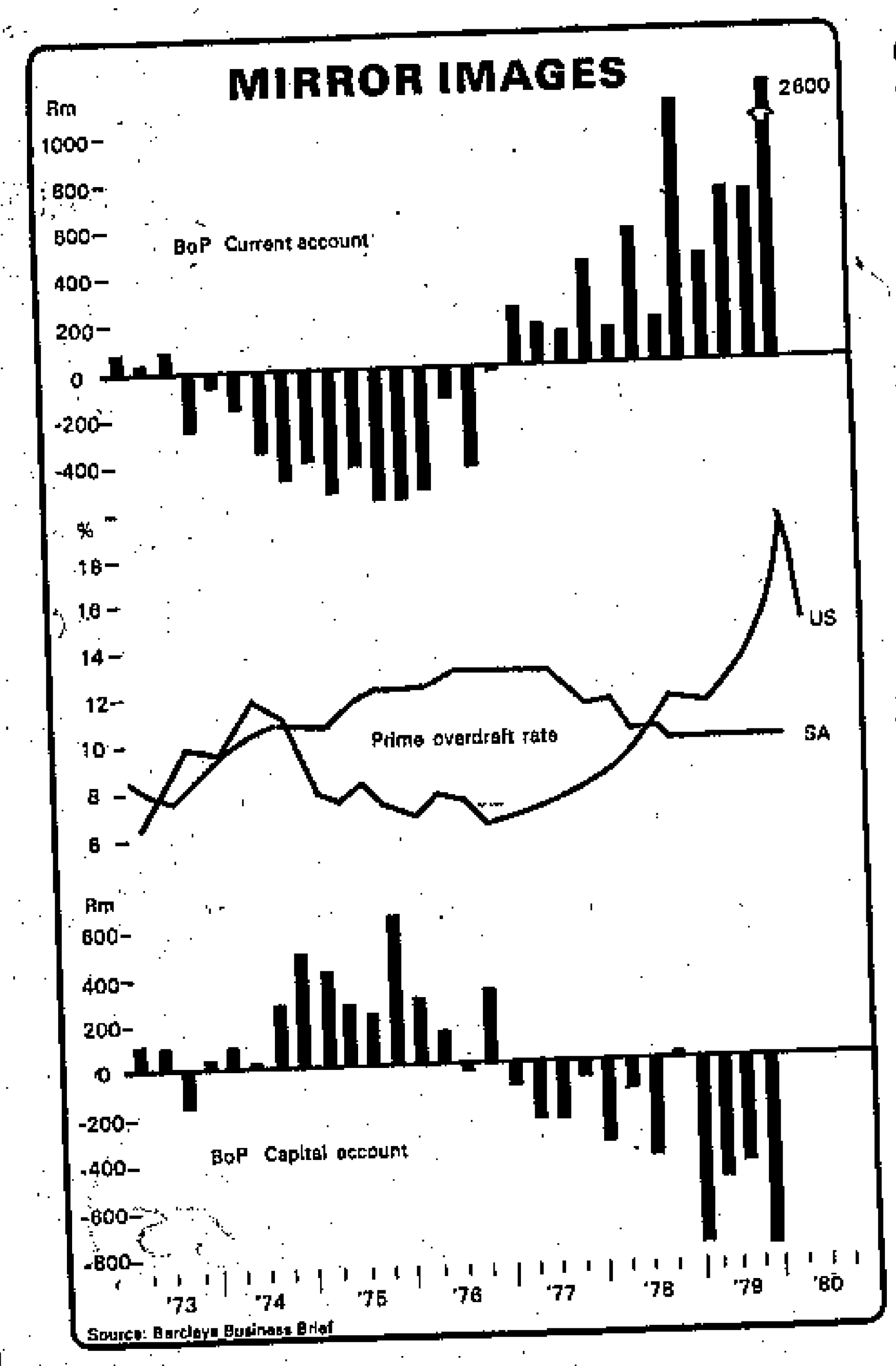
But some economists maintain this option may not be as readily available as is generally believed. According to the latest business brief from Barclays Bank, SA's huge surplus on the current account of the balance of payments inevitably places upward pressure on the exchange rate since an excess of exports over imports implies a greater relative demand for rands (to pay for exports) than for dollars (to pay for imports). This may be avoided, however, by a compensatory outflow on the capital account, as the surplus increases internal liquidity, lowers interest rates and raises the prices of domestic capital assets, thus inducing holders to sell them. The graph illustrates that the current and capital accounts are vitual mirror images of each other.

Barclays' economist Sid Sharp points out that, although SA's nominal reserves are high, they reflect largely the increased valuation of the gold content, and not foreign exchange holdings, which are low largely because of the Reserve Bank's more selective gold marketing policy. So the Reserve Bank has had to choose between permitting a large short-term outflow or an appreciating rand. Now it has clearly opted for the latter.

But the Bank is nevertheless reluctant to allow the exchange rate to rise too fast, given the adverse impact of high export prices on trade already affected by recessionary conditions abroad, and its consequences for internal economic growth. On the other hand, a high level of liquidity in the SA economy is potentially inflationary and can be equally bad for growth.

COMPARING RELATIVE COSTS

Period	New York acceptance %	Eurodollar %	Rand %
90 days	6,15	6,25	6,4
180 days ...	6,3	6,44	6,97



Financial Mail June 13 1980

SECTION C

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

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NESS

What an upswing! Payments hit R7 780 m surplus

S. TAR 13/6/80 (14)

Own Correspondent

CAPE TOWN — Senator Owen Horwood, Minister of Finance, told the Assembly he could give the good news that in the past six months, the economic upswing had been even greater than he had anticipated in his Budget address.

Introducing the third reading debate on the Budget, Senator Horwood said the current account of the balance of payments in the first quarter had risen to the new record figure for a single quarter of R1 970m.

Against a seasonally adjusted annual rate this surplus reached the "nearly unbelievable" amount of R7 780m.

The Minister said this was an astonishing figure and it reflected the remarkable strength of the country's external accounts.

Senator Horwood said inflation remained a serious problem and the Government was determined to do everything in its power to counteract it.

INFLATION

Although the inflation rate had not accelerated over the past three quarters it remained unacceptably high and needed to be reduced as a matter of high priority.

A lot of attention had been focused on considerable increases in food prices, but it was unfair to single out agriculture or individuals as the scapegoats.

As in the case of the consumer, the farmer was also the victim of inflation and his costs had increased considerably.

He called on employers to consider the plight of pensioners and to make extra contributions to pension funds.

RESERVES

The rand appreciated further in the first five months and South Africa's overseas credit rating had improved still further.

An example of this was the fact that South Africa was at present floating a public bond issue of 120-million marks in Europe.

The economy had remained in a cyclical upswing in the first five months and 1980 could turn out to be the best growth year since 1974 and the upswing will continue for some time thereafter.

The gold and foreign reserves had increased by R255m during the quarter, but there was an outflow of R1 715 m and this was largely a reflection of repayments of external loans and a transfer of trade financing from external to internal sources.

This was the logical result of the remarkably low interest rates in South Africa in this period in comparison with overseas.

The large surplus on current account was an abnormal phenomenon partly due to the high average gold price of 631 dollars an ounce. Since then the gold price had moved much lower and the average price for the first five months of the year was 585 dollars an ounce.

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WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
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SA Reserve Bank reviews economy

SA trade goes striding on to a record surplus

STAR 18/6/80 74

A new record surplus on the current account at the balance of payments was registered in the first quarter of 1980, exceeding the already high figure in the preceding quarter by a substantial margin, the Reserve Bank disclosed today in its June quarterly review.

This further increase was almost entirely due to a substantial increase in the value of the net gold output, reflecting an exceptionally sharp rise in the price of gold, most of the current account surplus was absorbed by an unusually large net outflow of capital, consisting predominantly of short-term capital of the private sector.

As a result, only a moderate rise occurred in the net gold and other foreign reserves during the first quarter.

A major reason for the outflow of short-term capital was the large-scale switching of trade financing from foreign to domestic sources because of the wide margin between short-term interest rates in South Africa and in other countries, especially in the United States.

Initially, the outflow of capital was regarded by the authorities as a means of reducing excess liquidity in the economy, but during the period from the middle of March to the middle of April it caused substantial foreign reserve losses and a severe tightening of the money market

To discourage the domestic financing of foreign trade, the Reserve Bank on April 18 raised the discount on the US dollar in forward exchange transactions.

A graduated discount on the dollar in forward exchange transactions was introduced on April 23 in order to allow for differences in the maturities of forward exchange contracts.

Subsequently, these discounts on forward dollars were lowered in several stages, in accordance with decline in interest rates in the United States.

APPRECIATION

The strong current account of the balance of payments and the increase in the net gold and other foreign reserves during the first quarter were reflected in a further appreciation of the rand against the US dollar.

Because of a sharp appreciation of the dollar against major currencies during this period, a more pronounced increase occurred in the weighted average value of the rand in terms of the currencies of trading-partner countries.

From early April the dollar started depreciating, causing the weighted average value of the rand to depreciate slightly during April and May, nothwithstanding a further appreciation of the rand against the dollar.

The financial rand discount narrowed sharply during the first two months of 1980, but widened again appreciably during the ensuing three months. — Sapa.

It's a step-up in all sectors

Higher levels of real economic activity were attained in all major sectors of the economy, with the exception of agriculture and gold mining in the first months of 1980, according to the quarterly bulletin.

'The higher rate of growth in the real gross domestic product of the non-agricultural sectors of the economy during the second half of 1979 had continued during the first quarter of 1980.

Sharp fluctuations in the real output of the agricultural sector, however, had caused the aggregate real gross domestic product to increase at a lower rate in the first quarter of 1980 than in the preceding quarter.

The bulletin says the continued high rate of economic growth had been accompanied by a distinct increase in employment. Unemployment among unskilled labour had nevertheless remained at a relatively high level.

The bulletin says: "The further economic growth in the first quarter was based mostly on a sustained increase in real private consumption expenditure.

"Of the other components of real gross domestic expenditure, only fixed investment showed a small rise.

"Government consumption expenditure decreased and inventories declined by a larger amount than in the preceding quarter.

"The volume of exports increased slightly in the first quarter, making only a limited contribution to real economic growth during this period.

"Although total real fixed investment increased only marginally in the first quarter, a strong rise occurred in real private fixed investment.

"It would appear that surplus production capacity had been taken up in certain industries and that the higher level of consumer demand had increased the scope for new fixed investment."

The official policy of encouraging economic growth was continued in early 1980.

One of the main objectives of the 1980/81 budget said the bank was to support the recovery in private consumption and investment by increasing the real disposable income of individuals and by enhancing the financial capacity of companies to expand fixed and inventory investment.

The rate of inflation decelerated somewhat in the first quarter of 1980 and consumer as well as wholesale prices showed lower rates of increase.

Monetary expansion still going on

Measured in the conventional way, the supply of money and near-money increased at a much lower rate during the first quarter of 1980 than during the preceding quarter, and at an even lower rate during the first four months of 1980, says the Reserve Bank report. If, however, banking institutions short and medium-term repurchase agreements with the private no-banking sector, which are close substitutes for money and near-money deposits, are taken into account, the monetary expansion was more pronounced during the first quarter and proceeded at an exceptionally high rate during the 12-month period from April 1979 to April 1980.

The increase in the money and near-money during the first quarter of 1980 resulted from a moderate increase in the net gold and other foreign reserves of the monetary banking sector and a substantial rise in this sector's claims on the private sector.

CLAIMS

These increases were partly offset by a large decline in net claims on the Government sector and a renewed strong rise in long-term deposits of the private sector with monetary banks.

In contrast with changes during the first quarter, the net gold and other foreign reserves of the monetary banking sector declined during April, whereas net claims on the Government sector increased strongly during this period.

As a result of the substantial increase in bank credit to the private sector, the unused facilities under the banks' ceilings on bank credit to the private sector declined slightly during the first four months of 1980, notwithstanding the raising of these ceilings at the end of March. — Sapa.

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SA may hold back 1m oz of gold

RDM 18/6/80.

74

By NEIL BEHRMANN

LONDON. — South Africa may hold back about 1-million ounces of newly produced gold from the market this year in line with the new strategy of using the balance of payments strength to support the gold price.

This was disclosed to me in Zurich by Dr Chris Stals, Deputy Governor of the Reserve Bank.

Dr Stals says the Reserve Bank will allow the gold mines to sell gold forward, if they wish, on the United States or other futures markets.

South Africa last year produced more than 22-million ounces of gold and production this year is expected to be slightly less.

If the bank does keep back 1-million ounces, that will be about 5% of total production. At today's price it would be worth about R460-million.

The purpose of keeping gold back would be to underpin — and even boost — the gold price by taking advantage of South Africa's present immense strength on the balance of payments.

But Dr Stals stresses that the Reserve Bank policy has always been to sell current production in accordance with balance of payments requirements.

"We believe it is a sound policy to show the bullion markets and the main consumer, the jewellery market, that they can rely on regular sales from the main supplier," he says.

However, the bank applies a flexible policy in the short term. Generally, over a longer period the sales average out at full production.

Thus in a strong market more gold would be offered, and the bank would hold off during a market reaction — over a long period the fluctuations would iron themselves out and the full production would be sold.

Last year, however, an extra 4-million ounces of "swop" gold was sold.

But the tactics were the same — to sell into strength.

Dr Stals says South Africa sold an extra 100 tons (more than 3-million ounces) in 1979 over and above production of 703 tons.

That fact, plus witholding, means that perhaps 5-million ounces less gold will be on the market this year from South Africa.

The swop gold, which was sold, emanated from deals with the Swiss and West Germans negotiated in 1975 and 1976.

The Swiss hold most of the 8-million ounces of swop gold and the Reserve Bank has the option of buying it back at the negotiated price plus interest.

Dr Stals says the Reserve Bank is to allow gold mines to hedge their production on the United States futures exchanges, or in London when the gold futures market opens there.

Dr Stals says that hedging is an exchange control affair and will not affect the Reserve Bank's gold sales policy. He stresses that the bank has not sold gold on the US futures market.

There have been physical sales through precious metals dealers, such as Mocatta, J Aron, Republic National Bank and Phillips Brothers, but the bank has not made use of the futures exchanges.

Dr Stals says that hedging, or sales through the futures market by mining houses on behalf of individual mines, fall under exchange control because only the Reserve Bank can give the mines permission to deposit money on margin on the US markets.

(If any producer wants to hedge on a futures market it must put down a deposit, or margin, for the transaction and if the metal is sold and the price rises, the producers must put up more margin.)

Dr Stals disclosed that the Chamber of Mines received permission some time ago, but there was disagreement among members on whether it would be a good idea to hedge future production.

Some members were worried about sudden price movements and did not want to have the financing problem of putting up margin on their short sale position on the futures market.

Hedging might appeal particualarly to high-cost mines which could, at a premium, protect themselves from losses from sudden plunges in the gold price.

Low-cost mines might well prefer to take their chance on the spot market.

FM 20/6/80

74

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CANNED FRUIT EXPORTS

Can they last?

Despite unremitting problems in traditional markets (non-tariff barriers, production subsidies and adverse exchange rate movements), SA fruit and vegetable canners look set to match last year's gross foreign earnings of about R150m. But the long-term outlook for SA canners is uncertain.

Encouraged by massive production aids paid to EEC canners in terms of internal arrangements under the Common Agricultural Policy (CAP), new plantings of peaches and pears in Italy and France have reached staggering proportions, although EEC farm experts refuse to disclose details to southern hemisphere competitors.

It could mean that Europe is fast heading for self-sufficiency, if one includes the production of Greece, Spain and Portugal — all of which will become full members of the Common Market in five years' time. When this happens tariff and non-tariff barriers will do their job more effectively.

At present, the EEC Common External Tariff (CET) against third country offerings of canned fruit amount to 22% to 24%, to which must be added a sugar levy of 6%, giving a total hindrance of 30%.

In addition, Italian canners are favoured by a system of production aids which are so high that they effectively cover the cost of the raw fruit (in SA canners pay farmers about R100 a ton for raw peaches).

A second adverse development in the UK and European markets is that a watershed has been reached in respect of quality and price.

Marketing men say quality is becoming a doubtful advantage compared with price. Quality offerings from SA and Australia have until now carried the day for southern hemisphere canners. But where Greek and Spanish canned goods come on to UK shelves at five or six pence a can cheaper than those of their southern rivals, then quality means less to an increasing number of buyers.

Quality market

In fact, it has been observed that there are two kinds of markets for canned fruit in Europe: a quality market (which is essentially small) and a cheap market, snidely known as the *griechenwaren* market, which in Germany means a price difference of 90 to 130 pfennigs per can.

SA fruit growers and canners will have to sit down and plan their own version of a total strategy to offset developments in Europe, for as soon as northern quality standards improve and production volumes rise to the point — maybe no more than now — we will be in trouble.

$550m credit raised for Escom

(74) (280) RDM 21/6/80

By HOWARD PREECE
Financial Editor

ESCOM has raised more than $550-million (about R425-million) from a consortium of overseas banks, mostly British, in export credits and Eurofinance loan facilities for the planned Tutuka power station.

Although full details are not available, it is known that Hill Samuel was centrally involved.

Both the export credits and the loan facilities directly relate to Tutuka.

They are essentially a quid pro quo — bridging finance directly related to export business.

For that reason they cannot be directly compared, as a barometer of international confidence, with the lacklustre loan issue that is reported on this page today from London by Neil Behrmann.

Within that reservation, however, the various deals totalling $550-million are obviously highly satisfactory for Escom.

It is clear, in fact, that Escom is highly delighted by the success of this huge financing operation.

An Escom spokesman declined to say which overseas banks are involved, but one report from London mentioned the Midland Bank of Britain in one package totalling $144-million.

It is known that the total credits and financing are related to the Tutuka power station and this certainly includes the R360-million contract that Escom awarded in April to General Electric (GEC) of Britain.

Hence the heavy involvement of British banks.

The GEC contract is for six 600-megawatt turbine generators.

A statement released when the contract was announced said: "GEC South Africa is pleased to announce that the Electricity Supply Commission has given a letter of intent to GEC Engineering (Pty) for the supply of six 600 MW turbine generator sets complete with feed-heating and condensing plant for a new power station to be known as Tutuka.

"The contract is one of the largest single orders ever to have been placed for turbine generator plant and will be in excess of R360-million.

"Financing for the project is being arranged by Hill Samuel."

It was also announced that orders for associated boilers for about R400-million would go to C Steinmeuller Africa (Pty).

It seems, however, that the $550-million relates primarily to the GEC contract and that the boilers are not included.

The GEC statement in April said of Tutuka: "The power station will be located 150 km south-east of Johannesburg and will utilise coal from the Standerton area.

"The first unit is scheduled to enter commercial operation in early 1985 and the remaining units at nine-month intervals.

"The turbine generating units will be duplicates of the six 600 MW units which GEC is supplying to Escom for the Duvha Power Station.

"The execution of the Duvha contract was obviously an important factor in GEC's winning of this important contract against fierce international competition."

Because of this fierce competition it is not surprising that Escom has been able to secure an accompanying financial deal.

SA's mark loan spurned by market

(74) RDM 21/6/80.

By NEIL BEHRMANN

LONDON. — The Eurobond market is shying away from South Africa's 120-million Deutsche-mark issue, which is the equivalent of R52-million.

A spokesman for Deutsche Bank said the bank had placed the issue, but was not prepared to disclose whether the underwriters were forced to take up a large proportion of the stock.

Eurobond traders said that the seven-year issue, which was offered at a high coupon of 9%, was already trading at a discount to the issue price of 100%.

The Eurobond traders said the quote was 98,75% in the past two days and yesterday morning a Eurobond manager of a large bank said: "It is doing so badly that we can't even get a price."

The traders said that the Sasol sabotage and the Cape riots had made the market nervous about South African issues.

Other seven-year to 10-year issues of prime borrowers, like Denmark, Sweden and the European Investment Bank, are all at a premium over their issue price in the secondary market.

However, a banker said that these issues had been on the market for some time and new stock always tended to trade at a small discount.

Nevertheless, Denmark's 9,5% 1990 was trading at 103,5%, Sweden's 9% 1978 at 103,5%, European Investment Bank 9,25% to be redeemed in 1986 at 104,5% and European Investment Bank 9,5% for 1990 at 107%.

When the details of the issue were announced a few weeks ago, coloured schools were being boycotted. At the time the Financial Times commented: "The 9% coupon on the Dm120-million bond which Deutsche Bank is arranging for the Republic of South Africa contrasts with the 8,25% being paid by Austria in the Dm private placement sector.

"It underlines the premium South Africa must pay for long-term money in view of the uncertain political situation in the region."

The newspaper commented that Brazil "with its large debt problem faces an even higher premium".

That sums up the tragedy of South Africa. The gold price is booming and from a financial standpoint it is achieving Opec type surpluses. So from that point of view South Africa cannot be compared with Brazil.

The Minister of Finance, Senator Horwood, said the issue was intended primarily to underline the substantial recovery of South Africa's international credit rating. Both the rate of interest and the maturity were considerably better than anything South African borrowers had managed to arrange since 1976.

Although South Africa was not technically in need of large foreign loans, Senator Horwood said the issue could only be interpreted as a sign of overseas confidence in South Africa and a recognition of South Africa's enormous balance of payments strength and sound domestic economic situation.

However, the market has disagreed with his enthusiasm.

While South African bond issues are being downrated once again, the financial rand discount at 32,5% is the highest in a long time. And in the past month, the gold price has climbed $100.

In an editorial yesterday the Financial Times said: "The response of Mr P W Botha's Government to coloured frustration, as to that of blacks, has been inadequate.

". . .Mr Botha's Government has blamed the riots on criminals while the police, as the death toll shows, have had orders to shoot to kill to maintain law and order. That, no doubt, they will be able to do for a good while yet: although strikes by black workers in the motor industry and elsewhere are current evidence of continuing black frustration, blacks in general have not joined the coloured protest. And the Government's armoury of repressive legislation, as well as its physical capacity to quell internal unrest, remains formidable.

"Yet repression ultimately does not work. Indeed, it is probably the surest way of reaping the whirlwind."

SA's loan deal lacks the lustre of its gold

(14) RD 21/6/80.

Financial Editor

THE South African Government's R52-million loan issue on the European capital market is reported to have met with a lacklustre reception.

But Escom has successfully raised more than R400-million of foreign credits through overseas banks to help the financing of big export contracts for the planned Tutuka power station in the Transvaal.

The two are not directly comparable, however.

Nevertheless, Escom is clearly delighted with its success. Hill Samuel, the organising bank, says the terms of the loan facilities are excellent and reflect confidence in South Africa.

The fact remains, though, that the funds are directly related to Tutuka and are in that way "tied finance".

The SA Government loan response is a more accurate reflection of present overseas political anxieties about South Africa.

South Africa was, of course, guaranteed the R52-million by Deutsche Bank of West Germany which was the lead bank in the underwritten consortium.

But South Africa does not need the money anyway, thanks to gold, and was basically "showing the flag" with the loan for the first such time in eight years.

It has not been the success that was hoped, although the terms — 9% over seven years — were perhaps a little optimistically pitched.

See Page 9

Alfa SA to export 5 000 cars

RDM 21/6/80.

ALFA Romeo South Africa intends to export about 5 000 cars next year, says Dr Vito Bianco, the managing director.

He said this would be only the beginning of a major export drive from Alfa's assembly plant, Brits Engineering Industries.

"We anticipate that the export earnings to South Africa will be in excess of R40-million in 1981. But this could rise to upwards of R120-million."

Dr Bianco said the Brits factory was the only Alfa plant outside Italy to manufacture cars with a substantial local content.

"Now that we have reached the stage where our quality is comparable with, if not better than, any other manufacturing plants, Brits will supplement production volumes from the various Italian factories.

"Accordingly, once export production gets under way, Brits will fall under our head office from where international sales of cars coming off the South African assembly line will be controlled."

The company was doing well as South African sales of new Alfa Romeos were at near-record levels.

"We anticipate that we will produce 7 000 units this year. For the first five months of this year we have often been in a short supply situation.

"The factory has the ability to turn out up to 12 000 cars a year and so the cost of establishing the additional capacity for export will be comparatively small in relation to the benefits that will accrue.

"I fully anticipate that it will not be too long before we are assembling 24 000 cars a year, although this will require us to invest in extra capital equipment.

"We have airfreighted a number of our export prototypes to Europe for exhaustive tests and analysis, and approval has been obtained from a number of countries. As these qualifications are so strigent, South African motorists will receive the benefit of export quality Alfa Romeos.

"There is a strong need for further export incentives over and above those that now apply to the South African vehicle manufacturing companies. If we are to become a force in world markets we must obtain the same assistance from the authorities as exporters elsewhere in the world get from their governments." — Sapa.

SA citrus faces tough export battle

74 RDM

23/6/80

By SIMON WILLSON
Industrial Reporter

THE EUROPEAN orange market is likely to be better supplied this year than at any time since 1976, so export prospects for South Africa are not as good as they were 12 months ago.

This was the orange-trade outlook given by Mr L A Danckwerts, chairman of the South African Co-operative Citrus Exchange, at the exchange's annual general meeting in Pretoria.

Mr Danckwerts said 1979 had been an "extremely good" year for South African orange exports because of supply shortfalls from Europe's traditional suppliers.

"But unlike previous years when due to a variety of reasons our citrus, especially at the beginning of the season, arrived on a relatively undersupplied or even empty market, the outlook for this season is different.

"We expect to be faced, particularly in oranges, with a more 'normal' situation similar to pre-1977 years," Mr Danckwerts said.

The undersupply last year was evident by early April when it became clear that Spain and Morocco would have less fruit than normal and the resulting shortfall was partly met by Israeli Valencias, leaving a gap in the market for South Africa.

When the Spanish crop came through late in the season South African sales dipped, first on the Continent and later in Britain, and at the end of November stocks had to be cleared by price cutting.

In 1979 South Africa sold 14 595 000 cartons of oranges at an average price of R8,42 each compared with the 15 662 000 cartons sold in 1978 at a R7,16 average.

This year most of the suppliers of the European orange market who fell short last year were poised to produce much more fruit this season, Mr Danckwerts said.

"Although Israel and Spain are not expected to present any serious overlap problems the quantity of oranges still due to arrive from Morocco is extremely large, and if the condition of this fruit does not deteriorate, it will influence the market."

There were also indications of abnormally large volumes of oranges for export to Europe from California and Brazil.

"At present the total quantity could be as high as approximately 4-million cartons from Brazil and approximately 5-million from California.

"In addition, there will be some small quantities from Argentina and about a million cartons from Uruguay. It all amounts to a crowded citrus scene and it looks as if we are in for a difficult first half of the orange season."

The outlook for grapefruit and lemons this year was better, although the high South African lemon sales last year, when Californian lemons were hit by frost and Italian and Spanish crops were 25% down, could not be expected because costs were now much higher.

The Japanese grapefruit market — South Africa's biggest outside Europe — suddenly collapsed at the end of last year and stocks had to be sold off at a loss. This year the Japanese consignment would be much lower.

US rearming a metals booster

Financial Reporter

INCREASED defence spending in the United States and other countries should boost the demand for South African base metals, according to Mr Etheredge.

But he told chamber's annual meeting in Johannesburg yesterday that "any abatement in the degree of political unrest together with the realities of the coming recession in the US" and elsewhere could lead to a fall in commodity prices.

Other points made by Mr Etheredge included:

- Mineral exports last year rose by 45,5% to R8 500-million.
- Sales of coal reached R1 143-million with exports over R500-million.
- Krugerrands have become priced out of reach of the man in the street. But the new half, quarter and tenth of an ounce coins will meet this problem.
- Gold will remain "a barometer of the world's economic and political problems".
- Total wages of gold and coal mines were R1 373-million, of which more than R800-million was earned by blacks.

FOREIGN TRADE FM 4/7/80 74

Top of the pops

SA's top 10 trading partners comprised the same group of nations last year as in 1978. But there has been a dramatic shift in SA exports between Britain and Switzerland, largely as a result of a "technical adjustment" in the figures to show the true destination of diamond and gold coin shipments.

The full breakdown for 1979 of foreign trade figures by country has just been published. Switzerland, our fifth biggest customer in 1978, became our biggest last year, ahead of the US, Britain, Japan, West Germany and France. (The figures exclude exports of gold bullion, uranium and platinum, and imports of oil and weapons.)

The list of SA suppliers was topped by West Germany, followed by Britain, the US, Japan and France. But measured as total (bilateral) trading partners, the order was the US (with 16% of our foreign trade), West Germany (13,5%), Britain (13,4%), Japan (10,6%) and Switzerland (10,5%).

Exports to Switzerland jumped from R465m in 1978 to R1 542m last year, while those to Britain fell from R1 264m to R964m. Thus Britain, once regarded as our major export market, has slipped from taking nearly 23% of SA exports in 1977 to taking 10%.

But some of its lost ground has been taken by the US, which moved up from a 10% share of our exports in 1976 to 18% in 1978, then back to 15% last year. This has

OUR TOP 10 TRADING PARTNERS

SA imports	Rm	SA exports	Rm	Bilateral trade	Rm
W Germany	1 309	Switzerland	1 542	USA	2 646
Britain	1 253	USA	1 406	W Germany	2 219
USA	1 240	Britain	964	Britain	2 217
Japan	801	Japan	950	Japan	1 750
France	471	W Germany	910	Switzerland	1 724
Italy	250	France	351	France	822
Switzerland	182	Italy	341	Italy	592
Netherlands	158	Belgium	328	Belgium	460
Belgium	131	Netherlands	212	Netherlands	370
Sweden	102	Hong Kong	185	Canada	268

happened at the same time as SA imports from the US have slipped, maintaining the US share of our foreign trade, but shifting the balance of trade between the two countries in SA's favour.

Germany, on the other hand, enjoys a balance in its favour. In recent years it has contributed 18%-20% of our imports, while taking 9%-11% of our exports.

Leading SA exports are still primary commodities. The US and Germany took coins and diamonds, mineral products and base metals; Japan took minerals and base metals, and Britain took foodstuffs, vegetable products, minerals, textiles, hides and skins.

Imports are mainly machinery, vehicles and chemical products.

No time to let up on export drive

74

RDM 4/7/80

By SIMON WILLSON
Industrial Reporter

SPECTACULAR improvements in South Africa's balance of payments over the past four years did not mean there was no further need for an export drive or for new export incentives, said Mr Wim Holtes, chief executive of the South African Foreign Trade Association (Safto), yesterday.

He said at a South African-German Chamber of Trade and Industry luncheon in Johannesburg that the effect of the favourable balance of payments situation would be a surge in imports.

"The massive increase in exports will also enable and, in fact, make necessary a very substantial expansion in imports over the months ahead."

Over the last few years, there had been a major change in the character of the overall balance of payments situation.

"Prior to 1977 the balance of payments habitually produced current account deficits which were balanced by capital inflows. For the last three years a rapidly expanding current account surplus has been balanced mainly by short-term capital outflows.

"The effect of the very substantial upsurge in exports has, however, now been to transform a current account deficit of nearly R1 700-million in 1976 into a surplus of R3 100-million in 1979.

"By the end of the first quarter of this year this surplus was running at the phenomenal annual rate of R7 800-million."

But in spite of this impressive balance of payments performance there was still a clamour for acceleration of the export drive and for new export incentives, Mr Holtes said.

Among the reasons for this were critical problems, such as the erratic long-term fluctuations in the price of gold, platinum and diamonds, which caused the need to broaden the export base.

Another was the vulnerability of the services account, which was still the major drain on the balance of payments with deficits already running on that account alone to the tune of R2 700-million.

SA resources, whether goods, services or labour, had to be fully exploited. Foreign capital inflows were still uncertain in the light of domestic political events, and rapidly rising oil prices and foreign armaments bills maintained overseas purchases at expensive levels.

"The policies of strengthening the rand and dismantling foreign exchange control while at the same time keeping up sizeable foreign exchange reserves constitute a herculean task which only a buoyant export sector can achieve," Mr Holtes said.

There was also the need to bring down unemployment by ensuring maximum absorbtion of the potential labour force in the economy, and the latest Economic Development Programme had singled out exports as the most important means of achieving this.

Finally, the emphasis on exports should not decrease because South Africa needed to be as strong as possible economically to provide leverage in the country's relationship with other states.

There were still two major shortcomings in the current export scene when looking at the years ahead.

"Firstly, exports will not automatically emerge from merely cutting costs. An aggressive emphasis on the marketing function will remain essential.

"Secondly, it is all very well to achieve a more balanced export development programme, but if it becomes so balanced that it ignores the selective concentration of effort on a few major export-oriented projects, it will not achieve in the 1980s what has been achieved in the 1970s.

"There is a feeling of anxiety that, at the beginning of this new decade, there is very little apart from the new incentives that the export sector can focus on as it plans its attack on the export front."

He said there was a danger of the Government, in its desire not to encroach on the private sector, not giving sufficient priority to large-scale, export-oriented projects whose success was necessary to match export requirements in the 1980s.

"South Africa still has a long way to go before it can rival the rate of development of the new super-nations which will dominate the early years of the 21st century," Mr Holtes said.

Sparkling sales of SA diamonds

(74) RDM 9/7/80

Deputy Financial Editor

INTERNATIONAL diamond sales by De Beers' Central Selling Organisation in London rose 17% or R182 million to a record R1 267-million in the six months to June.

And in two other important announcements for the Johannesburg Stock Exchange, Goldfields of SA has announced sharply reduced gold profits in the June quarter and the Reserve Bank has approved non-residents investing in mutual funds through blocked and financial rands.

According to official CSO sales figures released yesterday, diamond sales expressed in dollars totalled $1 567-million — a 23% improvement. The rand appreciation was not as great due to its recent strength against the dollar.

These results followed a 13% diamond price increase last September and a 12% increase in February.

Johannesburg mining analysts said the figures suggested that sales in terms of carats must have held "at least steady". This, they said, was a pleasant surprise in the light of recessionary trends in several Western countries.

Analysts said the coming six months would be "more interesting" for De Beers, and most were expecting a sales fall — at least in carats — by the end of the year.

In the first set of gold quarterlies for the three months to June, Goldfields of SA has announced a 15% taxed profit fall to R176 million (R209-million).

The average gold price received by GFSA was R13 814/kg — a 16.2% fall on the R16 473 received during the March quarter.

In addition, due to lower grades, 523kg less gold was produced, with the result that total gold revenue fell 18%. A 5% increase in working costs further eroded working profits, which declined R121-million or 23.6% to R392-million (R513-million). Other revenue and a lower tax rate reduced the fall in taxed earnings to 14.6%.

Mutual fund managers expect an inflow of millions of rands to their funds, following the Reserve Bank's permission for non-residents to invest in unit trusts through financial and blocked rands.

This gives non-residents access, at a 25% discount, to well diversified portfolios of top quality South African mining, financial and industrial stocks.

O See Page 12

Multinationals give the lie to Iscor price fears

189

74

RDM 9/7/80

Simon Willson

Down to business

THE GROANS of despair from consumer commentators and the fits of hand-wringing and teeth-grinding by manufacturers that greeted the increase in Iscor's steel prices two weeks ago were somewhat misplaced, if one of our most pronounced economic trends is anything to go by.

The trend is that this country is becoming one of the most popular export platforms in the world.

And one of the main reasons for it — one which will confound the hand-wringers and teeth-grinders — is the comparatively cheap steel available in South Africa. It is making our high steel-content manufactures irresistably competitive in surprisingly prosperous parts of the world.

It is also bringing to the attention of the world's major multinational corporations the profitable possibilities of establishing subsidiaries here, which could cash in simultaneously on the domestic economy as it expands by 5% a year, and on the low input costs for cheap, undercutting exports.

So even if steel has gone up by 14% this year — which, after all, is only the rate of inflation — it still makes the manufacture of steel-content hardware here a distinctly more cost-effective procedure than it would be in any of the contracting Western economies.

Traditional export platforms have been countries like Brazil, Mexico and Nigeria in times when the attractions of South Africa were masked by greater efficiency and less labour trouble in the industrial West and South Africa's own internal uncertainties.

But the successive recessions which have delivered such a disabling one-two combination to the industrialised countries already jelly-kneed from the oil price quintupling have altered the comparative advantage that used to prevail in the North-South relationship.

Now South Africa rates more serious consideration from the multinational moguls — and is getting it.

The classical export platform is the developing country which hosts subsidiaries of West European and American multinationals, often with concessionary rates of taxation, rebated development costs and eased infrastructure regulations.

The subsidiaries then take further advantage of the other economic features usually found in developing countries — their cheap labour, land, raw materials and — more often than not — capital. These comparative cost savings enable the subsidiaries to manufacture the same amount of output for less input than is required in the land of the parent company.

The logical next move, and one which is encouraged by host countries because of the subsequent balance of payments benefits, is for the subsidiary to export to the country of the parent company.

Transport costs, which are usually appreciable because of the distance underdeveloped host countries are from the world's major markets, still leave the export platform-produced import competitive with goods of the same type produced in the importing country.

South Africa is to become a booming export platform for several European car manufacturers, principally BMW and Alfa Romeo, once manufacture expansion proposals now planned by the two companies are on stream.

BMW SA is set to become the pioneer motor components export platform for West Germany, and already exports fully made-up cars to its parent country.

From BMW SA's 12 000 units a year output, nearly 2 000 cars are exported, and the expansion of exporting into the component field is expected to take place as the domestic local content rules increase the locally manufactured component rquirement beyond the present 66%.

Alfa Romeo plans to increase its annual production from 6 000 to 26 300 cars by 1984, with more than 70% of the increased production going into exports.

Existing economic circumstances already make it financially worthwhile for each company to export to its parent country, but the two manufacturers are still seeking to underpin their expansion plans with firmer guarantees of export assistance from the South African Government.

Transport costs are said to be the stickiest issue, with current State export rebates failing to cover c.i.f. overheads.

From cars, the export platform fashion is now catching on in mining machinery. Subterranean SA is exporting box-hole and tunnel borers to the United States and has put its parent company, the original Subterranean, out of business through the competitiveness of its South African-made products.

Subterranean SA's Germiston plant has produced the machines, which cost between R150 000 and R500 000, at between 15% and 20% less net cost than Subterranean's Breckenridge, Texas, plant, which has consequently closed down.

The subsidiary now exports a tunnel or box-hole borer to the United States at the rate of one every three months, and also exports machines to Italy and South America.

Subterranean estimates the pre-c.i.f. cost advantage of its machines to be about 30% over the equivalent United States production costs, but the transport costs for heavy mining machinery cut this down.

But it is still notable that automobiles and heavy mining machinery have a high steel content, and executives readily acknowledge the importance of the steel price advantage in their effectiveness as export platforms.

Even if Iscor matches the CPI point for percentage point for the next five years, that price advantage over the contracting steel industries of the industrial West is unlikely to recede.

Diamond sales record

RDM 8/7/80

By ADAM PAYNE

DE BEERS Central Selling Organisation reports better than expected sales of gem and industrial diamonds for the six months to June 30 with a record total of R1 267-million.

This total is R182-million, or 17%, more than sales for the six months to June 30 last year, and 15% higher than in the six months to December last.

Although De Beers does not issue volume figures one can deduce that volume was no higher, but the increase in the value of sales was due to price rises of 13% in September last and 12% in February this year.

In dollar terms the increases were greater than in rands with sales totalling $1 567-million — $296-million, or 23%, more than the sales for the six months to June 30 last year and R240-million, or 18%, more than the sales for the six months to December 31 last.

The disparity in the rand and dollar figures occurred because sales are converted from dollars into rands at the exchange rate prevailing at the time of each of the sales and the rand has continued to appreciate against the dollar over the six months.

Sales for the year totalled R2 192-million, or $2 598-million.

The next six months are likely to be less successful if the American depression persists. Mr Oppenheimer, chairman of De Beers, warned in his annual review that the prospects for the remainder of the year would depend on the state of the US economy, where most sales are made.

As the depression is severe it can be expected that sales will decrease in volume.

A Johannesburg analyst who specialises in diamonds says the results for the past six months exceeded his expectations. He had expected a rise of 18% in dollar terms as against the 23% achieved and a rise of 10% in rand terms as against the 17% achieved.

Allowing for the average price rise of between 15% and 18% for the second six months as compared with last year he expects sales value to be down about 7% in dollars and 12% in rands in the second half of the year compared with the first half. This would be because of a drop in volume.

The second half is traditionally lower than the first half because the July and August sights are held during the northern holiday season and the December sights are usually small.

Sparkling UK market for SA wine exports

STAR 17/7/80

3 - WINE

74

The Star Bureau

LONDON — South Africa is expected to supply the British market with about 200 000 cases of wine in 1981, compared with only 68 000 cases two years ago.

This forecast was made in a BBC radio interview by wine journalist Mr Mike Raymond.

Mr Raymond said South African wines were the best of the "new world" wines and were starting to be recognised for their quality.

In the view of consumers, the trade and the Press they provided exceptional value for money.

Mr Raymond's comments were endorsed later by Mr M R Stokes-Rees, senior KWV representative in Europe, who said that South African wine exports were doing very well.

"It's really only now that we have enough quality wines to export," he said.

"We have only been in the export of light wines, as opposed to fortified wines, for the last five years.

"We couldn't have gone much faster than we are going at the moment purely because the quality wines were just not available, they were required for the home market."

Five major companies — KWV, Oudemeester, SXW, Bellingham and Gilbey's — have combined to take a stand at the World Wine Fair and Festival at Bristol to exhibit South African wines.

Steel exports to drop

R.D.M. 28/7/80 (74)

SOUTH Africa's steel exports will be reduced during the 1980/81 financial year to meet growing local demand, the assistant general manager of Iscor, Mr Nols Olivier, said at the weekend.

Because of the economic upswing, local steel consumption is expected to increase by 400 000 tons. Exports will be cut proportionately to meet demand. The country's total steel production, however, will be maintained at 5,4 million tons a year.

The recession overseas is lowering steel prices and Iscor may soon find it difficult to export steel profitably. — Sapa

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gains. Stilfontein at 2 500c but a new high.

In the Free Staters gains outnumbered losses by six to one with Saaiplaas and Welkom reaching for new peaks.

The West Wits issues were all marginally better, with Elandsrand adding 65c to touch a new high of 1415c.

Coals were firmer, coppers moved sluggishly and the platinums appear to have lost much of their recent fire.

Among stores, Woolworths made a small advance ahead of the results. OK Bazaars put on 50c while Pep and Pick 'n Pay were also better.

more in finals than in interim...

The surplus market value of investments over book value was R312 901 000 at June 30, to which the addition of total net

toward gold and platinum and a good spread through Union Corporation companies and solid industrial interests.

rates up to record heights. Rates held at those levels for a few weeks, but in the past two

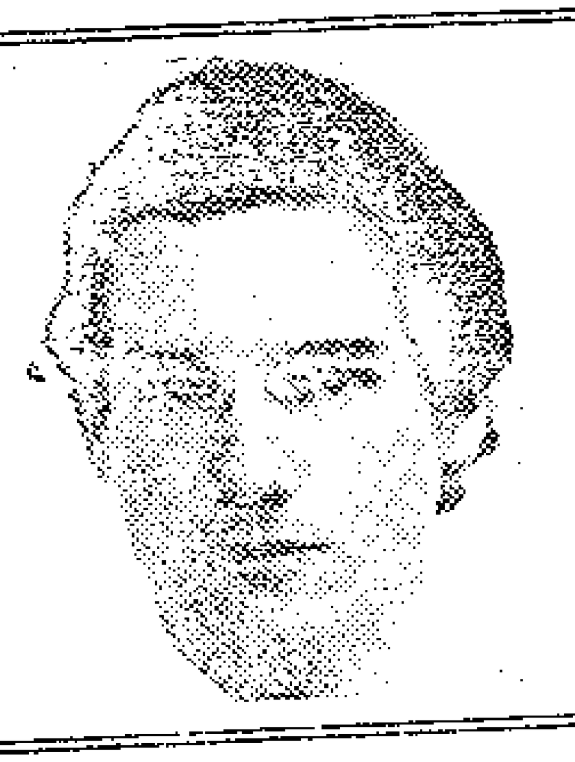
mitted to slower ... growth.

Yet in recent weeks US mon-

74

RDM
30/7/80.

For exporters who miss the boat



Simon Willson

Down to business

COMPETITIVELY priced exporting from inland South Africa is difficult enough without letting needless extra costs jack up the expenses of freighting export consignments before they have even left our shores.

But a Durban-based shipping, clearing and forwarding agent has found that many Transvaal industries which rail their products to Durban for containerisation and export are packing their goods so badly that they are interfering seriously with the efficient clearance of foreign-bound merchandise at the port.

The situation is becoming so bad that the agent has planned a series of seminars for its Transvaal clients to teach them how to pack their export consignments effectively to avoid the delays and expense of en-route damage to freighted goods.

Oceanair is the forwarding agent concerned. It handles a lot of non-bulk, destructible and perishable cargoes railed from the Transvaal to Durban. Oceanair officials say the arrival of a badly packed and damaged export consignment is a daily occurrence.

The expenses of repair and the time taken to repack damaged consignments are needlessly increasing costs for the Transvaal exporters and delaying tightly scheduled shipments, sometimes to the extent of missing the boat.

The problem starts in the rail trucks. Oceanair is careful to specify that the railway authorities are rarely responsible — the fault usually stems from firms with their own sidings.

The cargoes, destined for the holding areas at the forwarding agent's coastal depots, are packed without adequate stowing precautions being taken in the positioning of the packages in the trucks, Oceanair.

Forwarding agents are then expected to load damaged cargoes into containers.

But receiving ports in Europe are strict on the condition of transit cargoes, and Oceanair reports instances of large container cargoes being refused onward passage unless repairs and repackaging are undertaken, entailing more expense and delay.

One European port charged a South African exporter $14 000 (R13 340) in repair charges before allowing a consignment through.

Some companies may claim that it is one of the functions of the forwarding agent to check the condition of freighted goods before packing for export, and to repair and repack where necessary.

The companies may also claim that any costs incurred as a result of less than perfect packing will be met by freight insurance which is, after all, there for that purpose.

But the forwarding agents' response is that the companies lose out in the end through careless packing at the point of dispatch — even with own-negligence cover — because they will lose no-claim bonuses and incur higher premiums.

The agents also say that the costs of repairing and repackaging at the coast are almost without exception greater than at the factory.

Forwarding agents rarely have the specialised equipment necessary for effective repacking. Oceanair quotes two examples of having to hire a shrink-wrapping machine at R40 an hour and a mobile 15-ton crane at R80 an hour to carry out tricky repackaging.

Oceanair ships 250 000 tons of export cargo a year from Transvaal industries, merchandise worth about R30-million a year. The company estimates that it has to carry out repairs costing R2 000 every month to badly packed cargoes.

Packaging materials are also expensive. Part of the trouble is caused by a sort of false sense of security adopted by exporting firms which think that since the cargoes are to be safely tucked up in big, robust containers, there is no need to spend the earth on packing the consignments up for the short hop to the coast.

They forget that the rail journey is the first stage of a strenuous journey in which the products and their casings are handled and transferred many times.

Oceanair, with other coastal forwarding agents, takes part in a scheme whereby the Railways runs a return service for reusable packaging materials in an attempt to cut down on waste in the short first stage of a Europe-bound export from inland South Africa.

Export cargoes which are proving especially susceptible to poor packaging and are suffering cost penalties as a result are those packed in drums, like semi-finished minerals in powder or semi-solid form; liquid products in bottles; and charcoal and ceramics in paper sacks and cardboard cartons.

Loosely packed products also suffer: scrap-iron consignments work loose and disintegrate; items like whell rims are held together only by a central pivot and when this breaks the rims go everywhere; unsecured steel tubes and bars, packed in lengths, come loose and are damaged by movement.

In addition, water-perishable cargoes provisionally covered by tarpaulins are exposed to the elements because tarpaulins are easily dislodged.

Oceanair's freight packaging seminar is scheduled for the end of the year, and will tour the major rail loading sites to educate exporters in the delicate art of protecting their goods from factory door to factory door.

The company is compiling a file of photographic evidence of what it sees as corporate carelessness by exporters.

IDATED MINES LIMITED
e Republic of South Africa)
CAN CORPORATION
AFRICA LIMITED
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GOLD FIELDS LIMITED
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ions in regard to board representation
De Beers Consolidated Mines Limited
oration of South Africa Limited (AAC)
ited (CGF).
R.I.J. Agnew, group chief executive and
e joining the board of AAC, and Mr. J.
director of AAC and a director of De
CGF. Both these appointments will be in
ill take effect on August 1 1980. It is
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will be made in due course.
ntention of De Beers, AAC and CGF to
panies when such co-operation is in the
and does not infringe the competitive
stry.

30/7/80 Argus

Export orders worth R550 000 for city firm

(74)

EXPORT orders worth more than R550 000 have been won in the past three weeks by the small Lansdowne factory of Three Spears Afrika (Pty), makers of backpacks for climbers and campers.

Almost 90 percent of production is now sold overseas, chiefly in Germany, Holland, France and Britain.

After extending its factory, the company is now making more in a month than it did in the whole of 1977 and its order book is 60 percent up on a year ago.

'We have been exhibiting overseas for five years and our efforts are paying off,' says Mr Eddie Byrne, head of the company. 'But we are only scratching the surface with our exports.

LARGER FACTORY

'We are looking for a larger factory to cope with a big increase in business in the next two years.'

The biggest recent order, valued at R250 000 calls for a four-month delivery to a large German outdoor equipment company and was placed only after a director visited South Africa and inspected the Lansdowne factory to check that the firm could handle it.

Improved designs and using lightweight fabrics that are stronger than nylon has impressed the German market, says Mr Byrne.

Backpacks from Cape Town have already been tried successfully on some of the toughest climbs in the Alps.

Slump forces cuts in ferrochrome output

(74) RDM 5/8/80

By ADAM PAYNE

SOUTH African ferrochrome producers have cut back production by between 15% and 20% because of the slump in the stainless steel industry, particularly in the US.

The South African industry leads the world in output and competitive ability, its share of world trade having risen from 32% in 1973 to 52% last year.

Exports of ferrochrome last year totalled more than 650 000 tons and were worth about R250-million.

The largest South African producer is Samancor which has an estimated capacity of 280 000 tons a year.

Other leading producers include Consolidated Metallurgical Industries in the Johnnies stable; Middelburg Steel and Alloys; Gencor and Union Carbide's Tubatse smelter and Feralloys owned by Associated Manganese, Anglovaal and US Steel

While other producers say they have already cut back, Feralloys says it has not yet done so, but it may have to review its production plans in the light of the world demand situation.

Mr Cecil Carrington, a director of Johnnies responsible for Consolidated Metallurgical Industries, said: "We have cut back by 15% from our rate of production as opposed to our rated capacity of 120 000 tons a year. We were operating in excess of rated capacity and cut back from that figure.

"It is probable that production will have to be cut back further. The level will depend principally on the situation in the US.

"Stainless steel producers use a charge of stainless steel scrap as well as nickel and ferrochrome.

"When US interest rates were raised, not only were the automobile and construction industries hit but stainless steel scrap merchants were unable to afford to hold stocks. They dropped their prices to smelters.

"This resulted in stainless steel producers increasing the proportion of scrap stainless steel in their furnaces. They also cut back production because of reduced offtake and ferrochrome consumption declined.

"The price of stainless steel scrap continued to fall but now that a major proportion of that scrap has been absorbed into the market, we believe the price is beginning to bottom and firm up."

Mr Carrington said that generally stocks of ferrochrome overseas were relatively low compared with the normal situation and there were indications that there could be a recovery by the fourth quarter of this year or the first quarter of next year.

Samancor has reduced output by taking two of its smaller furnaces out of production.

Mr John Hall, the managing director of Middelburg Steel and Alloys, said his company had taken one small furnace out of production.

He said :" We shall be cutting back by about 20% in the next six months, while we see what happens in overseas markets."

He said sales of ferrochrome had dropped by about 50% in the US, but South African producers were not sure how long the slump would continue.

Obviously, stainless steel production had not dropped as much as the sales of ferrochrome because of its use in the petro-chemical industry.

"It is sensible for South African producers to cut back to avoid a building up of stocks that would overhang the industry," he added.

Some producers consider the pattern of falling demand in the US is likely to be followed in Europe and Japan.

Said one producer: "I expect the recession in stainless steel to be not so severe as that in carbon steel because it is used in the petro-chemical industry, which is buoyant because of oil-from-coal projects in the US.

"When the defence programme swings into gear the demand for stainless steel must be stronger.

"However, a defence programme cannot be implemented overnight; technical decisions have to be taken so that the upswing is unlikely to occur until the middle or second half of next year."

RESERVES (74) FM 8/8/80

Coffers filling up

South Africa's official foreign exchange holdings dropped sharply in June after rising steadily since March. But the foreign coffers are filling up again.

The June drop, amounting to about R85m, was partially due to large seasonal payments of dividends on shares held by overseas investors. The previous monthly decline (in March) was, however, far more substantial, cutting the record February figure of R782m by R250m. This was the result of a steady outflow of short-term capital as widening interest rate differentials made it increasingly more profitable to raise finance locally.

The Reserve Bank closed the window by raising the forward discount, and foreign exchange reserves began rising again. But the outflow actually represented a 'hidden reserve'. Although it placed a strain on the Reserve Bank's foreign exchange holdings (mainly dollars), it represented merely an extension of the time-lapse between the delivery of SA goods abroad, and the return flow of payments for them. This was effected by arranging trade finance with SA banks on the basis of 120 and 180-day bills, resulting in the piling up overseas of large credit balances, estimated at over R2 000m.

The maturity of these bills, which have become a major asset in the money market, has meant a steady return flow.

Before March, the last major drop in the foreign exchange component of reserves was in December, when it declined by R83m. This was attributable to dividend payments, trade finance and possibly the timely purchase of strategic commodities ahead of expected price rises.

But these fluctuations do not worry the authorities unduly. Gold holdings still constitute by far the greater portion of gross reserves, and wide movements in gross reserves obviously reflect bullion prices and sales. Referring to the graph, the leap in January was due to a sharp upward valuation of gold holdings on the basis of the average gold price for that month. Although the price eased in February, gold holdings (and thus gross reserves), rose still further because of the repurchase of gold under a swap agreement.

Net reserves — gross reserves less short-term foreign liabilities of the monetary banking sector — are a better indicator of SA's ability to meet its foreign commitments. In the last year (June to June), these have risen from just under R1 500m to nearly R4 000m.

But official figures may considerably understate the extent of SA's short-term foreign liabilities, according to economists. The published figure at the end of March was R958m. If, however, contingent liabilities (which do not appear on the banking system's balance sheets) are taken into account, the figure may be closer to R2 500m.

This would give a net reserve position of around R2 250m which should continue growing in line with the overall balance of payments' position.

Time ripe for clothing exports

(74) RDM 9/8/86

CAPE TOWN. — Several important factors had caused a favourable climate for clothing manufacturers to look anew at the export market, said the executive director of the National Clothing Federation of South Africa, Mr Frank Whitaker, in Cape Town

He told a trade fair there were many advantages in the export trade which could make a commitment to exporting worthwhile.

Seasonal differences between South Africa and the northern hemisphere export markets could make possible the extension of manufacturing runs or specialisation in producing for one or other season.

"In the same way that we are half a season behind Europe and America for geographical reasons, we are also half a trade cycle behind them for economical reasons.

"At present we are going up and they are going down, but by the end of next year this will probably be reversed," sais Mr Whitaker.

By developing a healthy export business, some of the rigours of the trade cycle could be avoided through the spreading of the risk of reduced orders and bad debts when things were bad at home.

Mr Whitaker said perhaps the most compelling reason for getting into exports was that it might be the only way to expand business. There was widespread unemployment and it was uncertain what proportion of the growing population would become effective consumers.

Exporting could also help to increase a manufacturer's share of the domestic market, but this would be at the expense of those who did not export, as exposure to the keener competition of world markets was the best way to improve productivity in all departments of business. — Sapa.

Barclays sees fall in 1980 exports

RDM 11/8/80 (74)

By SIMON WILLSON

A SUBSTANTIAL drop in the volume of South African exports in 1980 is predicted in Barclays Bank Business Brief, which blames the gathering recession in the industrial West.

Noting that by all indications the United States recession has arrived, judged by the annualised 9,1% fall in the real American GNP in the second quarter, the report says South African exports normally follow fairly closely the course of the business cycle in the United States.

"It is accordingly unlikely that we shall on this occasion escape a substantial cut-back in our exports in the year ahead, especially in view of the outright recession foreseen in the United States but also in the face of the outright recession in the United Kingdom (still our principal export market) and the growth recessions foreseen in most of the other industrialised countries overseas," the report says.

It says two other factors are contributing to the export slowdown.

"The first is the tendency during a boom in the domestic economy for South African producers to concentrate on supplying the domestic demand in the first place and to switch production away from the export markets.

"The second factor contributing to the slowdown in merchandise exports is the appreciation of the rand so far this year."

The swing towards satisfying domestic demand before export orders is significantly adding to the fall in the rate of increase in exports, and is likely to play an even greater part as the current economic upswing enters its final stages.

The trade-weighted value of the rand appreciated by about 7,7% over the first seven months of this year and though the elasticity of demand for South African exports was uncertain, the appreciation must have resulted in at least some reduction in the rand value of exports, the report says.

The exchange rate can exercise a fairly powerful effect on export performance by maintaining price-competitiveness in world markets.

"If it is accepted that we shall have to put up with an inflation rate roughly in line with the average inflation rate in the economies of our main trading partners, then it seems it would be only sensible to pursue an exchange rate policy which aims at keeping the terms of trade with our main trading partners unchanged."

This would mean allowing the rand to appreciate or depreciate only to the extent that the South African inflation rate fell below or rose above the average inflation rate in this country's principal export markets.

KOM 14/8/80

W & A raises eps by 73,8% to 113c

By HAROLD FRIDJHON

INTERNAL growth generated in all sections of the business enabled W & A Investment Corporation to raise earnings a share by 73,8% to 113c in the year to June 1980.

The final has been increased from 14c a share to 25c, making total payments for the year 40c compared with 23c in 1979.

It is interesting to note that at the time of the Waicor transmuted listing statement in June it was then estimated that earnings would be 105c and, at the time of the interim report, earnings of 100c were forecast.

Group profit before tax was 92% higher at R10 712 000 but attributable profit, R5 227 000, was whittled down to a growth rate of 77% because of a higher tax factor and and a more than double off-take for minorities.

Outside shareholders garnered R1 897 000 compared with R804 000 in the previous year.

For the year to June 1981, the company is budgeting to increase earnings by 25% to 141c a share.

Chairman, Mr Mannie Simchowitz, said that with the exception of President Knitting Mills and Lovable all other sections of the group performed well.

Of the two lame ducks, he expects President to come right during the current year and the Lovable operation is already turning the corner.

Giving a breakdown on the sectional activities, Mr Simchowitz told me that the textile manufacturing division contributed 30% to taxed profit, the textile merchandising division 10%, metals 8%, the retailing division, which includes Bradlows for the full year, 28% and the administration, financial and property section contributed 24% to taxed profit.

Waicor which at present is the group's top pyramid has declared a dividend of 9c an ordinary share. In June it was suggested that it would declare a final of 7c based on a final of 21c from W&A.

Asked about the future of Waicor, bearing in mind that the company had to acquire new assets and not remain merely as a pyramid holding company, Mr Simchowitz said that the board had been looking for suitable assets that were not in conflict with W&A.

They had examined several propositions but the over-riding consideration was selectivity.

COMMENT: In the past eight years, W&A has had an impeccable growth record with earnings a share rising from 4,7c in 1972 to the current 113c. Dividends have increased during this time from 1,5c a share to 40c.

In his reporting Mr Simchowitz has always been very conservative and one must take this into account when he forecasts earnings of 141c a share for the current year.

At 2,8 times cover, which historically appears to be the rate at which the company aims, one is looking at dividends of 50c for the current year.

At last night's price of 650c this would give a yield of 7,7%.

But, bearing in mind Mr Simchowitz's conservatism, a 25% growth in earnings seems a little slender. W&A are active in three fields which are considered to be economic growth points, textile manufacturing, the merchandising of textiles and the retailing of furniture.

If the present momentum in consumer purchasing is maintained there is little doubt that the 141c a share earnings is somewhat understated, particulary if President Knitting and Lovable are swung around into profit-earners.

And if W&A looks like being a rewarding investment Waicor should pay at least 17c which at last night's price would give a return of 6% — provided that the new company does not acquire any new assets during the current year, in which case, earnings and dividends would be higher.

SA-Britain 'must be maintained'

STAR 20/8/80

74

Own Correspondent

The maintenance and expansion of trade ties between South Africa and Britain should be actively pursued, the Minister of Industries, Commerce and Consumer Affairs, Dr S W van der Merwe, said in Pretoria.

He was addressing a "membership drive" function of the South Africa Britain Trade Association in Pretoria.

Dr van der Merwe said Britain was, for a long time, the most important buyer of export goods from South Africa and the principal supplier of this country's imported requirements.

In recent years the British share of South Africa's exports had declined — from a peak of 33,7 percent in 1965 to 10,3 percent in 1979. (This figure for 1979 was not strictly comparable with that for 1965, he said, due to changes in the marketing of South African diamonds last year).

During the same period, the United Kingdom's share of South Africa's import trade decreased from 28,2 percent to 17,8 percent.

However, it should not be concluded, Dr van der Merwe said, that South Africa's exports to and imports from the United Kingdom had deceased in absolute terms.

In fact, the value of this trade had increased substantially.

South Africa's exports to Britain amounted to about R358m in 1965, while last year they amounted to about R964m — an increase of almost 170 percent.

BUSINESS

Engineering will face slow-down in export rate

21/8/80

STAR

By Pieter de Vos

Export growth in the steel and engineering industries is expected to slow down in the second half of this year, though production and sales will be strengthened by increasing domestic demand.

Foreign exchange earnings are not expected to match last year's level, the Steel and Engineering Industries Federation says in its latest monthly report.

Softening world and US demand, developing protectionist attitudes in the US and Europe and the strengthening of the rand against the US dollar all are leaving an impact on foreign exchange earnings, Seifsa says.

The largely export-oriented ferro-alloy industry has already had to cut back production due to softening world demand.

ORDERS

Nevertheless, expectations are that overall output from South Africa's steel mills — boosted by domestic demand — will top the 1979 level of 8,9m tons, which show a 12,3 percent improvement on 1978s figure.

However, the engineering sector, benefitting primarily from the increasing consumption of goods and services in the mining sector, reports a stronger flow of orders and higher output in June.

Heavy engineering also benefits from the expansion of mining activities.

Due to the improved pace in manufacturing, the mining sector and energy-generating, some sectors report that they are now investing in new plant and equipment to keep up production with rising demand.

Shortage of skilled and semi-skilled labour worries many of Seifsa's members. Especially production performance and delivery periods are affected, but supply of materials is still satisfactory measured against current order intake.

Boost for coal exports

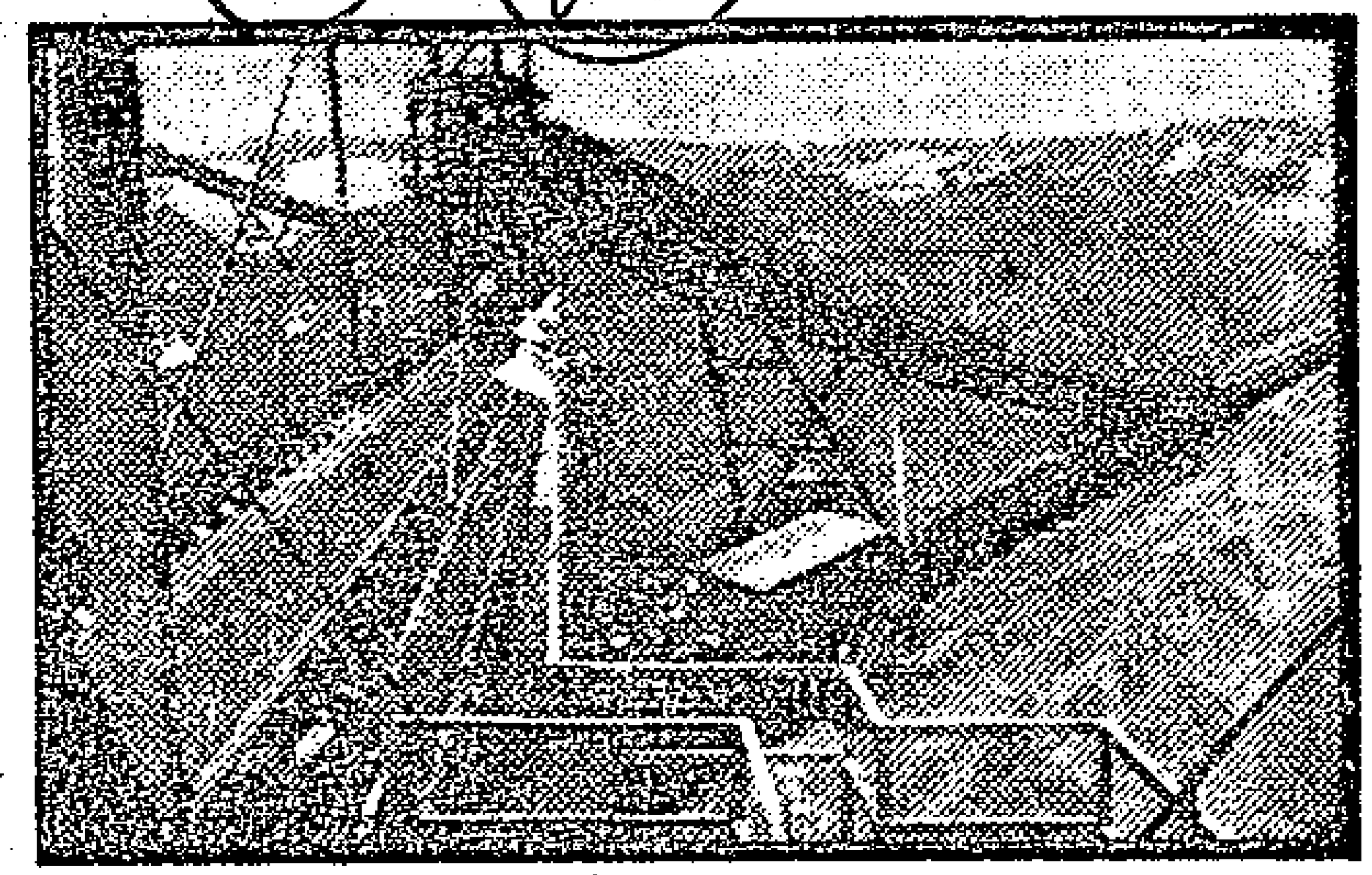
By JACK BRICKHILL

74 S. Tribune Finance 24/8/80

THE coal export drive, vital to the country's economic stability, will be boosted early next year by an increase probably of 10 or 20 million tons a year on the 44 million tons already authorised by the Government.

However the increased tonnage will not be exported until 1986 or 1987 after the present limit of 44 million tons has been achieved. South Africa, one of the few reliable suppliers of coal in the world, is constricted by rail capacity from taking full advantage from rocketing coal prices.

Nevertheless coal exports, now running about 25 million tons a year, will be worth R800 million next year and R2 500 million by 1986 at current prices. The price of coal has leapt 60 percent in the last nine months. Forward contracts now averaging R21 a ton for 1981 are expected to rise to R41 before the end of the year.



Coal earnings will cushion the expected drop in earnings from other non-gold minerals and in the next 10 years could rival gold as the country's major export.

Although the coal owners have brought forward their plans by two years to increase handling capacity at Richards Bay to 44 million tons a year by the middle of 1984 the Railways can only increase line capacity to this level by 1986. At best they can speed up the project by a few months.

But with only minor additions, involving mainly maintenance facilities, the capacity can be raised to at least 60 million tons a year, says a Railways spokesman.

In the next five years capacity on the line will be increased in stages by increasing the length of trains, improving gra- Total South African production is about 110 million tons a year at present.

The coal mining industry will have little difficulty supplying additional coal mainly from existing mines. Alan Sealey, head of Rand Mines coal division, says a number of groups could expand existing mines — brown field expansion — rather than develop new mines and infrastructure in expensive "green field" programmes.

dients and curves and raising the axle load of trucks.

Barney Bentley, export manager of the transvaal Coal Owners' Association, says the recession overseas has not stopped the escalating demand for coal. Preference for coal power stations instead of nuclear stations and the switch from oil to coal energy in power stations, steel and cement works have boosted demand, which he expects will only level off in seven to 10 years.

A Minerals Bureau spokesman says a preliminary report on the country's coal resources will be made early next year but the full report will take longer. The report will make recommendations, provided the coal is available, on export tonnages and it is expected that exports will go up in stages of 10 or 20 million tons.

Mineral exports over R6 000m for half-year

STAR 28/8/80

Latest statistics for the production and sales of metals and minerals for the year to June are available and sales have passed the R6 000m mark for exports in the first half of the year.

The June export picture was not overtly impressive at R914,9m but was far better than May's R772,2m. Gold sales realised R731,7m of this June total as against May's R557,6m despite a fall in production to 55 767 kg from 57 300 kg in May.

CONFIRM

Perhaps the most interesting figures are those for diamond sales which confirm market talk that De Beers' CSO sights since the first three months of the year have not been very impressive.

The high point in diamond sales was in January when R85,2m was sold before R53,7m in February when a price rise of 12 percent was introduced. In March sales were R58,3m and in April rose to R65,4m.

The fall came in May when sales slumped to R12,7m and in June not much recovery was achieved with sales of R15,5m.

Asbestos sales improved substantially in June, following the 10 percent price rise in Msauli's chrysotile fibres and sales of R2,1m was achieved for June against May's R1,6m, despite a drop in production to 8 099 tons from 10 119 in May.

Coal exports call for big new plants

31/8/80 (B.D.) S. Times (M)

By ANDREW McNULTY

MORE than R90-million may have to be spent by the mining industry on coal preparation facilities as output of export grade coal is increased to 44-million tons a year by 1985/6.

Most of the additional 22,5-million tons will require beneficiation, and if an average yield of 70% is assumed, some 30-million tons a year of preparation capacity will be needed.

At an average operating time of 5 000 hours, this is at least 6 000 tons an hour. Based on preparation costs of R15 000 per ton per hour, the industry will thus buy new equipment valued at some R90-million over the next four to five years.

This was calculated in a paper read to a colloquium in Witbank by David Horsfall, secretary of the South African Coal Processing Society (SACPS).

The colloquium was held jointly by the SACPS and the SA Institute of Mining and Metallurgy.

The figures could yet be changed substantially by technological developments in coal preparation — a field which in South Africa is among the most advanced in the world.

o A spring school in coal preparation and coal petrography, led by two world authorities, is being held in Johannesburg and Witbank from September 8 to 19 by the SACPS and the division of continuing engineering education of the University of the Witwatersrand.

Participants will receive formal tuition during the first week. During the second they will be introduced to basic principles of design used in three of the newest preparation plants in the country as a prelude to visiting the plants.

The school has aroused great interest in the past, as no South African university runs specialist courses in coal preparation.

FM 18/7/80

(74)

NON-CASE FOR TARIFFS

Protection money

"In every country it always is and must be in the interest of the great body of the people to buy whatever they want of those who sell it cheapest" — **Adam Smith, The Wealth of Nations.**

July 1, the day devoted by the Free Market Foundation in SA to the lofty ideals of private ownership and free enterprise, came and went largely unremarked. Could anything else have been expected in view of government's protectionist policies and in view of increasing calls for yet more protection from some businessmen themselves.

The unhappy truth is that Adam Smith's tenet is unlikely to be the fulcrum on which enterprise here is based. Increasingly it is in conflict with aspects of governmental thinking, particularly so far as "strategic" supplies are concerned.

Despite government's claiming a firm commitment to free enterprise, there is a proliferation of blatant examples of protectionism, which cost the consumer dearly. The Atlantis Diesel Engines project is one glaring example. Wayne Chesney, MD of tractor manufacturers John Deere provides another. He says new tractors with ADE engines will cost 20%-30% more than present models.

Moreover, because of local manufacture, chances are that future technological advances based on international research will not be available to SA. This, maintain tractor manufacturers, could deal a savage blow to new fuel efficiencies.

SA is a society in which the ethic of protectionism has very deep roots. Job reservation for white workers is one example. Conversely, as the black economist Prof Walter Williams from Temple University, Philadelphia, says: "Keeping white businessmen out of Soweto is nothing more than protecting black businessmen from competition with cheaper white businessmen."

Protective tariffs, quota systems, local content in the manufacture of motor vehicles, all testify to the general protection of SA industry. Cheaper, and therefore probably more efficient producers, are kept out.

One argument for protection that does not necessarily stress "strategic" supplies is summed up by Stan Shlagman, Textile Federation executive director, who recently told the *FM*: "Even if a premium is paid for local production, it creates employment and disposable consumer income."

Against such a background, it comes as no surprise that the Textile Federation stands four-square behind the National Clothing Federation's calls for a trade breakwater against what it calls the impending tide of cheap imports from the East.

Producers of industrial rubber products are also gearing themselves to ask government for heavy tariff protection, motivated partly by the plastics industry getting "protection of 40%."

Viewed against economic experience elsewhere, this argument becomes somewhat dubious in anything but the very short-term. Admittedly, a close examination reveals little real free enterprise worldwide. But certainly the Association of East Asian Nations (Asean) economies appear to function more efficiently because they come closer to implementing the ideal of free enterprise.

In 1979, for the fourth successive year, gdp growth in Hong Kong's free market economy was above 10%. South Korea averaged 12,3% per annum growth in real gnp between 1976 and 1978. Singapore's gnp has risen at 14% pa since 1966. Japan recorded the fastest growth in economic history over nearly two decades: the real gnp multiplied ninefold at rates averaging 20% per annum over the last 18 years.

Hong Kong, which boasts probably the freest economy on earth, performs the way it does, say the free market supporters, as it has no:

□ Economic development plans;
□ Centralised resource allocation;
□ Government industry;
□ Price or wage controls;
□ Tariffs or import control;
□ Export incentives;
□ Central bank;
□ Factory or shop hour laws;
□ Restrictive licensing laws;
□ Limits on finance charges
□ Government protection, subsidies or loans for business.

Protectionists say the argument is only partly valid, pointing out that some Asean economics, notably Japan, do have a high degree of protection. They claim of equal importance is tremendously high worker productivity; a fierce determination shared by workers to be employed and a willingness to reject the principle of minimum wages.

That does not mean these workers are locked into what some refer to as "slave wages." Indeed, per capita income in Hong Kong is now roughly \$2 500 a year against \$85 in 1960 and is projected to overtake UK levels shortly.

Of course, Hong Kong does suffer some conspicuous blemishes. There are thousands of slums, expanses of under or unused land and a vast array of poor peasant farmers. But other reasons, such as a population constantly swollen by refugees, could contribute to the unpleasant aspects of the colony's life being prolonged.

Despite Hong Kong's avowed commitment to free enterprise, there are nevertheless 25 government protected or franchised corporations. And government has roughly 15 agencies. But, compared to SA, Hong Kong business still enjoys a large measure of freedom.

Equally, Singapore's economy is much freer than that of SA. The Singapore

André Hamersma . . . "let the dead ducks die"

government plays an active role in planning and location of industries, and directing industrialists in their operations.

But today, PM Lee Kuan Yew argues: "The free market has got us to the highest level of production and consumption ever in man's history," while government still keeps its finger on the pulse.

The South Korean government, although it supports free enterprise, is very much involved in what it calls, "a comprehensive stabilisation programme." But a recent restructuring for growth saw a reduction in both the rate of expansion of the money supply and growth in aggregate demand. Up to 1979, 148 commodities were subject to price controls. These are being quickly phased out. Only 35 commodities are still controlled.

In the industrialised West the aim since World War II has been to reduce trade barriers and support free-trade policies. Yet, in fact, the trend to creeping socialism is more evident today than it was five years ago. Present recessionary conditions are partly to blame as are inflated wages.

The US is experiencing a wave of worker anxiety over rising joblessness. The result is a new swing toward protectionism, especially in such key sectors as autos and steel. This is likely to play havoc with Carter's stated objective to reduce trade barriers.

In a New York Times-CBS conducted public opinion poll, 71% of the respondents favoured job protection, while 19% were for lower prices.

In SA, despite the Prime Minister's famous Carlton Hotel commitment to free enterprise, not all his officials have got the message. Take Board of Trade chairman Basie Kleu. He tells the *FM*: "We cannot support any policies which would lead to a totally uncontrollable rate of imports. Any downturn in the economy or slack in consumer demand should first be borne by imports and not by local production."

The allegation that South African exports are adversely affected because of the need for manufacturers to use expensive locally produced inputs, is now minimised, says Kleu. "The new export incentives will compensate exporters for use of local materials where this is possible."

Standard Bank's chief economist Andre Hamersma, just back from an extended fact-finding mission to the Asean economies, argues: "Given SA's political situation, there are certain things we should protect. But when it comes to dead duck industries we should not be scared to let them die. We need more flexibility with tariffs."

Hamersma acknowledges that: "If we unilaterally do away with tariffs and protection, very few industries would survive. We need to steer a flexible course.

"If SA unilaterally does away with these measures we would be digging our own grave. The political situation alone makes free trade impossible here."

That may well be. But surely it is the trend away from or towards free trade that is important? In SA official policy calls for moves towards economic freedom while official actions support the opposite.

Free Market Foundation executive director Leon Louw suggests a compromise. "Free marketeers do not advocate the scrapping of protection per se, but offer a whole package. How would a protected industrialist like to have corporate taxes reduced to 15%; marginal income tax rates to 12%; all restrictions on labour recruitment, housing and utilisation scrapped; exchange control abolished; import control on components and other inputs abolished; unlimited zoning rights available; no physical planning; repeal of

Maize exports higher

74

RDM 18/7/80

SOUTH African maize exports for the 1980-81 marketing season — May to April — have been revised up to 4 050 000 tons from 3 830 000 estimated a month ago and 2 330 000 tons estimated for 1979-80, says the Maize Board.

The estimate is based on the fourth crop forecast, which was lowered to 10 550 000 tons from 10 580 000 and compared with output last season of 8 240 000 tons.

The opening stocks position as at May 1 was revised up to 1 370 000 tons from 1 140 000 last month.

The board says that in June 154 000 tons of yellow maize were exported at an average price of R109,50 a ton against May's 252 000 tons at R104,37 a ton.

The board revised details of export destinations for April, the latest month for which figures are available, to 219 957 tons exported from 205 805 tons given a month ago.

The latest figure comprises 32 640 tons of white maize and 187 317 tons of yellow maize against the previous yellow maize export figure of 173 165 tons.

The extra yellow maize exported was taken by Taiwan, which imported 39 718 tons against 25 566 tons stated a month ago. — Reuter.

...from ... around for Europe.

NM 21/7/80

German ties stressed

'ONE DAY you might have sanctions applied against you, and then the people who have had good business ties with you might just decide to stay on and tell the rest of the world to go to hell.'

Captain Ernst Wachenfeld, master of the Macs-owned, multi-purpose general freighter Durban Carrier, was discussing the commitment that his non-conference company has to the South Africa-Europe trade.

'Macs is a German company and not very big by European shipping standards. But I think we represent much of the German way of thinking.

Problems

'Germany has its problems just as your country has its problems, and it is possible that out of our problems we can work to each other's mutual benefit.

'We Germans live on our exports, not on resources. It is vital that we continue to conduct our affairs in a true businesslike way with the people that enable us to make this living.'

Captain Wachenfeld said that if santions were applied against South Africa, it was possible that some companies that had formed close business ties could choose to disregard the sanctions.

'I have not had time to get to know your country well yet, but it is obvious that you have your problems here. But I have seen a great many countries around the world, and none of them is without problems.

Crisis ahead

'Germany has its difficulties, and we could be heading for a crisis. We have too little space, too many people and not enough natural resources. You have space and resources. This gives you room to move in, and time to deal with your problems.'

MASTER of the Durban Carrier, Captain Ernst Wachenfeld.

Remarking that he saw no Russian ships in Durban, Captain Wachenfeld said the Soviet merchant fleet posed one of the biggest threats to the West's shipping lines.

'When some people condone communism in Europe they do not take into account that it has completely different economic principles to those of a capitalistic system.

'The Russian ships are taking cargo at such low freight rates that there cannot be any profit motive on their part, and it is impossible for the Western lines to compete.

Strongly in favour of a free enterprise system, Captain Wachenfeld said competition between freight rates was a good thing. But pegging them artificially too low — or too high — was unhealthy.

'Macs has just come into this service. We have had to take many factors into account to be able to offer a realistic rate, yet still make it profitable for us to be here. We have to find a standard that is acceptable to us and our customers yet which is not so expensive that it forces us out of business.

'There are plenty of sub-standard ships around. Because their standards are so low they do not charge very much. But their shippers find out that they experiences things like cargo losses, and these lines eventually end up on a black list.'

The Monrovia-registered Durban Carrier has a Spanish crew with German officers.

'Economically, this is the best arrangement for us. If she were registered in Germany and had an all-German crew, this would cost the owners more because there would have to be more on the ship.'

Ship renamed

But Captain Wachenfeld emphasised that she was a 'German-standard ship'. He has been with her for most of the eight years since she was constructed in a British yard in Sunderland. In fact, he had spent the final four months of her construction with her to advise the builders of final details for the owners.

The Durban Carrier came out of that yard as the Cosmokrat. But for Macs' new service she has been renamed.

'She has been given this name to indicate our intentions. And to underline our determination to forge links with your city, I have just presented a plate to the mayor of Durban from the ship.'

Gundelfingers are the agents for Macs in South Africa.

Trade surplus hits R3 387m

FG

Star 22/7/80

South Africa had a favourable trade balance of R3 387,1m during January to June this year compared with R2 326,3m in the corresponding period last year, according to the preliminary statement or trade statistics released in Pretoria today by the Departemnt of Customs and Excise.

Imports during January to June amounted to R6 347,3m Free on Board compared with R4 288,9m during January to June 1979, while exports (also FOB) totalled R9 734,4m as against R6 615,2m during January to June 1979.

The import and export figures reflected in this statement have been adjusted largely to bring them into line with the requirements for the complication of the balance of payments.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are included.

SA trade surplus tops R3 300m

(74)

RDM 23/7/80.

By HAROLD FRIDJHON

SOUTH AFRICA had a balance of trade surplus of R3 387-million in the first six months of this year — more than R1 000-million above the surplus earned in the first half of 1979. The average gold price in the first half of last year was $250; in the first half of this year it was $594.

While exports soared to R9 734-million from R6 615-million imports were R2 058-million higher at R6 6347-million. The figures include sales of bullion and Krugerrands and the import of oil and defence equipment.

Provided that the gold price does not sag too far below the present price, on this basis it would seem that South Africa is heading for another huge surplus on current account.

Last year the current account surplus was R3 107-million. In the first quarter of this year it was a shade under R2 000-million.

In the second quarter there was a sharp increase in imports from R2 857-million in the first quarter to R3 480-million. Part of this increase could be additional payments for oil and defence equipment, but undoubtedly as the business upturn gathered momentum, there has been a large increase in merchandise imports. And this trend must be expected to continue for the rest of the year.

On the other hand there could be a falling off of some of our exports as the world economic slowdown shrinks demand for goods resulting in an easing of prices.

Imports from Africa increased from R112 600 000 to R136-million and exports to African countries from R326-million to R539-million.

Imports from Europe increased from R2 049-million to R2 564-million and exports to Europe from R2 337-million to R2 561-million.

Imports from America increased from R672-million to R965-million and exports to America from R799-million to R1 027-million.

Imports from Asia increased from R533-million to R769-million and exports to Asia from R794-million to R944-million.

Imports of "other unclassified goods" and balance of payments adjustments increased from R887-million to R1 867-million and exports in this category from R2 302-million to R4 592-million.

FM 25/7/80

(74)

MAIZE

Into the interior

It is by now no secret that South African maize is finding its way into black Africa, possibly as far north as the Ivory Coast. But the amounts involved, and the prices at which they have been sold, remain a well-kept secret.

Maize Board GM Hendrik Nel confirms that maize is exported on a regular basis to a number of neighbouring countries that now include Zambia, Zaire, Zimbabwe, Malawi and Mozambique, as well as the members of the SA customs union.

Zambia purchased 200 000t of yellow maize at the end of last year to supplement its own crop shortages, and Mozambique has reputedly taken up 120 000t. Zimbabwe has already received 12 000t of yellow and 4 000t of white, and the exercise is continuing, say maize officials in Salisbury.

All these deals, apart from Zaire, are on a government-to-government basis and the governments involved are understandably reluctant to release details, one of which is the ultimate destination of the maize.

But reports indicate, adds Nel, that it is finding its way to Kenya, Angola and the Ivory Coast.

The *FM* noted in April that 28 000t of yellow maize had arrived in Nairobi from Maputo, and a further 100 000t of white was on its way from SA by circuitous routes. This purchase was handled by a local dealer, partly, he says, because the Board did not wish to undertake the commercial complexity involved, and partly because the Kenyans did not want to deal directly with SA officials.

"Nairobi bought between 100 000t and 200 000t, some of it white, before the Board stopped selling white in March," he adds.

In April, according to another report, a Maize Board employee stepped out of line sufficiently to confirm a sale to Zimbabwe of slightly less than 50 000t of white at what appeared to be a discount under the Board's tender price. This was strongly denied by Nel.

The Zaire deal was routed through commercial dealers in SA. According to a tight-lipped trade source, the amount was "a few hundred tonnes of yellow," and was bought on tender from the Board, which insisted on knowing its destination, and insisted on selling it at a premium. The logic of this, he adds, was that the transport cost factor into Africa is much lower than it is for overseas markets, and traders' margins are thus wider.

"But another factor was that the Board wanted to make it clear that it was not selling to Africa at favourable prices," he says.

The question of prices remains a bone of contention, with the trade intimating discounts and the Board denying it. "We do not disclose our prices," says Nel. "Not because we are ashamed of them, but from tactical considerations. The countries concerned would not like it. But I deny categorically that we have sold at a discount."

The amounts confirmed add up to nearly half of the 1979-80 white maize export surplus of 280 000t (all of which was probably sold to African countries), and about one eighth of the yellow maize surplus, most of which was sold at a loss overseas, which leaves considerable room for speculation.

Trade sources say they are worried about the current condition of maize harvests in African countries. "If they do not get bumper crops soon, and their maize needs increase, they will probably deal more often directly with the Board."

Maize surpluses for export are reaching the trade less and less, they add, and this is seen as a usurpation of its traditional role. "It is the trade, not the Board," say sources, "who for many years have handled sales to countries boycotting SA, including communist countries."

Now it's boom time for SA, Japanese trade

Star 28/7/80

Own Correspondent

TOKYO — A significant increase in Japan-South Africa trade, in nominal dollar terms, is projected for fiscal 1980 in a global outlook just published by the Japanese ministry of International Trade and Industry.

And it also seems certain that South Africa will maintain its position as one of the rare handful of countries able to consistently make a profit on the two-way trading relationship.

The Miti report goes back to fiscal 1976 for a detailed breakdown of the export and import figure by each country, and then a further breakdown into individual commodities.

Obviously the figures are distorted by the erratic decline of the dollar.

Nevertheless, South Africa has increased its shipments to the Japanese market, boosted by rising raw material prices, at a much faster clip than the Japanese have been able to ship products in the other direction.

In fiscal 1976, for example, Japan imported goods worth 768m dollars from the Republic, and exported products worth 689m dollars.

In fiscal 1979, South African sales to Japan were worth 1,411m dollars on a customs clearance basis, while its imports from the Japanese totalled 1,103m dollars.

BREAKDOWN

The Miti report takes the figures up to April 1980, and in the first month of the new fiscal year, the respective figures were Japanese exports 117m dollars and imports 162m dollars.

Projected over 12 months, that would carry South Africa close to 2,000m dollars in sales to Japan.

Miti officials believe this is quite achievable — and certainly the figure will top 1 600m dollars.

The report also breaks down individual commodities imported from each country in the first four months of calendar 1980. South Africa totalled up exports of over 551m dollars, led by iron ore, coal, non-ferrous metals and foodstuffs.

Obviously, inflation has helped to boost the trade figures. Miti says, for example, that on average coal prices rose 39,6 percent, iron ore 26,9 percent, and non-ferrous metals 21,3 percent. — Reuter.

SA exports to Africa set to top R1 000m

12/9/80 RDM

76

By GERALD REILLY
Pretoria Bureau

THE value of South Africa's exports to other African countries could exceed R1 000-million this year, according to sources in Pretoria.

Latest figures for the first seven months of this year show a spectacular increase of about 70%.

The steady increase in South Africa's trade with Africa during the past decade has speeded up dramatically in the past year.

This year's January-July total was R641-million, compared with R367-million last year.

And for the whole of 1979, exports were valued at R748-million — up by R210,5-million on 1978.

During the first seven months of this year South African imports from other countries in Africa increased from R132,3-million to R167,3-million.

There is hardly a country in Africa to which South Africa is not sending goods. Government sources say the country is trading with 49 other African states, despite the commitment to an economic boycott of South Africa by most of them.

The Minister of Commerce, Industries and Consumer Affairs, Dr Schalk van der Merwe, said: "The figures reflect the reality of Africa. They show we are needed on this continent."

He said a great part of the trade with Africa was in food. But there were other vital exports going out of South Africa to other parts of the continent.

The attitudes of African states to South Africa — "the vindictiveness and hostility" — did not reflect the true situation on the continent in the 1980s, he said.

"We are prepared to trade with any country, and we are prepared to help any country," the Minister said.

He confirmed that the total value of trade could exceed R1 000-million this year.

The president of the Association of Chambers of Commerce, Mr Bob Goodwin, said Assocom welcomed the big trade increase.

"For most of them we are the best and closest — and probably the cheapest — market. More and more of these countries will come to rely on us for essential imports, among them food."

Agricultural authorities have stressed that South Africa is virtually the only country in Africa producing food surpluses.

Opening the Transvaal Agricultural Union's annual congress last week, the Minister of Agriculture, Mr Hendrik Schoeman, stressed the agricultural dependence of most African states on South Africa. He said the index for food production in Africa, with 1970 equal to 100, was 92 in 1978.

He said the index for food imports into these countries had increased by as much as 92%.

The Minister said there was hardly an African state that was not plagued by food shortages.

FOREIGN DEBT 74

Room to manoeuvre

FM 15/8/80

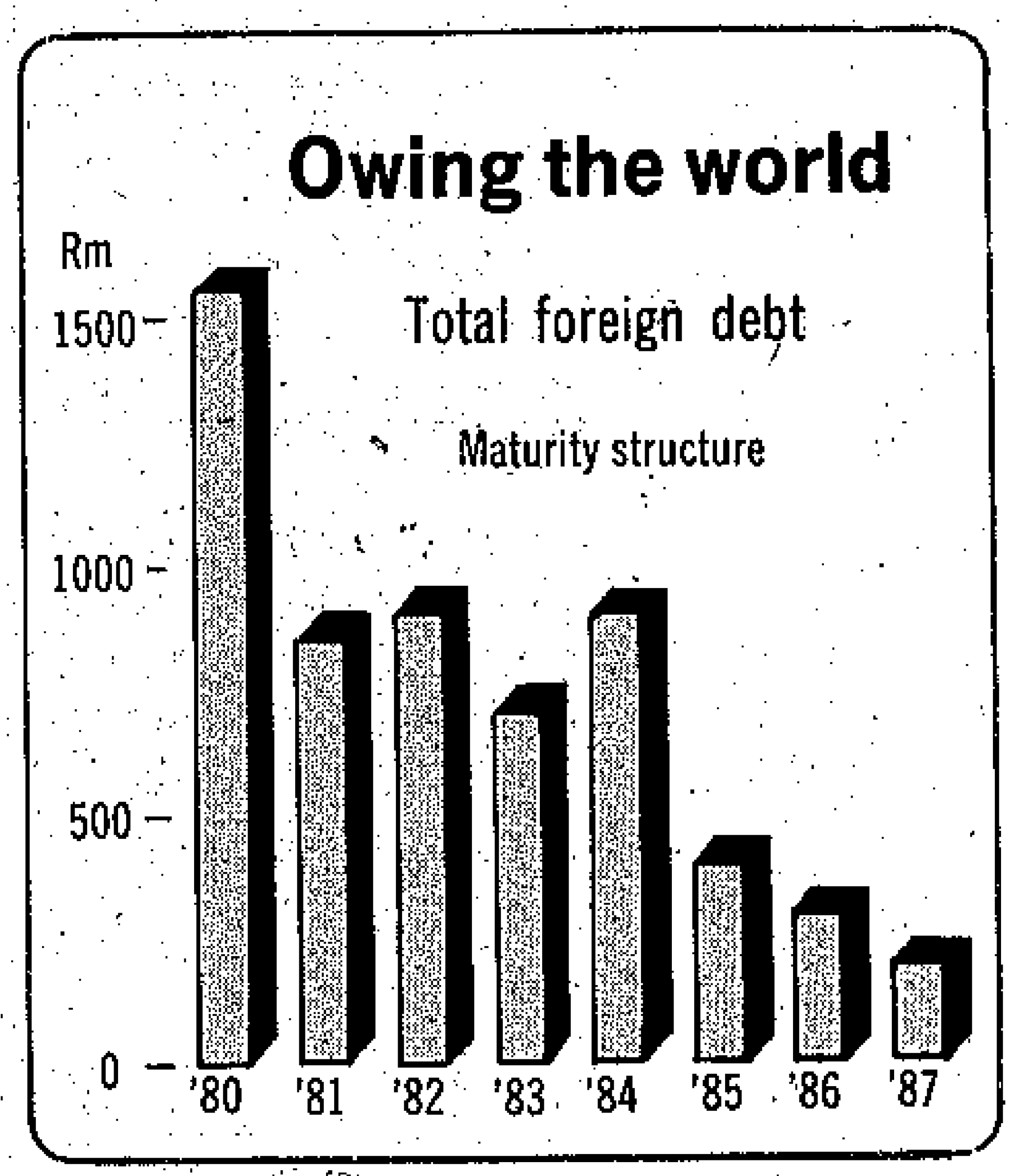
The Republic's government-guaranteed public sector long-term foreign debt rose to R6 561m, or 14% of GDP, at the end of 1979, according to figures recently released by the Treasury. This compares with a total long-term debt 18 months earlier of R5 051m, under 13% of the 1978 GDP.

Of this total, over R1 500m is due for repayment in 1980 (see graph). The public corporations, with a total debt of R4 525m, are the largest net borrowers of foreign capital. Their foreign debts, which have risen substantially from the R2 885m they owed in mid-1978, are by way not only of syndicated bank loans, but include Eurobond issues and financing agreements tied to specific projects. Escom's DM50m (about R2m) raised on the West German bond market last month (FM July 25) and its $550m (R420m) Eurofinance package for GEC's portion of the Tutuka power station project in June, are examples.

A portion of the overall total is due to SAR and GPO debt, and the local authorities contributed a modest R133m. The balance is central government debt, which stood at R1 903m at the end of 1979, a reduction on the R2 054m owed 18 months ago. This figure had narrowed to R955m by the end of the first quarter of 1980. It includes both capital and interest commitments, with the interest portion averaging about 23% of the total.

The cost of South African borrowings abroad has declined over the last few years. The last public issue raised by the government on the European capital market (and its first appearance in eight years) was in June, and carried a rate of 9%, which was considered favourable at the time. Another example is the $25m loan raised by Escom a year ago, which, at a margin varying between 1,125% and 1,25% above Libor, carried an effective rate of just under 12%. The Treasury figures, in the case of floating rate structures, have been based on the rate prevailing at the end of March this year.

The percentage above Libor is a function of the amount of the loan and its length to maturity, as well as the status of the borrower. In recent years, SA has tended to have a significant political-risk factor built into the cost of its overseas borrowings. However, the 9% rate for the government loan floated on the West German market in June, say bankers, reflects a political-risk premium of no more than 0,125%. This is very low, they add, and reflects to some extent SA's current creditworthiness, and its reputation for low economic risk, at least as far as capital commitments are concerned.



Dollar-denominated loans, at R470m constitute the largest slice of the central government's debt, with Deutschemark loans second in line at R287m. But the public sector as a whole is most indebted jointly to Switzerland and West Germany. Its guaranteed Deutschemark and Swiss-franc foreign currency commitments (the guarantees on which are contingent liabilities of the government itself) together total more than R4 000m, of which about R720m is due to mature this year. In the last 12 months, public sector Swissfranc commitments have trebled, (against a reduction in Deutschemark debt). This has coincided with Switzerland's rise to the top of SA's foreign trade flag-pole, mainly as a result of the re-routing of diamond exports directly to Geneva, instead of through London.

Overall public sector dollar commitments, on the other hand, are smaller than any other currency except sterling and yen, which at R80m constitutes the smallest liability. The preponderance of hard-currency loans to the public sector reflect the subsidised forward cover provided on these borrowers until about a year ago. As this subsidy no longer exists, the currency mix of the future borrowings of this sector should include a much larger proportion of dollars and other currencies.

Nearly 90%, or R5 816m, of total foreign debt is due to mature before 1988, with 1982 containing the heaviest repayment commitment after this year. Loans maturing after 1987 amount to R745m.

With the huge BOP surpluses that the country has enjoyed for the last few years, as well as its conservative approach to foreign debt, SA is comfortably underborrowed. And with net gold output currently valued at over R10 000m, according to the Reserve Bank's latest quarterly bulletin, SA's ability to satisfy its overseas creditors is hardly in doubt.

FOREIGN TRADE (74)

The balance tilts

FM 15/8/80

SA notched up a record R3 387m trade balance in the first six months of 1980, according to Customs and Excise statistics. But the balance is steadily tilting as imports increase and exports slow down.

The surplus is, of course, very largely attributable to gold, without which the national account is actually at a deficit of R1 206m. The extent to which gold both conceals and cushions the export/import performance of other sectors can be gauged from the fact that the balance, excluding gold, for the first half of last year stood at a modest surplus of about R24m.

A breakdown of trade statistics by continent reveals the same pattern: higher rates of increase in imports as domestic demand rises, set against lower rates of increase in exports as SA's main trading partners move into a recessionary phase.

In most cases, exports are slowing at a rate greater than imports are accelerating. Exports to Europe, the largest single trading bloc, increased by 10% in the first six months of the year, against a staggering 34% increase in the same period last year. On the other hand, Africa, which moved up 32% last year (admittedly on a small base), has increased its exports by a healthy 65% this year.

The US figures show a 29% increase to June this year, against a 17% rise to June last year. This is, to some extent, a seasonal fluctuation — last month's figures show a 32% increase to May 1980, compared with a 44% increase to May 1979. This is probably more in line with the real trend, considering the overall fall-off in American economic activity, and its consequences for demand for SA imports.

Recession in convoy

According to the latest Barclays Business Brief, the real GNP of the US fell by an annualised 9,1% in the second quarter of this year, a drop equivalent to that in the first quarter of 1975, which heralded the worst recession in the US since the Great Depression. Adds Barclays: "It seems America and the other industrialised countries are entering a recession 'in convoy', which might well make it deep and protracted."

The rate of increase in imports during the first half of 1980 is, on average, a substantial 35% higher than it was in 1979, reflecting the build-up in local demand. The single exception is that of the Indian Ocean islands, where rates of increase in both imports and exports are substantially lower, indicating a structural shift of trade away from this area.

Even clearer indications emerge from the statistics for different commodity types. Imports of jewellery and precious stones have doubled in the past year, against a 13% increase in the 12 months before that. Exports in this category, on the other hand, which include diamonds and Krugerrands, and which rose 31% over the year to June 1979, increased by only 14% in the year to June 1980. In absolute terms, however, these exports, which at R1 296m account for 13% of SA's total exports, far exceed the import figure of R28m.

The performance of base metal exports (which include virtually every metal produced by SA apart from gold and uranium) provides another clear indication of falling overseas demand. Exports, which increased 44% in the year to June 1979, rose by a paltry 8% in the 12 months to June 1980. Imports, by contrast, (mainly of manufactured metal goods) which grew 14% higher last year, had risen a substantial 46% by June 1980.

This seems to indicate rapidly growing domestic demand for inventory investment. By the same token, imports of machinery and electrical equipment rose 43% this year after barely increasing in 1979. And the jump in imports of chemical products was twice as high this year as it was last year, while export growth was only half as much. At the extreme, exports of vehicles, aircraft parts and railway stock actually dropped 43% on last year.

The strategic base of SA's trading activities is sound in absolute terms, with gold revenue exceeding by nearly R3 000m the annual bill for oil, defence equipment and BOP transfers like dividends, expatriation of emigrant funds, and so on. But the trend is the same, with imports, double what they were a year ago, increasing in value terms at a faster rate than exports, despite the gold factor.

According to Barclays, indications are that merchandise exports for 1980, as a whole, could be 3% down on last year, while imports could be as much as 50% higher. A continuation of these trends, in the absence of other factors, must eventually push SA's BOP surplus into deficit. If it results in a period of sustained economic growth, leaves a wider industrial base, and is allowed to cushion demand-pull inflation, it will have been money well spent.

Big panel order for SA firm

(70) RDM 5/8/80.

Industrial Reporter

VITREOUS enamel wall cladding panels from a South African manufacturer are to be used in Hong Kong's new billion-dollar underground mass transit railway system.

Hendler Seaporcel in Boksburg has been awarded a R1 200 000 contract for the supply and erection of about 5 000 vitreous enamel wall cladding panels, together with the structural steel frames on which the panels will be hung for the second phase of the project.

The panels are to provide vandal-proof wall cladding and will be colour-coded for each underground station. The panels will be fixed 30 cm away from the concrete walls of the stations to provide ducts for electric cables and other relay services.

Committee to guide plan to boost exports

(747) RDM

1/8/80

THE Minister of Industries and Commerce, Dr Schalk van der Merwe, announced yesterday that a standing committee had been formed to help implement the proposed new export incentive system, due to start on September 1.

Dr Van der Merwe announced the Government's acceptance of the proposed new system during the last parliamentary session.

In a statement in Pretoria yesterday, he said the committee would undertake in-depth investigations and consultations on any aspect still to be resolved before the system becomes operative.

The committee, comprising representatives from the public and private sectors, has already started its work.

Its terms of reference include:

- Formulation of guidelines and a clear definition of concepts involved, such as "value-added";
- Inquiring into and identifying the needs of some exporting sectors which cannot be accommodated in the usual way under the export incentive system, and to formulate recommendations on the treatment of these sectors;
- Examining the effectiveness of the tax concessions under Category "D" as a means to promote exports, with a view to avoiding duplication;
- Studying the export incentive programme on a continuous basis and advising the Government on any desirable changes, to keep pace with developments in both the domestic and foreign markets and bearing in mind export incentive measures applicable in other countries.

Dr Van der Merwe invited exporters and other interested parties to bring any matter still requiring clarification to the attention of The Secretary, Standing Committee on Export Incentives, Private Bag X84, Pretoria, 0001.

The standing committee consists of representatives of the Department of Commerce and Consumer Affairs (the convener), the Department of Industries, the Department of Finance, the Department of Agriculture and Fisheries, the Department of Mineral and Energy Affairs, the Jacobs Committee, the agricultural sector, the mining sector, the secondary industry sector, the steel and engineering industry, the services sector and the SA Foreign Trade Organisation. — Sapa.

30/7/80

NO. 74

FOR IMMEDIATE RELEASE

PRESS STATEMENT ISSUED BY DR. THE HONOURABLE S.W. VAN DER MERWE
MINISTER OF INDUSTRIES AND OF COMMERCE AND CONSUMER AFFAIRS

NEW EXPORT INCENTIVE SYSTEM

I refer to my statement in the House of Assembly on 13 May 1980 in which I announced the Government's acceptance of the proposed new system of export incentives. This system briefly comprises the following :

CATEGORY A : SPECIFIC COMPENSATION

Assistance to compensate exporters for the higher cost which, due to tariff protection, domestic industries experience in respect of raw materials and other intermediate inputs used in the production of goods for export.

CATEGORY B : GENERAL COMPENSATION

Assistance to compensate exporters for the degree to which the value added component of their export production is lower than that of foreign competitors as a result of the influence of tariff protection granted to local industries.

CATEGORY C/ ...

CATEGORY C : DISCRETIONARY ASSISTANCE

Discretionary cash disbursements to exporters, such as those presently provided for on the vote of the Department of Commerce and Consumer Affairs.

CATEGORY D : EXPORT MARKETING ASSISTANCE

Income tax concessions in respect of foreign marketing expenditure, as provided for in the existing system.

One of the most important components of the new system is that a Standing Committee on Export Incentives should be appointed to assist with the implementation of the system. This standing Committee, which consists of representatives of the following bodies in the public and private sectors, has recently been constituted and has already commenced with its activities :

Department of Commerce and Consumer Affairs (Convenor)
Department of Industries
Department of Finance
Department of Agriculture and Fisheries
Department of Mineral and Energy Affairs
The Jacobs Committee
Agricultural Sector

Mining/ ...

Mining Sector

Secondary Industry Sector

Steel and Engineering Industry

Services Sector

South African Foreign Trade Organisation

The Committee will undertake in depth investigations into and consult with interested bodies about any aspect which has still to be resolved before the system comes into operation on 1 September 1980. Exporters and sectors are, therefore, at liberty to bring any matter which still requires clarification to the attention of the Secretary, Standing Committee on Export Incentives, Private Bag X84, Pretoria, 0001.

The terms of the reference of the Committee are as follows :

1. To formulate guidelines to exporters, to clearly define concepts such as "value-added" and to finalise the procedures for claiming assistance under Categories A and B.

2. To enquire into and to identify the needs of some exporting sectors which cannot be accommodated in the usual manner under the export incentive system, and to formulate recommendations with regard to the treatment of these sectors.

3. To examine the effectiveness of the tax concessions under Category D as a means to promote exports, with a view to avoiding duplication and to rewarding export performance.

4. To consider applications for specific assistance under Category C with due regard to assistance which exporters may possibly receive under Categories A, B and D, and to submit recommendations in this respect to the Government.

5. To study the export incentive programme on a continuous basis and to advise Government on any desirable changes in order to keep pace with developments in both the domestic and

foreign/ ...

foreign markets and having regard to export incentive measures applicable in other countries.

I sincerely trust that once the new dispensation of export incentives has been put into effect in its entirety it will make a meaningful contribution towards motivating and inspiring our exporting community to fully utilise South Africa's considerable export potential.

ISSUED BY THE DEPARTMENT OF FOREIGN AFFAIRS AND INFORMATION AT THE REQUEST OF THE MINISTRY OF INDUSTRIES AND OF COMMERCE AND CONSUMER AFFAIRS

PRETORIA
30 July 1980

Zambia denies SA goods move

CAPE TIMES 29/7/80 (76)

LUSAKA. — Zambia has not banned the importation of essential commodities from the United States and Europe in preference for goods from South Africa, the Secretary to the Zambian Cabinet, Mr Evans Willima, said here last night.

Mr Willima said that the National Import and Export Corporation (NIEC) had been directed to import essential commodities from the cheapest source; this could be Europe, the United States, Asia, Russia, China or Africa, he explained.

Mr Willima said this to clarify weekend press reports which said that the Zambian Government had banned importation of commodities from Europe and the United States and directed that these be imported from South Africa and Zimbabwe.

The Zambian Government's prompt "clarification" of the ban comes against the background of the cabinet circular which ordered the ban, meant to be confidential and not for the notice of outside countries.

The circular was written by Mr A M Chuzu on behalf of Mr Willima on June 23 and addressed to the NIEC, its stores and agencies. In the circular the cabinet office clearly stated that Zambia must not order imports from the United States and Europe but should instead order them from South Africa and Zimbabwe, where they were cheaper.

The circular warned NIEC that if any of its agencies defied this ban, it would be dealt with "very severely".

Mr Willima admitted yesterday that he had written a confidential letter to the NIEC general manager for operations, Mr Edwin Kapotwe, "which he apparently released to the press". — Sapa

Hungry Africa 'will need SA's grains'

(74) RDM 12/7/80

Pretoria Bureau

SOUTH African grain will be needed to an ever-increasing extent to stave off widespread hunger in other African states, say Government sources.

Spokesmen for the maize and wheat boards say that South Africa is the most convenient and cheapest source of the grains, and the demand for food is rising with the growing populations in countries such as Zaire, Zambia, Mozambique, Tanzania, and even Zimbabwe.

Diplomatic sources point out that South Africa's ability to produce surplus grain and other foods could give powerful support to diplomatic penetration into other African states — provided real progress is made in removing race discrimination at home.

The Minister of Agriculture, Mr Hendrik Schoeman, confirmed in Pretoria yesterday that demand for food from other African states was increasing.

"This is mainly because of shrinking production there, rising populations, droughts, lack of farming expertise and other reasons."

He said South Africa was ready to export its surplus agricultural products to any country in Africa "if they are prepared to pay cash and the price is right".

South Africa was in a strong competitive position, compared with European and North American exporters. Transport costs from the West were prohibitively high.

Also, South African maize — which is sun dried — is preferred to the United States machine-dried varieties.

It was reported earlier this week that Zimbabwe would import 180 000 tons of South African maize next year. Its imports this year are expected to exceed 40 000 tons.

A Maize Board spokesman has pointed out that the loss on South African maize exports has been reduced dramatically by selling to other African states. The loss on shipments to Europe is R40 a ton.

If South Africa sold its entire 3,6-million ton maize surplus on the European market, the loss would be more than R150-million.

The general manager of the Wheat Board, Mr J van Aarde, said: "The demand for our wheat is strong. We could get rid of our entire annual surplus by selling in Africa, rather than selling at heavy losses on other world markets."

Meanwhile, South Africa's 200 maize silos are filling up from the second largest crop on record. The railways are using more than 700 trucks a day and working at top pressure to move the harvest.

FM 4/7/80

(74)

SASOL TECHNOLOGY

Selling to Australia

An oil-from-coal technology similar to Sasol's could soon be put to work to harness Australia's vast coal reserves. Rupert Hamer, premier of the state of Victoria, has paid an inspection visit to Sasol, which — as all South Africans know — is the only commercial plant in the world actually liquefying coal to produce petrol and diesel fuel.

Hamer has had discussions with Sasol's management about the possibilities of making use of Sasol technology to liquefy brown coal (lignite), of which Victoria has enormous reserves mineable from surface at costs as low as A$4,50 per ton (water-free). This is an exceptionally low figure by world standards.

Hamer told the *FM* that several foreign consortiums, including a German consortium involving Lurgi, Krupp and Koppers, were examining the prospects for synthetic fuels in Victoria. But, he emphasised, economic viability would be the main criterion. Australia has 70% self-sufficiency in natural oil at present, but would require alternative transport fuels before long.

Meanwhile, it begins to look as though Sasol's association with a Japanese consortium to convert lignite in Victoria to solvent-refined coal (SRC) could pay off soon. Press reports indicate that the Kominic group will, within two months, establish a company to build a pilot plant in Victoria able to produce 50 t of SRC per day.

It was announced by Sasol in 1977 that it had concluded a contract with Kominic to carry out research on the applicability of Sasol's SRC process to Victoria's lignite. Sasol tells the FM that this research has now been completed, and that the commercial future of the project is now in the hands of Kominic.

Appreciating significance

The significance of the SRC venture can better be appreciated through knowing that the Kominic consortium comprises Kobe Steel, Mitsubishi Chemical Industries and Nissho-Iwai.

SRC is a purified form of coal from which the ash and most of the sulphur have been removed, and takes the form of a liquid or a low-melting solid, depending on process conditions. It can have a calorific value of as much as 37 MJ/Kg. Because of the upgrading of the calorific value, transport costs are much lower per unit of energy contained than for untreated coal, especially such low-grade forms as lignite (which contain a high proportion of water).

So a pit-head SRC plant in Australia could produce an upgraded fuel, cheap to transport and easy to handle as a power station feedstock or as an industrial fuel in energy-deficient Japan. The possibility also exists that SRC could, in the future, be used as a cheap intermediate for the production of liquid fuels by new processes. It is tempting to infer from the coincidence of the Kominic announcement, and Hamer's SA visit that his primary motive is to facilitate possible negotiations for Sasol's participation in a future full-scale lignite-based SRC plant.

Australia's reserves of solid hydrocarbon fuels (not only in Victoria) are significant even by world standards, and the latest round of developments suggest that the hour has dawned for their large-scale exploitation

Anglo No. 1 foreign investor in US

RDM 25/6/80. 74 ~~22~~

NEW YORK. — Anglo American Corporation of South Africa is the biggest foreign investor in the United States, says Forbes magazine.

The magazine says it "beat out Royal Dutch-Shell, the Anglo-Dutch oil company by controlling about $19 200-million (about R15 400-million) in sales primarily through its stake in booming Engelhard Minerals & Chemicals Corporation".

In its July 7 edition, the fornightly business publicatinon says that Royal Dutch-Shell is in second place after $16 500-million sales in the US last year.

British Petroleum, which owns 53% of Standard Oil of Ohio in the US, is in third place with sales of $7 900-million; Tengelmann group of Germany (owner of 47% of A & P, the American supermarket chain) is fourth with US sales of $6 700-million; Friedrich Flick group of Germany is fifth with sales of $5 900-million through its part ownership of W R Grace and US Filter.

Forbes says that in the US, Anglo American owns 29% of Engelhard (industrial materials), 50% of Inspiration Consolidated Copper (copper), and 51% of Terra Chemicals International (fertilisers). It also owns outright the Amcon group (mining exploration, steel, scrap), Arc America Corporation (construction materials), Skytop Brewster Rig (oil rig manufacturing), King Oil Tools (oilfield equipment) and Mechanical Seal & Service (oilfield equipment).

Forbes says that "also new to the top 100 list of foreign investors in the US are 12 banking and finance and insurance companies, the largest being Hong Kong & Shanghai Banking Corporation, which owns 41% of Marine Midland Bank of New York. The Hong Kong bank is in 22nd place with US revenues of $1 400-million.

"Another newcomer is 18th-ranked Volkswagenwerk of West Germany, which last year manufactured $1 100-million worth of cars in the US." Its total US sales were $1 500-million with the addition of its 100%-owned Triumph-Adler subsidiary.

"Among the most popular acquisition targets of foreign buyers in 1979 were companies in food-related businesses. Delhaize-Le Lion of Belgium, which already controls supermarket Food Town Stores, bought another chain, $436-million Alterman Foods. The Netherlands' Ahold acquired a retailer as well, the $547-million BILO.

"But it was corporations from the United Kingdom that led the way. Dalgety & Northern Foods bought distribution, processing and meat-packing concerns whose total volume was around $1 500-million. Imperial group now owns the $578-million Howard Johnson restaurant chain. Conglomerate Grand Metrolpolitan recently acquired the nearly $1 000-million Liggett group, whose interests range from liquor to pet food." — Sapa-AP.

AFRICAN TRADE

74 FM 20/6/80

Don't wave the flag

The aim of (SA's "outward policy") is largely through economic incentives to induce African countries to enter into some degree of co-operation with SA, thus breaking SA's isolation and eventually reducing liberation pressures. — **Henry Kissinger's National Security Study Memorandum 39 of 1969.**

To develop a flourishing trade with the rest of Africa is a touchstone of SA's foreign policy. Former Prime Minister John Vorster's detente initiative, and PW Botha's constellation of states dream are both expressions of this.

SA shopping list. In March, 28 000t of yellow maize was delivered to Kenya, and 100 000t of white maize is to follow.

Trade with Zambia, for so long under the counter, is now out in the open. There's a weekly scheduled air service between Lusaka and Jan Smuts Airport. While trade with Zambia fell from R55m in 1970 to R30m in 1977, their maize purchases alone this year will be worth about R55m.

Exports to Mozambique have followed the same pattern — down from R55m in 1974 to R35m in 1976, and likely to top R50m this year. SA now supplies an estimated 40% of Mozambique's imports. SA is also Malawi's biggest supplier now, with exports worth R80m in 1978.

Some goods are assembled or finished in — or merely re-exported from — Botswana, Swaziland and Malawi. A SA hatter is reported to have filled orders from former Ethiopian emperor Haile Selassie. When Zambia played host to the OAU a couple of years ago, wines, food and even a red carpet were rushed from SA. (Actually, a red carpet could not be found at short notice, so the item supplied was a rust colour.)

On a previous occasion, when elaborate conference facilities were being rushed to completion for a meeting in Lusaka of the UN Committee on Colonialism, toilets and other plumbing requirements were supplied by SA.

SA exports to Africa are made under every category of the international Customs Cooperation Council nomenclature. The big items are base metal products, machinery, and chemicals. Food is probably the most important, however, though its significance is not clear because it is listed under different categories (depending on whether it is vegetable or animal products, or processed.)

Structural steel, motor vehicles, wire, mining equipment, clothing, vinegar, ladies' handbags — the list is endless.

SA buys from Africa too — coffee from the Ivory Coast, rubber from Liberia, spices and tea from Malawi, wood from Gabon, clothing from Zimbabwe — but the balance of trade is three to one in our favour.

Propaganda value

But the importance of trade with Africa goes far beyond economics. It has enormous propaganda value, as Eschel Rhoodie and Connie Mulder realised. (One of Rhoodie's favourite sayings reportedly was, "When we are talking to Africa, what will they say in Sweden?")

Trade confers legitimacy, particularly if, as John Vorster clearly hoped, the flag follows trade — if African trading partners can be persuaded to "go public."

Links with Africa could also be used to split the OAU and deny a unanimous African voice against SA, and to pre-empt support by trading partners for terrorist movements.

Since PW Botha came to power, the government appears to have been concentrating more on trade and less on diplomacy. Botha seems bent on not repeating Vorster's mistake, which was to tighten the diplomatic screws too soon.

But he, too, with his talk of a constellation of states, is showing a gross misunderstanding of African leaders. African states are prepared, even eager, to trade with us, but no black leader will nail his colours to our mast: it would destroy his credibility in Africa. Peer group acceptance is a fundamental human psychological need.

Said one exporter: "Many black states want co-operation with us. What they don't want is anything that looks like dependence. They fear, in the phrase so beloved of the Marxists, South African hegemony."

This is what is behind the anti-constellation moves, and the more recent idea for a transport union.

Says Theo Malan, senior economic researcher at the Africa Institute: "It is normal for any nation to lessen its ties — nobody wants to be too dependent on another country. But we are thrown together, so we have to work together."

It is this, more than anything, which gives hope for a long-term economic accommodation between SA and black Africa. But talk of political association, or even diplomatic ties at this stage, is pie in the sky.

Trade in Africa no longer follows the flag. Nor will the flag, for a long time at least, follow trade.

What SA's leaders want more than anything is to be able to trumpet the triumph of economic realities over political ideology. They want to demonstrate that while black African leaders are railing against apartheid at the United Nations, and calling for economic sanctions, they are secretly trading with us — giving the SA political system a tacit stamp of approval.

A much more realistic approach to African trade would be to forget about waving the flag, and quietly build a sound foundation of low-profile economic co-operation which black states will see clearly as being in their interests.

Until recently there's been precious little comfort in the actual trade figures. Yes, we have been trading extensively with black Africa — perhaps with 35-40 of the 53 nations on the continent. Yes, when the going gets tough in Zambia or Zaire, they come to us to bail them out with exports of maize.

But for most of the post-independence era, black Africa has sought to cut its economic ties with SA. Between 1974 and 1978, SA exports to Africa grew by an average of only 4,7% annually — a *decrease* in real terms — while total SA exports grew by a healthy 22% a year. In 1974, Africa comprised 13,5% of our export market. Last year it was 8%.

Lately, too, there has been a renewed drive to reduce economic servitude in southern Africa. The constellation of states concept has fostered talk about an all-black counter-constellation. Black leaders from Zaire to Mozambique have been talking to each other about developing a transport network which will free them from use of SA's ports and railways.

But behind the rhetoric the last 18 months have seen a dramatic resurgence in SA trade with Africa. Last year, exports to Africa grew by 39% over 1978 to R748m, while total SA exports grew by "only" 27%. In the first four months of this year, compared with the same period in 1979, our African markets grew by 83%, compared with 59% growth overall.

It's the Arabs who have saved our bacon. It has taken a few years for the full effect to be felt, but the oil price spiral set in motion in 1973, and accelerated viciously in 1978, has created a cash, capital and foreign exchange crisis for the underdeveloped world.

"Black African nations have a tremendous foreign exchange problem and they get a far quicker turnaround time in money spent on imports from SA," says SA Foreign Trade Organisation executive Sally Gallagher.

"Delivery of goods from SA is quicker than from Europe, America or the Far East. Despatch is quicker and goods spend far less time on the water. Freight costs are lower, and money is tied up for a shorter period."

Jan Bouwer, GM of Credit Guarantee Insurance Corporation, agrees. "Goods are frequently airfreighted to African states so they can sell them quickly," he says.

Credit Guarantee, which is backed by a group of insurance companies, banks and the Industrial Development Corporation, provides insurance against default in payment by foreign purchasers of SA exports, whether for political or commercial reasons. Short-term cover provided for exports to Africa rose by 13% last year to R165m, while that for medium- and long-term credits (major projects) rose by 82% to R64m.

Bouwer says Africa is the highest-risk area for which Credit Guarantee offers cover, but there seems to have been some improvement in the risk. Political claims for 1979 amounted to R2,9m, compared with R6,4m the previous year. This was mainly in respect of transfer claims on Zambia and Zaire, both of which face chronic balance of payments problems.

Though 70% of the claims have been recovered, little progress has been made with the settlement of old trade debts incurred before March 1977, which was when the corporation clamped down on further cover to those countries. Commercial claims were R1,3m last year.

Another important factor in African trade is a form of colonial hangover: nearby southern African states were supplied from SA before independence, and it is a lot easier, cheaper and more convenient to continue buying spares and replacements from this country.

Those that have tried to break the links have not always had good experiences, says Gallagher.

"In the long term, it is possible for them to find alternative suppliers," she says. "But I don't think it will happen in our neighbouring states. There is a clear tendency for them to become *more* involved with SA, particularly on the technical equipment side."

SA has the added advantage that its products are made for African conditions, and are thus more acceptable to users than many of the alternatives.

Details of SA trade with the rest of Africa are hard to come by. SA statistics show only the total figure for the whole continent broken down by product group — but not by country.

The reasons for this are obvious: when a black African leader seeks to establish his credentials with his peers, he launches a verbal tirade against SA. It would be embarrassing, to say the least, for it to be known that he is, meanwhile, buying goods from this country.

John F. Burns, writing in the New York Times last year said SA was trading with 25 African nations including Nigeria. FM sources put it higher — 70% of the countries on the continent are said to be customers of ours.

David Lamb wrote in the Los Angeles Times that an economic boycott of SA would cripple the economies of at least 12 black African states.

Maputo's harbour . . . not adequate for Africa's trade

Most southern African countries buy our goods — almost certainly including Angola. Burns also named Ghana, Kenya, Uganda, French west African states and the Central African Empire of Jean Bedel Bokassa.

SA canned food, wine and other products, labelled in English and Afrikaans, are found on supermarket shelves in Zaire, Malawi and Zambia. Often, exporters go in for elaborate double invoicing to conceal the SA origin of the goods.

Armour plating for Zambia, police helmets for Uganda and fresh meat for Marxist Guinea have all been on Africa's

Huge rise in SA exports to Africa

RDM 16/6/80

74

By GERALD REILLY
Pretoria Bureau

SOUTH AFRICA'S export trade with African countries is expanding spectacularly in spite of the politically hostile stances of the importing countries.

According to the Department of Customs and Exise, South Africa's exports to Africa rose by about 84%, or R160-million, to R352-million in the first four months of this year compared with the same period last year.

Economists believe that the export total may exceed R1 000 million this year for the first time.

They also expect bigger demands for food from African countries.

The general manager of the Maize Board, Mr H Nel, said South African maize was exported regularly to Mozambique, Zambia, Zaire and Zimbabwe.

Lesotho, Swaziland and Botswana also depended to a large extent on South Africa for their maize needs.

Reports indicated, Mr Nel said, that South African maize was also shipped to Kenya, Angola, the Ivory Coast and to other African states.

The board was not always aware of the ultimate destination of maize sold by tender for export. There was no stipulation in the board's regulations restricting exports to specific destinations.

"There are no barriers as far as the ultimate destination is concerned. It could be Tokyo, Singapore or Hamburg."

Mr Nel said the board would export 3 800 000 tons this season. Prices on world markets were not impressive — about R109 a ton.

This was substantially below the break-even price. Losses were cushioned by the board's stabilisation fund, which was built up from producer levies.

The general manager of the Wheat Board, Mr J van Aarde, said that in the current season, 60 000 tons of wheat from an estimated surplus of 183 000 tons had been sold to African states.

Negotiations were in progress to market another 45 000 tons on African markets before the end of September.

Countries which recently bought South African wheat included Malawi and Zaire and efforts were being made to sell part of this season's surplus in Zambia and Mozambique.

Mr Van Aarde said that for a number of reasons selling wheat overseas involved big losses. These included high production costs, high transport charges and fierce competition from regular exporters like the US and Canada.

"It is far more advantageous for us to sell to countries in Southern Africa because of the lower costs involved and the fact that we are in a far stronger position to compete with other exporters," said Mr Van Aarde.

SA's Africa trade leaps ahead

74

RDM 13/6/80

Pretoria Bureau

SOUTH Africa's export trade with other African territories — including big quantities of maize and wheat — is expanding spectacularly in spite of the politically hostile stances of the importing countries.

According to the Department of Customs and Excise, South Africa's exports to Africa rose sharply by about 84%, or R160-million, to R351,9-million in the first four months of this year, compared with the same period last year.

Economists believe that the export total may exceed R1 000-million this year for the first time.

They also expect bigger demands for food from African countries which are unable to grow enough to feed their growing populations.

The general manager of the Maize Board, Mr H Nel, said South African maize was exported regularly to neighbouring states including Mozambique, Zambia, Zaire and Zimbabwe.

Lesotho, Swaziland and Botswana were also dependent to a large extent on South Africa for their maize needs.

Reports indicated, Mr Nel said, that South African maize was also shipped to Kenya, Angola, the Ivory Coast and to other African states.

The board, he said, was not always aware of the ultimate destination of maize sold by tender for export.

There was no stipulation in the board's export regulations restricting exports to specific destinations.

"There are no barriers as far

Schwarz supports Bill to control SA arms exports

RDM 7/6/80.

(74)

THE ASSEMBLY. — The greatest possible control had to be exercised over the South African arms trade to ensure that arms exports did not get into the wrong hands, Mr Harry Schwarz (PFP Yeoville) said yesterday.

He was speaking during the Second Reading Debate on the Armaments Development and Production Amendment Bill, introduced by the Deputy Minister of Defence, Mr Kobie Coetsee, and taken through all its stages in the Senate.

The measure is designed to give the Minister of Defence the power to control the export and marketing of certain types of armaments through a permit system.

Provision is also made to protect the armaments industry from unauthorised disclosure of information concerning its activities.

Mr Schwarz said he supported the concept of limiting publication of such information as it was in the interests of the country.

The strictest control had to be exercised over arms exports.

"Arms should not be exported until the political and other implications have been studied. We must make sure that they do not fall into the wrong hands."

He had heard rumours that the Polisario Front was using captured South African armoured vehicles in Morocco. Information on how those vehicles operated could be to the disadvantage of the country if it fell into the wrong hands.

Replying to Mr Schwarz, the Deputy Minister gave an assurance that armaments would not be sold to countries hostile to South Africa. — Sapa.

Exports the next step for Armscor

~~189~~ ~~254~~ 74

RDM 30/5/80

THE SENATE. — South Africa had reached a high degree of self-sufficiency in arms production and exports were the next step, the Deputy Minister of Defence, Mr Kobie Coetsee, said here yesterday.

He was introducing the debate on the Second Reading of the Armaments Development and Production Amendment Bill, which is designed to give the Minister of Defence the power to control the export and marketing of certain types of armaments through a permit system.

Provision is also made to protect the armaments industry from unauthorised disclosure of information on its activities. Contravention of this provision carries a maximum fine of R15 000 and/or eight years jail.

"In view of the Republic's unique position in the world, it has become more necessary for us than for any other country, to ensure that our national strategy is not adversely affected by unco-ordinated armaments exports.

"A thoughtless marketing programme can not only sink a comprehensive marketing programme but could also damage South Africa's political ties.

"It is therefore considered essential that the control of armaments exports be centralised through a single body.

"Armscor is obviously the best qualified to do this, but will do so in close consultation with the State Departments concerned, as well as industries.

"In practice it will mean that the Minister of Defence, by publishing a notice in the Government Gazette or directing it at a specific person, will place the export and marketing of certain types of armaments under his control.

"Within this framework, Armscor, in close collaboration with the SADF, will decide on which armaments, components and related materials can be exported without affecting the preparedness of the Defence Force."

Mr Coetsee pointed out that because of the United Nations arms embargo, South Africa was particularly vulnerable to international pressure regarding its programme for the procurement and marketing of armaments.

"The present conflict situation, of which subversion, sabotage and terror constitute important facets, has caused the armaments industry to be the main target in the struggle insofar as its personnel, plants and means of transportation are concerned.

"In the interests of State security as well as the safety of its personnel and assets, this conspicuously sensitive area requires urgent protection against possible disclosure of its activities."

Although the reporting on and the furnishing of information regarding the armaments industry were to a degree controlled by overlapping provisions of the Official Secrets Act, it was felt that more specific provisions should be embodied in the Armaments Production and Development Act as recommended by the recent report of the Steyn Commission.

The commission had drawn attention to the danger of the unpremeditated disclosure of Armscor's activities in court cases or other legal proceedings and recommended that a system be designed to protect Armscor's interests, as well as the rights of its contractors and sub-contractors.

"The difficult reconciliation between the security interests of the armaments industry and the rights of persons wishing to institute legal proceedings to enforce rights arising from armaments transactions, is effected by placing a prohibition on the disclosure of security information, but at the same time providing for the disclosure thereof with the consent of the Minister of Defence or someone authorised by him."

The Bill was introduced in the Senate, where the chief Opposition spokesman on defence, Senator Charles Henderson (NRP) supported the measure on behalf of his party. — Sapa.

FM 23/5/80 (74)

EXPORT INCENTIVES

Now for the good news

After three years of specialist study, government has decided to implement recommendations to set up a new incentives regime for exporters (*FM* last week).

This is great news well-timed, for it probably comes just in time to be calculated into corporate plans to expand productive capacity ahead of the anticipated consumption boom of the third and fourth quarters.

In addition to government's existing five-point export promotion system, Industries Minister Schalk van der Merwe has decided to implement the basic recommendations of the Van Huysteen and Reynders study groups which suggested four categories of export assistance, two of which are new.

These are Category A assistance (specific compensation) whereby exporters will be compensated to the extent that their raw materials and other intermediate input prices exceed international price levels, and Category B general assistance which provides for uniform, across-the-board aid at 10% of the value-added component involved in exports.

Van der Merwe says introduction of the two new categories, in the 1981-82 tax year, will cost R180m gross, or R100m net because he estimates that R80m will flow back to the Treasury as a result of increased production for export.

Nor does government intend to reduce current levels of Category C & D assistance which add up to a tidy sum. These include:

- Cash disbursements to the export sector which in the past three tax years have increased from R43m to R138m;
- Income tax concessions currently running at about R100m a year;
- Rebates on items imported for use in the manufacture of exports;
- The annual hand-out to Safto, now increased to R250 000;
- And the invaluable service to exporters rendered by the Department of Commerce's export promotion branch and its offices in 37 countries.

In respect of Category B assistance, the level of aid has been set at 10% and will apply only to those export industries which operate under conditions of tariff protection in the domestic market. This excludes mining and agriculture which, government says, have a natural propensity to export and for whom such assistance would be a gratuitous hand-out at the expense of the tax-payer.

Other exporters who are likely to feel peeved at being left out are exporters of construction, design and process technology, contractors engaged in foreign projects, tour operators, hotels, insurance companies and other exporters of "invisibles".

In addition to benefits accruing to exporters in terms of the provisions of item

Van der Merwe . . . keeping exporters happy

470,03 in Schedule 4 of the Customs Act (full rebate of raw materials and other intermediate inputs that go into the manufacture of export goods), Van der Merwe has announced that some compensation, amounting to 50% of the rate of tariff applicable in each case, can be claimed by exporters in respect of materials obtained from local sources. This will apply to exporters in all sectors, including "invisibles".

To be welcomed, too, is the proposed establishment of a Standing Committee on Export Incentives (SCEI) comprising the departments of Commerce, Industries, Finance, Agriculture, Mineral Affairs, the Jacobs Committee (on agriculture) and private sector representatives from agriculture, mining, secondary industry, Seifsa, the services sector and Safto. This will be the "competent body" recommended in the Van Huysteen and Reynders studies.

It will be interesting to see how SA's new incentives will be received by her trading partners, especially so far as manufactured goods are concerned.

This is important, for the new incentives coincide with the adoption of new GATT codes relating to the imposition of countervailing duties against imports where it can be shown that they have benefited from a subsidy of some kind.

Government knows this, but it also knows that the new codes are likely to prove most controversial in their application because they break new ground in world trade law.

Previously the law required only proof of subsidy in the exporting country to warrant imposition of countervailing duty. This has now been changed (for incorporation in the latest Tokyo Round) to mean that countervailing duties can be applied only if "material injury" to domestic producers of similar products is also proven.

Moreover, the codes' relevant clause requires "positive evidence" of material injury to domestic industry as well as investigation of the alleged subsidy's nature, its effects on trade and its impact on home producers. For a relatively modest exporter of manufactured goods like SA this provision is not likely to induce such heartburn.

Criteria to determine injury include investigation to establish whether domestic industry's output has fallen, and whether this fall was caused by subsidised exports of the trading partner — rather than technological developments, low domestic productivity, change in consumption levels, unfavourable investment conditions and high wage levels. Price levels will also have to be considered to determine whether the imports are undercutting local producers on price.

The new code strikes a fairly firm blow against protectionism and is certainly a welcome departure from the old GATT interpretation whereby the mere use of subsidy assistance allowed the importer to slap on countervailing duty.

In fact, it was probably the new code more than anything which persuaded Pretoria to adopt the new incentives regime.

State drive to boost SA exports

STAR 14/5/80

74

HOUSE OF ASSEMBLY — New export incentive measures are announced by the Minister of Industries, Commerce and Consumer Affairs, Dr Schalk van der Merwe.

The Van Huyssteen study group had made recommendations involving a complete restructuring of the system of assistance to exporters he said in reply to his department's budget allocation.

There were two new areas of export incentive:

- Assistance to compensate exporters for the higher cost, as a result of the production of domestic industries of raw materials and other intermediate products used in the production of goods for export, and
- Assistance to compensate exporters for the degree to which the value added component of their export production is lower than that of foreign competitors as a result of the influence of tariff protection afforded to local industries.

Dr Van der Merwe said the Government intended maintaining the present export incentives of discretionary cash disbursements and income tax concession in respect of foreign marketing expenditure.

DRASTIC

Unravelling the implications of the drastic changes in the incentive system had required extensive study and had taken a long time.

"To underline the Government's interest in export promotion it is now my privilege to announce that the Government has agreed to make available in the form of income tax concessions as from the 1981-82 fiscal year an additional net amount of R100m for the implementation of the new system of export incentives."

The gross amount involved would amount to about R180m.

The arrangement whereby exporters could import intermediate inputs under full rebate of duty would also remain intact, the Minister said.

To assist local producers who had to compete with such imported inputs, compensation amounting to 50 percent of the rate of tarriff applicable in each case would be claimed in respect of materials acquired from domestic sources of supply.—Sapa.

L-POSITION.

ET-SYL.

CE-SYL.

JRCE-FILE.

RCE-FILE.

78 + 34 = 112 : 5

3

UNIVERSITY OF CAPE TOW
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SECTION A.

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NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

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Govt unwraps plans to boost exports

(74)

CDM 15/5/80

THE ASSEMBLY. — New export incentive measures were announced this week by the Minister of Industries, Commerce and Consumer Affairs, Dr Schalk van der Merwe.

In reply to his department's Budget Vote, he said the Van Huyssteen study group had recommended a complete restructuring of the system of assistance to exporters.

The two new areas of export incentive are:

- Compensation for the higher cost — as a result of the protection of domestic industries — of raw materials and other intermediate products used in the production of goods for export, and
- Assistance to compensate exporters for the degree to which the value added component of their export production is lower than that of foreign competitors as a result of the influence of tariff protection afforded to local industries.

Dr Van der Merwe said the Government intended maintaining the present export incentives of discretionary cash disbursements and income tax concession in respect of foreign marketing expenditure.

Criticism that the Government did not have the interests of the export community at heart were unfounded. Unravelling the implications of the drastic changes in the incentive system had required extensive study and had taken a long time.

"To underline the Government's interest in export promotion, it is now my privilege to announce that the Government has agreed to make available in the form of income tax concessions as from the 1981-82 fiscal year an additional net amount of R100-million for the implementation of the new system of export incentives," the Minister said.

The gross amount involved would amount to about R180-million.

The arrangement whereby exporters could import intermediate inputs under full rebate of duty would also remain.

To assist local producers who had to compete with such imports, compensation amounting to 50% of the rate of tariff applicable in each case would be claimed in respect of materials acquired from domestic sources of supply.

"These new benefits will apply to all qualifying exports which leave the country after September 1 this year."

The Government had accepted a recommendation that a standing committee on ...