FOREIGN TRADE

1-1-81 — 31-7-81

TRADE ACCOUNT FM 2|1|81 74

Oil versus gold

SA's exports of R18 418m enjoy a healthy surplus over imports of R13 081m for the first 11 months of 1980, according to Customs & Excise figures. But the key to the trade account in 1981 will be found in the relationship between receipts from gold and payments for oil — each the largest item on their respective sides of the ledger.

The surplus of R5 337m compares with a surplus of R4 286m for the comparable period of 1979. It should not be forgotten, though, that net payments on invisible account always take a large bite out of any surplus on visible account. The Reserve Bank recorded a deficit of R2 107m for "services and transfers" during 1979. And net service and transfer payments, at a seasonably adjusted annual rate, increased from R2 470m in the second quarter of 1980 to R3 040m in the third quarter. The Reserve Bank noted that this substantial rise was caused mainly by higher dividend payments to foreign shareholders.

Returning to the visible trade figures, it is clear that oil imports continue high. The figure for "other unclassified goods and balance of payments adjustments" stands at R3 786m for the 11-month period — no less than 28,9% of the total. The comparable figures for 1979 were R2 534m and 28,0%. It seems pretty clear that oil must be the major component of this item.

In November alone, this "unclassified" item amounted to R279m, or R3 394 on an annualised basis, suggesting a modest decline in oil imports.

What happens in 1981, though, is anyone's guess. At the moment, both supply and demand for oil have been strongly blown off course — supply by the default of Iran and Iraq, and demand by sluggish world economic conditions.

But Opec's grip on the market has remained sufficiently strong to permit an approximately 10% rise in official prices at the Bali conference. What should not be forgotten, though, is the warning by the International Energy Agency that the industrial world is running down stocks at, possibly, 2m barrels per day and that continued interruption of Iranian and Iraqi production beyond the first quarter of 1981 could have serious repercussions.

The risk exists, therefore, that SA could once again be scrabbling for oil on a panicky spot market sometime this year. But Sasol II should be flowing by April 1981, which should exercise a useful buffer effect.

On the other side of the ledger, the corresponding "unclassified" item for exports stood at R8 730m for the 11 months — very largely the value of gold bullion output. But Krugerrand figures are included in a category which includes coin, while the unclassified item includes significant items other than gold.

A rough calculation, based on current levels of gold output and average gold prices over the year, suggests that foreign gold earnings for the 11-month period could be around R9 250m. This figure represents a little more than 50% of total exports over that period.

As recently suggested by the *FM*, non-gold exports are likely to hold their own in real terms this year, but this assessment pre-dated the intensificaton of the Polish crisis. If, as seems plausible, the result is an increase in demand for strategic materials, this assessment could prove a little conservative.

The remaining (and very substantial) category is merchandise imports. Classified imports totalled R9 259m for the 11-month period, up 42,5% from the 1979 figure of R6 497m. A question which has caused some disagreement is whether this sharp increase (partly reflecting inflation and partly a boom-generated real-terms increase) could repeat itself in 1981. A gloomy interpretation obviously implies a sharp deterioration in the trade balance, unless some truly imaginative gold prices are also projected.

Not surprisingly, the category of machinery and mechanical appliances and electrical equipment (embracing, presumably, most capital goods) showed a striking 58,2% increase over the eleven month period — to R3 235m from the 1979 figure of R2 044m. It must be too unrealistic to look for relief from capital goods imports in 1981, as SA industrial output is now closer to capacity than it has been for a long time.

On the other hand, consumer goods imports are now running at such a high level already that there might be hope for a levelling off here.

And the trade-off between the oil price and gold price has worked strongly in SA's favour in recent years, so perhaps there is more basis than the pessimists have suggested for a continued adequate current account surplus in 1981.

French Press claims on SA Russian trade links

RDM 6/1/81

74

279

By CHRIS FREIMOND

CLAIMS by French newspapers that increasing trade between South Africa and Russia was leading to a mutual political understanding were regarded with scepticism yesterday by an authority on strategic studies.

Mr Deon Fourie of the Institute of Strategic Studies at Unisa said it did not necessarily follow that trade ties led to closer political contact.

He was reacting to recent reports in French publications alleging secret talks between South African and Soviet officials aimed at establishing a Pretoria-Moscow axis.

The reports were based on alleged increasing trade between the two countries including the sale of phosphoric acid to the Soviets by the Johannesburg-based fertilizer company, Fedmis, and contact in Zurich between Soviet bankers and representatives of Anglo-American in connection with gold sales.

A weekly publication reported that "apparently reliable reports mention a series of meetings between the Russian KGB and senior South African officials in 1976 and 1978 in Cape Town".

Black diplomats in France are said to be concerned by the reports. One commented: "For Moscow, the enemy in Southern Africa is not Pretoria, but Washington; and for white South Africa the enemy is not international communism, but black nationalism."

The French publications reasoned that the alleged axis would function on a simple exchange basis — South Africa would supply the Soviet Union with raw materials in return for the Soviets cutting off support for nationalist movements intent on overthrowing the

Observers of the French Press believe the information may have been leaked by the French intelligence service.

Mr Fourie said it was difficult to know if there was any substance to the reports.

The American trade embargo on Russia following the Soviet invasion of Afghanistan may well have led to increased trade contacts between South Africa and Russia which would not necessarily develop any further, he said.

Ties between Russia and South Africa would also not be in the interests of the Soviets whose influence in other spheres could be jeopardised.

In evidence to the Steyn Commission of Inquiry into the mass media in Johannesburg last year, a senior official of the Department of Foreign Affairs and Information, Mr Vlok Delport, referred to alleged meetings between South African and Russian officials in Cape Town.

A spokesman for Fedmis denied yesterday that his company had agreed to supply Russia with 490 000 tons of phosphoric acid last year as alleged in French reports.

An Anglo-American spokesman said officials of the company's gold and uranium division made regular visits to bullion dealers overseas, but he denied that any contact had been made with representatives of the Soviet bank mentioned in the French reports.

The Russians needed super phosphates which were not produced in South Africa, he said.

However, negotiations with brokers continued on an ongoing basis and it was possible that Fedmis would sell phosphates to the Soviet Union at a later stage.

His company saw no objection to this. The possible problem could come from the Russians who may be reluctant to buy from South Africa, he said.

The Minister of Foreign Affairs, Mr Pik Botha, could not be contacted for comment.

Bridges into Africa

(74) FM 9/1/81

Have South Africans become the victims of their own propaganda? Accustomed for so long to ringing denunciations of apartheid from the UN, the OAU, and even the Western allies, our self-image has been corroded to the extent that we appear to have accepted our role as the "polecat" of the south.

Not, of course, without a struggle. Indeed, the Info machinations were a deliberate design to whitewash the situation — with all too predictable results. To our list of "crimes" was added crassness and folly. We ended up as a combination of JR Ewing and Uriah Heep.

Now, reading the signs, there is a new attitude in Pretoria. And it is one to be welcomed. Under the Botha administration there is definitely less conniving at recognition and more determination to talk and trade on a realistic basis, while effecting necessary changes at home.

Strategically, it has been recognised that Africa cannot at this stage been seen to be supping with Pretoria. Yet, while no trumpets are being sounded, SA's dealings with the continent are at their highest level ever — not just in terms of trade, but even at presidential level. Relations are guarded, but realistic. And this pragmatism has benefits not only for SA, which is gaining a new sense of security in Africa, but for the African states with their chronic shortages of food, consumer goods, foreign exchange and technical and medical know-how.

The statistics of the exercise speak for themselves. According to Safto, exports to Africa (including the Indian Ocean islands) were set to reach R1 200m for 1980, some 65% up on 1979, and comprising 10% of the total. Because of misleading documentation, the total could be higher yet.

Indeed, we trade to a greater or lesser extent with 75% of the African countries, and that trade is on the increase. A key city is Salisbury, a high-powered contact point, where SA's mission meets men from the four corners of the continent.

As *Business Week* pointed out last September, there were 3 500 SA freight trucks in Zimbabwe alone — after diplomatic relations had been formally severed. Our grain goes to Mozambique, Zimbabwe, Zambia, Kenya and elsewhere — up to 800 000 tons of the 1978-80 crop. Yet Pretoria is not seeking to make political capital out of the situation, knowing full well that this could backfire.

All this amounts to a neutralisation of trade relations — good-neighbourliness, accompanied by the recognition that there is no need to flaunt the links being forged every day, even with apparent arch-enemies like Nigeria.

In the long run, this is the safest course. SA's *quid pro quo* — apart from the unquantifiable commercial one — is the hope that, eventually, there will be a normalisation as the Republic is accorded its rightful position in the political constellation.

Suffering as they do from single crop economies, minerals exports dependent on the vagaries of the world economy, countries such as Zambia have to deal with SA. Indeed, for black Africa to attain true independence (including independence from SA) means, at least in the medium term, that it needs SA's aid, paradoxical as that may sound. It cannot be otherwise; with only 6% of Africa's population, SA generates 50% of the continent's electricity, manufactures 74% of its railway trucks, 42% of its motor vehicles, 94% of its books and newspapers — and so on. It is an African trade giant, however much this may be ignored in the anti-apartheid media.

Its products are tailormade for African conditions; its medical facilities are geared to coping with the research and immunisation needs of the continent; it is the most sophisticated market for money management skills in the region; and it has become a mature negotiator.

Most of the secret diplomacy, in fact, appropriately takes place at the UN — which is why, after all, SA has maintained its presence there through all its years in the wilderness. Note, for example, how frequently Ambassador Riaan Eksteen is recalled for each round of negotiations over SWA. Effective contact in New York takes place in the corridors, not in the Assembly.

There are those who would argue that the whole exercise smacks of hypocrisy and that SA's black contacts should "go public," or be otherwise exposed. The *FM* feels that the international climate is such that this would be inappropriate — for the next five years at least.

Thereafter, with needed changes effected in SA, and most importantly *by a SA* unconstrained by radical pressures, the ties will inevitably become known. But, hopefully, there will then be no rush to break links and apportion blame.

Strike will delay British ships in foreign ports

RDM 9/1/81

74

16

Own Correspondent

CAPE TOWN. — The dispute between British seamen and their employers, which has already led to hold-ups for ships in British ports, will cause delays to UK vessels in foreign ports from next week.

South Africa is not likely to be seriously affected because there are few British ships down this way and fewer still have British crews.

The only big liner with a British crew serving the country is the City of Durban, which is now in northern waters.

On the South African coast, however, is the British motorship Port Chalmers, on hire to Safmarine, which brought a general cargo from the United States and could be dislocated in Durban if her crew decides to join the walk-off. She is owned by a subsidiary of the Cunard Line.

The dispute arises from a refusal by seamen to accept the 10,5% wage offer by the shipowners who argue that the high level of the English pound, the cost of fuel, and lack of competitive advantage of British ships, has led to serious profitability problems. They claim the 16% asked for by the seamen is unacceptable.

The Queen Elizabeth II, which carries a crew of about 900 and is heavily committed to a strict schedule, stands to be seriously embarrassed by a strike. But Trafalgar House, the financial empire which runs the Big liner, has emphasised its intention of disposing of the ship if the unions make her continued operation impossible.

Other British flag ships on the South African coast carry Asian crews and are not affected by the strike.

FUTURE GROWTH (74)

New rules ahead

FM 9|1|81

According to a new foreign trade analysis, the structural changes in South Africa's merchandise import and export sectors, which together account for about 60% of GDP, are likely to release the economy from some of the balance of payments constraints it has suffered in the past and promote higher growth rates in the next decade.

This is the conclusion reached by an extensive study in Senbank's latest Economic Opinion, which thereby adds its voice to similar beliefs expressed by Reserve Bank Governor Gerhard de Kock and Nedbank economist Merton Dagut.

Senbank's findings are based on an analysis of developments in foreign trade patterns over the last 20 years. During the Sixties, it claims, the official approach was "inward-looking", concentrated on import replacement for the manufacturing sector. The realisation by many developing countries during this period that protective tariffs and the maintenance of a weak currency to encourage import replacement adversely affected domestic cost structures, and thus export industries, led to a change of attitude. The last decade, it argues, witnessed the official "outward-looking" promotion of exports through broad economic policy and specific incentives.

A 10-year sectoral analysis shows little change in the dominance of the mining sector in exports (55% of total exports in 1979) and an actual decrease in the diversification of merchandise exports. But it does reveal changes in the commodity mix and in the level of beneficiation of raw material exports. The emergence of iron and steel, ferro-alloy and chemical exports, stimulated by public sector infrastructural investment projects like Richards Bay and Sishen-Saldanha, are examples.

This trend, says Senbank, is likely to be continued by the May 1980 export incentives made possible by changes in GATT regulations, and aimed mainly at secondary sector products like textiles, clothing, chemicals, metal products and transport equipment. Perhaps more important, SA's growing independence of OPEC's pricing policies, due to its domestic investment in coal-based energy, will make its direct energy exports (coal and uranium) and energy-intensive exports (processed food, chemicals and ferro-alloys) increasingly competitive on international markets.

On the import side, Senbank notes, selective tariff barriers and direct import controls have resulted, over 50 years, in the gradual substitution of local final and light intermediate goods for imported ones. Now mainly heavy intermediate and capital goods are imported, the substitution of which is (paradoxically) sufficiently expensive to require access to export markets to ensure that cost-effective returns are earned.

Import replacement, which involves the development of the necessary industries from the investment stage, was given a boost in the last decade by "accidental protectionism" arising from oil price increases and boycott threats. But in areas other than energy production, it remains hampered by a variety of practical problems like lack of standardisation, low productivity and, ironically, cheap foreign finance.

Senbank concludes that SA's import substitution efforts, its merchandise export diversification and the international energy crisis will all contribute to reducing the constraints of severe balance of payments fluctuations. The energy crisis itself, interrelated with high inflation rates, is a major factor, since it promotes a high gold price, energy and investment hedge exports, and natural import protection.

The most extensive structural changes taking place in the SA economy, it adds, are to be found in mining and energy industry investment. And the most significant import replacement breakthroughs will be in the capital-intensive industries of chemicals, machinery and motor transport.

However, Senbank sounds two words of warning. One is that virtually assured growth in the the Eighties will probably mean that inflation becomes the key economic problem. The other is that semi-independence in energy and a high gold price imply upward pressure on the rand, a strong appreciation of which could inhibit SA's export performance.

EXPORTS 74 FM 9/1/81

Grave consequences

With local demand surging again, many SA exporters are abandoning the foreign markets built up so painstakingly during the lean years of the domestic economy. The consequences could be grave when the business cycle turns down again next year, experts warn.

While SA's real gross domestic product climbed another 8,5% in the first nine months of 1980 compared to the similiar period in 1979, the current rand value of exports rose about 13,8% when comparing the January to October period of 1979 with 1980. But with an inflation rate running at around 13,5% so far this year, the real value of exports has remained relatively constant. Precise figures are difficult to derive as the export market is diversified, and thus subject to different price fluctuations.

Piet van Schaik, an economist at Nedbank, says that while many SA exporters have been hurt by the continuing recession in Europe and North America, which has dampened demand, others have given up possible market penetration overseas.

"Basically, we're talking about the residual production, especially in capital goods and equipment. When the local economy is slack, manufacturers are anxious to export their surplus. But when demand is high domestically, the motivation to export is reduced."

Piet Kieser, GM of the Johannesburg-based SA Foreign Trade Organisation (Safto), warns that this tendency could have lasting implications for manufacturing beyond the current upswing in the business activity. "It's a fatal mistake for them to switch out of the export market," he says. "On the macro level, it hurts liquidity in the economy and the balance of payments. But more importantly, as far as we're concerned, it's a tremendous hindrance to maintaining those markets in the future.

"It is crucial for exporters to insure their reliability. SA is a fantastic exporter on a per capita basis but we're still a young economy and need to develop a broader export base. We need to diversify even more"

Kieser, who promotes and organises export strategies for individual companies on a contractual basis, warns that "exports should be maintained even at lower profit margins to build up the image of reliability and future deliveries. It's just plain business sense."

Iscor is one major firm moving away from the export market, though MD Floors Kotzee insists that it is due to the peculiar variables of the global steel industry.

"We're faced with dull, weak demand abroad. While we operate at full capacity, most foreign producers are running around 50%," he says.

Iscor increased its supplies to the domestic market by about 25% in the 1979/80 financial year, and expects a further 8,5% increase this year. Meanwhile, the percentage of production exported will drop from about 30% last year to a projected 26% currently. "We operate under a capacity programme set up before the 1974 oil crisis which hurt demand worldwide. So it's just not profitable for us to devote so much attention to exporting. In the long-term, we plan to decrease our share of production for overseas consumption, although we will definitely remain in that market," Kotzee insists.

Giel Pretorius, director of Export Trade Promotion in the department of Industries, Commerce, and Tourism and chairman of the six-month-old Standing Committee on Exports Incentives, insists that "it is very dangerous to generalise about this. It is true that some exporters are turning away from foreign markets, but it is too early to tell to what degree. And, of course, the recession overseas and the strong rand are hurting them."

Yet Pretorius, who oversees a joint business and government move to boost exports, concedes "that there is some concern now."

Nedbank's Van Schaik agrees: "Exporting involves a long-term investment commitment, especially here where our business cycle moves opposite most of the rest of the world. So it benefits our manufacturers to maintain their markets even if they have to cut down on [illegible]. Exporting is not to be seen as some adventuresome game. It's very serious."

RDM 16/1/81 (?)

SA hopes to extend Taipei links

SOUTH Africa wanted to extend current economic agreements with Taiwan beyond the confines of trade, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, said in Taipei yesterday.

Addressing government, industrial and business leaders during an official visit to Taiwan, he said South Africa was interested in achieving closer economic co-operation and a more active exchange of technology and investment.

A copy of his speech prepared for delivery in Taipei was released in Pretoria.

Trade between the two countries was growing and was expected to show a 40% increase in total to R250-million last year, Mr De Klerk said.

He noted new large maize trade agreements signed between the two countries in the past year and a long-term contract for South Africa to supply Taiwan with 4 000 tons of uranium from 1984-1990 to meet nuclear fuel requirements.

"We will also continue to assist, within the framework of our system, to ensure you get a fair share of our coal exports."

South Africa was already the leading supplier of ferrochrome and asbestos to Taiwan. The relative share of Taiwan's total mineral imports supplied directly by South Africa in 1978 were ferrochrome 89%, asbestos 45%, iron ore 17% and chrome ore 13%.

This indicated the potential for Taiwan to secure its future mineral imports from South Africa while South Africa could benefit from increased imports of manufactured goods from Taiwan.

Referring to the prime ministers' visits between the two countries last year, Mr De Klerk said he accepted the Republic of China's open association with South Africa as recognition of the pivotal role South Africa had to play "in the dangerous and ongoing confrontation between the communist and free worlds.

"We honour you for displaying the courage to do so at a time when many others shrunk back in the face of a communist-inspired world campaign to ostracise and weaken South Africa."

There were signs that other leading free world countries were also awakening to the dangers of the time.

"Our peoples [illegible] Mr De Klerk said.

"Let us continue to show the free world how determined we are to safeguard the interests of all our peoples on the basis of co-operation, free trade, development and dialogue as the only means to maintain a proper balance of power and peaceful co-existence."

He added that South Africa produced almost all the industrially important minerals in the world and that the whole free world had a direct interest in ensuring access to these minerals. — Sapa.

Drastic cut in SA cement exports

Argus 10/1/81 74

Argus Correspondent

PRETORIA. — South Africa is to drastically cut cement exports at the end of this month.

The cement marketing organisation no longer feels it is economic to export. Consequently warehouse facilities in Durban, the main export harbour, are to be given up.

Mr Des Gough, the chairman of a cement manufacturing company said the export drive had begun in 1973, and business had built up slowly. Then in 1978 cement exporters experienced a record year.

Most of these exports had gone to Iran, in fact nearly all South Africa's spare capacity was sent there at about 7 000 to 8 000 tons a year. This trade had been worth R20-million.

However, the revolution in Iran had ended this trade for South Africa.

REASONS

Mr Gough gave various reasons for the ending of cement exports. Essentially, he said, it was no longer economic to do so:

- The opening of the Suez Canal. Because of it small ships no longer passed the Cape. To hire them now meant chartering them from Europe.
- The economic slump in Europe meant a surplus of shipping floating around European harbours looking for trade, and so lowering costs for European exporters.
- The European slump meant a massive cement surplus there so lowering their prices drastically. South Africa just cannot compete in this market any longer especially since South African factories are located inland — the Western Transvaal — so creating additional railage costs.

Because Cape factories did not have this latter problem Mr Gough expected them to continue exporting on a limited scale.

French order ships to carry more coal from SA

RDM 12/1/81

74

27

Financial Reporter

WITH an eye to expanding coal imports from South Africa, French shipowners have an order at Japanese shipyards five 140 000-ton bulk carriers worth R170-million.

When delivered by the end of this year these ships will spend most of their time hauling coal from Richards Bay to Western Europe.

This is reported by Business Week in a review of South Africa's growing coal export trade.

South African producers agree that fear of political repercussions might limit their potential market in the United States, says the journal.

"In Europe, too, the stigma of dealing in South African coal often requires that the fuel be distributed discreetly.

"For instance, Shell in its 50-50 joint venture with Rand Mines, ships nearly 5-million tons a year from Rand Mines Rietspruit mine. Although it is known that 1-million tons of this goes to France, hardly anyone knows the ultimate destination.

"Despite such problems, France is pleased with the arrangement and plans to expand its coal purchases. South Africa is already France's largest supplier outside the European Community, shipping 8 400 000 tons there in 1979."

Business Week says that the three European oil majors — Shell, BP and Total — have shares in nearly 40% of South Africa's coal-export sales.

By the time current expansion plans are completed in 1983, they will have spent R500-million as their share of joint-venture coal-mining projects.

It is cheaper for South African producers to ship coal to Gulf coast ports in bulk carriers than it is for US producers to carry coal by rail from Mid-west mines to these ports.

The result is that South Africa is now shipping about 1-million tons of coal a year to south-eastern states.

About 500 000 tons is covered under a Rand Mines contract to supply a Gulf Power Company generating plant in Pensacola, Florida, through the port of Mobile.

"Rand Mines is also negotiating with Jacksonville Electric Authority. And beyond such direct deals, US coal brokers are trying to drum up new buyers."

January 12, 1981

Shipping

Andy Newby

Two more for U S cargo service

NM 12/1/81

(74)

THE Elbland before her visit to Durban where she was repainted.

SAFMARINE has taken delivery of the two new multi-purpose vessels that it has on long charter for general cargo service between South Africa and the United States.

The decision to charter the sophisticated vessels was taken after Safmarine decided to further improve the service which has been affected by South Africa's boom conditions.

The first of the two charters, the Elbeland, was repainted in Safmarine colours in Durban last week and had 'S A' added to her name. The other vessel is the Ostfriesland — now the S A Ostfriesland — and she is expected in Durban soon.

Both ships have a carrying capacity of 650 TEUs and about 18 000 tons.

Together with the four Safmarine-owned ships — S A Constantia, S A Morgenster, S A Huguenot and S A Weltevreden — the South African line now has six modern vessels on the U S trade run.

Augmented by U S-S A trip charters, Safmarine now offers a weekly service from the American Gulf and East Coast ports to South African ports in the Walvis Bay-Durban range.

The [illegible] of the two new charters enables Safmarine also to increase its liftings of bulk minerals and ores to the U S.

Surcharge deferred

RENNIES, general agents for Bank Line of London, have announced that the bunker surcharge to Manila and the Indonesian ports will be increased from 24,5 percent to 27,3 percent.

It was first announced that this increased bunker surcharge would come into effect from January 1.

However, Rennies has since announced that this increase has been deferred and will be effective from January 15, with vessels loading at individual Southern African ports.

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G L Cragg

(74) RDM 12/2/81

British trade with SA

BRITAIN bought goods worth R1 372 110 000 from South Africa last year and in the same period exported R1 817 810 000 worth to South Africa, according to figures just issued by the Department of Trade in London. British imports during December were worth R79 700 000 and exports R171 260 000.

J15524

SA moves up in ratings

RDY 12/11/81
74

AIR cargo between Britain and South Africa has accelerated by over 40% in the past year.

South Africa is moving up rapidly in the top 12 of Britain's "export league", says Mr Bob Gentle, marketing manager for Africa and the Middle East for Atlas Air. He visited South Africa with a view to his company's setting up a door-to-door air cargo service in conjunction with Grindrod Air Freight.

Atlas provides an overnight "priority consolidation" service four days a week between the two countries, with cargo space booked in advance and consignees pre-advised. Indents can be followed up and orders processed at any of Atlas' 22 offices in the UK, the latest being in Aberdeen.

Apart from the priority service, Atlas provides an "express-saver" at less frequent intervals and at lower costs on Continental scheduled airlines, and a weekly Atlasaver charter service from Amsterdam.

Atlas and Grindrod are founder members of the World Air Cargo Organisation, the largest international air cargo forwarding organisation with member companies in each 40 countries using standardised operational procedures and financial controls.

FINE ART & ARCHITECTURE

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D H Pryce Lewis

John Perry Prize
For the best work in

Taiwan backing SA refineries

TAIPEI — Taiwan Metal Mining Corporation was planning to invest R311-million for joint ventures with South African mining companies to establish plants for refining copper and zinc in South Africa, the State-owned company said.

Under an initial plan for the joint ventures, the company will construct a plant for copper and ~~one~~ for zinc refining at a cost of R26-million and R285-million respectively.

Annual production of the plants will be respectively 50 000 tons and 80 000 tons most of which will be shipped to Taiwan.

The investment plan was proposed to Dr F W de Klerk, Minister of Mineral and Energy Affairs, during his visit to Tapei last week.

At a meeting with the Economics Minister, Mr Chang Kwang-Shih, Dr de Klerk said the South African Government would help Chinese companies concer[illegible] in joint ventures with South African enterprises. — Sapa-CNA.

Imported bricks for the Reef by next week

By Marion Duncan

The first half of an order of 2-million facebricks from Britain will arrive in Durban on Friday and should be on sale in Johannesburg early next week.

A spokesman for Corobrick — the company which is importing the rustic-finish golden brown and maize facebricks from Butterley's in England — said the bricks would sell at R330 a thousand.

The price, which "merely covers the cost of import, manufacture and transport" has been confirmed by the Government Price Controller.

"In fact," said Mr Tony Cadman, public relations officer for Corobrick, "we are authorised to sell them for a higher price.

"But we are doing this as a customer service, and are not making any profit on the deal.

"We have ordered the bricks, which have been custom-made for us because British bricks are slightly smaller than South African bricks, to help the small builder who has not been able to plan his brick orders ahead."

Stock or common bricks cannot be imported because costs would make the final price prohibitive.

The first million bricks are scheduled to arrive on the 35 000-ton Raimu on Friday, and to be offloaded immediately into 64 SAR fast railway trucks.

The consignment is 11 days late.

Said Mr Cadman:

"The bricks will be on their way to the main centres straight away.

"Pretoria and Bloemfontein have been allocated 250 000 each. Johannesburg will get 500 000."

OPTION

Corobrick has an option for a further 2-million facebricks from England each month, depending on the response to this first order.

Facebricks continue to be imported from Zimbabwe at the rate of 2-million a month — the maximum capacity available from that country — and to be sold at R220 a thousand.

DELAYS

At the moment, the delays in the various provinces are as follows.

Transvaal 12 months (for face) 12 months (for common), Orange Free State 10 months (for face) eight months (for common), Natal two months (for face) 10 months (for common), Cape Province five months (for face) four months (for common).

Though delays are shorter in other provinces, it is impossible for the Transvaal to import bricks from them because all supplies are fully committed in all areas.

It is equally impossible for South African companies to import bricks cheaper from any other country, because of the variation in brick sizes.

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for a student who has satisfactorily completed 1st, 2nd and 3rd major courses.
A Rappoport

Polly Gohl Memorial Prize
for the best woman student in third year.
Miss C Tredgold

David Haddon Prize
for the best student of Architecture ...

ARCHITECTURE

FINE ART & ARCHITECTURE

No more chicken imports

NM 14/1/81

74

Mercury Reporter

THE Government will not issue any permits for the import of chicken in 1981.

A spokesman for the Department of Agriculture said yesterday that towards the end of last year permits had been issued for about 4 000 tons of chicken to be imported from Britain, the United States and Israel. This had been done because of the sudden increase in the price of red meat and the subsequent run on chicken.

Earlier a leading chicken producer has called for the Government to make a statement of policy on the issuing of permits for importing and exporting chickens.

Mr Tony Bloom, a spokesman for Premier Milling which is one of the largest poultry producers in the country, said producers felt that permits should have been distributed among the producers. They would then have worked out a reasonable price and distributed the chickens fairly.

'What we want now is a statement of policy from the Government. Producers can't invest in an industry which is uncertain.'

Mr Bloom said his company was considering a R15 million expansion, however, they had to be assured that the Government would not allow retailers to import chicken at will.

BUSINESS

SA eyes on UK property market

Star 14/11/80

7A

Colin Campbell, Financial Correspondent

LONDON — A number of South African institutions and individuals would like to diversify their assets into the UK property market — if the SA Government relaxes foreign-exchange controls.

Mr Bob Langton, head of research at property brokers Bernard Thorpe and Partners, one of the top five British companies in its field, recently completed a four-week study tour of South Africa where he argued the case for property investment in the UK.

This is the first time that the firm has gone abroad to seek investors, and South Africa was chosen because of the strength of the economy and because of the limited outlets now available to South African investment managers.

"We had 300 brochures printed covering all aspects of property investment in the UK and there are only five left, so great was the interest in South Africa," Mr Langton said in London.

It is generally believed there will be liberalisation of the country's foreign-exchange controls when the second report of the De Kock Commission is presented, and already South African investors are beginning to think of investment areas abroad.

"With so much money looking for a home in South Africa, and because of the excellent business links between Britain and South Africa, we decided to tap the South African interest," Mr Langton said.

STABLE

Despite the dismal economic background of high interest rates and rising unemployment, Bernard Thorpe and Partners believe the property investment market in Britain remains stable.

In the long term, capital and rental appreciations should outstrip the rate of inflation and major UK institutions are still placing more than R1 790-million a year in the property investment market.

In the first half of 1980, institutional investment in property and land totalled R1 416-million compared with R884-million during the first half of 1979. Pension funds alone contributed R762-million.

Mr Langton says that South African investors are aware of the attractions of a geographical spread of assets but many are waiting for the green light to be given by the Government. However, at least a few of the astute fund controllers and individuals are beginning to plan ahead.

Bernard Thorpe and Partners also have offices in Europe and associates in Australia.

SA imports winter [illegible]

JOHANNESBURG — The South African Wheat Board purchased 218 000 tons of hard winter wheat from the US yesterday, to make up the shortfall in the domestic crop caused by drought in the [illegible] Free State. [illegible]

This is the first time in [illegible] the [illegible] had to import wheat.

The average price (fob) paid was R[illegible] a ton. The present domestic price is R[illegible] a ton. [illegible]

TAIWAN (74) FM 16|1|81

Africa looking good

SA Minister of Mining and Energy F W de Klerk's visit to Taiwan had virtually instant results. Within a day of his arrival Taipei announced that SA and Taiwan had decided to begin drawing up plans for cooperation in mining and in the refining of coal, zinc, cathode copper, and aluminium. SA would do its best to supply Taiwan with 10 000 t/year of magnesium, and 5 000 t of nickel. In addition, the two countries agreed to study the possibility of using methanol as a petroleum substitute, and to work together on solar energy.

A maize agreement, first signed in 1973, and renewed since to the end of 1981, involved the shipment of 600 000 t of SA maize to Taiwan. An increase of an additional 150 000 t/year is under discussion. During the first eight months of 1980, imports of SA coal amounted to some 1,4 Mt, representing 46% of Taiwan's purchase volume (SA coal totalled only 16% of the total in 1979). In general two-way trade has been climbing at an impressive annual rate. In the first 10 months of 1980 it reached an all-time high of US$354m — an increase of $128m over the same period in 1979.

Taiwan is also looking to other African countries in expanding its trade relations. Thus, it has recently concluded a number of agreements with Lesotho for the establishment of joint projects involving the processing of mohair, hydroelectric power, and an electronic plant for the manufacture of radios and television sets.

Overall, export markets in Africa grew by 60% in 1980, which almost equalled the top market growth of 70% in central and South America.

•1980 also saw the Taiwanese taking the historic decision to extend trade with communist nations. Though restricted to East Germany, Czechoslovakia, Poland, Hungary, and Yugoslavia in Europe, the nations' 54m population proved a tempting market.

During the first nine months of the year, Taiwan sold $24m worth of goods to the five, and purchases came to $30m. Exports were textiles, monosodium glutamate, filaments, and some foodstuffs; imports included steel, chemicals, and spare machinery parts.

Now SA will get its eggs from America

RDM 18/1/81

(7/4)

By PAT SIDLEY
Consumer Mail

FIRST it was chickens imported from the United States. Now it's eggs.

The Egg Control Board has announced that because of the present "slight" shortage of eggs, about which it was not worried last week, it has to import eggs from the US to make up the shortfall in the Transvaal and the Free State.

And industry sources have speculated that the imports are intended to cover the board's export commitments, severely hampered by the shortage.

In a Press statement yesterday, Dr A H Oliver, the general manager of the Egg Board said: "In order to meet the egg shortage for the short-term — and also to stabilise egg prices — it has been decided by the board to import a limited quantity of eggs and distribute these eggs through existing channels.

"The additional costs involved in the importation of eggs will be borne by the board and consequently will not have to be met by the consumer. The imported eggs will be available towards the end of February.

"The intended imports are solely for the purpose of meeting the egg shortage in the short-term and shall by no means upset the normal balance between supply and demand in the industry, whereby producers could be placed in an unhealthy competitive situation."

An industry source said he thought the imports were intended to cover the board's export commitments. He thought the present shortage should soon end with the decreased demand after Christmas.

Last week Dr Oliver said the Egg Board was not worried about the egg shortage as it was seasonal.

○ South Africans ate [illegible]-million dozen more eggs last year than in 1979.

RDM 16/1/81 (74)

SA buys 210 000 tons of US wheat

By ALEC HOGG

THE South African Wheat Board bought 210 000 tons of hard winter wheat from the US yesterday to make up the shortfall in the domestic crop caused by drought in the Western Cape and the Free State.

This is the first time in 10 years the country has had to import wheat.

The average price (F.O.B.) paid was R149 a ton, which is well below the present domestic price of R215 a ton, and consumers could be spared an increase in the wheat price this year.

Manager of the Wheat Board, Mr Dennis van Aarde said in December he expected the board would have to pay R225 a ton for the wheat, which was sold by the US at a tender in London.

South Africa needs about 1 750 000 tons of wheat a year, and according to the latest estimate, last year's crop should yield 1 454 000 tons — well below the previous season's 2 025 000 tons.

There was a carryover of 375 000 tons from the previous crop, which suggests that there will be no shortage.

The first US consignment of 60 000 tons will be shipped in March, followed by a similar shipment in April, 45 000 tons in May, 30 000 tons in June and 15 000 tons in July.

There is normally a free supply of wheat in South Africa, and millers send in orders to the Wheat Board every month, which enables an estimate of the year's consumption to be made.

Paradoxically, the lower crop is likely to boost the Wheat Board's stabilisation fund.

In the past few seasons, the board has been exporting wheat at a loss.

Imports to beat new egg shortage

PRETORIA — Eggs would be imported to meet a short-term shortage and to stabilise prices, the general manager of the Egg Central Board, Dr A P Olivier, said here yesterday.

The eggs would be distributed through normal channels and would be [illegible] next month.

[illegible] said the additional cost of importing eggs would be borne by the Board [illegible] to be met by the consumer.

"The intended imports are solely for the purpose of meeting the egg shortage in the short term, and will by no means meet the [illegible] between egg supply and demand in the [illegible] [illegible]

The egg shortage [illegible] mainly due to an unprecedented upsurge in consumption which had risen by about 15 percent since June last year.

Wholesale and retail egg prices [illegible] controlled and the higher demand had [illegible] price increases which [illegible] [illegible]

In addition, the [illegible]

[illegible]

[illegible]

[illegible] Government.

SUNDAY TRIBUNE, JANUARY 18, 1981

Big imports worry industry

Shoes from the East that hurt!

74

S. Tribune 18/1/81

187

By JACK BRICKHILL

SHOE manufacturers are watching anxiously the big increase in imports of shoes from Taiwan and other Eastern countries.

The recession in Europe and tight trade agreements in the United States and Canada have forced the Eastern countries to exploit new markets and they have set about their task in South Africa with a purpose — capturing 20 percent of the market so far.

In the first eight months of last year Taiwan exported to South Africa more than four million pairs of shoes worth nearly R8-million. Hong Kong exports of under one million pairs were worth R1.2-million and a smaller number came in from South Korea.

The real upsurge started in the middle of last year and is still gaining momentum. The shoes are generally cheaper and are made from synthetic materials which cost less than the materials used by local manufacturers.

The South African manufacturers have seen enough to send them scampering to the Board of Trade and Industries with a plea for higher tariffs on shoe imports.

A previous request to the board was turned down but the situation has changed and the manufacturers now feel they have a better case.

Geoff Everingham, director of the Footwear Manufacturers' Association, says the factories are well employed at present and the jobs of 25 000 workers in the industry, many of them in Natal, are not yet in jeopardy.

He says the situation could easily change if the flood of imports remains unchecked. At present the Taiwanese onslaught is aimed at the lower end of the market but this, too, could change.

Most of the imported shoes come in with no identity of the country of origin, adding to the competitive edge enjoyed by imported goods.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute
of Architects' Prize
For the best student in :-
Sixth Year
P F Dunckley
Helen Gardner Travel Prize

74

EMBARGO: 00h00 ON MONDAY 19 JANUARY 1981

8/81
K

IMPORT CONTROL POLICY FOR 1981

PRESS STATEMENT ISSUED BY DR THE HONOURABLE D.J. DE VILLIERS, MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

In order to remove any uncertainties which may exist in the minds of the importing community in regard to the import control policy which is to be applied during 1981, I wish to announce that the policy will be similar to the policy which was applied in 1980.

The volume and value of imports have increased substantially as a result of the current economic upswing in South Africa. Another contributing factor to the increased imports was the replacement of the erstwhile system of limited import quotas in respect of certain categories of merchandise by a more liberal granting of permits to meet the full and reasonable requirements of importers. Despite the additional work entailed for all concerned it has, unfortunately, not been found possible to reduce the number of permit categories, as requested. This matter will nevertheless be kept under surveillance and further adjustments will be effected when possible.

The existing import control regulations and procedures will continue to apply in respect of those imports which require permits and importers are advised to lodge their applications for such permits as and when stock replenishment becomes necessary and orders have to be placed abroad.

Importers are requested to ensure that their applications for permits are submitted timeously on the prescribed form and are supported by the information which is essential for the proper evaluation of their full and reasonable requirements in each of the separate permit categories. In their own best interests importers are asked to give their full co-operation to the Director of Import and Export in order to facilitate the processing of permit applications as much as possible.

ISSUED BY THE DEPARTMENT OF FOREIGN AFFAIRS AND INFORMATION AT THE REQUEST OF THE MINISTRY OF INDUSTRIES, COMMERCE AND TOURISM.

CAPE TOWN

19 January 1981

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

RDM 19/1/81

SA to import wheat for R45m

Pretoria Bureau

SOUTH AFRICA will spend about R45-million on wheat imports this year to supplement a crop severely hit by drought, the manager of the Wheat Board, Mr J van Aarde, said in Pretoria last week.

Latest estimates had shown a further drop of 69 000 tons to the smallest crop for some years of 1 387-million tons, he said.

Mr Van Aarde said that 1 800 000 tons were needed to satisfy local demand.

"There is also a carry-over from last season of about 600 000 tons and this should hopefully see us through — with the imports — to December when a start will be made with the new harvest."

Arrangements had been made to import 220 000 tons between March and July.

The average price, he said, was R149 a ton. When freight, insurance, handling and landing charges were added, however, the price would rise to just over R200 a ton.

The consumer, Mr Van Aarde said, would pay no more for wheat products because of the imports.

Any loss on the import deal, he said, would be borne by the Government and any profit would go into State coffers.

RDM 26/1/81

Maize exports rose sharply during 1980

EAST LONDON — Maize exports from the East London grain elevator rose sharply during 1980.

In that period 2 429 252 tons of maize were exported compared with 1 515 753 tons the previous year.

The general manager of the Maize Board, Mr H. Nel, said in Pretoria yesterday that the quantity of maize being handled in East London depended on the exportable surplus.

"If a good crop is harvested, the excess quantity is exported through either Durban or East London," he said.

The acting port manager, Mr A. Koesfontein said the figure exported during 1980 was not a true reflection of the maize crop. He said the maize season runs from May 1 until April 30 of each year and the figure of 2,4 million tons overlaps two seasons.

A spokesman for the grain elevator said that during the 1980/81 season, 1,8 million tons were exported, while 1,6 million tons had already been exported by December.

The spokesman said that if an average of 200 000 tons of [illegible] exported each month until April, an export record might be set.

Mr Nel said the storage capacity of the East London grain elevator was [illegible] than that of Durban and [illegible] East London's [illegible] [illegible] was [illegible], there was no need to take [illegible] storage [illegible] Durban.

He said he was concerned about the maize [illegible] for 1981/82 as [illegible] needed.

Mr Nel said moderate [illegible] and [illegible] [illegible]

Frozen chicken prices drop by 15 percent

MM 20/1/81 ([illegible])

Mercury Reporter

CHICKEN prices, which rose to unprecedented levels last year are dropping and there are indications that the price might fall even further as the effect of last year's increased production comes through.

Rainbow Chicken announced yesterday they had decreased the price of frozen chicken by 15 percent. Last year their prices peaked at R1.95 kg.

The shortage and cost of local chickens forced retailers to import chickens from the United States, Israel, and the United Kingdom. At least [illegible] of chickens arrived in the country during [illegible].

According to Mr Clive de Witt, Rainbow's national distribution manager, the fall in the price of chickens was not extraordinary.

'Its a seasonal drop. The demand has lifted, and of course prices move with consumer demand,' he said.

Asked whether the price would be increased again when the Minister of Agriculture announces the new price of maize in May, Mr de Witt said prices were reviewed on a weekly basis.

The general manager of Pick 'n Pay in Natal, Mr Allan Gardiner, said he welcomed Rainbow's decision.

'We still have [illegible] left over from [illegible] and as soon as that's [illegible] we'll draw from Rainbow.'

He said he believed the price of chickens would continue to fall.

'I think the price will eventually stabilise about R1.70 kg,' he said.

[illegible] of Checkers, who headed the campaign to import chickens from the United [illegible] [illegible] [illegible] [illegible] he would be [illegible] to [illegible].

A spokesman for Spar, Mr [illegible], said his company had been [illegible] [illegible] [illegible] from the beginning of last week.

'[illegible] decreases are always welcome,' he said.

[illegible] price of [illegible] was [illegible] [illegible] [illegible] [illegible] cost of [illegible] [illegible].

US car industry Rustenburg key

RDM 20/1/81 (74)

By ADAM PAYNE

MR GORDON Waddell's first review as chairman of Rustenburg Platinum Holdings makes it clear that the group's fortunes in the year to August 31 next hinge mainly on the unpredictable performance of the US economy.

The year from September 1 has started well, he says, but the outlook in the US motor-car industry, which is a big consumer of platinum and palladium, is uncertain because the Reagan Administration will be lobbied by the industry against further tightening of the emission control regulations.

The other and brighter side of the coin is the fact that the Japanese economy is not under the same cloud, and since August there has been a healthy recovery in demand from the Japanese jewellery industry.

Discussing the outlook for 1981, Mr Waddell says: "Available supplies at present exceed the demand from the traditional end users of platinum and there is now renewed concern over the prospects for the American economy in the immediate future.

"It is therefore extremely difficult to predict the results for the current year other than to say that, despite higher costs arising primarily from the wage increases granted to employees, the start has not been unsatisfactory."

Mr Waddell says the rise in the producer price of platinum to $475 an oz in August amounted to a 25% increase over the year in dollar terms, but was a rise of only 14% in rands.

"The increase in purchases for speculation and investment purposes outweighed the decline in the demand for platinum from the automobile and jewellery industries.

"While this increased speculative and investment demand had obvious benefits during the year, since in its absence available supplies would have exceeded demand, it remains to be seen whether it will on the present scale become a permanent feature of the platinum market.

"It seems likely that it will persist at least to some extent, but there is a risk that significant quantities will be sold back to the market at some stage in the future. That probability adds yet another factor of uncertainty to the market."

During the second half of 1980 it appeared that the nadir in demand for platinum from the US automobile industry would be passed before the yearend and that a recovery in automobile sales would take place during the group's financial year to August.

Mr Waddell comments: "This hope must now be tempered in the light of the fact that the initial recovery in the American economy may have been falsely based."

There has been a significant change in the US from big V8 motor-cars to four-cylinder or six-cylinder cars.

This, together with the expected increase in the sales of diesel-engined cars, has important implications for the platinum industry as the overall demand for catalysts and hence for platinum may be lower than previously expected.

He says increasing quantities of platinum will be recovered from converters on scrapped cars later in the decade. For all these reasons the extent of the future demand for platinum is difficult to assess.

Demand from Japan's jewellery industry fell during the groups' financial year.

"The Japanese jewellery industry is generally supplied on the basis of the free-market price and both the level of and the rapid and wide fluctuations in that price adversely affected the demand for platinum for this purpose until comparatively recently.

"Indeed, since August there has been a healthy recovery in demand which coincided with the return to comparative stability in the free-market price between $600 and $670 an oz.

"It would be possible to place more confidence in the continuation of this recovery if Rustenburg's price had greater weight in the Japanese jewellery industry."

I am told that steps are being taken to introduce platinum to the Japanese jewellery industry at the producer price although this is not easy because of a chain of intermediaries before the jewellery is sold over the counter.

COMMENT: On this report and on the state of precious metals markets, I would not be a buyer of platinum shares because time is on the side of anyone who waits.

The shares are unlikely to rise and there is downside potential in them.

While the state of the US economy will be the major factor influencing sales of platinum for industrial use, the gold price will be the main factor affecting the free-market price of platinum.

Should the free-market price fall below the producer price, my information is that Rustenburg will not chase it down as it did in 1975. The company is in a much stronger position now than then to resist such a course.

RDM 20/1/81

74

Same again for import control

CAPE TOWN. — The import control policy applied this year will be similar to that of last year, says the Minister of Industries, Commerce and Tourism, Dr D J de Villiers.

"The volume and value of imports have increased substantially as a result of the current economic upswing in South Africa. Another contributing factor to the increased imports was the replacement of the erstwhile system of limited import quotas in respect of certain categories of merchandise by a more liberal granting of permits to meet the full and reasonable requirements of importers.

"Despite the additional work entailed for all concerned it has, unfortunately, not been found possible to reduce the number of permit categories, as requested. This matter will nevertheless be kept under surveillance and further adjustments will be affected when possible.

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"In their own best interests, importers are asked to give their full cooperation to the Director of Import and Export to facilitate the processing of permit applications as much as possible." — Sapa.

FINE ART & ARCHITECTURE

ARCHITECTURE

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For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

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D H Pryce

General J
For the be ... t.

S A Read

Osbourn P
For the be
year.

D H Pryce

France buys most coal from SA

Argus 20/1/81

745 745 74

Argus Correspondent

PARIS. — South Africa has become the biggest supplier of coal to France, making that country increasingly reliable on South African energy exports.

France is already a buyer of SWA uranium for its ambitious nuclear programme aimed at freeing France from the dependence on Arab oil.

Figures from the Coal Importers' Association show that South Africa supplied 9,2-million tons last year, taking over the top slot from West Germany. Overall imports climbed 2,2-million tons to 32,2-million tons.

Paris is more secretive about its purchases of the vital uranium.

Imports from other members of the European Economic Community and Poland were also on the decline, while the United States doubled its sales.

France launched a large nuclear programme after the 1973 oil crisis and this year for the first time, oil will account for less than half energy needs.

Now France has launched a second scheme to reduce oil needs for cars.

French farmers, who have for long been producing more food than consumers can eat, are now to be encouraged to turn their sugar beet and vegetable products into alcohol, for mixing with petrol.

Experts hope that within the next 10 years up to half of the 17,7-million tons of petrol used in 1980 will be alcohol.

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)
Miss G C Littlewort

Third Year (Silver Medal)
Miss N C Davidson

Fourth Year (Gold Medal)
P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

Memorial Prize
the student with the
ork in Engineering

Prize
rst year student
the highest average

74

Lesotho cashes in on brick shortage

The Star's Africa News Service

MASERU — Lesotho is cashing in on the brick shortage in South Africa to boost its exports of bricks from a large modern factory here.

A spokesman for the Lesotho Development Corporation, which owns the brickworks, said orders for 500 000 bricks had been received from a large Johannesburg firm in the building supplies industry.

There had also been regular deliveries of bricks to Bloemfontein and the Free State border towns of Ficksburg and Ladybrand.

The Loti brickworks is also supplying large quantities for the home market because there is a building boom in Maseru.

S Africa expects to export 600 000 tons of sugar

22/1/81 NM

3 SUGAR

74

Financial Editor

SOUTH AFRICA expects to export 600 000 tons of sugar (worth £180m at current prices) in the season starting on May 1, Mr David Hardy, S A Sugar Association, export manager said yesterday.

There would be no commitments over this figure until the size of the crop was decided and at present the outlook, which is heavily dependent on the weather in the next eight weeks, is 'in the melting pot.'

Mr Peter Sale, general manager of the association, expects that the next crop may be between 1,8 and 2 million tons.

The first estimate will only be available at the end of May, Mr Hardy said.

He said that any surplus tonnage after meeting domestic requirements — just over 1 000 000 tons — would be 'marketed on a free basis rather than through contractual commitments.'

By the end of December South African sugar mills had produced 1 606 729 tons of sugar (down 22 percent on the two million-plus tons for the full previous season) and the target of 1,6m tons has been passed.

Production

Production was:

Umfolosi - 111 659 tons - up 14 percent; Entumeni - 21 997 tons - down 33 percent; Empangeni - 72 372 tons - down 8 percent; Amatikulu - 125 644 tons - down 32 percent; Darnall - 84 577 tons - down 54 percent; Mount Edgecombe - 76 135 tons - down 24 percent;

Glendhow - 94 266 tons - down 46 percent; Glendale - 16 768 tons - down 46 percent; Noodsberg - 109 955 tons - down 26 percent; Union Co-op - 50 004 tons - down 23 percent; Illovo - 68 098 tons - down 28 percent; Sezela - 173 160 tons - down 18 percent;

Pongola - 97 747 tons - up 4 percent; Felixton - 89 539 tons - up 16 percent; Tongaat - 140 603 tons - down 3,5 percent; Umzimkulu - 101 157 tons - down 11 percent; Malelane - 166 283 tons - down 0,7 percent is still boiling off and will end with a higher figure.

RDM 23/1/81

74

1980 record for SA-UK trade

By SIMON WILLSON
Industrial Reporter

THE VALUE of trade in both directions between Britain and South Africa set records last year, according to figures received yesterday by the British Consulate-General in Johannesburg.

The figures for January to December show British exports to South Africa were worth R1 721-million, an increase of 40,7% over the R1 276-million in 1979.

South African exports to Britain last year were worth R1 371-million, 39,5% more than the R955-million in 1979.

Bearing in mind the high rates of inflation in South Africa and Britain last year, and the year-long appreciation of sterling, it would be more accurate to assess the trade increase in volume terms, which are not yet available.

However, shipping sources said yesterday the price inflation and currency appreciation factors accounted for about 15% of the increase in trade value, leaving a likely volume increase of about 25%.

Mr Alan Titchener, the British Consul-General and director of British trade promotion in South Africa, said the record trade reflected both the competitiveness of British exports in spite of an appreciating currency, and the continuing buoyancy of the South African economy.

"Britain's share of South Africa's direct merchandise imports has been on an upward trend for about three years now, and these figures are a reflection of greater confidence in Britain as a source of supply.

"The figures are also part of the generally healthy picture of Britain's worldwide trade as the UK had a record trade surplus of £2 300-million last year.

"The figures demonstrate the bouyancy of the South African economy, its investment boom and increased consumption which cannot be supplied from local sources.

"The record trade level has enabled us to top the psychological £1 000-million barrier in British exports to South Africa for the first time."

The record comes when many economists and industrialists in Britain are worried about the strength of sterling.

Sterling's appreciation is all the more relevant to Britain-South Africa trade because it has risen most spectacularly against the dollar, to which the rand is tied in a dirty float.

Another factor which has probably helped trade between the two countries over the past year is the confidence inspired by the firm hold on office of Mrs Thatcher's Conservative Government, removing for the foreseeable future any likelihood of boycotts by Britain, which are always more likely under a Labour administration.

Trade probably received a fillip after the mid-year relaxation of South Africa's import permit restrictions.

Some of Britain's exports last year were the fulfilment of deals concluded some years ago, notably heavy machinery for the Duhva and Matla power stations, for which contracts were signed in 1975 but which only appeared in Customs returns last year.

The price increase factor was more significant in the value of South Africa's exports to Britain, as they included gold, platinum and diamonds which have appreciated in value over the past 12 months.

The importance of the South African market for British exporters is emphasised by other figures issued yesterday, showing that the probable 25% volume increase in Britain's exports to South Africa last year was more than 20% better than the average 2% volume increase for Britain's worldwide exports during 1980.

The price increase factor in Britain-South African trade, at about 15%, was also lower than Britain's world average of 16%.

ARCHITECTURE

(Continued)

Mrs. Thornton White Prize

For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize

For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award

For the best project in structure and design.

M R I Ness

National Development Fund for the Building Industry

Book Prizes

For the best student in each year of study of the degree course.

First Year

J A L Chapman

Second Year

C S Jones

Build Africa trade ties, says De Loor

74 RDM 23/1/81

By GERALD REILLY
Pretoria Bureau

RICH African markets were wide open, and as political objections crumbled bridge building opportunities were presented, the Director General of Finance, Dr Joep de Loor, said in Pretoria this week.

Opening the "Agricultural Outlook 1981" conference, Dr De Loor stressed the growing need for food on the continent.

He warned that food in the 80s would be like oil in the 70s — scarce and costly.

Inflation, he stressed, would remain the greatest headache.

By November the inflation rate was running at 15%, while food prices over the same 12 month period rose by 27,6%.

It had become necessary, therefore, to hold food prices in check. This would make one of the biggest contributions to combating inflation.

However, South Africa could look forward to another satisfactory year — perhaps not as hyperactive as last year, but still satisfactory.

The growth rate would flatten out to a level, which could be better maintained over a longer period, of between 5 and 6%.

This demanded that the State kept a tight check on spending, and the private sector did not shuttle from over-optimism to over-pessimism.

"As soon as there is a small cloud on the horizon, the prophets of doom are there in hordes."

Dr De Loor said his plea was for a better perspective and longer term economic view.

South Africa had just had one of its best growth years.

Although final figures were not available, last year's growth rate should have reached 8%. This was one of the best economic achievements anywhere in the world, and compared with a growth of less than half in 1979.

During the first three quarters of the year, imports also increased sharply, but gold production saw to it that there was still a record surplus on current account of over R3 000-million.

The increase in gold and other foreign reserves, with the sharp increase in bank credit in the private sector, had caused an unhealthy increase in the money supply.

Various methods were used by the authorities to slow down the excessive increase in the money supply. For instance a substantial amount of the State's income was sterilised in the stabilisation fund.

The De Kock Commission, Dr De Loor said, was still busy studying methods of controlling the money supply, and of placing the monetary system on a sounder basis.

On food production, Dr De Loor said during the past 20 years production had doubled in volume while the population had grown more slowly.

He stressed the per capita food production in Africa had decreased by 10% since 1970.

South Africa, he emphasised, could make a still greater food contribution to Africa.

African states had begun to realise that Russia could not fulfil all their expectations. There was a fine opportunity for South Africa to strongly expand its export trade in food.

It was obvious that the opportunities had been realised . . . South Africa exported goods worth more than R1 000-million to Africa last year.

Over the first 11 months of last year, total exports to Africa increased by 38%, while the export of agricultural products and raw materials doubled during the first nine months of last year.

Dr De Loor stressed that African markets were "open".

Their demand for agricultural products were only limited by shortage of foreign exchange, not crumbling political considerations.

Dr De Loor said imports would continue to rise this year and export volumes could stagnate, but because prices would be higher, and with an expectation of a gold price of $500 or more, there should be a sound surplus on the current account, although smaller than last year.

Two factors would have to be watched closely during 1981 — the degree to which the quality of labour could be upgraded to relieve the shortage of skilled workers, and the extent to which inflation could be curbed.

FINE ART & ARCHITECTURE

ARCHITECTURE

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Miss C Tregold

David Haddon Pri...

SA must realise it's a sea nation — Navy Chi

RDM 23/1/81 ~~254~~ 74

Ships handle more than 90% of all foreign trade

Reports by DON MARSHALL Pretoria Bureau Chief

MORE than 90% of South Africa's foreign trade is transported in ships, yet South Africans do not regard themselves as a maritime nation, Vice-Admiral Ronnie Edwards, Chief of the Navy, said in Pretoria yesterday.

In a special interview with the Rand Daily Mail, Admiral Edwards said South Africa needed a wide-ranging policy which would bring all of her maritime interests — from merchant shipping to offshore oil exploration — under one co-ordinating body.

"Until such time as we develop the concept that we are a maritime nation, the resources that are allotted to the Navy will be modest," Admiral Edwards said.

South Africa's policy towards shipping and the sea would be determined by a maritime advisory board consisting of at least one Cabinet Minister, directors-general of Government departments, and representatives of private enterprise.

Its basic function would be to promote an awareness of South African maritime interests.

"It must be established at a level where effective decisions can be taken." Admiral Edwards said.

"We are a maritime nation — historically, geographically and economically — yet we do not regard ourselves as one.

"I would not go so far to say we have turned our backs to the sea, but South Africans do not generally appreciate the importance of the sea to their existence. Over 90% of this country's exports, and virtually all of her imports, are transported by sea.

"This country would be crippled economically if the free use of the sea lanes was denied to it."

He said he was not proposing the establishment of another control board. He would also oppose any move to bring South Africa's mengelmous — hodgepodge — of maritime interests under the control of a single government body.

The South African Navy Chief's remarks drew an immediate response from merchant shipping executives and government officials.

Mr M Marsh, Safmarine's managing director and chief executive officer, supported Admiral Edwards' proposal.

"It is an initiative which I welcome. The public must be made aware of the importance of this country having a sound maritime policy," he said from Cape Town.

Government officials, however, responded with reservation, some going so far as to dismiss the idea.

"A maritime advisory council along the lines suggested by Admiral Edwards would be clumsy to operate. The Government's policy is to do away with boards and committees," said one.

Government departmental opposition to Admiral Edward's initiative could be a result of plans which at least one of these departments have — the Department of Transport — to revise maritime legislation during this year's session of Parliament.

A National Maritime Advisory Council already exists, but its staff is preoccupied with safety at sea and setting standards for merchant seamen training programmes.

This body is expected to be dissolved when a new transportation board is created, probably this year. The board will consist of several sub-committees, one to deal with maritime transport matters.

But its functions are expected to fall far short of what Admiral Edwards has proposed.

It is also learned from Cape Town sources that a committee appointed by the Department of Transport has been investigating the establishment of a coastguard service for South Africa's extended coastline.

Government officials play down the idea of a coastguard because it has the connotation of becoming another armed service. Officials have suggested that it should be called the South African Marine Patrol and that its ships and aircraft should not be armed.

They stress that it will be a civilian organisation under Department of Transport control.

By taking these steps, the authorities hope to circumvent the international arms embargo on South Africa, and that the necessary multi-purpose ships and aircraft required to operate such a patrol will be obtained from overseas suppliers.

Coupled with this development, it is believed that legislation is being prepared to prevent undesirable foreign shipping from entering South African waters.

The marine patrol's functions will be to patrol South African territorial waters on the lookout for illegal immigration, oil pollution, illegal fishing by both local and foreign trawlers, search and rescue missions, and to ensure that foreign ships comply with what is known as the innocent passage principles.

Some of these roles have traditionally been filled by the Navy because of the non-existence of another authority to do the work. When South Africa extended its territorial waters to 200 nautical miles and imposed strict fishing quotas within this area, the Navy announced that it had neither the manpower nor the ships available to patrol the area effectively.

ADMIRAL EDWARDS ... Russia a threat to Cape sea route — not SA

THE presence of Russian Fleet in the Indian Ocean threatened the Cape sea route — not South Africa — Vice-Admiral Ronnie Edwards, Chief of the South African Navy, said in Pretoria yesterday.

Replying to a list of questions submitted by the Rand Daily Mail, Admiral Edwards said he could not foresee the Russians launching a direct attack on South Africa — because this would be a cause for war for the W[illegible]

The admiral said the Russians were not interventionists. They used surrogates as they did in Angola. The presence in the Indian Ocean was caused by the withdrawal of the British in the early 70s but that had nothing to do with the South African situation — it was a Western prob[illegible].

Terrorism, he saw as the threat South Africa had to contend with in the short term. The SA Defence Force was already engaged in counter-terrorist war, and the Navy was no exception.

"To counter this threat, we have formed a special group called the Marines. Their prime function is to protect South Africa's harbours, and they are assigned to operational duties on the border to increase their competence."

The South African Navy's latest missile bursts in a billow of smoke from its launching bin aboard the SAS Jim Fouche.

The Navy had undergone radical changes since the signing of the Simonstown Agreement with Britain in 1955. The "bluewater" role had since been dropped, and a force which presented a "credible deterrent" was beginning to emerge.

"The Simonstown Agreement had a basic premise: that the defence of South Africa began in the Middle East, the so-called gateway to Africa. In terms of the agreement, South Africa undertook to send a division of troops to the Middle East in the event of war.

"To fulfil the role of protecting the sea route round the Cape, South Africa also undertook to acquire 10 anti-submarine frigates, 10 coastal minesweepers, and five seaward defence boats. Shackleton reconnaissance aircraft were purchased for the Air Force to complete the maritime force," Admiral Edwards said.

During the 60s — after the famous "Winds of Change" speech in Cape Town by the then British Prime Minister, Mr Harold Macmillan — political opinion began to mount against South Africa. With ship and arms deliveries cut by internationally imposed arms embargoes, South Africa began to look after its own interests, as opposed to the interests of the Western World.

"The Navy set out to acquire a deterrent — we called it a credible deterrent — and the main element of this, as we saw it at the time, was a submarine force. The contract for the first of three submarines — the Maria van Riebeeck — was signed in France in 1967,"

Admiral Edw[illegible]

The Britis[illegible] Simonstown A[illegible] and stricter i[illegible] embargoes w[illegible]

"The Weste[illegible] prepared for c[illegible] ticipation in t[illegible] Cape sea rout[illegible] to concentrate[illegible] ment of our o[illegible] submarines w[illegible] the acquisiti[illegible] equipped str[illegible] patrol boats), [illegible] as the poor m[illegible]

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The Navy's [illegible] rent" fleet wil[illegible] the near future[illegible] ral Edwards [illegible] how.

"We want [illegible] credible deter[illegible] we still want[illegible] protect this [illegible] wartime attack[illegible]

"We also wa[illegible] ability to prote[illegible] maritime asset[illegible] time as South [illegible] that we are a r[illegible] the resources [illegible] Navy will cont[illegible] est," said Adm[illegible]

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RDM 24/1/81

R20 000m SA exports last year

By HOWARD PREECE
Financial Editor

SOUTH Africa's exports totalled nearly R20 000-million in 1980. Gold alone, however, accounted for half of this, indicating the exceptionally high dependence that the country still has on the gold price.

Imports raced up by nearly 45% last year. This huge increase was a result of the 8% real growth rate and high inflation.

Without gold, such an increase in imports could not have been possible without severe overall balance of payments problems.

These points emerge from the preliminary import and export figures for 1980 supplied by the Department of Customs and Excise.

They include gold exports (bullion and Krugerrands) and imports of oil and military equipment.

Soaring oil bills will obviously have played an important part in the general rise in imports.

Official balance of payments figures will come from the Reserve Bank in two months' time.

But it is already known that the total value of gold output rose from R6 000-million in 1979 to about R10 000-million last year.

Although imports rose by 45%, the rate of increase eased in the last few months of the year from 54,4% at the end of June over the 1979 level.

South Africa had a favourable trade balance of R5 532-million last year, which was an improvement of R625-million on the favourable balance in 1979, according to Customs.

Apart from the preliminary nature of these figures, a deficit of R3 000-million or so on invisibles (shipping, dividends, insurance, etc) has to be reckoned in looking at the overall current account of the balance of payments.

Exports in 1980 totalled R19 868-million while imports amounted to R14 336-million. In 1979, exports were worth R14 811-million and imports amounted to R9 904-million on the equivalent Customs calculations.

Record-breaking exports to Africa last year were worth R1 102 million — R369-million up on the previous year's figure.

Imports from Africa also climbed — from R254-million in 1979 to R280-million last year.

Europe bought goods worth R5 176-million from South Africa last year against R5 093-million in 1979.

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John Perry Prize
For the best work in third year.

R A van Rosenveld.

Lesotho to export bricks to SA

RDM 24/1/81

~~107~~ 74

Southern Africa Bureau

THE Lesotho brick industry will receive a boost with the export of bricks to South Africa.

Lesotho's recently established Luti brick factory is consigning loads of bricks to South Africa to meet the shortfall caused by a drop in production.

From next week, the factory will rail 13 000 bricks to Hampo Trading Company in Newtown, Johannesburg.

Hampo is a subsidiary of the Premier Milling Company.

Lesotho has an abundance of good quality clay used for brick manufacturing.

The clay is good enough to produce a stock brick which compares favourably with a semi-face brick.

The Luti factory is situated on a site where there is sufficient clay to meet production needs for the next 20 years.

SUNDAY TRIBUNE, JANUARY 25, 1981

A bid to reduce ferro-chrome imports

S. Trib. 25/1/81

~~161~~ ~~371~~ 74

Japan wants out!

By MARTIN RUSHMERE in Salisbury

JAPAN is making a concerted bid to reduce its reliance on South African ferro-chrome by stepping up imports from Zimbabwe. At present South Africa accounts for 80 percent of Japanese imports and industrialists there are worried by this.

The issue was highlighted this week by a trade delegation from the Sumitomo group, which employs 250 000 people throughout the world.

Japan's imports of ferro-chrome annually are 250 000 tons out of a total usage of 550 000 tons. Now that Zimbabwe is independent the Eastern nation wants to use more of this country's output.

In Zimbabwe's favour is a five percent tariff preference which South Africa does not qualify for. Against Zimbabwe is the transport factor.

Without being explicit, the Japanese recognise that Mozambique is just not ready to handle the huge quantities required. They are well aware of how strained Beira and Maputo are with the present limited amounts of cargo going through. Durban will continue to be the main outlet for exports.

The resistance to using South Africa is not political but economic. Japanese companies get edgy about having to import from one customer, as they would be in the cart if deliveries were held up.

They could increase their own production of ferro-chrome to compensate for this, but costs become a factor. Because power charges are so steep the cost of production is 300 US dollars a ton higher than for the imported metal.

Two of the most powerful trading houses, Mitsui and Mitsubishi, have set up office in Salisbury and are clearly going all out to attract as much of Zimbabwe's minerals as possible. They see great potential for agricultural and mineral products.

Besides chrome they are interested in maize, tobacco and asbestos. The last named seems to be the one where the greatest future lies. But contracts are what Japan is after and with fluctuating world prices for all commodities, they might have considerable difficulty in tying up anything long term.

When prices are low, sellers aim for high long term prices. When they are high the seller is reluctant to commit himself at all.

Coupled with this is the uncertainty in both agriculture and mining here. Volume of output is hardly increasing at all and volume is something the Japanese want.

Transport is but one obstacle for Zimbabwe producers. The shortage of skilled men now is such that the mines admit they are surviving on overtime and only the most essential maintenance is being undertaken. Something will have to give somewhere if this continues and the effect will be felt on output.

So the answer seems to be for this country to sign short term contracts while hoping for prices to rise. But it is doubtful if any of these wishes will materialise.

Loading ferro-chrome in Durban ..... will it be South African or Zimbabwean?

Cleaning up in the washing machine market . . . .
local industry wants protection

~~187~~ 74

We want protection!

S. Trib 25/1/81

Special Finance Correspondent

SOUTH AFRICA'S domestic appliance industry has asked the Government for additional tariff protection against a surge in imports over the past 18 months.

Barlows Manufacturing Co, the country's leading washing machine manufacturer, applied earlier this month for an increase in the customs duty on washing machines from 25 percent to 40 percent. Applications from the industry for increased duties on several other appliances may follow.

The rapid rise in consumer demand, a relaxation of import controls and the strong rand have encouraged a sharp growth in imports of a wide variety of consumer goods, including clothing, textiles and domestic appliances.

Imports of semi-automatic washing machines totalled 43 000 units in the first nine months of 1980, compared to 20 000 during 1979. Refrigerator imports have shot up from 15 000 units in 1978 to 34 000 in 1979 and an estimated 45 000 to 50 000 last year. Imports of tumble driers and floorcare products have also risen sharply.

According to one industry estimate, the share of imports in the washing machine market has risen from 17 percent to almost 50 percent in the past two years. Annual sales of domestic appliances in South Africa total about R500 million.

Robbie Williams, managing director of Barlows Manufacturing, says that the rise in imports "is a worrying trend".

Despite the buoyancy of the local market (sales rose by 30-40 percent last year) most manufacturers could raise production further. They are also looking ahead to the next downturn.

Ted Ashdown of Hoover, says: "It's all very well to be complacent, but none of us are up to 100 percent of capacity." Hoover, for example, is still working only one shift.

Adds Williams: "The last few months have been records for everyone. But it can't continue at this level."

Italy and Japan have been singled out as the main sources of cheap imported appliances. Local manufacturers say that the price of goods from these countries, notably those produced by Hitachi in Japan and the troubled Italian manufacturer Indesit, are frequently below local production costs. West Germany and Brazil are among other countries whose appliance exports to Sotuh Africa have risen rapidly.

The difficulty of determining overseas production costs has so far prevented local manufacturers from applying for anti-dumping duties. They hope, however, that higher customs duties will restore competition from imports to more manageable proportions.

Sixth Year

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ARCHITECTURE

FINE ART & ARCHITECTURE

Demand for ore may fall

S. Tribune 25/1/81

16

74

NEW trends are emerging in Japan's chrome ore demand that have important implications for the country's current number one supplier, South Africa.

Firstly, imports are stagnating and are not expected to pick up for some time because of the prolonged business recession which is affecting the local ferro-alloy industry.

Secondly, because of rising costs, the Japanese are looking for increased supplies from neighbouring countries that will help keep transportation expenses under control.

And, with hefty power rate hikes having to be absorbed at seemingly regular intervals, companies in Japan are looking for more high-grade chrome ore, which would certainly hurt Transvaal mines — the biggest suppliers of low-grade ore.

Although the official figures won't be out for a while, industry sources put Japan's chrome ore imports last year at 940 000 tons (South Africa's share was about 40 percent).

They are now studying the possibilities of switching an increasing percentage of their buying to the Philippines, India, New Caledonia and the Sudan, sources report.

The pressures on Japan coincide with dwindling interest in South Africa in exporting the lower grade ores because of the poor financial return.

A Transvaal bid for a significant price increase is expected in forthcoming negotiations, which industry analysts expect will be resisted because the Japanese are strongly opposed to any further increase in costs.

Corobrik's first foreign bricks are shipped in

S. Express 25/1/81

THE first million face bricks imported by Corobrik from England to feed the superheated building boom arrived in Durban harbour last week.

The extraordinary cargo of 1 000 plastic-wrapped, steel-strapped, palleted packs of bricks filled 64 SAR double-bogie trucks for delivery to Corobrik's sidings at Springs, Bloemfontein and Pretoria.

Dick Kemp, chairman of Toncoro, which owns Corobrik, said: "This first delivery is a tremendously important test because we are trying to help in particular the individual home builder. The second delivery of another million bricks is due at Durban in the first week in February.

"If enough people let us know their needs, we hope to continue importing two-million bricks each month until needs are met. However, I must make it clear that is not a profit-seeking venture for Corobrik. We are doing it as a service to our customers.

"The cost of importing these bricks makes them more expensive than our own parallel top quality bricks, but it is absolutely true that it is better for people to build now than wait for the alarming rise in building costs which are still going up at 24% each year."

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John Perry Prize
For the best work third year.

Chile agent

RDM 26/1/81

~~23~~

74

STRENGTHENING its ties with South America, Rennies Shipping South Africa has appointed Kenrick & Co agents for its Cape Cross Groupage Service in Chile.

Long established in Valparaiso, Kenrick & Co is keen to assist South African importers and exporters doing business with Chile.

Rennies Shipping recently appointed Maritema Portema its agent in Peru.

Exports from South Africa to Chile rose from R4 600 000 in 1978 to R14-million in 1979.

Exports consist of base metals, machinery, textiles and chemicals, while imports include foodstuffs and base metals.

74 30/1/81

IMPORT POLICY

Permits for Africa

FM 30/1/81

The announcement last week by Minister of Economic Affairs, Dr Dawie de Villiers, that the "import control policy which is to be applied in 1981 will be similar to the policy applied in 1980" has been welcomed to some extent by importers.

Afrikaanse Handelsinstituut executive director, Fritz Stockenstrom, has welcomed the statement as an indication that government is not clamping down on imports, despite their 1980 value having increased 64% over 1979.

Volume and value of 1980 imports increased substantially as a result of the economic upswing and because the system of limited import quotas was replaced last year with a new system of permits, which was introduced to meet importers' requirements, according to De Villiers.

Importers agree that "full and reasonable (importers') requirements" were met in 1980.

The bad news, from some points of view, however, is that the Minister has not seen fit to change in 1981 the detailed categories system for permit applications introduced last year. Instead of import permits issued under four categories of goods, 17 new categories came into operation.

All commodities now have to be categorised. Importers also have to give detailed information on stock levels, previous sales track record, and anticipated sales. The load of extra work entailed in working out applications is formidable.

Ministerial assurance was given last year that this system would be modified. But with this week's announcement, the Minister quashed hopes of any immediate changes.

Said De Villiers: "Despite additional work entailed for all concerned it has unfortunately not been found possible to reduce the number of permit categories as requested."

There's some comfort in his statement that the matter "will nevertheless be kept under surveillance and further adjustments will be affected when possible."

Assocom "would have preferred to see bolder steps to reform and streamline import control procedures." Says one Assocom staffer: "We want to do away with these cumbersome procedures. We want a free economy."

A spokesman for the Department of Commerce says: "We're seeking a tariff system and quota controls complementary to each other to ensure a degree of stability in the market and growth in the industry. Imports must be adjusted to suit the level of demand and fit in with local availability and market conditions."

The categories system is, says the department, "far more accurate than before. It disciplines importers, especially speculative importers."

The spokesman mentioned that "wheeler-dealer importers have been cut down to size by the categories system. The guys who pick up merchandise for a song and dump it on the local market, who don't pass on the price benefits to the consumers, and import solely to line their own pockets can no longer buy tomato sauce or tyres or T-shirts all on the same permit."

ARCHITECTURE

(Continued)

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award
For the best project in structure and design.

M R I Ness

National Development Fund for the Building Industry Book Prizes
For the best student in each year of study of the degree course.

First Year

J A L Chapman

Second Year

C S Jones

Third Year

B de Jong

Fourth Year

R W Kohne

George Strachan Prize
For the best final year student of the degree course.

R W Kohne

LTA Prize
For the best student obtaining a first class pass for a dissertation in Building Management.

S F Richardson

GENERAL

30/11/80

SA-Russia in secret trade meetings?

Own Correspondent

PARIS — The Soviet Union and South Africa have been involved in secret trade talks in the Swiss financial capital of Zurich as Moscow searches for supplies to compensate for the United States boycott over Afghanistan, according to the weekly African news magazine Jeune Afrique.

The talks are in line with a belief, reported in Paris Match earlier this month, that Moscow is seeking co-operation with Pretoria to acquire South African minerals.

Other trade discussions reported were offers to buy 490 000 tons of phosphoric acid, which would represent a third of the Soviet Union's fertiliser needs.

Soviet and South African financial experts have also been involved, Jeune Afrique indicated, in discussions on gold sales in Zurich.

● A spokesman for the Department of Foreign Affairs in Pretoria said: "We are prepared to trade with anyone. South Africa does not support boycotts and we trade purely on a commercial basis."

He said there was nothing new in reports of South African-Russian trade which surfaced from time to time. It is understood South Africa has long had trade relations with Moscow including a trade in wool.

BU

Deciduous fruit is flowing out

CT 31/1/81 74 ~~3fruit~~

THE annual outflow of South African fruit to the European markets has begun.

The Swedish ro-ro liner Kolsnaren this week loaded a consignment of pears in the port, and the first of the specially-chartered freighters will be loading at the adjoining cool chambers this weekend.

The seasonal fruit exports represented for years the most remunerative cargoes for the Cape liners, and some of the container ships which have been sailing north with mainly empty boxes will for the next five months be well supplied in the cool chambers with deciduous and then citrus fruit.

An important development in recent years has been the securing of other markets for the South African product, although it may not be prudent to say precisely where some of these are. Nevertheless, the extension of the trade has provided the refrigerated ships with almost continuous employment.

Additional fruitships have been built or bought in the past couple of years, and some of these are employed on distant trades more profitably than they would be here.

Fruit juices carried in deep tanks of ships or in liquid containers are also finding a ready market overseas, and with a little enterprise these could possibly be extended further.

OK to oppose tariff protection

~~30~~

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S. Tribune 1/2/81

Finance Correspondent

THE giant OK Bazaars group will oppose at Government level a request for additional tariff protection for the local domestic appliance industry against a surge of imports.

OK chief Meyer Kahn is totally opposed to a request for added tariff protection. "We believe it is quite unnecessary, particularly in view of the large profits made by local manufacturers."

Kahn says the group will make representations during the week to the Government outlining its argument against higher import tariffs. He pointed out that this was not the first time OK had reacted at Government level against increased import tariffs.

Kahn was reacting to a call earlier this month by Barlows Manufacturing Co, the country's leading washing machine producer, for an increase in customs duty on washing machines from 25 to 40 percent. Applications for increases on other appliances could follow.

In Durban, Hugh Mathie, director of a furniture and household appliances retail outlet, also came out strongly against higher tariffs.

Mathie says the company sells some 1 500 appliances a month, 75 percent of which were imported. He says the imported appliances are generally cheaper and of better quality than the local equivalent.

Backup services and settlement of complaints by agents for the imported appliances is more reliable, he says.

The opposite view was expressed by Consumer Council spokesman Chris du Plessis. He says local manufacturers have done much in recent years to improve their products, while also attempting to offset the problem of lack of skilled artisans.

In the long term South Africa will have to become more independent of overseas supplies and it will jeopardise this goal if local industries are not supported.

IMPORT OF CHEAP SOCKS DEFENDED

ARGUS 4/2/81

~~317A~~

74

A SHIPMENT of 1,8-million pairs of men's socks from Taiwan did reach South Africa — but not on one import permit, says the Director of Imports and Exports, Mr W Wilker.

'No such permit of that magnitude was issued.'

A clothing manufacturer has claimed an import permit was recently granted after the consignment of socks was rejected by Germany's quota controls.

Mr Wilker said the importer had a permit to import only a small number.

CHAIN STORES

'He must have persuaded certain of the large chain stores who hold open permits for clothing to devote some of their permit facilities for the socks, giving them an option.

'We do not practice commodity control.

'We live in a free market economy and if in fact the local industry cannot match the price of stocks now being imported, then it is perhaps necessary to expose them to a measure of competition from overseas, as long as it is fair and even competition and the local industry is not being exposed to dumped goods.

TOLD BOARD

If there was any question of dumping, the local industry should tell the Board of Trade and ask for a review of the measure of protection that has been given.

'There is no way the Government can prevent the local industry from being exposed to a measure of competition and we would not exclude socks merely because they are cheaper than those made here.

'We can only hope that the low prices are being passed on to the consumer and not being used to produce extra profit,' Mr Wilker said.

HUNGER FOR JOBS

Disclosing the socks shipment, the chairman of the Cape Clothing Manufacturers Association, Mr Mike Getz, complained at the weekend that South Africa 'with its third world hunger for jobs' permitted entry of goods prohibited in Germany because of quota restrictions.

Speaking for traders, Mr Brian McLeod, director of the Cape Town Chamber of Commerce, said this week that traders fully appreciated the need to protect jobs in the clothing and textile industries but not at the expense of efficiency and unnecessary price increases caused by inefficiency.

Complaints from traders indicated that the clothing industry was overcommitted and not able to fulfil its obligations.

LATE DELIVERY

As as example, one firm placed an order with a lingerie manufacturer on April 10 last year for delivery at the beginning of July with a final completion date of October 15.

However, only two styles were received by September 15. Repeated phone calls brought five further styles in October and November. But the firm is still awaiting eight styles.

'With this sort of thing happening, traders cannot maintain turnovers and they could have difficulty in meeting salary, rent and other costs,' said Mr McLeod.

A Johannesburg company reported it placed an order on April 14 for delivery to October 15.

Three styles were delivered in September, four in October and five were outstanding of 17 November after the supplier cancelled eight styles.

Million
Argus
SA bulbs
5/2/81 74
sought for UK

A REPRESENTATIVE of a major British gardening company is visiting South Africa to negotiate the export of a million South African amaryllis bulbs to England.

Mr Jonathan Norcott, on a working holiday in South Africa and visiting his mother, who lives in Wolseley, will be meeting a Transvaal-based company to negotiate the export.

He said amaryllis did not grow naturally in England and his company wanted to import them to be sold as Christmas gifts, either as bulb kits or as the plants beginning to flower.

UNDER GLASS

His company, based in Essex, has about 6 ha of garden under glass where plants are cultivated to be sold to supermarkets and stores.

'Houseplants have become very popular in England, mainly because there is very little in the garden for a great part of the year,' he said.

'People living in apartments also like to have a bit of greenery . . . a little bit of something living, in the concrete jungle,' he added.

BIG BUSINESS

House plants constitute big business in Britain.

His company has subsidiaries in the West Indies and gets most of its plants from there but also imports plants from America, Holland, and, recently orchids from Thailand.

'They last a long time and can then be dried. They are available in England but are very expen-last and proteas are ideal.

Mr Norcott said he was interested in proteas as well.

'There is a large demand for cut plants which sive,' he said.

Dunlop asks for import protection

74

RDM 5/2/81

Deputy Financial Editor

DUNLOP South Africa has applied for import protection, says the managing director, Mr Clive Hooper, in his annual report published today.

He says Dunlop is compelled to support "single source raw material suppliers in the rubber, chemicals and plastics industries, whose viability depends on considerable premiums over world prices".

At the same time, imports of finished products, such as new tyres and used-tyre casings, are permitted on a full and reasonable demand basis. This represents unfair competition.

Mr Hooper maintains new-tyre imports rose 30% in the year to August and smooth casings 65%. Together these imports represent 25% of the SA replacement market in truck and earthmover tyres.

Dunlop is prevented from importing seven raw materials which account for the attainment of 75% local content.

Sentrachem's new synthetic rubber plant could lift tyre costs by 10%, Mr Hooper warns. This would increase the tyre industry's uncompetitiveness unless protection was granted.

The Price Controller granted Dunlop a 10,6% price increase in January, but this did not fully recover cost increases. Tyre prospects depend largely on Dunlop's application for protection being granted.

The motor industry, which accounts for half of group sales, is expected to reflect limited growth, resulting in a modest improvement in tyre profits.

Mr Hooper expects the authorities to take steps to contain demand to protect the balance of payments and to slow inflation. This, he warns, usually has an impact on consumer durables and the motor industry first.

He expects growth in most of Dunlop's markets to start slowing early this year. This forecast includes the mining industry, although some original equipment orders involving long-term expansion are unlikely to be affected.

Industrial products fared well in 1980, with demand buoyant for hoses, fan belts and conveyor belts.

The high level of building activity bodes well for the flooring division, but this, too, is being hurt by competitive imports because of the premium being paid for raw materials.

Steady growth is expected in sports goods. Dunlopillo did well supplying foam for vehicle seats, mattresses and furniture in the past year, and will continue to make progress in 1981.

The chairman, Dr Tom Muller, says 1981 is expected to be "a year of consolidation with limited growth over 1980".

With the motor, industrial and consumer sectors all booming, Dunlop last year increased sales 24% to R157 493 000, pre-tax profit 41% to R22 437 000 and taxed attributable profit 43% to R14 103 000. Earnings rose 43% to 93,4c (65c) and the dividend 50% to 51c (34c).

ARCHITECTURE (Continued)

Mrs. Thornton White Prize
For the best work in first year.
Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.
J G Kirkman

R Stubbs Award
For the best project in structure and design.
M R I Ness

BUILDING

National Development Fund for the Building Industry Book Prizes
For the best student in each year of study of the degree course.

74

KENNISGEWING 116 VAN 1981/NOTICE 116 OF 1981

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 DESEMBER 1980—PERIOD: JANUARY TO DECEMBER 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	280,6	254,8	1 102,4	733,9
Europa—Europe	5 723,0	4 114,8	5 176,1	5 093,9
Amerika—America	2 227,6	1 416,1	2 129,3	1 834,2
Asië—Asia	1 808,3	1 149,3	1 985,0	1 674,9
Oseanië—Oceania	108,4	71,6	95,5	83,9
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	4 188,4	2 898,1	9 333,8	5 345,7
Skeeps-/vliegtuigvoorrade—Ships'/aircraft stores	—	—	46,3	44,8
Groottotaal—Grand total	14 336,3	9 904,7	19 868,4	14 811,3

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	45,1	34,5	186,3	246,5
II. Plantaardige produkte Vegetable products	198,2	174,0	808,3	623,9
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	61,9	56,6	36,0	41,6
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	156,9	113,8	692,0	520,4
V. Mineraalprodukte Mineral products	236,8	145,8	1 549,0	1 294,0
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	1 024,0	798,2	392,4	369,6
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	476,6	365,2	75,7	68,1
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)	41,2	35,2	153,2	191,7
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	95,5	63,9	51,7	46,3
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	323,4	218,3	167,7	168,2
XI. Tekstiele en tekstielartikels Textiles and textile articles	536,0	408,4	357,7	337,8

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 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	52,7	34,0	16,6	13,9
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	120,4	83,8	55,3	43,2
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	58,7	42,4	2 888,1	2 607,8
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	702,9	446,5	1 568,9	1 675,2
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	3 536,3	2 218,5	273,9	204,2
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 856,7	1 350,5	136,2	164,5
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	469,7	322,0	24,3	21,0
XIX. Diverse vervaardigde artikels Miscellaneous manufactured articles	103,2	60,0	26,5	22,0
XX. Kunswerke, versamelaarsstukke en antieke Works of art, collectors' pieces, and antiques	14,4	5,8	15,5	4,1
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	4 225,7	2 927,3	10 393,1	6 146,7
Groottotaal—Grand total	14 336,3	9 904,7	19 868,4	14 811,3

(6 Februarie 1981) / (6 February 1981)

Some US birds get a recall

KDM 6/2/81 24 30

Consumer Mail

IT'S another case of those American chickens at Checkers — only this time it's "Yankee go home" to thousands of substandard US chickens with the brand name "Best Ov All".

Checkers have withdrawn the chickens, part of a new consignment of US birds, after complaints from their stores, customers and the Department of Agriculture.

The consignment contained more than one brand of US chicken but only the "Best Ov All" were substandard.

They were, said Checkers and the Department of Agriculture, scrawny, underweight, badly packed, did not carry grade markings, did not have giblets, and had long, thin legs.

They were not, however, condemned as unfit for human consumption, the Department of Agriculture spokesman stressed, but had drawn Checkers' attention to the fact that the birds did not match up to South African standards.

All the other birds in the consignment were up to standard and would not be withdrawn from the stores — mainly in the Cape and Transvaal.

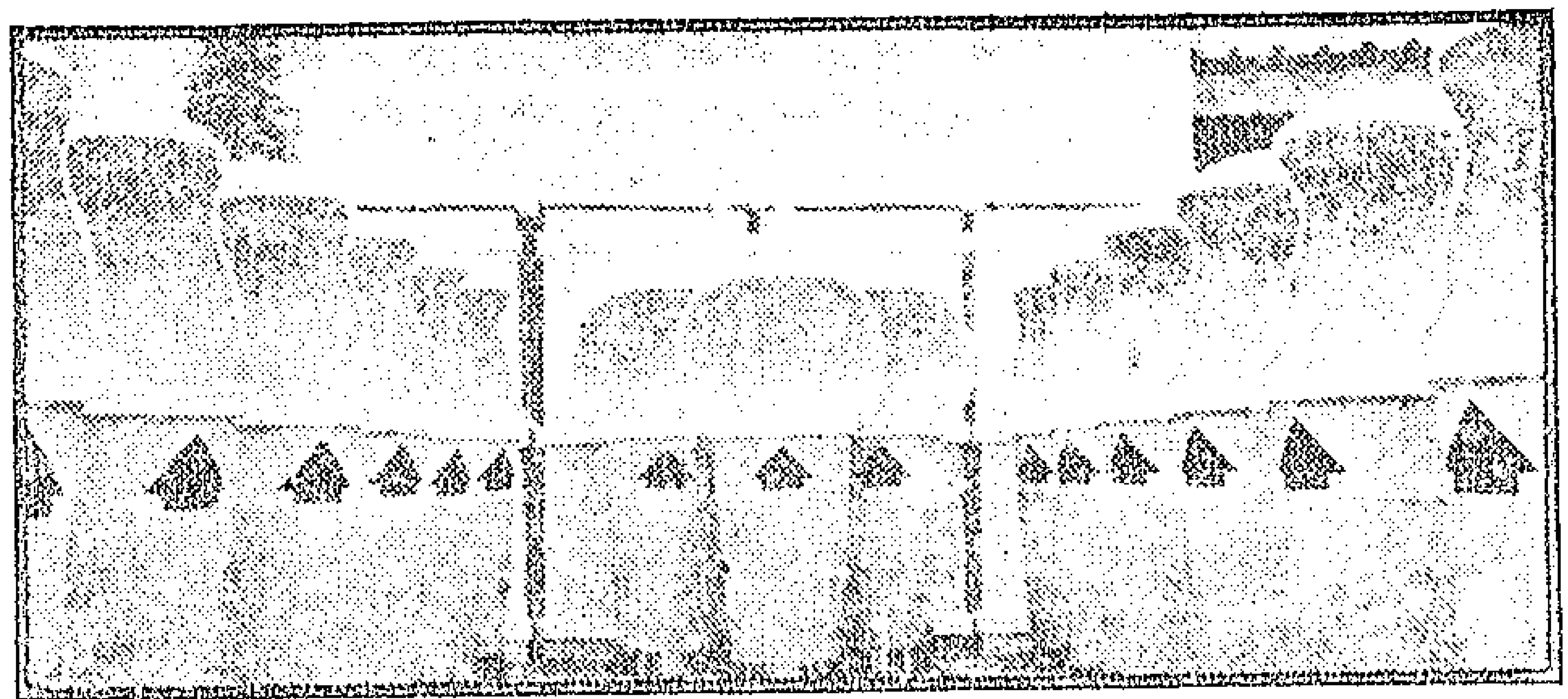
A spokesman for Checkers said yesterday the company had ample supplies of birds, both US and local.

Local producers have objected to the importing of US birds which are much cheaper to produce in the US and can be sold in South Africa for less than local producers claim it costs them to manufacture.

When Checkers' first consignment arrived in December, a major local producer claimed those birds were substandard and not slaughtered according to Muslim law.

The spokesman said Checkers was considering legal action against its importing agents, who they claim failed to supply them with birds to the specifications they had ordered.

It was not known last night how many birds were involved, and the spokesman said this could only be determined once all the recalled fowls were in one warehouse.



The first consignment to Japan of futuristic electronic receptors for parking garages.

Made in SA!

74 ~~161~~ ~~191~~

S Tribune 8/2/81

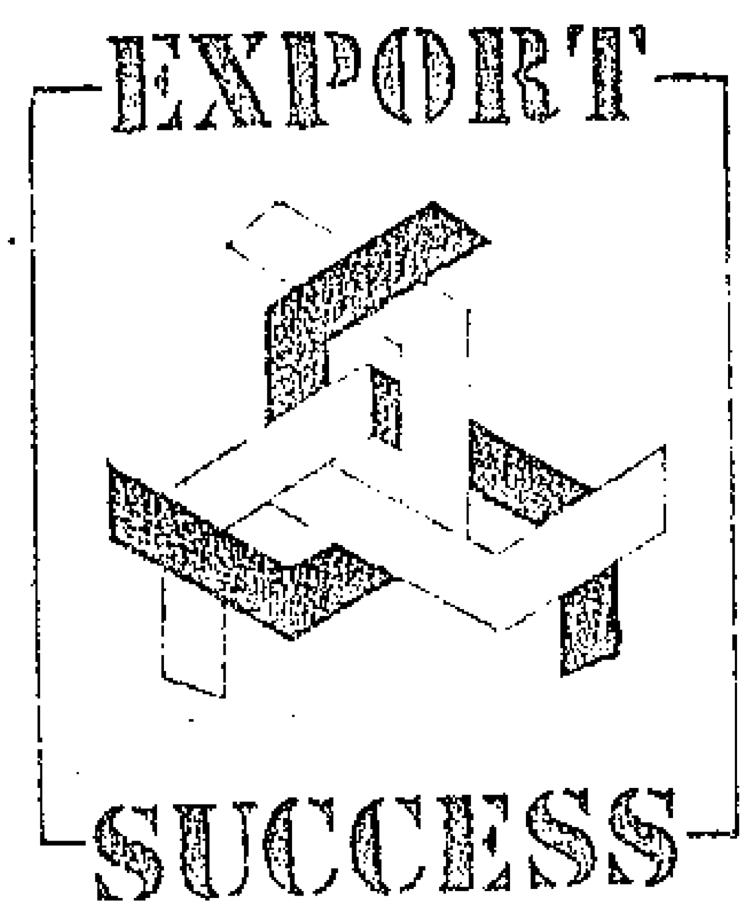
Finance Reporter

AT first glance the lucrative order looks very much like a call to deliver coal to Newcastle — sophisticated electronic equipment to Japan.

But the truth is that a Pietermaritzburg electronics company has achieved a level of development in a particular field of electronics which the Japanese have not managed to copy, nor many other industrialised Western countries for that matter.

Winner of both the Sunday Tribune (1977) and the State (1978) awards for export achievements, the company, Electromatic, is a major world supplier of electronic equipment for traffic control and has just shipped its first order to Japan, worth R100 000, for equipment designed for parking garage control.

The system, using a special electronically-charged "lipstick-shaped" device for opening the exit booms in parking garages, needs only a single central cashier and eliminates the bottlenecks found at cashier-operated exit gates.



Managing director Alan Gillett says the system has generated considerable interest in Japan and the company expects at least to duplicate the Far East order this year and probably double it in ensuing years. The company has already been highly successful in its export drive to Europe, where about 100 units are in operation throughout the Continent.

Another branch of the company's traffic control systems, that of monitoring and speeding up traffic control at intersections, is also proving highly successful overseas, Gillett points out.

Further development of this system, which included speed monitoring, accurate weighing of moving vehicles and even the recording of vehicle types, is logging up successful export orders, particularly in countries feeling the fuel crisis pinch.

Last year exports were 40 percent up on 1979, which itself was more than 40 percent up on the 1978 figures.

- Entry forms for the Sunday Tribune/Safto Exporter of the Year award will be inserted in the February edition of Safto Exporter. Entries, open to all exporters, close on April 30. The winners will be announced at a banquet in July.

CT 9/2/81

74

Dunlop seeks import protection

Own Correspondent

JOHANNESBURG. — Dunlop South Africa has applied for import protection, says the managing director, Mr Clive Hooper, in his annual report.

According to Mr Hooper, Dunlop is compelled to support "single source raw material suppliers in the rubber, chemicals and plastics industries, whose viability is dependent on considerable premiums over world prices".

At the same time, he complains, imports of finished products such as new tyres and used tyre casings are permitted on a full and reasonable demand basis. This represented "unfair competition".

Mr Hooper maintains new tyre imports rose 30% in the year to August and smooth casings 65%. Together, these imports represent 25% of the SA replacement market in truck and earthmover tyres.

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Industrial products fared well in 1980 with demand buoyant for hoses, fan belts, and conveyor belts buoyant.

The high level of building activity boded well for the flooring division but this too was being hurt by competitive imports due to the premium being paid for raw materials.

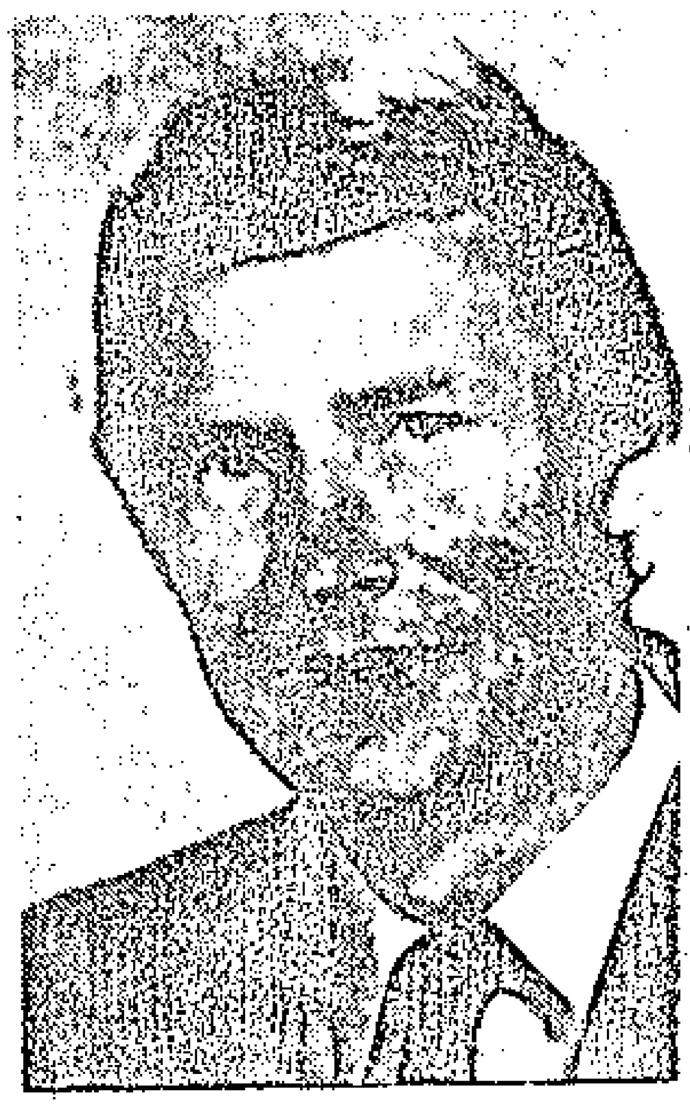
Steady growth was expected in sports goods. Dunlopillo did well supplying foam for vehicle seats, mattresses and furniture and would continue past progress in 1981.

Chairman Dr Tom Muller, says 1981 is expected to be "a year of consolidation with limited growth over 1980."

With the motor, industrial and consumer sectors all booming, Dunlop last year increased sales 24% to R157 493 000, pretax profit 41% to R22 437 000 and taxed attributable profit 43% to R14 103 000. Earnings rose 43% to 93,4c (65c) and the dividend 50% to 51c (34c).

business and personal

Mr Bat Tromp has bee appointed manager of th Harrington Street branch c Barclays National Bank i Cape Town.



Mr Karl Ritschewald h been appointed gener manager at the Ambass dor by the Sea Hotel, Ba try bay, Cape Town.

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)
Miss G C Littlewort

Third Year (Silver Medal)
Miss N C Davidson

Fourth Year (Gold Medal)
P M Salmon
T J Cumming

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

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Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize
Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL

...dent
...average

Wily oriental plan...

S.A. Indus. Wk 12/8/81 74 187

AN upsurge in shoe imports from the Far East is causing concern among local manufacturers who feel they have a case to make to the Board of Trade and Industries to ensure continued expansion of their labour intensive industries.

Made from mostly cheaper materials, the imports from Taiwan, Hong Kong and South Korea are beginning to stretch from the cheaper end of the market to the more expensive ranges making the shoe market more competitive, says Sam Davidson, president of the Footwear Manufacturers' Federation.

Although the shoe industry appears to be growing steadily, some sectors are thought to be feeling the pinch as a result of imported shoes undercutting certain local products.

"We are waiting for more recent information, but issues such as labour and production costs warrant further investigation before we can present our case," he told Industrial Week.

Imported shoes have captured 20% of the local market according to latest research in August last year. While imports have increased Davidson points out that high-class products from Italy and other European countries do not worry local manufacturers as these were aimed at a special part of the market.

Shoe sales doubled in June and July compared with those months in 1979, but "normalised" at 10% above 1979 sales in August, according to latest figures.

"I think there is still plenty of capacity in this industry for expansion. If there isn't then we'll make the capacity to meet expanding demands," says Davidson.

FINANCE

More socks may be 'dumped' —clothing chief

ARGUS
(11/2/81)
~~317~~
~~184~~
74

A CONSIGNMENT of more than 1,5-million pairs of socks was dumped on the South African market and 'there is cause to fear' that other shipments will follow, Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, claims.

Commenting on a statement by the director of Imports and Exports, Mr W Wilker, that the shipment must be accepted by the garment industry as normal competition in a free market, Mr Getz said the matter was serious enough to merit careful examination.

He did not dispute the right of importers to buy from overseas sources. The socks in question represented almost three months' output of a large South Africa producer.

IN THAILAND

They were made in Thailand and not Taiwan, as was earlier reported. The original shipment went to the United States where it was refused entry, then to Germany, where it was again shut out.

The shipment has now come to South Africa on the basis of 18c a pair free on board. This price apparently appeared on the permit granted.

'By any standard and taking into account the cost of the yarn, production and freight, these goods were in fact dumped on to our market.'

QUOTA CONTROLS

These goods were refused entry in the United States and Germany because these countries had quota controls on such imports. They found that the free market mechanism of customs tariffs did not on their own protect their economy against

MR MIKE GETZ, chairman of the Cape Clothing Manufacturers' Association.

dumping and its consequences.

Serious disruption and unemployment had been caused in well-diversified Western economies by a flood of Third World imports.

Mr Getz said he agreed with Mr Wilker that the dumping duty provisions of the Customs Act existed to prevent the impact of low-priced imports.

'In practice, the South African Board of Trade and Industries has appeared loath to implement these provisions and in recent years seemed reluctant to use this machinery.'

Referring to complaints by the director of the Cape Town Chamber of Commerce, Mr Brian McLeod, about delayed and extended deliveries by local clothing manufacturers, Mr Getz, said it was accepted that these were regrettably happening.

But garment manufactures had problems with the supply of their own raw material.

WHOLE CHAIN

In the examples reported to the chamber, South African textile producers were feeling the affects of a world-wide shortage of nylon and this affected the whole chain of supply.

'The position may or may not have been avoided if the clothing industry could import its fabrics freely.

'Our industry has accepted certain limitations to foster the development of a healthy local textile sector, both for strategic and job-providing considerations.'

Trade gap with UK mounts

SOUTH AFRICA's unfavourable balance of trade with Britain grew by £67,8-million (about R122-million) or 37,7 percent in 1980.

South Africa imported £1 001,8-million worth of goods from Britain, and exported £754,3-million to that country last year.

The corresponding figures for 1979 were £713,4-million and £533,7-million.

Imports from Britain for 1980 were up by 40,4 percent on 1979, while exports were up by 41,3 percent. The increased trade gap was thus mainly due to the greater volumes handled.

11 MONTHS

Figures for the first 11 months of last year show that imports were dominated by transport equipment and machinery.

Vehicles accounted for £111,4-million, specialised machinery for £110,2-million, general industrial machinery for £68,8-million and metal working machinery for £26,6-million.

Exports were led by non-metallic mineral manufacturers at £158,6-million, followed by metalliferous ores and scrap metal at £124,2-million, fruit and vegetables at £10,5-million and textiles at £26-million.

December 1980 showed at 12,5 percent improvement over December 1979 with £44,2-million received from exports to Britain. But imports for the month leapt 67,3 percent to £96,2-million.

Despite the revolution and the oil boycott . . .

SA and Iran have maintained trade links

From the Financial Times

Details are emerging of significant trade links between South Africa and Iran, which have been maintained throughout the US and EEC boycott during the hostage crisis.

According to traders and ship operators in Johannesburg and Durban, a wide variety of South African goods is reaching Iran. They include maize, steel, metals, processed foodstuffs and machinery.

The origin of most of the products is disguised in view of the formal boycott against South Africa imposed by the Revolutionary Government after the overthrow of the Shah.

Nonetheless, a shipping line — known as Sultan Lines — operates an irregular service between South African and Iranian ports, with sailings roughly once every two months. Bulk commodities are shipped on chartered vessels.

Before the Shah's overthrow, Iran was South Africa's largest trading partner in the Middle East and supplied up to 70 percent of its oil needs. Non-oil trade amounted to around R80-million in 1978, consisting mainly of foodstuffs, steel and other building and contrustion materials. Except for the oil traffic, trade was quite open, and the two countries maintained consular relations with each other.

Iran also had a 17,5 percent shareholding in the Natref oil refinery, near Sasolburg, in partnership with Sasol, the oil-from coal producer, and the Total Oil Company.

The present Government has apparently stuck to its oil boycott against South Africa. It was reported last year that the Iranians had not delivered their share of crude for the Natref refinery, and had in effect abandoned their interest in the venture. A Sasol spokesman said yesterday that this remained the position.

South Africa normally refuses to take part in trade boycotts. Mr Hennie Nel, general manager of the Maize Board, said yesterday that "there is no restriction on the final destination of maize cargoes bought on tender from the board. Presumably, some of our maize is going to the Middle East, but I can't confirm that it is Iran, Iraq or any other country."

According to a grain trader in Johannesburg, the Iranians have been "fairly consistent" buyers of South African maize for some time. There is currently a lull in shipments but the quantities sold to Iran have been "fairly reasonable."

It is most unlikely that South African exports to Iran are anywhere near their pre-revolutionary levels. In the heyday of trade between the two countries no fewer than [illegible] regular sailings.

CIVIL

CHEMICAL

(Continued)

Malan Chemical Engineering Medals

For the best student in each of the following years:-

Second Year (Bronze Medal)

A H Dabrowski

Third Year (Silver Medal)

C L E Swartz

Fourth Year (Gold Medal)

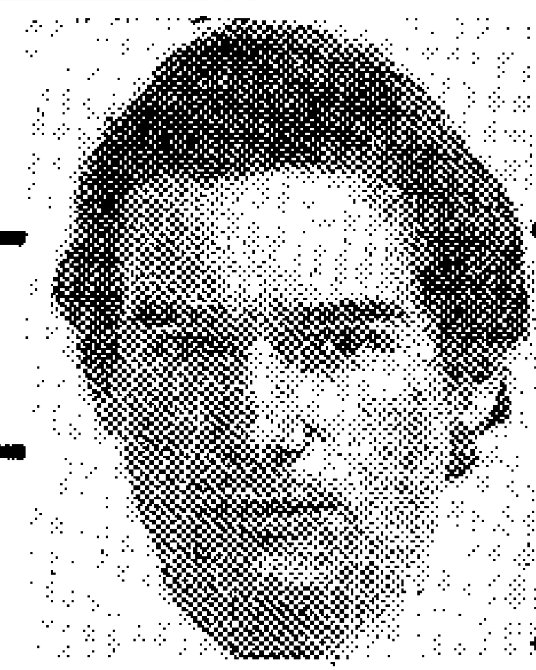
L Flach

Another back door into black Africa

RDM 12/2/81

74

SIGNIFICANT improvements in South Africa's thriving semi-secret trade with West Africa are likely this year. A new container service is to be established next month between the Far East and West Africa.



Simon Willson

Down to business

South African trade with black West African states stands to gain because Durban is on the sea route between Taiwan and Lagos.

But at this stage conclusions can only be tentatively drawn because of the extraordinary cloak-and-dagger histrionics which accompany the establishment of shipping routes of this kind.

Although nothing can be admitted officially, it is obvious that the container ships will call at Durban before going on to Lagos, and will stop at Durban again on the return journey.

The usual precautions will be taken to launder the identities of the ships' ports of call, their payloads and their documentation. This will be necessary to protect the militant political postures of the more important West African states, notably Nigeria.

The new container service is to be run by the Taiwan-based Orient Overseas Container Lines (OOCL), which is owned by Hong Kong's C Y Tung shipping agency, the third largest shipowning firm in the world.

The service will start at the Taiwanese port of Kao Hsiung and ships will call at Hong Kong, Singapore, Dwala (Angola), Lagos and Abidjan (Ivory Coast), and return by the same route.

But unofficially, Durban can be inserted on the schedule. This will not appear on OOCL's advertisements and shipping schedules.

It has been a long haul for OOCL to initiate the service. Negotiations with South Africa started in 1978, but were suspended in the same year when Nigeria froze all its imports as part of an economic austerity programme.

The freeze was lifted in July last year, and the talks were resumed. The only barrier was Nigeria's nominal ban on accepting cargo from any ship docking in South Africa fewer than 42 days of arriving in Lagos.

But that regulation, as with so many others imposed by black Africa on relations with South Africa, is largely a political posture.

The first ship in the service is due to leave Kao Hsiung in the third week in March and will dock in Durban in the first week in April.

For CY Tung and OOCL, there are certain risks involved in linking their services, however covertly, with South Africa.

But the level of anti-South African zeal in West Africa may be related in proportion to the performance of the black economies. As an analyst said of this dilemma a few years ago: "Most African countries are so poor they can't afford to be moral."

On the basis of the success of the Durban stop-over, OOCL is believed to be considering a permanent Hong Kong-Durban container service.

The Orient Africa Shipping Agency will act as agents for OOCL's service in South Africa, and Afship Maritime will act as sub-agents in Durban.

Figures are not available, but Nigeria occupies a senior rank among South Africa's trading partners in black Africa. The value of trade between these ideological opposites topped R1 000-million last year.

SA trade relations with Nigeria have always been slightly low-key.

A United States business magazine ran a list of South Africa's main black African trading partners last year, and Nigeria featured prominently as alleged importer of South African meat products. The magazine said the Nigerian authorities regularly used double invoicing and false certificates of origin to launder their South African imports.

While giving way on material considerations, such as trade, the Nigerians have clamped down on less tangible links with South Africa instead.

Nigeria is the only barrier to a scheduled Concorde service to Jan Smuts — it will not allow Lagos Airport to service South Africa-destined airliners.

MARKETS

Star 13/2/81

SA trade builds with Red China and Hong Kong

Mr David Boddy . . . based in Brussels.

The Star Bureau

NEW YORK — Despite official denials, South Africa's gold and other trade with China and Hong Kong has risen sharply in the past six months, say leading United States shipping agents and gold dealers.

Although barred from doing business in much of Asia because of apartheid policies the country's trade with Hong Kong, Taiwan and Japan was booming, said Mr Roger Poyton, manager of several shipping agencies. Pretoria was also using the opportunity to "trade quietly with China," he said.

One of the companies conducting this trade described itself as a "South African organisation with ties to the South African Government," but denied that it was owned or controlled by the Government. The firm, Far East Commodities and Trading Company, has headquarters in Brussels. The managing director is Mr David Boddy, a South African citizen.

Official statistics do not accurately reflect the extent of South Africa's Far East trade, say shipping agents and a leading gold dealer.

KRUGERRANDS

Gold traders have reported that 170 000 Krugerrands were sold in Hong Kong in 1980 and that the 1981 target is 200 000. At an average price of 500 US dollars an ounce this would represent overall sales worth about 100 000-million dollars.

South African diamonds were also finding their way to the Far East by a circuitous route to make the British colony the world's third-largest diamond marketing centre after the United States and Japan.

South African officials, sensitive to any threat to their Far East Trade, were hesitant to discuss details. One trade official at the US South African consulate said that Hong Kong was "not a tremendously important market."

The official position is that South Africa is not aware of any shipments of its goods to the Far East. Interviews with traders indicated that Pretoria was buying Chinese goods and selling to China through Hong Kong.

The most sensitive trade is in South Africa's strategic metals. China is said to rely on South African chrome, often shipped through Mozambican ports. Official total of South Africa's chrome shipments to China through Hong Kong in the first 11 months of 1980 was 300 000 dollars although that figure is suspected of representing only a fraction of the total.

Despite the absence of diplomatic relations between Pretoria and Peking and the obvious risk of offending their respective allies, trade between the countries is said to be growing.

Hong Kong statistics showed that in the first 11 months of 1980 Chinese goods valued at about 20-million dollars were shipped through Hong Kong to South Africa. One reason the Chinese are said to be eager to do business with South Africa is because payment is often in the form of gold.

In addition to gold and diamonds, South Africa is said to be exporting coal, iron ore, manganese, maize, wheat and sugar to Hong Kong and other Far East countries.

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FOREIGN TRADE (74)

Tilting downward

FM 13/2/81

SA notched up a record R5 532m trade surplus in 1980, according to Customs and Excise figures. But the balance is steadily tilting as the gold price falls, imports increase and exports slow down.

The 1980 surplus compares favourably with the previous record balance of R4 906m set up in 1979. Now, as then, it is of course largely attributable to gold, without which the national account would be at a deficit of nearly R4 000m.

The inclusion of gold both conceals and cushions the export/import performance of other sectors. The extent to which the last year has seen a shift in the direction of trade, with the depressed international economy lowering export demand and domestic growth feeding on imports, is indicated by the fact that 1979 would have shown an ex-gold deficit of around R410m The 1980 ex-gold deficit is nearly 10 times as large.

A breakdown of trade statistics by continent reveals, with one exception, the same basic pattern — declining rates of increase in exports compared to those of imports. The one exception is Africa, where SA's carefully nurtured export efforts appear to be paying off. From a small base admittedly, exports to the rest of Africa rose 50% over 1980, against a 10% rise in imports.

But export demand from SA's other main trading blocs has clearly tailed off in relation to local demand for their products. Imports from Europe, our largest single trading partner, rose 40% over the year, against a 2% rise in exports to it. US and Asian imports increased by nearly 60%, compared with respective rises in exports of 16% and 19%.

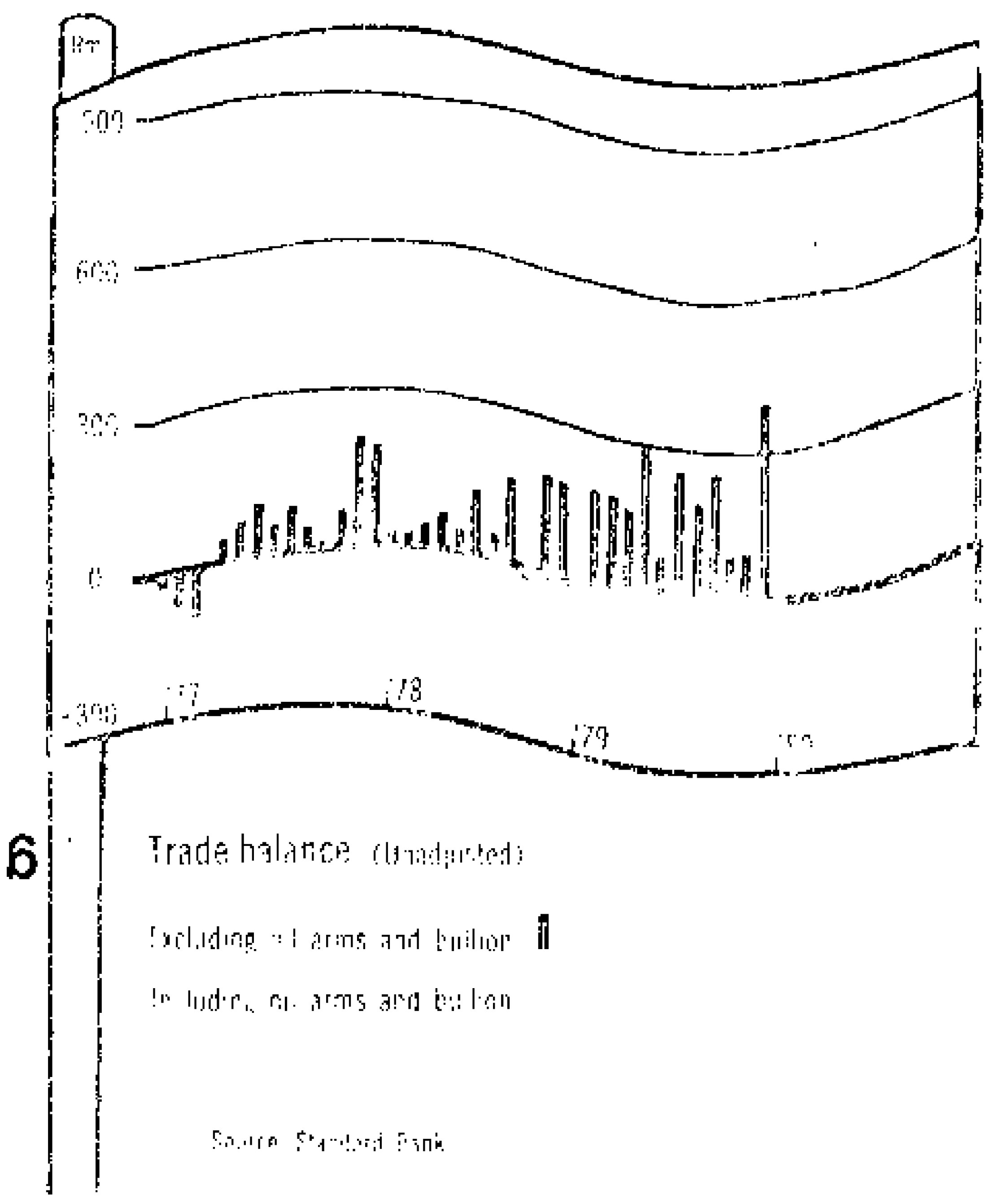
Bullion sales, on the one hand, and oil and arms purchases on the other, are included in entirely separate categories, so the continental trading patterns given above are based exclusively on merchandise trade. At a total 1980 figure of R9 334m bullion exports in value terms rose no less than 75%, comfortably accommodating in both absolute value and percentage increase the combined oil and arms bill. At R4 188m, this showed a 45% increase over 1979.

But the overall trade figures, while generating a monetary surplus, show an opposite growth trend. Increasing over the year by 34%, exports were outstripped by imports, which rose 45%.

The same trend is revealed by sector breakdowns. The chemical industry, which accounts for a healthy slice of the exim cake, increased its imports by nearly 30%, against an export growth of 6%. Imports of jewellery, precious stones and metals, and so on, rose 40%, against an 11% rise in exports, which include both diamonds and the internationally-demanded Krugerrand. And imports of manufactured base metal goods increased by almost 60%, against an export total (which includes virtually every base metal produced in SA except gold and uranium) that actually declined by 6%.

A continuation of these trends must, in the absence of other factors, eventually push SA's BOP current account into deficit. Unlike standards of individual solvency, however, this should not be interpreted as a sign of national irresponsibility. If it results in continued economic growth, leaves a wider industrial base and acts as an inflation cushion, it will have been money well spent.

WINDING DOWN



6

INCENTIVES FM 13/2/91

New categories

Benefits accrued since last September in terms of the two new categories of export incentive assistance will be paid out from next month, the opening of the new tax year.

According to government estimates last year, the two new categories would cost the Treasury R180m gross, or R100m net because of an anticipated flow back of R80m as a result of increased production for export. The total cost to the Treasury of the new export aid regime was estimated at R400m in the first full year.

The new categories of assistance are category A (specific compensation) offering assistance to compensate exporters for the higher cost, as a result of the protection of domestic industries, of raw materials and other intermediate inputs used in the production of goods for export; and category B (general compensation) to exporters for the degree to which the value added component of their export production is lower than that of foreign competitors because of tariff protection given to local industries.

The Standing Committee on Export Incentives (SCEO) has now launched an investigation into the feasibility/equity of extending category B assistance to sectors previously excluded: agriculture, mining and the services sector, including contractors and export traders.

Not much enthusiasm exists outside these sectors for their inclusion in the largesse package — and that includes senior government officials who have argued in the past that these sectors have a natural propensity to export. The argument for their continued exclusion is that their share of the incentives cake would be better applied in the manufacturing sector in the expectation that reduced levels of taxation will result in increased fixed investment, based on a permanent position in export markets.

But people in mining and agriculture dismiss that line of reasoning as antiquated, arguing that export benefits under category B could as well be ploughed back into the creation of an expanded export capacity. Category B assistance is, above all, a production-oriented incentive.

The Chamber of Mines has said that exclusion of certain sectors is contrary to the principle of non-discrimination enunciated by the Reynders and Van Huysteen committees which devised the new regime. Moreover, the mining sector says it is important in view of the current drive for mineral beneficiation, that government and the mining industry should determine an acceptable formula for the calculation of value added applicable to mining exports.

The exclusion argument also ignores the fact that a number of industries have developed promisingly without tariff protection and could grow into viable export industries. The reason has never fully emerged why assistance is limited to protected industries only, but it may be due to fear of international retaliation.

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Awarded to the student with the best classwork in Engineering Drawing.

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CHEM

74

SA exports to Maputo top R80-m

14/2/81

Farming Correspondent

South Africa's exports to Mozambique topped the R80 million mark in 1980.

According to figures released in Maputo, South Africa supplied 14,4 percent of Mozambique's imports. Only Iraq, from which Mozambique buys its oil, figured larger on the import list with 17,7 percent.

Mozambique bought a wide range of goods from South Africa: raw materials, fertiliser, machinery, cars, trucks, radios and all kinds of luxury goods.

Buyers were state trading concerns as well as private firms. Finance and delivery posed no problems, according to the SA Foreign Trade Association (SAFTO).

South African imports from Mozambique totalled R9,5 million leaving an enormous tradegap.

In 1980 Mozambique imported goods valued at R550 m, but exported only R207 m. The deficit was largely made good by Maputo's South African-managed harbour and rail transport system.

Maize

EXPORTS LIKELY TO RISE

Star 1/3/81

Special Finance Correspondent

S.(m 1/3/81)

SOUTH AFRICA'S maize exports, particularly to non-African countries, are likely to rise sharply this year, according to grain traders in Johannesburg.

One reason for the increase is the expectation of a crop substantially larger than the 10,2 million tons harvested last year. Although the Maize Board's first official estimate of the 1981 crop will not be known before March, soaking rains in maize-growing areas in the past fortnight have encouraged forecasts of a crop between 10,5 million and 10,1 million tons.

Total exports are likely to rise from 3,7 million tons in the season ending on April 30 to just over four million tons in the 1981/82 season.

Of last year's exports, between 600 000 and 700 000 tons were shipped to other African countries, including Zimbabwe, Zambia, Mozambique, Zaire and Kenya.

Prospects of a record crop in Zimbabwe this year will result in a sharp fall in South African maize exports to these countries.

As a result, exports to non-African destinations may increase by as much as 1 million tons this year. The maize Board has already begun stepping up its export programme. It has offered 27 cargoes of maize for shipment in April, compared to 20 in March.

South Africa's largest maize customers are Taiwan and Japan. However, several countries which claim to boycott South African products, including Iran, Venezuela and some African states, have bought sizeable quantities.

Unfortunately, the higher export surplus coincides with a downturn in world maize prices. South African tender prices are currently around R120 a ton, compared to R128 a ton in mid-January, and a record last December of R138.

Venda plan to export firearms

CT 16/2/81

Own Correspondent

JOHANNESBURG. — Venda near the north-eastern Transvaal, will be the first black homeland in Southern Africa to begin manufacturing and exporting firearms.

Three Johannesburg businessmen have begun a multi-million rand venture in Venda, which includes the establishment of a 9 mm firearm factory, a greyhound race track and a casino.

On Friday, President Patrick Mpephu of Venda opened the Paramax International gun factory, which has cost R500 000 to build and equip with machinery.

The firearms produced are the 9 mm hand pistol and the 9 mm hand machine-gun. The weapons, at present being made in Parys, Free State, have already been sold to neighbouring States like Swaziland and Lesotho for use by the para-military forces of those territories.

The company producing the weapons in Parys, Maxim Parabellum, is the major independent arms manufacturer in South Africa. The Defence Force uses a weapon similar to the one to be exported from Venda — the Uzzi-modelled light machine-gun.

One of the directors, Mr Jaap de Villiers, a well-known boxing promoter, said the arms factory in Venda would expand at least fourfold in years to come if the venture was successful.

Another director, Mr Dries van der Merwe, said he hoped to sell the weapons to other homelands and to border farmers who faced insurgency in the future.

BUSINESS

Board of Trade stand on tariff protection

Own Correspondent

DURBAN — The Board of Trade and Industries is not prepared to change protective tariffs to compensate for the increased value of the rand during the past year, its chairman, Dr S J Kleu, said in Durban.

Opening a R1-million resins plant for Coates Brothers, Dr Kleu said the board is not willing to react to short-term currency fluctuations because:

"During boom periods increased production volumes and better rates of capacity utilisation could result in productivity gains and lower unit costs.

"There was a good chance that, depending upon the rate of growth and level of inflation in the main Western countries, the effective appreciation of the rand could be reversed."

The board therefore believed that the effects of a fluctuating exchange rate in making adjustments to the balance of payments and stabilising the economy should not be partially nullified through tariff measures.

However, Dr Klen stressed, a persistent and sustained appreciation of the rand — which amounts to a structural change — will express itself in consistently lower rand prices or normally priced imports. This factor would be dealt with in the normal course of the board's work in response to tariff applications from domestic manufacturers.

Turning to the question of low-priced imports, Dr Kleu said these did not always fit the definition of "dumping." In considering protection applications the board took its cue from normal Western prices.

However, South Africans should not delude themselves. Many newly industrialised nations had, through intelligent planning, productivity improvements and aggressive marketing, achieved advantages which should now be regarded as normal. It would be futile to try to combat them through protective measures. South Africans should emulate them in the achievement of greater efficiency and alertness in marketing.

ABSORBED

Dr Kleu said that official figures showed the total increase in manufacturing profits last year was R1 026-million. Overall improvement in productivity accounted for about R492-million, meaning that more than half the increase in profits was attributable to over-recovery of costs by way of prices.

Manufacturing industry absorbed a good deal of the increase in the remuneration of labour but tended to over-recover other cost increases.

It was disappointing that more than 80 percent of the increase in real output was derived from a higher consumption of resources. Less than 20 percent flowed from an increase in the productivity of those resources.

Produce export contract reflects growth

CT 16/2/81 74

SOUTH AFRICA'S exports of frozen fish and vegetables to Australia are growing, and this is reflected by the contract awarded to Unicorn Depots in Cape Town to assemble 400 reefer containers for Safocean.

The refrigerated containers will be used on the new containerised service between South Africa and Australia at a volume which is soon expected to top 100 units for each sailing. The reefer capacity on the return leg will be used as far as Mauritius for the transport of Australian frozen meat for the Indian Ocean island.

The Unicorn Depot contract covers the fitting of integrated refrigeration units supplied by Email of Australia to insulated containers bought in Europe.

Reefer business

According to Mr John Pattison, depot manager of Unicorn Lines in Paarden Eiland, the reefer business is becoming more important to Unicorn and facilities have been upgraded in their latest expansion in anticipation of further growth when the Far East trade is containerized next year.

A reefer workshop has been built and additional plug-in points provided so that up to 84 reefer units can be pre-cooled in advance of delivery to shippers for packing. The reefer technical staff at the Cape Town Metro depot has also been increased.

Mr Pattison says there is also the reefer service operated by Unicorn to Mauritius on the Nahoon. This was introduced in 1980 after lengthy discussions with the Perishable Products Export Control Board and, although the volume of trade was low last year, it is expected to pick up this year.

Edited by Brian Grobbler

As reported in the Cape Times last week, Unicorn Lines has just doubled its container storage space in the Cape at a cost of several million rands and can now accommodate up to 4 200 TEUS at a time and is planning a depot for the bigger, 13 m or 40ft boxes in the near future.

FINANCE

SA exports to Mozambique top R80-m

Argus 18/2/81

~~218~~

74

Argus Correspondent

JOHANNESBURG. — South Africa's exports to Mozambique topped the R80-million mark in 1980, figures issued in Maputo show.

South Africa supplied 14,4 percent of Mozambique's imports. Only Iraq, from which Mozambique buys its oil, was higher on the import list, with 17,7 percent.

Mozambique bought almost all types of goods from South Africa — including raw materials for factories, fertiliser for its agriculture, machinery, cars, lorries and radios.

Buyers were state trading concerns as well as private firms.

Finance and delivery usually posed no problems, according to the South African Foreign Trade Association.

Mrs Sally Gallagher, area manageress for Safto, said there had lately been a considerable easing in the bureaucratic ways in which the economy used to be managed. A pragmatic approach to business had become noticeable.

About 6 000 Portuguese had chosen to become full citizens. Foreigners, many of them Cubans and East Germans, were employed on short-term contracts for specific tasks.

Mozambique still bristled with problems, but they were gradually being overcome.

One problem area was the development of the country's agricultural resources.

R63-m to help SBDC

Argus Correspondent

PRETORIA. — Eighty-two of South Africa's top companies have so far contributed financially to the new Small Business Development Corporation.

They have supplied R63-million of the corporation's initial capital of R130-million — R13-million more than was expected.

This was disclosed in Pretoria by Dr Anton Rupert, who initiated the moves to form the SBDC.

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CHEMICAL

Hansard 4 Qus Col 166 ~~3~~ 74

Agricultural production/exports

180. Mr. P. A. MYBURGH asked the Minister of Agriculture and Fisheries:

What was the value of the Republic's agricultural (a) production and (b) exports in 1980? 18/2/81

The MINISTER OF AGRICULTURE AND FISHERIES:

(a) R5 712 million.

(b) R2 128 million.

Transport

By Brian Grobbler

Another big shipment of imported pilchards

CT 20/12/81 ~~23~~ ~~166A~~ 74 ~~186~~

WITH South Africa's once vast stocks of pilchards now almost exhausted, this country is now turning to South America for its supplies of canned fish and fishmeal.

This is reflected by the announcement this week that Fedfood and Kaap-Kunene has made a joint investment of R6 000 000 in the fishing industry in Chile and that millions of cartons of canned pilchards are already flowing into the country to supplement the limited local production.

As reported in this column last week, the Annette arrived from Chile with a cargo of 250 000 cartons of canned pilchards of which 23 000 were unloaded in Cape Town and the rest went on to Durban to be unloaded and railed to Transavaal for distribution there and in the neighbouring African states.

This week, an even bigger cargo of 800 000 cartons of canned pilchards arrived on the Dagmar Skou from Peru. Of this huge shipment, 200 000 cartons were unloaded in Cape Town and the remaining 600 000 will be unloaded at Port Elizabeth, East London and Durban as the Dagmar Skou makes its way up the coast.

But that is only the start. Another one million cartons are expected from South America before the end of April to help feed the masses with one of the still cheapest protein foods available — canned pilchards.

Week to clear

The type of pilchard caught in the cold waters off the west coast of South America — similar sea conditions to those off the west coast of South Africa and SWA/Namibia — is larger than the South African pilchard but reputed to be of excellent quality and extremely tasty.

• A spokesman for the harbour administration said yesterday that the consignment of cartons of pilchards was taking up a whole shed and would take at least one week for the SAR to deliver direct to merchants in Cape Town.

individual citizen himself and not the system, thus one should change the behaviour of individuals and not the behaviour of the system. Such a position does not take into account the full nature of the political and economic system in producing illness. Indeed, the argument becomes 'victim-blaming', for it blames the individual for acting out symptoms, many of which are generated by basically unhealthy social conditions that determine unhealthy individual behaviour. Individuals can scarcely be blamed for illnesses resulting from air pollution, or inadequate wages which do not enable them to buy healthy food, or be blamed for illnesses that flow from using unsafely constructed cars, badly protected factory machinery or food

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CT 20/2/81 74

Report of meat imports denied

~~Scontrol board~~ 186

Staff Reporter

THE South African Meat Control Board has denied an overseas report that thousands of tons of beef were being imported from Ireland.

A Sapa report yesterday quoted a spokesman for an Irish meat company as saying that a R32,4-million' contract had been signed with "a South African company" and that 900 tons had already been exported.

A spokesman for the Meat Control Board said from Pretoria yesterday that the board was the sole importer of meat and had signed no contract. While a private company could enter into an agreement, the meat would not be allowed to enter the country.

The spokesman said South African meat inspectors had visited Irish slaughtering facilities late last year to compare standards, "in case it ever became neccessary for us to import meat from there".

Last year, the board imported 3 800 tons of manufacturing meat (unsuitable for ordinary consumption) from Australia and New Zealand. Most of this would be exported after South African manufacturing, he said.

Commenting on a report yesterday on drastic cutbacks in the supply of slaughter animals to Cape Town from SWA/Namibia, the spokesman said this was still only in the recommendation stage.

The matter would be decided on by the SWA/Namibia Agricultural Union late next month and it would be forwarded for discussion to the South African authorities, he said.

The SWA/Namibia Meat Control Board supplies 90 percent of the beef animals slaughtered at the Cape Town abattoir and has recommended that in future meat be exported to South Africa in carcass or cut form. The spokesman said Cape Town was SWA/Namibia's main market and "we would never be dictated to".

In the event of mostly carcasses being exported, this would save on transportation costs. Losses and bruising of livestock were heavy and more carcasses could be packed together than "meat on the hoof".

The spokesman said it would not affect the supply of meat, nor the price.

o The Commission of Inquiry into the slaughter-stock and meat industries was to start hearing evidence in Pretoria on March 10, it was announced there yesterday. A representative of the Meat Board would be the first to give evidence.

Among the terms of reference of the commission, are to inquire into and make recommendations on complaints and accusations about arrangements for introducing slaughter-stock and meat into controlled areas, restrictions on the entry of people into the meat trade and the meat processing industry, the Meat Board's price support measures and the vertical integration of interests in the slaughter-stock and meat industries. — Sapa

'The implicit policy behind this elevated talk is quite reactionary: let people suffer in peace. This way Illich has tickled the medical profession rather than threatened it. His critique legitimates a decrease in the social responsibility for health care. Consequently he gets the profession and others who control the health sector off the hook'. (1976:403)

These briefly expressed criticisms, which could be considerably extended, are given to indicate the weakness of arguments which assume that health is best promoted by 'demedicalising' society. What are needed in promoting

health care are reforms in wider social structures together with reforms in medical structures. The two are inseparable if medicine is to become more effective. Clearly, reforms sited in the health system alone will have little impact on general health levels in society until they are accompanied by social structural change; conversely, social structural reforms must include reforms to medical structures if the health of a population is to be improved. It is reactionary to argue that medical reforms by themselves are insignificant and have to wait upon changes in socio-economic structures. Consequently, within South Africa, changes in the current ... sation of South African medicine could be of

of the current organisation of South African
rtain key features that characterise it and
nake it more effective. At present, the
can medicine is typified by four inter-

t easily available to demonstrate this, it
ecific medical resources are devoted to
tive rather than to those which are preventa-
e of illness or in some way remove the
are likely to occur.[1] South Africa, in
curative rather then preventative medicine,
is reflected by the statement of the
Health Organisation that half of the health
rn World is directed to people who will die
(Cox, 1977:730). The decision within

South Africa to commit health care resources primarily to curative medicine is at the same time a decision that medicine should be disease and ho[illegible]tal oriented rather than health and community oriented. This decision has vital consequences, for, as previously argued, it is doubtful that curative medicine, which inevitably is essentially technological, can be effective medicine and contribute at all significantly to the promotion and improvement of health in the population.

Second, South African medicine is organised primarily to serve the needs of the white population and the needs of the urban population. Yet the

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Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL

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For the first year student obtaining the highest average mark.

G L Cragg

S Tribune 20/2/81 74

COAL AND ASBESTOS WILL KEEP EXPORT EARNINGS MOVING

A rapid increase in South Africa's coal and asbestos export earnings this year will offset stagnant sales of most other major minerals, according to estimates published by the Minerals Bureau of the Department of Mineral and Energy Affairs.

The bureau forecasts that foreign exchange earnings from 19 major minerals, excluding gold, will reach R3,4 billion in 1981, a 14,4 percent increase on last year.

Revenue rose by 11 percent in 1980 and 30,8 percent in 1979. However, the figures exclude mines in Bophuthatswana, which account for the bulk of South Africa's platinum exports.

South Africa's exports are likely to account for 88,5 percent of total mine production in 1981.

Gold earnings will total about R8,4 billion, assuming an average price for the year of 500 dollars an ounce, and R10,2 billion at an average price of 550 dollars. Revenue from gold in 1980 was R10,4 billion.

Exports of coal, which is South Africa's most valuable export after gold, are expected to rise by 9,7 percent in volume terms to 32 million tons this year. Earnings will jump by 34,6 percent to R896 million.

The value of asbestos exports will rise by almost 30 percent to R111,7 million, and volumes by 11,6 percent, according to the Minerals Bureau's estimates.

RDM 28/2/81 (14)

'Clothing imports disturbing'

CAPE TOWN. — While the clothing industry export figures for the first nine months of 1980 compared favourably with those for 1979, a disturbing increase was seen in clothing imports, according to the president of the National Clothing Federation (NCF), Mr Simon Jocum.

Comparing freight-on-board values, clothing industry export figures for the nine months to last September of R28 500 000 go against R32-million for the whole of 1979.

Mr Jocum said the figures were encouraging and showed that the South African clothing industry was holding its own in world markets despite recessions in many overseas countries.

For imports, however, Mr Jocum said the picture was disturbing, with the fob value of imports for the nine months to last September at R44-million compared with a total for 1979 of R47-million.

The monetary value might not seem great but the units were high and could be as much as 20% of local production in certain sectors of the industry.

Mr Jocum said the increase had stemmed from garments being imported mainly from the Far East like Taiwan and Hong Kong.

Clothing manufacturers in those countries were being forced to look for new markets, especially those with economies, like South Africa, which remained buoyant. This "distress" merchandise has been refused entry into Western countries by quota controls.

The clothing industry in South Africa was unhappy with this, particularly because it had to support the local textile industry and prices of imported garments landing in this country were less than the cost of basic raw materials to local buyers.

This could lead to unemployment in the local clothing industry if the trend continued in a sector already highly competitive and labour intensive.

Mr Jocum said that the NCF had held meetings with representatives of the Board of Trade and Industries to discuss the problem and had stressed these points with a view to reaching a formula acceptable to both the BTI and NCF.

If import control was to be dismantled, the clothing industry would have to rely on a higher tariff structure than it had.

The present customs structure did not prevent dumped clothing from being detected until it was too late. Once the safety net of import control was removed, there had to be a drastic revision of import tariffs for the importation of clothing. These were last adjusted in 1974. — Sapa.

C7 25/2/81

US chickens failed to make the grade

(74) (~~30~~)

Staff Reporter

EIGHTY tons of American chicken which arrived in Cape Town last week, imported by a local supermarket chain, failed to meet the A-grade requirements of the Inspection Services Division of the Department of Agriculture and Fisheries.

After negotiation with the merchandise manager of the supermarket chain, the director of the division decided to withdraw the chickens from the retail market and make them available to businesses which sell cooked chicken, according to an article in the latest edition of Agricultural News.

Although the absorbed moisture content of the sample carcasses fell within prescribed limits and no feathers were found, the consignment did not make the grade.

It fell short specially in meat content, plus fineness and suppleness of skin. A large number of the birds were undersize.

o The article said the US chickens imported by a supermarket chain in November last year had met all South African A-grade requirements.

THURSDAY, 26 FEBRUARY 1980

†Indicates translated version.

For written reply:

Hans 5 ... 244 (74)
26/2/81

Coal

6. Mr. N. B. WOOD asked the Minister of Mineral and Energy 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 results?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) The preliminary figures for 1980 were:

(a) Bituminous coal: R584 400 637.

(b) Anthracite coal: R97 331 756.

(2) No.

(a) and (b) Fall away.

Insurance plan for investing abroad

24/4/81

STAR

74

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, has announced that an insurance scheme will be launched in due course to provide coverage for South African investors in foreign countries.

The new scheme would be underwritten by the Credit Guarantee Insurance Corporation and reinsured by the Government.

Dr De Villiers was speaking at the 25th anniversary of the CGIC in Johannesburg.

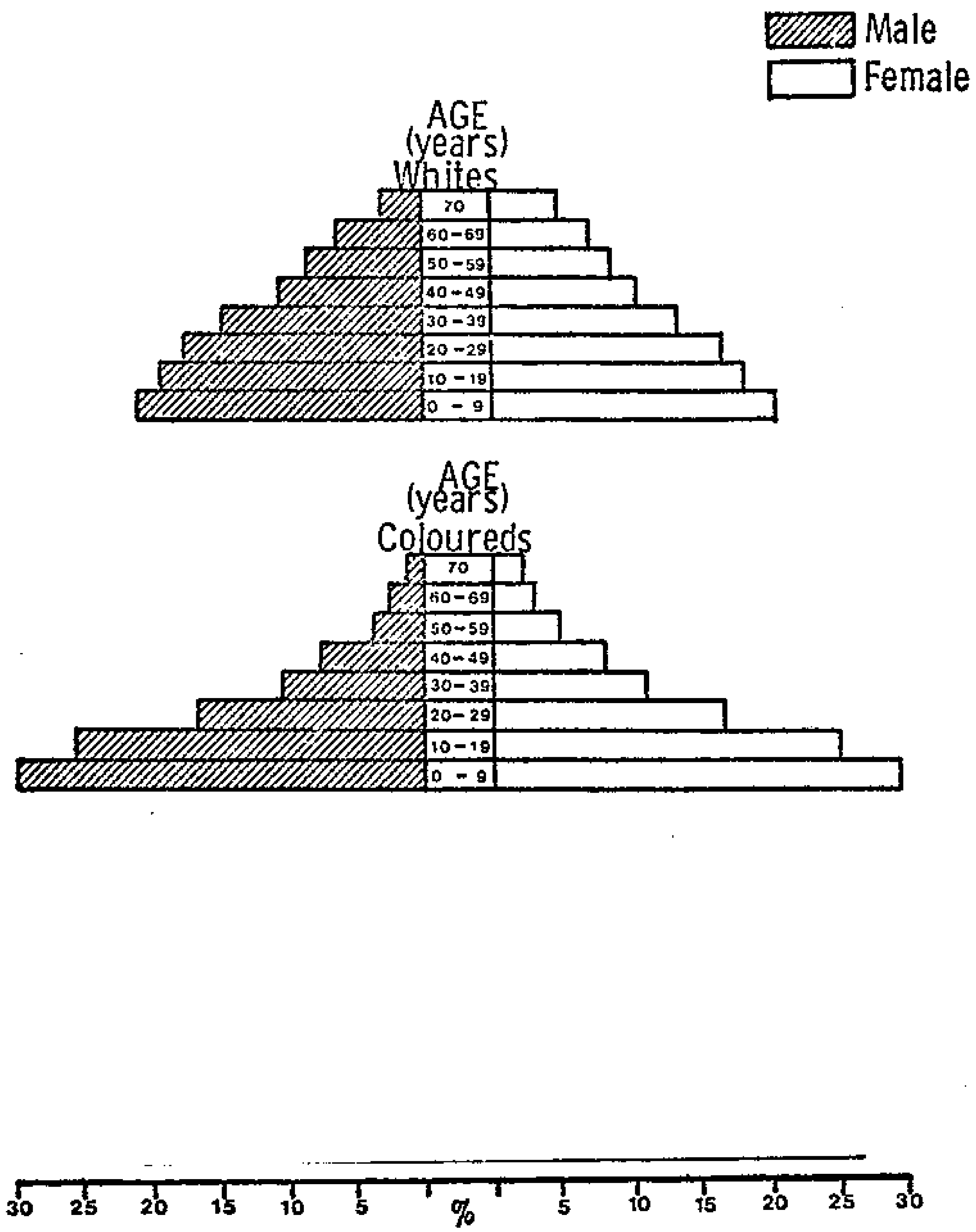
The CGIC, a statutory institution, was established initially to provide insurance against non-payment for South African raw materials and consumer goods exports.

Its activities were later broadened to include financing for the export of capital goods and services, and exchange rate coverage on dollar contracts.

Dr De Villiers said the corporation's new service would enable entrepreneurs to obtain cover for political risks in other countries.

"Since foreign investments will still be subject to approval by the Reserve Bank, I can foresee that CGIC's new insurance coverage will be limited in the immediate future mostly to independent black states within South Africa's traditional borders," said Dr de Villiers. — Sapa.

Fig. 1 Age Structure of the Population



Imports rise by R244-m

Pretoria Bureau

South Africa's imports rose by more than R244-million during January this year while exports were down by R162,8-million, it was announced today.

According to preliminary statistics released, South Africa's exports dropped in all major trading regions with the exception of Europe.

Imports from these regions generally rose with Europe taking the lion's share of R561-million to South Africa compared with R404,9-million last January.

Both imports and exports to and from other African countries dropped during January.

Goods worth R18,3-million were imported in the first month of this year compared with R21,3-million last year. Exports for January 1981 were valued at R77,5-million compared with R79,3-million.

SA sales to black Africa booming

Argus 2/3/81

74

Argus Bureau

LONDON. — Britons who have been upset by Third World action against British sportsmen with South African connections have just discovered an [illegible] fact — trade between South Africa and the black states is booming.

The disclosure was made this week by Nicholas Ashford of The Times in an article from Johannesburg in which he notes that weapons captured from Moroccans fighting the Polisario Front in [illegible] Sahara bore South African markings.

It was later discovered that the weapons were part of a consignment of arms — ranging from automatic rifles to armoured cars — which had been supplied to Morocco by South Africa, with France acting as intermediary.

COVERT ACTIVITY

'The deal with Morocco provides a dramatic illustration of the type of covert trade which is taking place between South Africa and independent black and Arab states to the north,' says Ashford.

'(They are) countries which supposedly abhor any sort of links with the "apartheid Pretoria regime".'

Ashford says most of the business carried out is overt and less spectacular than the Moroccan deal, consisting largely of foodstuffs, mining and other capital equipment, agricultural implements and spare parts.

'Despite the continuous railings by black African leaders against apartheid and the [illegible] of [illegible] calling for economic sanctions, trade between South Africa and black Africa is [illegible],' he writes.

'VERY PRAGMATIC'

Last year South Africa's exports to black Africa were worth R1 055-million, says Ashford. This was an increase of 5? percent over the 1979 figure of R[illegible]-million.

Ashford quotes Mrs [illegible] Gallagher, [illegible] of the South African Foreign Trade Organisation, as saying that she finds businessmen in Africa [illegible] pragmatic. For them 'politics is one thing and business is completely separate.'

According to Mrs Gallagher, as many as [illegible] of Africa's 53 nations do business with South Africa, although the bulk is accounted for by [illegible].

Much of the trade [illegible] large tonnages of maize [illegible] spare parts which are [illegible] Copperbelt, or procured [illegible] south of the equator [illegible].

STIGMA OF [illegible]

Supermarkets in Maputo, [illegible] and other capitals invariably carry goods with [illegible] and, [illegible] Mrs Callaghan: '[illegible] South African [illegible] on products are [illegible] as a sign of quality.'

Much of the business, however, is carried on [illegible] subterfuge — using [illegible] labelled [illegible] and false certificates of origin, says Ashford.

The expansion of trade has [illegible] growth in South Africa's [illegible] Africa.

The most important reason [illegible] trade with South Africa, according to Ashford, is [illegible] South Africa is able to [illegible] need quicker and more cheaply than [illegible] United States can.

Another reason is that most black states are chronically short of foreign exchange [illegible] rands resulting from [illegible] of port services.

In another article in The Times [illegible], a former British Minister, [illegible]

[illegible] three [illegible] Africa.

Despite the continuous railing by black leaders agains

74

Trade with SA is boo

The Star Bureau

LONDON — Britons who have been upset by Third World action against British sportsmen with South African connections have just discovered an ironic fact — trade between South Africa and the black states is booming.

The disclosure was made this week by Nicholas Ashford of The Times in an article from Johannesburg in which he notes that weapons captured from Moroccans fighting the Polisario Front in western Sahara bore South African markings.

Ashford says most of the business carried out is overt and less spectacular than the Moroccan deal, consisting largely of foodstuffs, mining and other capital equipment, agricultural implements and spare parts.

"Despite the continuous railing by black African leaders against apartheid and the growing chorus of voices calling for economic sanctions, trade between South Africa and black Africa is booming," he writes.

Last year, South Africa's exports to black Africa were worth R1 055-million, says Ashford. This was an increase of 52 percent over the 1979 figure of R710-million.

Ashford quotes Mrs Sally Gallagher, an executive of the South African Foreign Trade Association, as saying that she finds businessmen in Africa "very realistic." For them "politics is one thing and business is completely separate."

According to Mrs Gallagher, says Ashford, as many as 47 of Africa's 53 nations do business with South Africa, although the bulk is accounted for by southern African states.

OPEN TRADE

Much of the trade is carried out openly — huge tonnages of maize trucked north of the Zambezi, mining spare parts which are air freighted to the Zambian Copperbelt, or processed foods sent to every country south of the equator and often beyond.

Supermarkets in Maputo, Lusaka and other capitals invariably carry goods with Afrikaans labels, and, says Mrs Callaghan: "I often find that South African labels on products are welcomed as they are regarded as a sign of quality."

Much of the business, however, is carried on by subterfuge — using middlemen, relabelled articles, and false certificates of origin, says Ashford.

The most important reason why the countries trade with South Africa, according to Ashford, is because South Africa is able to provide most of the items they need quicker and more cheaply than Europe or the United States.

CRITICISED

In another article in The Times, Lord Chalfont, a former British Minister, criticises the Nigerians for detaining and then deporting three British tennis players because of their "associations" with South Africa.

At the time, he points out a high-powered delegation of British businessmen were visiting Nigeria with Lord Carrington, the Foreign Secretary.

It is safe to assume, he says, that some of the businessmen had "associations" with South Africa, yet they were not affected.

New threat by anti-SA lobby

The Star Bureau

LONDON — A new threat to South Africa's international links has emerged with a hint from anti-apartheid campaigners that a trade blacklist "may soon be given serious consideration."

The list, to be compiled on the same basis as the one now being implemented to punish sportsmen and women who visit South Africa, would concentrate on foreign businessmen involved in commercial relations with the Republic.

"Obviously, we will have to start thinking on those lines," Mr Sam Ramsamy, president of the South African Non-Racial Olympic Committee, (Sanroc), said yesterday.

UN SUPPORT

"While my field is almost exclusively sport, I would think a trade blacklist would be a logical extension of what we are doing. But it would have to embrace the whole anti-apartheid field and would need United Nations support.

"I certainly cannot rule out the possibility of such action particularly if the sporting blacklist has the desired effect."

Mr Ramsamy rejected assertions that the trade leagues would think twice before establishing business connections."

Mr Ramsamy said the isolation campaign in sport had been switched to the individual because, in the past, some countries had been made to suffer because of the actions of "one or two people."

Rather than bar a whole team, it was "the offenders" who were now being punished.

While there were many obstacles to effective trade sanctions, not the least being "surreptitious dealing and powerful interests, action against individual businessmen appears to be a profitable field," he said.

"We are determined to get our message across. People who connive with, and give succour to apartheid cannot expect to get away with it. They cannot have their cake and eat it."

Asked whether there was not an element of double standards in black African countries shutting the door on sportsmen with South African connections, yet secretly opening the back door to trade with the Republic, Mr Ramsamy said: "There are precious few facts about South Africa's business dealings in Africa."

list would be difficult to monitor and so be largely ineffective.

"As with sport, we cannot expect to net every fish. But when we do catch a big one, the resultant publicity is enough to frighten away many others who are feeding off apartheid.

"We believe that foreign sportsmen will now be very much more wary about going to South Africa. If, say, British businessmen were deported from Nigeria or the West Indies because of their commercial interests in South Africa, their col-

It is the 50 per cent increase which concerns the following calculations. On average, wages for blacks in 1921 were 2.21s. per shift.(240) This means that their average monthly cash earnings were approximately £2.16.0. for a 26 shift month. During the same period the lowest average wage for an underground white miner was £30.(241) This means that the ratio of white to black underground earnings was approximately 10,7 : 1. Africans received an average compensation of approximately £47.16.8, while whites received a minimum of £270.

By 1973 Africans employed underground and whites received cash earnings of approximately R32 and R330 per month respectively.(242) At the same time their awards for simple tuberculosis compensation were R600 and R5 000 respectively. This means that the ratio of white to black underground cash earnings was approximately 10,3 : 1 while the ratio of white to black compensation payments was approximately 8,3 : 1. Thus while the ratio of white to black cash earnings was lower in 1973 than in 1921, the ratio of white to black compensatio[...]

Since 1973 there has been a marked decrease in t[...] black average earnings on the mines. For all m[...] (underground and surface) the ratio of white t[...] from 16,8 : 1 in 1973 to 7,8 : 1 in 1977. Thi[...] table I.

Table I

Average Annual Wages and Salaries on Gold Mine[...]

Year	White	Non-white (99 % a[...]	
1973	5 724	341	
1974	6 762	545	
1975	7 607	906	8,4 : 1
1976	8 449	1 072	7,9 : 1
1977	9 319	1 197	7,8 : 1 (243)

The following table II indicates the rise of wages for African novices:

Table II

Starting Monthly Cash Wages (African novices)

Effective Date	Underground	Surface
June 1971	10,92	8,54
1972	13,00	9,88
1973	-	-
1974	-	-
June 1975	57,20	36,40
June 1976	65,00	40,30
Aug 1977	68,90	42,90
July 1978	76,70	50,70 (244)

Between 1971 and 1976 white mining wages were approximately doubled while those for Africans quadrupled. The wage increase in average African earnings per month before August 1977, that is for the year 1976 to 1977, was R102,40, whilst for the year 1978 they increased to R115.(245) But compensation payments for Africans have not been readjusted in proportion to the substantial increases in African cash wages.(246)

However, it should be borne in mind that since 1973, Africans have worked for shorter average periods. This has induced management to encourage Africans to return more frequently and to engage in mining on a full-time basis.(247)

Recently it has been suggested that mining does not increase the risk of tuberculosis. It is claimed by some authorities that tuberculosis is not a mining disease at all, and that the industry is being forced 'to pay for its [...]

Now SA must import wheat

4/3/81

Own Correspondent

CAPE TOWN. — The Wheat Board has had to import wheat for the first time in 12 years to supplement local stocks.

And this season's harvest is expected to be the poorest in the last 10 years.

The admission came from the manager of the Wheat Board, Mr D F van Aarde, addressing a congress of the Orange Free State Agricultural Union in Bethlehem.

And it is backed up by the latest newsletter from the Department of Agriculture and Fisheries.

Mr Van Aarde also said that, despite the good rains this season, it was still too early to make any firm predictions on the current crop.

The Wheat Board's purchases for the current season were estimated at 1 387 000 tons. But 1 785 000 tons will be consumed.

Mr Van Aarde attributed this season's smaller harvest — compared with 2 030 500 tons last season — to the Free State and the Ruens area, which had experienced dry conditions during the planting and growing seasons.

The Free State had produced 519 700 tons and the Ruens area 139 700 tons which, in both instances, had been the poorest harvests in the past decade.

Mr Van Aarde said this year's wheat purchases in the Free State would only be about 42% of last year's record amount, while the purchases in the Ruens area would be about 70% of last year's.

[...] continuation of compensation for tuberculosis is necessary. In addition, the Medical Bureau for Occupational Diseases stated in its 1973-1974 report that tuberculosis, despite intensive efforts by the mine medical officers to control it, 'continues to be a predominant reason for certification, for which a solution does not yet appear to be in sight.'(249a)

The principle on which less compensation is awarded for black silicotics may be because of the belief that their intermittent service renders them less liable to contract the disease than white full-time miners. However, this theory has not been proved or disproved.(250) Experiments undertaken with animals have also shown that short but concentrated periods of high dust exposure may cause the disease to develop far sooner in such cases than in others who have had average amounts of dust exposure, the total of which is the same as the former, but over a very lengthy period of time. As Africans today are subjected to these short periods of

SA imports wheat

5/3/81

74

Staff Reporter

THE Wheat Board is importing wheat for the first time in 12 years to supplement local stocks and this season's harvest is expected to be the poorest in 10 years.

This was announced by the manager of the board, Mr D F van Aarde, when he addressed a congress of the Free State Agricultural Union at Bethlehem, according to the latest newsletter of the Department of Agriculture and Fisheries.

He said that although prospects for the coming season looked good due to recent rains, it was still too early to make firm predictions.

At this stage, the board's purchases for the current season were estimated at only 1 387 000 tons, as opposed to the 1 785 000 tons which would be consumed, he said.

He attributed this season's smaller harvest (2 030 500 tons last season) to the dry conditions in the Free State and the Rûens area during the planting and growing seasons.

The Free State had produced 519 700 tons and the Rûens area 139 700 tons which, in both instances, had been the poorest harvests in the past decade.

Mr Van Aarde said that this year's wheat purchases in the Free State would be only 42 percent of last year's record amount, while the purchases in the Rûens area would be 70 percent of last year's amount.

The Swartland had once again had a record crop, and the board's purchase of 282 500 tons was about 4 percent more than the 1975/76 season record of 272 150 tons.

Lower SA surplus

THE SOUTH African trade figures in January which showed a surplus of R363 600 000 were distorted by the slow Customs and Excise clearance of goods at the Johannesburg container depot, say bankers.

The overall trade position will thus be adjusted when the February figures are released later this month, and will show a lower surplus.

There was a huge backlog of goods at the Johannesburg Customs and Excise depot over the yearend.

South Africa reported its trade surplus widened to R363 600 000 in January from R195 600 000 in December on imports of R1 240-million against R1 200-million in December and exports of R1 600-million against R1 450-million.

R242-m trade between SA-China, claims Russia

6/3/81 Star

~~53~~ 74

MOSCOW — The official Soviet Press yesterday charged that China is becoming one of the most important trading partners of South Africa.

A sizeable part of this secret trade is in arms, according to Soviet articles, which are based on a despatch by the official news agency Tass.

The Tass dispatch, monitored in Munich, charged that much of the trade is being channelled through Hong Kong.

It cited official statistics showing that from January to November last year Hong Kong's trade with South Africa amounted to about R242-million — and added "An important part of that amount covers secret deals between continental China and South Africa."

Tass said China and South Africa are striving to keep the trade secret for fear of disturbing Peking's relations with Black Africa and Pretoria's trade ties with Taiwan.

Tass also claimed China was anxious not to arouse United Nations action over its lucrative trade with South Africa in arms and strategic materials.

Among these strategic materials, said Tass, were South African chromium, copper and tin.

Quoting an unnamed South African newspaper, Tass said South Africa received in return "a certain contribution to the consolidation of its security." This "contribution," said Tass, was modern armaments "and this in a period when the racists are staging more provocations against Angola, Mozambique and Zambia."

Tass also claimed that a deal had been reached recently for the supply of Chinese oil and oil products to South Africa and for South African participation in the exploitation of raw materials in China. — Reuter.

KENNISGEWING 178 VAN 1981/NOTICE 178 OF 1981

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 1981—PERIOD: JANUARY 1981

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 1981	Invoere—Imports 1980	Uitvoere—Exports 1981	Uitvoere—Exports 1980
Afrika—Africa	18,3	21,3	77,5	79,3
Europa—Europe	561,0	404,9	513,2	432,1
Amerika—America	192,3	149,0	136,3	180,0
Asië—Asia	210,5	112,9	131,9	156,3
Oseanië—Oceania	11,5	9,3	7,2	10,3
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	242,5	294,1	730,1	840,6
Skeeps-/vliegtuigvoorrade—Ships' Aircraft stores	—	—	3,3	3,7
Groottotaal—Grand total	1 235,9	991,5	1 599,5	1 702,3

TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCN
TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN

Afdelings—Sections	Invoere—Imports 1981	Invoere—Imports 1980	Uitvoere—Exports 1981	Uitvoere—Exports 1980
I. Lewende diere; dierlike produkte Live animals; animal products	5,6	3,1	7,9	12,0
II. Plantaardige produkte Vegetable products	20,0	14,5	51,9	43,2
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	4,2	7,0	3,7	3,5
IV. Voorbereide voedsel, dranke, spiritus en asyn; tabak Prepared foodstuffs, beverages, spirits and vinegar; tobacco	15,1	11,1	22,2	32,3
V. Mineraalprodukte Mineral products	16,7	20,5	147,7	128,1
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	87,6	86,9	28,1	39,4
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	40,9	38,4	3,8	4,8
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)	4,3	2,9	6,9	9,9
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	9,6	8,0	2,1	3,5
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	30,3	20,7	9,1	18,0

Afdeling—Section	Invoere—Imports 1981	Invoere—Imports 1980	Uitvoere—Exports 1981	Uitvoere—Exports 1980
XI. Tekstiele en tekstielartikels Textiles and textile articles	58,7	42,3	26,5	[illegible]
XII. Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, rysweppe 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	[illegible]	[illegible]	[illegible]	[illegible]
XIII. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIV. Pérels, edel- en halfedelstene, edelmetale, geplateerde edelmetale, en artikels daarvan; nagemaakte juweliersware, muntstukke Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	4,3	3,3	292,1	[illegible]
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	73,4	53,0	118,6	[illegible]
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	372,8	240,1	18,7	[illegible]
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	175,4	94,9	41,4	[illegible]
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	43,2	29,2	[illegible]	[illegible]
XIX. Diverse vervaardigde artikels Miscellaneous manufactured articles	8,7	6,3	1,1	[illegible]
XX. Kunswerke, versamelaarsstukke en antieke Works of art, collectors' pieces, and antiques	4,6	1,0	2,8	[illegible]
XXI. Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	244,1	297,2	809,4	918,[illegible]
Groottotaal—Grand total	1 235,9	991,5	1 599,5	1 702,[illegible]

(6 Maart 1981) (6 March 1981)

KENNISGEWING 176 VAN 1981

VEILING VAN GOEDERE.—DOEANE EN AKSYNS, DURBAN

Hierby word vir algemene inligting bekendgemaak dat 'n openbare veiling van ongeklaarde, onopgeëiste en verbeurdverklaarde goedere om 09h00 op 25 en 26 Maart 1981 by die Staatspakhuis, Cato Creek, Durban, gehou sal word. Opgawes van die goedere wat verkoop sal word kan op aanvraag by die Kontroleur van Doeane en Aksyns, Privaatsak X54305, Durban, 4000, verkry word.

(6 Maart 1981)

NOTICE 176 OF 1981

SALE OF GOODS.—CUSTOMS AND EXCISE, DURBAN

It is hereby notified for general information that a public sale of unentered, abandoned and forfeited goods will be held at the State warehouse, Cato Creek, Durban, at 09h00 on 25 and 26 March 1981. Lists of goods to be sold will be supplied on application to the Controller of Customs and Excise, Private Bag X5430[illegible] Durban, 4000.

(6 March 1981)

Donkeys:

100 workers had no donkeys, (76, 92%)

2 had one donkey each,

21 had two donkeys

3 had 3 donkeys and

4 had 4 donkeys.

Cattle:

One worker had one cow,

one had 2 and

one had 5 cows.

(127 workers had no cattle at all)

For the estimates of payment in kind, grazing has been valued at the rates then current on the Beaufort West City Council common ground. Farmers' estimates of the grazing value of their land varied enormously; to some extent this may reflect actual variations in quality but it again seemed

Beaufort West

rse or cow

erms,

Meat Board tells of imports

~~3 Word~~ (74) 7/3/81

Mercury Reporter

THE Meat Board might find it neccessary to import more meat this year, but this will depend on production and price trends in South Africa, according to the general manager of the Meat Board, Dr Jan Lombard.

Dr Lombard said that it had already been decided to import 4 000 tons of meat, but it was possible that only 2 000 tons would be imported.

He said this would amount to less than one day's requirements.

Dr Lombard said the board did not import fresh meat, but meat of a processing quality with a very high fat content.

Last year 10 percent of South Africa's requirements were imported. Mr Lombard said with a change in production and a reduction in herds and flocks it might be found that a higher percentage might have to be imported this year.

He said imports had been as high as 25 percent in the past.

Regarding the importation of American chickens, Dr Lombard said it had to be accepted that any addition of a product to a market would affect the market in some way.

'I am certain that the State department responsible for these imports will not allow excessive imports,' he said.

He said that already 25 percent of all meat sold was chicken, beef 55 percent, mutton 13 percent and pork 7 percent.

Meanwhile, the Commission of Inquiry into the Slaughter-stock and Meat Industries begins on Tuesday. The hearing will be in Pretoria and will be public. Under certain circumstances evidence will be heard in camera.

The first person to give evidence will be a representative of the Meat Board, followed by individuals and representatives of bodies who wished to give evidence or who, in the opinion of the commission, must give evidence.

People who want to give evidence, but have not submitted applications, can do so until March 20.

SUNDAY TRIBUNE, MARCH 8, 1981

EXPORT EFFORT

S. Tribune 8/3/81

74

Austrians and Swiss want to sell to S.A.

AUSTRIA and Switzerland are making determined efforts to increase their exports to South Africa — at a time when Third World and socialist countries are baying for this country to be put into economic isolation.

The Austrians are adopting an open, aggressive method involving the use of high-powered trade delegations while the Swiss, no doubt in keeping with their traditional stance of neutrality, are adopting a low-profile, soft-sell approach through their consular representatives.

Both efforts are being made as the result of their exports to South Africa booming, in spite of the fact that no determined effort was made to boost them, while their exports to other countries in Europe are declining.

According to official Austrian figures, that country's exports to South Africa totalled R45-million last year, an increase of nearly 25 percent on its exports to this country in 1979.

South Africa's exports to Austria in 1980 totalled R54-million, an increase of nearly 11 percent on the total for 1979.

Trade between Switzerland and South Africa showed an even more impressive increase.

By DAVID PINCUS

According to official figures from Switzerland, that country's exports to South Africa moved from R155-million in 1979 to R202-million last year, an increase of R47-million or 30,3 percent.

Dr Lothar Puxkandl, Austrian trade delegate in Johannesburg, says a 25-man trade delegation from his country will visit Johannesburg, Durban and Cape Town in the second half of May.

The importance attached to this visit can be gauged from the fact that it will be led by Dr Eduard Kpetzki, who is the Federal Economic Chamber of Austria's head of bilateral and multi-national trade and also head of its office to promote trade with Western Europe.

The Swiss effort got off the ground this week at a lavish cocktail party in Johannesburg, when a film on Switzerland's exports was shown to a hand-picked audience with immense collective buving power.

The official reason for the gathering was that a number of extremely well-produced directories of Swiss export products had arrived in Johannesburg and had to be distributed — and what better method of distributing them than at a pleasant get-together?

In a private conversation afterwards, Fritz Adams, the Swiss consul-general in Johannesburg, who with Swissair hosted the function, said that both the film and the party was the start of a determined effort to increase Swiss exports to South Africa, and that a soft-sell approach would be used.

Speaking with the satisfaction one gets from reading the future accurately, Dr Puxkandl said he warned Austrian companies who were operating in South Africa before the 1976 Soweto riots that they should not read too much into the then South African political situation and pull out.

"They concentrated their efforts on exporting to Germany and the rest of Europe where the economies were booming. Some really made it. In two and a half years they trebled their exports to West Germany.

"Now things are different. West Germany is trying to protect its own industries and is no longer the keen importer it was, and the companies that pulled out of South Africa in 1976 are scurrying back here.

"But they have lost their market share and will have to start again from scratch, while those companies that listened and stayed are doing really good business here."

SA trade booms in black Africa

In the face of a call for trade sanctions and despite the abhorrence of apartheid, South Africa is selling more goods, ranging from guns to jam, to black Africa than ever before. Nicholas Ashford, of The Times, London, tells the story of South Africa's trade boom.

Last year the Polisario Front, which is fighting a guerilla war against Moroccan forces in the Western Sahara, captured some weapons from defeated Moroccan troops, the markings on which were unfamiliar to them. On closer scrutiny it transpired that some of the wording on the captured arms was in Afrikaans.

It was later discovered that the weapons were part of a consignment of arms — ranging from automatic rifles to armoured cars — which had been supplied to Morocco by South Africa, with France acting as intermediary.

The deal with Morocco provides a dramatic illustration of the type of covert trade which is taking place between South Africa and independent black and Arab states to the north of its borders — countries which are supposed to abhor any sort of links with the "apartheid Pretoria regime."

Most of the business carried out is overt and less spectacular, consisting largely of foodstuffs, mining and other capital equipment, agricultural implements and spare parts. Despite the continuous railing by black Africa leaders against apartheid and the growing chorus of voices calling for economic sanctions, trade between South Africa and black Africa is booming.

"I find businessmen in Africa very realistic," says Mrs Sally Gallagher, an executive with the South African Foreign Trade Organisation, whose job has taken her to about 20 black states. "For them politics is one thing and business is completely separate."

Last year South Africa's exports to black Africa were worth R612-million, an increase of 52 percent over the 1979 export figures of £412-million. The previous year exports to Africa had risen by a massive 74 percent. South African imports from black Africa last year were worth only £155-million, leaving a massive balance in South Africa's favour.

The details of which countries South Africa trades with are kept secret because the South Africans do not want to embarrass the authorities in those countries. According to Mrs Gallagher, as many as 47 of Africa's 53 nations do business with South Africa, although the bulk is accounted for by southern African states such as Botswana, Lesotho, Swaziland, Zimbabwe, Mozambique, Malawi, Mauritius, Zambia and Zaire. South Africa is the largest supplier to all but the last two mentioned of these countries.

Much of the trade is carried out openly — for example the huge tonnages of maize which are trucked north of the Zambezi, the mining spare parts which are airfreighted to the Zambian Copperbelt, or the processed foods which are sent to every country south of the Equator and often beyond.

Supermarkets in Maputo, Lusaka and other capitals invariably carry goods with Afrikaans labels. "I often find that South African labels on products are welcomed as they are regarded as a sign of quality," Mrs Gallagher says.

Much of the business, however, is carried on by subterfuge — using middlemen, relabelled articles, and false certificates of origin. One trading organisation in South Africa is reputed to have its own printing press which can produce almost any kind of bill of lading or certificate of origin.

Last year Kenya bought 135 000 tons of maize from South Africa, but not a mention of this can be found in Kenya trade statistics. The maize was loaded in East London taken to Maputo where the papers were altered and then transported onwards to Mombasa.

West Africans enjoying tins of jam labelled "Packed for H Jones Sofal Limitada — Mozambique" may not be aware that the preserves were made and packaged entirely in South Africa. Similarly, cans of South African apple joice with Arabic markings and stating Mozambique to be the place of origin are sold widely in North Africa and the Arab world.

When Zambia played host to the Commonwealth conference two years ago wines, food and even a red carpet were rushed there from South Africa. On a previous occasion when Zambia was hosting a meeting of the United Nations committee on colonialism, toilets and other plumbing requirements were supplied by South Africa.

The expansion of trade has been accompanied by a growth in South Africa's air and sea links with black Africa. South African Airlines planes now operate scheduled flights to 10 independent African countries while the giant C130 transport aircraft of Safair, a freight line, visit many more. Last year Zambia airways began flying to Johannesburg and Air Mauritius is to start direct flights soon. Two South African shipping companies, the Unicorn and Tropic lines, regularly ply the West African coast.

Why do so many countries, which are pledged to do everything possible to bring a rapid end to apartheid, continue to trade extensively with South Africa? And why is that trade growing?

There are a number of reasons. The most important is that South Africa is able to provide most of the items they need — and it can provide them more quickly and cheaply than Europe or the United States.

Top of the list is maize the staple food of much of Africa. Last year South Africa sold about 700 000 tons of maize to countries such as Kenya, Zambia and southern Zaire which were faced with severe food shortages. It also supplies wheat, meat, dairy produce, fruit and vegetables.

South Africa, with its sophisticated and expanding industrial base, can manufacture most of the goods which African countries require. "We are much closer to sub-equatorial Africa than Europe is and with the high cost of transport today it is much cheaper for them to do business with us than to go north to Europe," one trader remarked.

Another reason for the growth in trade is that most black states are chronically short of foreign exchange but often have surplus rands resulting from migrant labour or the provision of port services. At the same time, South African traders are encouraged to expand their business as a result of the protection offered by the Johannesburg-based Credit Guarantee Insurance Corporation which provides insurance against default in payment by foreign purchasers of South African exports, whether for political or commercial reasons.

Mrs Gallagher is convinced that South African exports to black Africa will continue to expand this year and for the foreseeable future, a view shared by many exporting concerns.

Others disagree, however, arguing that Zimbabwe could become an alternative supplier of many items currently provided by South Africa. They point out that this year Zimbabwe will have a grain surplus of more than one-million tons to sell to its neighbours.

16-million US eggs hit City - with no break

Staff Reporter

MORE than 16-million eggs hit Cape Town yesterday — without a break. At least that was the impression gained by newsmen while they watched harbour workers at the delicate task of unloading 1,36-million dozen eggs shipped from the United States to meet the national egg shortage.

An Egg Board spokesman said yesterday that the eggs, destined mainly for the Transvaal, represented 0.75 percent of the country's annual consumption. They were a "once only" purchase, imported to meet the increased egg demand.

The rise in demand was due to the "search for alternative protein" on the part of consumers hit by recent price increases of

More than other cargo, this shipment of eggs requires a lot of concentration when loading on to a trailer.

primary protein foods. The estimated cost of the imported eggs was 18 cents a dozen above local costs.

This would be borne by the Egg Board and not the consumer, the spokesman said.

He added that in times of surplus, the board exported eggs at a greater loss, 33 cents a dozen, than the premium (18 cents a dozen) at which it imported in times of shortage. Hence the present position was preferable to the surplus situation.

The senior checker of the Railways at 4 South Arm, Mr Russie Griebenow, said yesterday that he was a bit nervous: "It is the first time that we have loaded real eggs and we have to be a lot more careful," he said. Previously he had loaded eggs in a powder form only.

The eggs were shipped from Tampa in Florida and arrived in Cape Town early yesterday aboard the ship Maya.

"We hope to have loaded and transported 23 000 of the 1,36-million eggs to the Elgin Fresh Fruit Distributors, about 1½ hours' drive away, by 8 pm this evening," Mr Griebenow said.

Cartons of frozen eggs were placed on wooden pallets, "fork-lifted" on to open trailers, each carrying 800 cartons of eggs, and finally tied down with tarpaulins.

"They are still frozen and the tarpaulins will keep the heat at bay on the short journey to the distributors," Mr Griebenow said.

What Reagan's proposals could mean for SA

CT 9/3/81 (74) ~~337~~

JOHANNESBURG. — The Standard Bank, in its latest review, says that against a background of declining productivity, recalcitrant inflation and runaway government spending, President Reagan unveiled proposals aimed at nursing the American economy back to health through a combination of deep expenditure cuts and generous tax reductions.

The programme constitutes an ambitious and unorthodox attempt to revitalize the US economy. Its aims are to stimulate growth, slow down inflation and balance the budget by 1984.

For South African business, closely linked in several ways to the United States economy, four questions are uppermost.

- Will the Reagan package achieve a successful passage through Congress?
- If it does, will it succeed in its primary objectives?
- If it does succeed in these, what impact will South Africa feel?
- How much time will elapse before the effects are noticed?

At present the prospects of a successful passage of the entire package through Congress appear to be good. The chairman of the House Ways and Means Committee has already indicated that spending cuts will have to be incorporated with tax cuts.

Indeed, there are even signs that the democrats may softpedal the taxation proposals and press for expenditure cuts greater than those proposed by the administration.

If the president receives congressional support, his concept of "supply side economics" will be put to the test.

In essence this means that the new administration will try to stimulate production (eg by increasing depreciation alloances), while limiting government's demand on the economy's resources.

By encouraging investment in new equipment and thereby boosting the supply of goods and services generated, it is expected that more income will be created and that in time the total income of government from taxes should rise, after an initial decline resulting from lower tax rates.

The impact of the concessions made to business (retroactive to January) is likely to be a strong one. On balance, the Reagan package has a fair chance of success, though only after a considerable time-lag (indeed it will only be in the fiscal year 1982 that the full effect will be felt), and providing the American public retains its present optimistic expectations about the president's ability to lead the country into a new economic era.

A gradually improving US economic situation, in which growth is stimulated and interest rates, inflation rates and unemployment levels decline, would have important implications over the medium term for the South African economy.

The main areas affected will be the foreign exchange market, the exchange rate, the balance of trade, and the gold price.

A short-term implication of the scenario described is that US interest rates will continue on their unstable downward path, and turn around in mid-year from still relatively high levels.

This will be reflected in a sustained narrowing of the differential between interest rates in South Africa and in the United states.

Accordingly, the discount on forward dollars will narrow and, if the upward pressure on South African interest rates is maintained after a seasonally easy period in April and May, the discount may be transformed into a premium.

The current strength of the dollar can only be attributed in small measure to increased confidence in the new regime.

The dollar's present strength is partly due to the market view that the US will run a sizable current account surplus in 1981, and partly due to the anticipated persistence through the year of large real yields on dollar-denominated investments.

In contrast, West Germany and Japan will probably run current account deficits and maintain low interest rates (and yield).

Therefore, the dollar is likely to remain firm both in general, and against the rand in particular. In the period to mid-1981 it is likely that the rand will decline in both dollar and average trade weighted terms, as the South african balance of payments turns from substantial surplus to increasing deficit.

For the South African balance of trade the outlook is somewhat gloomy. Growth in the US is not likely to accelerate until the second half of the year and the reflected stimulation to other key export markets such as the United Kingdom, West Germany and Japan will be felt even later on.

Consequently, South African exporters will be faced with stiff competition, slack demand and low price levels for some time.

Once the Reagan proposals begin to take effect, however, the outlook in the US market at least, should improve substantially for South African exports of minerals, base metals and manufactured goods.

RDM 10/3/81 (74)

SA eggs beat imports, says chef

Own Correspondent

CAPE TOWN. — South African eggs came out tops yesterday when an international chef compared them to some of the 1,36 million dozen imported American and Canadian eggs which arrived in Cape Town earlier this week.

Mr Bernhard Ruttinger, originally from Germany and resident chef at 'The Inn On The Square' in Cape Town, has had 19 years culinary experience. He said he would never buy American eggs for the restaurant as they lacked flavour, quality and were also very watery.

As he broke some American and South African eggs into seperate frying pans yesterday he said: "I told you so. the American eggs are very watery."

Mr Ruttinger, who worked for six years in America, said: "The Americans themselves do not know the difference between a good and a bad quality egg."

He said the lack of quality and flavour in the American eggs was due to them being frozen and transported over such a long distance.

Mr Ruttinger said South African eggs were very rich and full of flavour, comparing well with Swiss and Dutch eggs. British and German eggs, however, were like the "watery American eggs."

The American eggshell is pure white and the yolks are also considerably paler than those of South African eggs.

A spokesman for the Egg Control Board said the shipment would probably be the only importation of eggs this year.

"The cause of the increased egg demand is due to the recent price increases of other primary foods," the spokesman said.

The South African consumer will not have to pay any more for the imported American eggs because the Egg Board will pay the difference of 18c a doz.

SA Industrial Wk 10/3/81 (74)

Exports cut-back 'harming manufacturers'

THE hard-earned reputation South African manufacturers had built for themselves in overseas markets during the past few years has been tarnished by large numbers of exporters cutting back on export orders in favour of the high domestic demand.

Christopher Moerdyk, an independent Johannesburg export marketing consultant, told Industrial Week that numerous manufacturers of both industrial and consumer products tend to regard exporting as a source of additional revenue when domestic demand is low and simply to be cut off when local demand increases.

"Foreign customers can accept problems such as the high value of the rand and increased shipping costs but they lose confidence very quickly when they realise that continuation of supply is suspect".

Moerdyk says quality and reliability of supply are of utmost importance to foreign buyers and this is one of the most important factors that has led to South Africa breaking into many overseas markets initially.

"The boom-recession cycle is speeding up in South Africa to the point where the trial-and-error system just won't work any more. Manufacturers must place their export operation on a permanent basis.

"By allocating sufficient production to exports to help them during periods of low domestic demand yet at the same time ensuring that they are not placing too much emphasis on exports and thereby harming their local markets during a boom situation, they will not end up overcommiting themselves," he says.

Moerdyk says some manufacturers have realised the necessity for better organised export policies and this is evident by the increasing number of companies that are requesting him to help them devise local and export marketing policies.

It is obvious, he says, that with the impending slowing down of domestic demand exporting is going to become important to those same manufacturers who a few months ago turned their backs on it.

"It is never too early to start planning a balanced export/domestic market ratio for the future. Whilst the authorities might continually dwell on the importance of foreign exchange earnings private enterprise will realise that in these modern times exporting is becoming more and more an essential part of business".

of adequate wages, nutrition, general education etc, is mentioned. Periodic medical examinations, ante-natal care, infant welfare clinics, immunizations, health-education, school and workers health services, are listed under preventive services.

The Commission also realised the tremendous importance of a proper relationship between promotive, preventive, curative and rehabilitative services:

"Today in short, advanced medical thought everywhere has come to realise that there should be no sharp division, even in administration and still less in presentation to the people, between promotive, preventive, curative and rehabilitative health services. All should be integrated in a comprehensive planned health service. Such a service would aim to secure not only the absence of disease, but also the maximum degree of physiological and mental efficiency."

The chapter ends with the following vision:

"The ultimate aim of our recommendations is to bring these services within reach of all sections of the population, according to their need, and without regard to race, colour, means or station in life."

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The services are NOT 'in conformity with modern conception of health - for they are mainly directed not to promotion and safeguarding of health, but to the cure of ill health.

The services are NOT 'available to all sections of the people of the Union of South Africa' - they are distributed mainly among the wealthier sections who, on account of their economic potentialities should need them least: and are but poorly supplied to the under-privileged sections who require them most.

Moreover, existing 'administrative legislative and financial measures' are NOT adequate to provide, by any mere process of expansion a national health service of the range and quality demanded by our terms of reference."

Part III of the Commission's Report dealt with the fundamental question of whether a National Health Service would be the best solution for the health needs of the people. The answer of the Commission was affirmative in order to ensure unified direction, a redistribution of health resources and to make the best use of the limited economic resources available.

It was realised that massive ill health means decreased economic productivity and an increased expenditure on curative health

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GENERAL NEWS

SA warns: we will cut off grain supplies

Star 10/3/81

By Peter Sullivan, Political Correspondent

A warning has been issued to South Africa's neighbouring states that they risk having their grain supplies from the south cut off if they continue to support sanctions against the Republic.

The warning was given by the Prime Minister, Mr P W Botha, after a session of the influential State Security Council yesterday.

The whole question of grain supplies to unfriendly neighbours was also due for discussion at today's Cabinet meeting, the first since Parliament prorogued.

MEETINGS

Significantly, the Herstigte Nasionale Party's chief complaint in their election campaign so far has been that South Africa "sold mealies to terrorists."

Both the Minister of Foreign Affairs, Mr Pik Botha, and the National Party's Transvaal leader, Dr Andries Treurnicht, dealt at length with this question at separate political meetings last night.

Dr Treurnicht said at Thabazimbi that the mielies belonged to the farmers, and not the Government. The farmers had the right to sell their products to whoever they wished.

Mr Pik Botha asked the HNP at Meyerton to supply him with a list of countries which it found acceptable for grain exports.

"And you can't put the United States on the list because they export mealies," he said. "Now I must go to the agricultural producers' union and say you can only sell your grain to the people that the HNP say you can sell it to. This is laughable, man!"

After yesterday's State Security Council meeting, the Prime Minister reacted to the action taken by South Africa's neighbouring states in supporting the United Nations General Assembly resolution in favour of mandatory sanctions against South Africa.

CO-OPERATION

Mr Botha said South Africa had always suggested a formula for co-operation with its neighbours, but if they chose the other road, they should accept that counter-measures would be applied.

All South Africa's black neighbouring states, with the exception of Swaziland, voted in favour of sanctions in the General Assembly last week.

However, in statements, later, both Botswana and Lesotho indicated that because of their geographic and economic links with South Africa they could not support sanctions.

The threat of the grain boycott by South Africa seemed to be aimed specifically at the more militant countries like Mozambique, Zambia, Zimbabwe and Angola.

(Report by Peter Sullivan, Vermeulen Street, Pretoria.)

Coal men look to big hike in export quotas

SA Industrial Wk 10/3/81

74

By Lynn Carlisle

TOP COAL men foresee export quotas being increased to 70-million tons from the authorised 44-million annually after Parliament studies in May a substantially updated report on economically recoverable coal resources and escalating world demands.

A Governmental go-ahead to hit this target by the late-1980s will lead to South Africa dominating the export market with the United States and trebling present foreign currency earnings to nearly R3 000-million.

It will also mean job opportunities for tens of thousands of additional workers in and outside the coal industry.

"The demand for coal as a world energy source is now," says Roland Hoare, general manager (finance) of the Transvaal Coal Owners' Association.

Coal experts assure that increasing exports to 70-million tons annually will have "a minor effect" on the life expectancy of local recoverable resources in the long term. And infrastructural expansion to produce and export is and will progress to handle this increase.

There is a "lot of optimism" in the coal industry that the up-dating of the Petrick Commission Report of 1975 will convince Government that the 44-million tons, based on an energy situation and not an infrastructural one, is "too small".

"We believe the up-date will throw it up to 70-million tons," says chairman of Rand London Coal, Bernard Holtshousen.

South Africa'a annual 100-million tons production of which 26-million is exported, is said to be out of proportion with its potential and that for exports. A substantial increase will give those smaller producers without an effective lobby the chance of an export allocation.

Faced with the urgent need to restructure its energy markets in recent years, the world at large has already started boosting the once cinderalla coal industry.

A joint Russo-Polish decision last month to cut by half their annual 45-million ton coal contract to EEC countries may appear to have bullish short-term possibilities but it will not affect a May decision by Parliament, sources agree.

"Local coal producers and exporters are fully committed now, but the years ahead should prove promising as higher prices expected for energy make recovery increasingly economical," says a mining authority.

He says that coal is already beginning to enjoy an Indian summer while changes in parameters have had the effect of increasing recoverable reserves to roughly 60 000-million tons.

According to Dr C Brink of the CSIR, coal research has been neglected for 30 years but moves to make up for lost time are now underway.

But the future picture must not be painted to make coal exports look too rosy, says Richards Bird, managing director of the Coal Owners' Association.

"Coal prices took off in 1979/80 but we expect a levelling off soon, so we must be sure it will remain economic to ultimately export 70-million t which will only flow by about 1990," he says.

All sources agree that Government is on the right track while praising the SA Railways for the manner in which they had and were continuing to improve railage from the coalfields to Richards Bay.

The consensus that exports depend heavily on the Independent Coal Producers continuing to expand their coal terminal facilities at Richards Bay as the ports of Maputo, Durban East London and Saldanha Bay will offer little economic shipping relief for increased exports.

"Exporters may find problems obtaining bulk carriers exceeding 100 000 t although the ship building order books are full of contracts for more," says a mining research authority.

SAR projects co-ordinator John Walls says there is no question that improvements and extensions to the coaldfields — Richards Bay lines and yards will be completed on schedule by 1986, and will be capable of carrying an extra 20-million tons annually. It is designed for the approved 44-million tons.

"Our biggest problem will be building in our workshops an additional 2 000 of the latest coal carrying wagons which would take from 2½ to 3 years if Government gives us the signal," says Walls.

The present giant trains carrying 4 900 t each would increase their carrying load to 16 00 t once track strengthening and gradient levelling is completed, he says.

UK excise rise 'blow to SA wine'

Argus 11/3/81 (74) (XLI)

BRITAIN'S decision to increase duty on wines would have a significant impact on South African wine exports, Mr Michael Stokes-Rees, head of KWV's subsidiary in London said today.

Mr Stokes-Rees, managing director of the South African Wine Farmers' Association, which is responsible for some 90 percent of all South African wine products imported into that market, was commenting on Sir Geoffrey Howe's Budget announced yesterday.

'The decision by the British Chancellor of the Exchequer to increase so dramatically the excise duties in yesterday's Budget will undoubtedly have a significant impact on the export of South African wines to that market,' he said.

60 PC GROWTH

'Exports of KWV natural wines, which up to now had been enjoying a growth rate of something like 60 percent a year, will probably be able to maintain 1980 levels, but exports of KWV South African sherries, still by far the largest wine product shipped to Great Britain from the Cape, will be more seriously affected with an increase of probably some 40p (about 70c) on the eventual shelf price of the product — double that on light wines.

'It is surprising that the British Chancellor has taken this dramatic step since the effect could, in terms of taxation received, be counter productive.

WINE LAKE

'Sales of wines overall may well fall to such an extent that the tax paid to the Exchequer in the financial year 1981-82 could be lower than in 1980-81.

'South African wines are, of course, not the only ones to be affected by the substantial increased duties and Sir Geoffrey Howe is unlikely to be very popular at the moment with his wine producing EEC (European Economic Community) partners.

'The EEC wine lake has never really drained away and the previous levels of UK taxation on wine were already a matter of concern to French and Italian wine producers,' Mr Stokes-Rees said.

US debut for SA

Argus 11/3/81 74 3264

Argus Bureau

NEW YORK. — South African wines — which have been scarce in the United States for years — are to make a major debut on the market here next month.

A collection of South Africa's estate wines is to be launched at a wine tasting at the Waldorf Astoria on April 8.

Until recently, several difficulties including red tape kept South African wines scarce in most parts of the United States and unavailable in others — in spite of a vast and enthusiastic market.

Henry Collison and Sons, the British-based wine merchants who operate from Maryland, began to import South African wines on a large scale in 1979.

They shipped estate wines to Boston, Washington DC, Texas, the whole of California and Chicago.

'The response was very good. We found from local tastings that the wines are exceptional,' said Mr James Holechek, a spokesman for Collisons.

The wines will sell for about five dollars (about R3,50) a bottle.

Pick of the fruit for export

Argus 11/3/81 (74)

WESTERN CAPE fruit farmers are at the peak of their annual deciduous fruit exporting season and a 30 000-ton shipment of grapes, apples and pears is to be sent from Cape Town during the next few weeks.

The 5 720-ton Japanese refrigerated vessel Yamato Reefer arrived in Table Bay a few weeks ago and is now loading fruit for the Middle East.

The 1 500-ton Cypriot-registered Reefer Knight is at present discharging a shipment of beef from Ireland and will then take on a consignment of grapes, apples and pears also for one of the Middle East countries.

The 10 499-ton Japanese-owned California Maru is at anchor in Table Bay waiting to come in for a shipment of fruit and the 3 089-ton South Korean freighter Ocean Cobalt is due next week for a consignment.

According to officials of the Deciduous Fruit Board at least one fruit ship will call every week until the end of July and a total of about 30 000 tons of apples, pears and grapes is to be exported.

GENERAL ELECTION (74)

The trade tactic

FM 13/3/81

One of the most difficult policies for government to defend to the electorate is trade with black Africa — particularly what the Herstigte Nasionale Party (HNP) brands as the "scandal" of supplying overtly hostile states like Zambia with food and oil.

From the HNP's point of view, zeroing in on the trade question is good election tactics. Many white voters find it difficult to understand why Pretoria permits deals which help maintain the political and social stability of countries which make it their business to slam SA at the UN, the OAU, and in other international forums.

But as Dr Deon Geldenhuys, assistant director of the SA Institute for International Affairs, points out, disquiet is not confined to the far right. It also finds expression in letters to the Afrikaans press, in questions at political meetings, and even in parliamentary debates.

Two studies of the issue have been carried out for the Institute for Strategic Studies at Pretoria University (Issup) — a body whose board of control includes the Minister of Defence, General Magnus Malan, the Director General of Foreign Affairs, Dr Brand Fourie, and the former Minister of Foreign Affairs, Dr Hilgard Muller.

The studies, both published in Issup's *Strategic Review*, are by Geldenhuys, on the strategic implications of regional economic relations; and by Theo Malan, senior economic researcher at the Africa Institute, on SA's economic relations with Mozambique and Zambia.

Both Malan and Geldenhuys point to the growing strength of regional economic relations despite the expressed desire of black states to reduce the ties. Mozambique, for instance, shows no sign of reducing its ties with SA, whatever its commitment to the so-called "counter constellation" of states.

As Malan points out, the line from Komatipoort to Maputo is being improved with SA assistance (using new heavy rails supplied by Iscor and Highveld Steel) and that when improvements are completed the line will have been upgraded from its present one-way daily capacity of 15 000 t to 50 000 t.

"It appears safe to assume," says Malan, "that the Frelimo government has no intention of severing its transport links with the RSA. In fact, the Maputo port is becoming more dependent on SA's imports and exports."

Zambia, although it did deliberately reduce trade with SA during the Seventies, has become more dependent on SA for transport links and (recently) for food supplies as well as mining equipment, expertise and explosives.

What are sometimes called the "hostage states" of Botswana, Lesotho and Swaziland are tied to SA through the Southern African Customs Union. Geldenhuys says that in 1978-1979 the union provided 72.5% of Lesotho's total revenue, and is hardly less important to the other two states.

Zimbabwe is still largely dependent on SA, as was shown by Mugabe's "tacit agreement" to continue the 1964 preferential trade agreement which provides considerable advantages for Zimbabwe.

A superficial view of the facts could lead to the conclusion that the HNP is right and that SA could use economic blackmail to dissuade its neighbours from hostile actions and rhetoric. The experts don't agree and Malan even states that it is "imperative that the RSA's internal policies be adapted so that African countries feel they can associate themselves with this country."

Geldenhuys does provide a list of 17 types of economic action that could be taken to provide black trading partners with either incentives or disincentives for particular actions. These range from import controls to complete boycotts or embargos.

But he points out that some would be inappropriate, or ineffective, while others could lead to unexpected repercussions.

"On paper," Geldenhuys says, "SA possesses an impressive array of economic techniques which can be applied for strategic purposes in the southern African context. In practice, application would be a complex issue in which a wide range of economic, political and legal considerations come into play. In short there are a host of constraints that need to be weighed-up carefully."

One of these would be that "tough SA economic measures might in future induce some black states to throw caution to the wind and step up confrontation with the Republic."

In addition, SA action would cause an international outcry together with demands for political and economic retaliation against the country.

The HNP will, no doubt, continue to use trade relations with certain black states as a stick with which to beat the government. The Issup studies, however, make it clear that government is unlikely to be goaded into using economic sanctions against its neighbours — although some government candidates may make fierce election noises in an attempt to trump the HNP's card.

We do not trade with SA: China

74 STBR 13/3/81

Own Correspondent

PEKING — Communist China has energetically denied Russian charges that it is trading secretly with South Africa.

The latest Russian allegation came last week in a Tass report which claimed China was becoming a major trade partner with South Africa, delivering arms and strategic equipment in exchange for vital raw materials.

In Chinese newspaper reports yesterday an unnamed senior official of the Chinese Ministry of Foreign Trade "flatly refuted" the Tass claims, calling them "a pure fabrication out of ulterior motives."

The official did not state what these motives were thought to be, but implied the Soviet Union wanted to embarrass Chinese relations with black African governments.

"The Chinese Government firmly supports the people of southern Africa in their just struggle against racism and for national liberation," the official was quoted as saying.

China was also "resolutely opposed to the colonial and racist policies of the South African authorities," he added.

"It is futile for anyone to try to attain his sinister aims by spreading lies on this issue to mislead the public. Iron facts have already laid bare, and will continue to lay bare, the sinister motives of the rumour-mongers."

(74) FM 13/3/81

MEASURING GROWTH

Choosing a deflation

SA achieved in 1980 a real growth rate of no less than 17%, rather than the 8.5% cited by preliminary offical estimates, according to a trio of controversial UCT economists.

This is how Graham Barr, Brian Kantor and David Rees arrive at such a conclusion. The extent of the rise in the high gold price over the last few years, they argue, is ignored by official gdp measurement methods, which deflate the nominal value of output to 1975 prices to get a real figure. A high gold price means for the mines a switch to lower grade ores, and thus a drop in volume output. And it is only this latter phenomenon which is picked up by official measurement. Hence they arrive at the startling conclusion that a rising gold price "causes measured real gdp to fall."

Nonetheless, they maintain, if the gold price has increased more rapidly than other goods, "this represents a real increase in the value of output." Specifically, it generates a huge BOP current account surplus, which boosts SA's international purchasing power. The real value of this surplus, they assert, is "the imports you are able to buy with it."

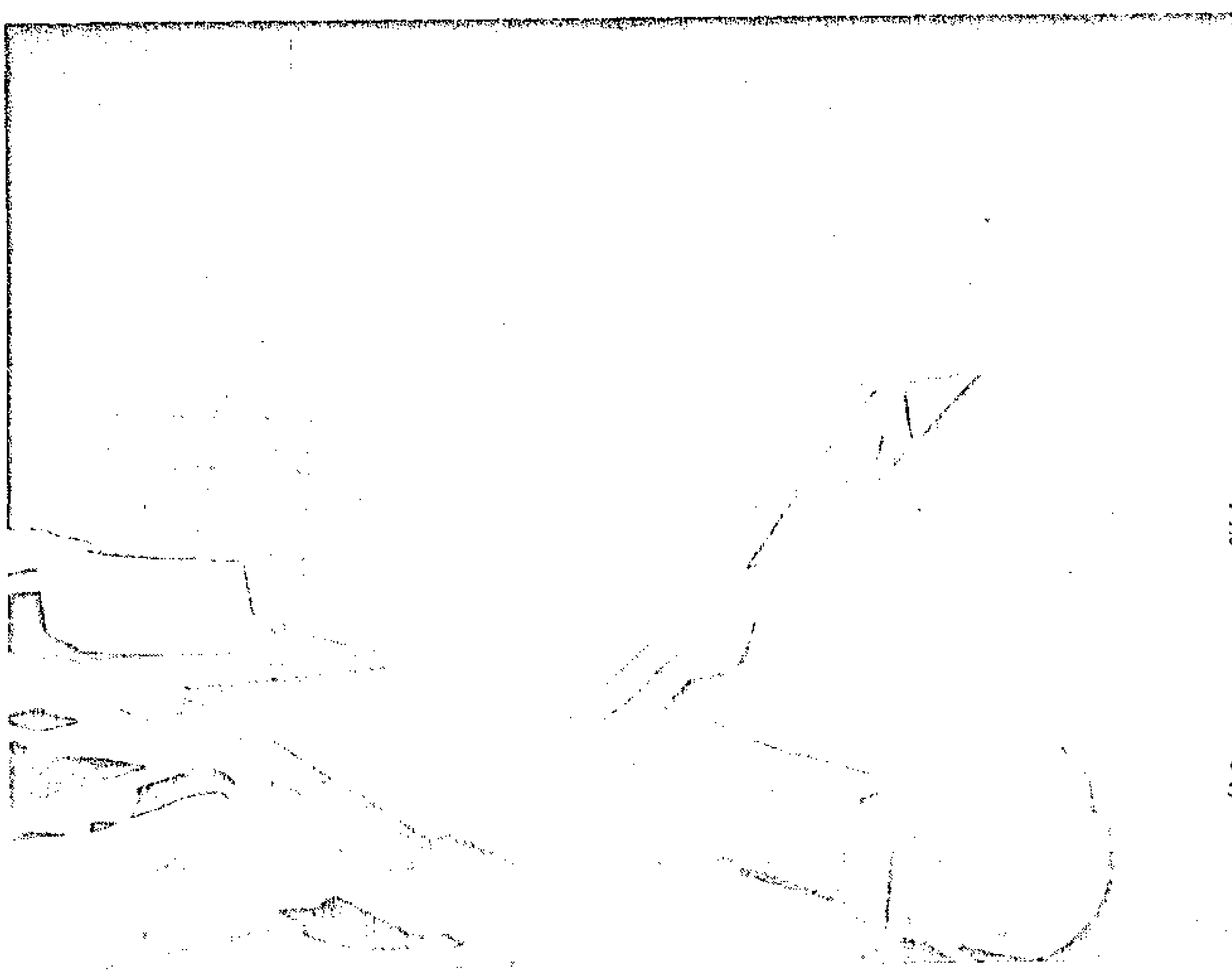
This is the crux of their argument: the surplus is eroded by importing, but the balance represents a net gain to SA in terms of further import buying ability. To measure the real gain, they suggest, it is appropriate to deflate not by price changes in exports (that is the domestic price index or gdp deflator used by official measurement, in which gold plays a predominant role), but by price changes in the import basket.

As an example, they take the estimated 1980 gdp figure of R30 515m, deflate the net export surplus of R4 849m by a foreign trade price index to get a real net export figure of R2 063m, and add this to the original gdp figure. This yields a revised gdp total of R32 578m which in turn gives a 1980 growth rate of over 17%, twice the official estimate.

The claims of the UCT trio, according to other economists, cannot be criticised on logical grounds. What they are doing, says one, is attempting a reform of accepted methods of measuring national income. The net surplus they identify has been identified before, however, in the process of reconciling gdp figures with gnp figures. It was then classified as the "idle money balances" that fuel financial markets initially, before leaking into "real expenditures."

The problem, however, is that the UCT economists try to include this in a gdp figure, which traditionally measures total economic activity, a more tenuous concept than total income, which is the traditional province of gnp.

To this extent they construct a metrical picture which is not necessarily closer to reality than any other. With due credence, however, it can be said that the really novel aspect of their argument is its choice of an import deflation index, rather than a domestic deflation index. This gives at least an approximate picture of the real possibilities of the national purchasing power granted by SA's vast gold income, which other approaches tend to ignore.



UCT's Kantor . . . identifying the gold anomaly

(11)

Yield of Milk (Table Twenty Four)

Response	Percentage of total	Percentage o malnutrition
No milk	80%	50%
Poor	4%	50%
Average	12%	83%
Above average	4%	

Months that milk is available (Table Twenty Fi

Nil	80%	50%
1-3 months	0%	
4-6 months	6%	100%
6-10 months	0%	
10-12 months	14%	42%

Generally milk yields were poor although 14% of holds claim to have a supply of milk all throug

Availability of land for cultivation (Table Tw

Nil	30%	40%
.1-.25 acre	20%	80%
.25-.5 acre	24%	58%
.6-.75 acre	8%	50%
.76-1.0 acre	8%	50%

s part of the yield.

ly attempts to record yield
difficulties encountered.
to assess for how long the
ops of mealies as a source

ded food: (Table Twenty Seven)

Percentage of Malnutrition	Percentage of non malnutrition
33%	67%

Eight)

prophylactic aids, what steps were taken by the government to frame mining regulations and to supervise their implementation and to investigate the willingness of management (and miners) to obey regulations. The question must also be asked whether management in the absence of legislation to provide healthy conditions underground (and in certain surface processes), initiated experiments or implemented modified or suggested methods for the protection of workers. A detailed examination of all these questions is a paper in itself, and in this paper these aspects will only be outlined .

Finally, no attempt has been made to compare the mining conditions on the Witwatersrand gold mines, wage payments of miners,incidence and prevalence of silicosis and tuberculosis, methods of medical examinations and legislation for compensation awards with those of metalliferous mines of other countries.

In 1886 the Witwaters
launched and the mini
a short time Johannest
from overseas as well
many of whom recorded
these writers very fev
Johannesburg and its
as being seen through
it was the dust underg
comment, especially in
prevalence and mortali
silica dust identified

Contemporary doctors, mining officials and even present-day historians have alleged that the seriousness of the silicosis hazard was realised by only a handful of men before the commencement of the Anglo-Boer war in 1899. These writers have stated that it was only in the decade after the war, that is after 1902, that the Government, mine managers, miners and doctors began to comprehend that mine dust was injurious to the health of miners.(12) Such statements are partly true. For instance, no mention was made of miners' pulmonary diseases in the Industrial Commission of Enquiry (ICE) appointed by President Kruger in 1897 to investigate mining conditions.(13) Trade union literature does not mention the disease, and pre-war and immediate post-war trade unionists did not list it

amongst their grievances, although anti-mining house sentiment amongst miners and mineworkers was already pronounced.(14) This may have been because the disease was not recognised as silicosis per se and miners' deaths were attributed to other conditions.(15)

Dr W.G. Rogers, who had observed the occurrence of silicosis two years before the outbreak of the war, said in 1902 that deaths from silicosis would probably have been attributed to superimposed illnesses such as chronic pneumonia, even if patients had been treated in or had died in hospital.(16)

However, a number of prominent individuals claimed that they had been fully aware of the prevalence of silicosis,its serious incapacitation and its mortality potential before 1899. In 1902 Sidney Jennings, consulting engineer of H. Eckstein and Company (commonly referred to as Eckstein's) claimed that he

been gripped in the white death of phthisis.(19)

By 1897 it is important to observe that the average wages of miners were not considered by miners and certain members of management to be high when related to the cost of living and desired and customary living standards of whites in South Africa, or for that matter even in Britain. The wages of day-pay white miners and mineworkers ranged from £18 to £22 per month.(20) Sometimes miner-contractors, that is those who worked on a piecework or bonus system, but who generally paid for their labour assistants, dynamite and other aids, were able to earn very high wages averaging £70 to £100 per month, or more, when developing conditions in the mines permitted, there being an absence of obstacles, but such cases were the

Tourist figures to SA rise

ROY 13/3/87

774

FOR the first time in five years more than 700 000 foreign tourists had arrived in South Africa last year, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, said in Pretoria yesterday.

There had been record numbers of tourists from seven European countries, he said in a statement.

The number of tourists from Austria had risen by 13%, from Belgium by 10%, from France and West Germany by 20%, from Italy by 15%, from Switzerland by 10% and from Denmark by 7%.

The number of tourists from the US had risen by 12% last year to a new record figure of 48 725, compared with 43 588 in 1979, the Minister said.

"Despite this excellent achievement, West Germany overtook the US last year to become South Africa's second best supplier of tourists."

Just under 50 000 West Germans visited South Africa last year.

Britain remained the single country from which most tourists came to South Africa, with a total of 123 700 last year.

Tourism from Canada reached record heights for the second successive year, with almost 10 300 Canadians visiting the Republic.

Countries from which the increase in tourism was "particularly encouraging were Japan, Australia, New Zealand, the Netherlands and Portugal.

The had been a drop in tourism from a number of other countries during 1980 which could, in most cases, be attributed to political and/or economic conditions in those countries, Dr De Villiers said.

Examples were Zimbabwe, Israel, Spain, and India. — Sapa.

S. Times 15/3/81

Africa's shopping list

74

THE main South African exports to Africa in the five years between 1975 and August 1980 are made up of:

- Vegetable products: R186,9-million.
- Machinery and mechanical appliances: R105,1-million.
- Base metals and articles of base metal: R102,3-million.
- Chemical and allied products: R84,1-million.
- Vehicles and transport equipment: R58-million.
- Live animals and animal products: R39,4-million.
- Artificial resins and plastic materials: R28,7-million.
- Mineral products: R26,5-million.
- Textiles: R21,9-million.
- Paper and paperboard: R21,3-million.

Other exports include animal and vegetable fats and oils, raw hides and skins and leather, wood, footwear and millinery, pearls, precious and semi-precious stone, optical and other instruments, and miscellaneous manufactured articles.

Tough budget brings gloomy prospects

New tariffs may hit wine exports

S. Tribune 15/3/81 ~~Sunday~~ 74

Special Finance Correspondent

SALES of South African wine and spirits in Britain will be buffeted by the huge hikes in excise duties announced by chancellor of the Exchequer, Sir Geoffrey Howe, in his budget this week.

Although exports account for less than five percent of South Africa's wine production, Britain is our biggest foreign market. "The increases could have a material effect," on offtake in Britain, notes a senior executive of the KWV, which accounts for 95 percent of South Africa's fortified wine and spirits exports and 70 percent of foreign sales of light wines.

In what one British newspaper called a budget for "monks with mortgages," Sir Geoffrey slapped an extra 22 cents on a bottle of wine and 45 cents on a bottle of sherry.

The increases "will restrict the sales growth rate of light wine," says Michael Stokes-Rees, MD of the South African Wine Farmers' Association, KWV's London affiliate. Stokes-Rees, who is currently visiting South Africa says light wine sales this year will not be much higher than the roughly 110 000 cases sold in 1980.

He points out, however, that last year's growth rate was 60 percent. Even without the tough budget that increase would not have been matched. As recently as 1974, South Africa sold only 8 000 cases of light wine in the UK.

The budget will probably hit fortified wine sales even harder. "We will find it very difficult to maintain existing levels," Stokes-Rees says. Offtake of South African fortified wines, mostly sherry, totalled around 350 000 cases last year, some 10 percent lower than 1979 levels. Stokes-Rees expects volumes to be about the same in 1981.

One consolation is that the excise duties will hit South Africa's competitors equally hard. South African light wines have a market share of less than one percent in Britain, and Spain sells about ten times as much sherry there as South Africa.

Wine distributors are banking on tipplers switching in greater numbers from whisky — which went up by over R1 a bottle in the budget — and other spirits to wine. This trend is one reason for the brighter outlook for natural wine than for fortified products.

Stokes-Rees hopes "we can maintain our market share and possibly improve it". But he faces some stiff hurdles, mainly the tariff barriers which have been put up since Britain joined the EEC. South African sherry used to enjoy a preferential duty about R2 a case lower than its competitors. Now, importers pay 50 cents a case less on Spanish sherry than on the South African product.

FOCUS ON THE AFRICAN TRADE BOOM

S. Times

15/3/81

Mozambique has helped boost exports

MOZAMBIQUE — recently attacked by South African troops searching for African National Congress officials — is the reason why SA's trade with Africa has shown such a big increase.

This is the opinion of the South African Foreign Trade Organisation (Safto).

"Mozambique has opened up trade with South Africa, and as a result, many other black states have followed," Miss Sally Gallagher, Safto's area manager for Africa, said this week.

"Mozambique's trade with South Africa is a fraction of overall trade, but what an effect it has had!"

Miss Gallagher said that Africa faced a decade of development — "and that is particularly true of Southern Africa" — and newly emergent African states realised that, to achieve total independence, they had to utilise available opportunities — South Africa.

She said it was a fact that European and American businessmen "do not service African states as they should" and that was a major reason why Africa had turned to South Africa.

"For instance, the United Kingdom is a long way from Mauritius, with the result that South Africa has now become that country's major supplier," Miss Gallagher said.

This week the Mauritian Minister of Housing, Lands, Town and Country Planning, Mr Elizier Francois, paid an official visit to South Africa to negotiate loans.

He is accompanied by Mr Frederick Robert, an adviser to the Mauritian Government, and Mr M Espitalier-Noel, a prominent businessman.

South African trade with Africa was helped to a large extent by the country's knowledge of African conditions and problems.

"No government leader or decision-maker can take the chance of buying from countries that know nothing about their conditions," said an exporter.

"South African businessmen are always welcome. The decision-makers realise that South Africa has technology adapted to local conditions and in addition the South African businessmen, whether or not he is selling a product, is prepared to give help wherever possible.

"It makes sense that being an African state, we should give as much help as possible."

94

74

ZAIRE — THE BLACK BONANZA

5/1/78 (74) 358

ZAIRE is a mecca for South African businessmen, say exporters.

And, as one said this week: "Zairean businessmen come here with suitcases full of money as foreign exchange deals there can be quite dicey."

The old Belgian Congo, with its huge deposits of copper, buys tons of South African goods each year — from toothbrushes to steel to complete houses.

"The market is worth millions of rand, even though South Africa, because of its boom conditions is more expensive now than Europe, which is in the grip of a recession.

"Zaire is an ~~old friend of~~ this country, and it is showing in our trade," the Sunday Times was told.

"Certainly there are difficulties in getting paid but if South African businessmen can overcome that, then they are in for a bonanza."

The country buys huge amounts of vegetable products, spare parts, mineral products, and chemical and allied industries products.

A REVIEW OF THE SOUTH AFRICAN HEALTH-CENTRE EXPERIMENT

Introduction

With the present day renewal of South African interest in primary health care, community oriented health services and health education, it seems worthwhile to look back in the past and see what has been done in this field already.

South Africa fortunately provides a very fruitful example in this respect, as there has been a lot of rethinking, discussion and experimentation about a community oriented health service some 35 years ago. Particularly between I940-I950, there was a real search for a new approach to the many health problems within South African society of those days.

The highlight of this period is the work of the National Health Services Commission which sat from I942-I944, under the chairmanship of Dr H. Gluckman. (I) This National Health Services Commission advised the establishment of a National Health Service (NHS) based on Health-Centres, as its foundation. On the recommendation of this Parliamentary Commission a start was made with a nationwide scheme of Health-Centres. To these [illegible] of an integrated preventive and through unification of all personal health services under the direct administration of one single authority (the Department of Health).

The first 'Health-Centre' was actually established in I940 under the very able leadership of Dr Kark, as part of an experiment of the Union Department of Public Health to determine the most useful kind of health service for the numerous health needs of the African people in the 'Native Territories', health

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Calls for sanctions yet black market thrives

S Times 15/3/81 (74)

AFRICA depends to a large extent on South African foodstuffs, construction expertise, services, medical supplies and transportation links to survive.

This was the message time and again this week as exporters analysed South Africa's trade with Africa.

Yet Third World states at the UN are again calling for SA trade sanctions, but as SA's permanent representative there pointed out, they would in fact be the first to suffer.

Trade is carried on quite openly with some countries which have attacked South Africa on international forums.

- At the last count, there were 47 states buying from South Africa — including Zaire, Nigeria, Egypt, Kenya, Mozambique, Brazzaville, Malawi and Ghana. Tanzania does "an active trade" through third parties, mainly in Mauritius and Kenya.

And they buy everything . . .

- Angola, for instance, buys iron and steel, textiles, clothing, fertilisers, paper, spare parts and foodstuffs; the Cameroons buys cement, meal and flour, footwear and medicines; Zaire buys wheat by the planeload, foodstuffs, mining equipment, perishable goods, and petroleum products.
- Lesotho buys 90 percent of everything it needs from South Africa; Malawi is heavily dependant on South African construction material and foodstuffs; Mauritius needs as much as it can get, including foodstuffs, foreign exchange generated through tourism and machinery of all types.
- Nigeria gets, through third parties — usually from the Canary Islands and Spain — tinned foodstuffs, mining and construction equipment, and spare parts; Swaziland buys a vast amount from this country; and, Zambia buys wheat, tinned foodstuffs, perishables, medicines and construction and mining equipment.

Others with trading links include the Ivory Coast, Gabon, Central African Republic, Senegal, Morocco, Guinea, Togo, Chad, Ethiopia, and Sierra Leone.

Now Egypt joins the rush for SA good[s]

S. Times 15/3/81

74

SOUTH Africa's trade with Africa — already over R1 100-million — is all set for a mighty leap forward with Egypt poised to join the ranks of the country's major trading partners.

Economic factors have over-ridden political considerations as the north African Arab state looks south for goods and services which it cannot obtain in Europe or the Middle East, for long its shopping area.

"Already South Africa sells luxury items, foodstuffs, construction equipment and machinery to Egypt," a trade expert said.

The ground work for trade has been laid by Egyptian delegations attending conferences in Southern African countries, where they have held top-level talks with South African exporters.

No Egyptian trade delegation has visited South Africa.

It was stressed by exporters that trading was done "in a round-about way" through third parties . . . "and sometimes even fourth or fifth parties," the Sunday Times was told.

While there are no official figures on the amount of goods sold to Egypt, experts say that it could already be as high as R100-million.

- At present, South Africa's biggest trading partners on the continent are Zimbabwe, Malawi, Mozambique, Zaire, Botswana, Lesotho and Swaziland.
- Last year, South Africa's trade with Africa totalled R1 102,4-million and for the first two months of this year it is more than R160-million, with the official January figure — published here for the first time — standing at R77,5-million. The average figure for the first two months of the year are lower as all factories hadn't come on stream yet after the end-of-year holidays.

Exports

Last year's figure represented a four percent jump in South African trade with Africa — and statistics indicate that this means a cut in exports to Europe, which dropped for the first time to just under 50 percent of all exports.

The Government's official trade figures for Africa do not mention states by name for fear of upsetting trade links, and this week officials declined to discuss trade statistics.

A South African Foreign Trade Organisation fact sheet on Egypt, specially prepared for South African businessmen, points out that a recent decision by Arab states to impose economic sanctions on the country has driven Egypt into the American trading camp.

"Increased aid promised by the United States, which is already Egypt's single most important source of aid, should reduce the (economic) impact.

"Egypt's medium-term aims, set out in its 1978-82 development plan, target R25 000-million for development spending — of which 40 percent is coming from foreign aid and investment . . . the government's priorities are to improve the supply of food partly by imports of wheat, flour, meat, tea and cooking oil, agricultural production, improvements in construction, increased cement import, glass, timber, wood and metal window frames," says Safto.

Inquiries

The organisation says Egypt offers itself "as a natural market for a wide range of goods".

Exporters this week said that "for the past nine months" there had been many inquiries from Egypt about South African goods and services.

As South Africa does not have diplomatic relations with Egypt, all business deals between the two countries are done through middlemen — "sometimes it is quite weird how South African goods reach Egypt, and for that matter other Arab states in North Africa," said an exporter.

"In every case so far there is no official South African connection. It is just impossible for South Africans to be identified as such. But trade is on the up and up.

"I believe we will end up doing a lot more trade with Egypt."

Another top exporter said that Egypt was "an open market" for South Africa as "by world standards our prices are very reasonable."

S. Tribune
15/3/81

~~3 eggs~~

~~3 control boards~~

74

The extra large egg killing...

Consumers will foot the bill for those US imports

By TONY SPENCER-SMITH

EGG PRODUCERS will be able to make a big financial killing out of this week's massive consignment of eggs from America — and the consumer will have to foot the bill.

Sean Ryan . . . It's just crazy

The Egg Control Board is selling the eggs to producers as large eggs — but about 20 percent of them are actually extra large.

The eggs — more than 16 million — were landed at Cape Town last weekend from Florida.

They will go to the Transvaal and Free State where there are shortages.

The general manager of the board, Dr Bertus Olivier, said this week that while the eggs had been imported and paid for as large eggs, about one in five of them was extra large.

He admitted producers would be getting a bargain — but said they deserved it after having " a very hard time for four or five years."

Contract

On that basis, more than three million of the eggs are in this more expensive category.

Dr Olivier explained: "The Americans had to supply the eggs by a certain date according to the contract and had to use extra large eggs to make up the consignment.

BIG DEMAND — BUT SEAN NOT ALLOWED TO SUPPLY

By Ken Daniels

THE Egg Control Board is refusing to supply an East ... to increase his egg

Cont...
next page.

15/3/81

THE Egg Control Board is refusing to supply an East London poultry farmer with permits to increase his egg production while the country is facing its worst egg shortage in years.

The owner of the Bonacord Poultry Farm in East London, Mr Sean Ryan, is furious that the Egg Control Board is importing 16 million eggs from the United States and Canada while he has been trying to get permits to keep more laying hens since April last year. Every application has been turned down.

"I just can't understand how they can import eggs while local farmers are being refused permission to produce them. It's just crazy."

Mr Ryan, whose family has been in the egg and poultry business for more than 20 years, said the Egg Board is guilty of a serious miscalculation.

"They are supposed to be looking after us small producers but it seems they are doing the very opposite. When the Egg Board was started in 1953 it consisted of a government official, producers and consumers.

"It is now run by salaried clerks who have my business in their hands."

Mr Ryan applied for a permit to keep 68 000 laying birds in 1978 but was granted a permit to keep 33 000.

He said that in January and December he could not meet the demand and in March last year he applied for a permit to increase the number of hens on his farm.

"They refused me point blank and gave no reasons for the failure of the applications. I appealed to the Minister of Agriculture and a Cape MP but still had no success," he said.

The general manager of the Egg Control Board, Dr Albertus Olivier, said eggs had been imported because of a shortage of eggs in the Transvaal and the Free State.

"But there are enough eggs in the Eastern Cape. If we allow Mr Ryan to increase his production there will be a surplus within a few weeks.

"The imported eggs will tide us over until the Transvaal poultry farmers start increasing their egg production."

Dr Olivier denied that Mr Ryan had not been given reasons for the rejection of application. "He has been told why his applications for permits have failed, but he is not happy and is now trying to use the Press and public opinion to further his aims," he said.

Mr Cedric Graham, a member of the Egg Control Board in the Eastern Cape said the supply of eggs in the area was balanced but tended towards a surplus.

"But fortunately some of the larger producers have been able to transport supplies to the Transvaal which has kept the market stable."

contract and had to use extra large eggs to make up the consignment.

"As we do not have the facilities to regrade the eggs ourselves we will just be selling the eggs to the producers as large eggs.

"So it will pay the producers to regrade all the eggs and sell the big ones at the extra large price."

He said: "The system of occasionally importing eggs makes much better economic sense than operating on a large surplus and exporting eggs at great cost.

White-shell

"But we have no plans at this time to import more eggs as this large consignment should be enough to get us through the shortage."

He said that the American eggs were unlikely to make their way into the shops of the large towns and cities.

"Most will probably go to large scale buyers like the Army, hotels and so on.

"But some will probably be sold in cafes in the remoter areas.

"All the imported eggs are white-shell, and many South African producers have built up a strong market for brown-shell eggs, and would not want to tamper with that."

Grading

He said the American eggs were also larger on average than South African large eggs because, while the category for large eggs in this country was 51 to 61 grams an egg in America it was 54 to 61 grams.

"That doesn't mean American hens lay larger eggs, it's just a different grading system."

He said consumer tests conducted in Pretoria by the board had shown that they tasted no different to South African eggs.

"That stands to reason when you know that a large percentage of our birds are descended from American ones, and hen diets are almost identical in the two countries."

RDM 16/3/81

(74)

Citrus outlook bright

SOUTH African lemon export packing for 1981 has started and grapefruit packing is due to begin toward the end of March and oranges about mid-April, says a spokesman for the Citrus Board.

First estimates for the 1981 season show the orange crop is likely to be about 5% higher than the previous season, but exports are likely to be similar to last year's total.

Orange exports are likely to be similar to last year's 375 000 tons. The 1979 figure was 355 000 tons.

Grapefruit exports are expected to be about the same as last year's 68 000 tons.

Lemon exports are expected to increase by 24% from last year's 21 000 tons.

The UK and Eire account for about 25% of the export volumes. Indications are there will be smaller overlap than usual with northern hemisphere citrus competitors in Europe at the beginning of the South African season.

This is because of the relatively small crop in Israel, adverse weather in Morocco and cold damage in Spain. These factors will help South African exports early in the season.

However, the recession in Europe and the relative strength of the rand against European currencies will complicate matter. — Reuter.

Record maize crop may bring R300 million loss

NM 16/3/81 ~~3 Maize~~ 74

By GERALD REILLY

PRETORIA—This season's huge maize crop will throw up formidable and costly transport and marketing problems — export losses alone could amount to between R250 million and R300 million.

The Department of Agriculture's first estimate of the crop — it is expected to exceed 13 million tons, 30 percent higher than any previous crops — will be announced today or tomorrow.

According to a Railways spokesman, senior Railways officials and the Maize Board are planning how to programme the moving of the big crop, especially the record export surplus which could amount to nearly 7 million tons.

Farmers' gross earnings from the crop could amount to an unprecedented R2 000 million, if the price for the crop is increased, as it is expected to be, from the current R122 a ton to R145 a ton.

The loss on the current season's exports is about R40 a ton. The total available for export this year was 3.7 million tons. If prices on world markets fail to improve therefore, export losses could soar to R250 million or more.

World market prices in January were around R126 a ton. But just to get a ton of maize to the coast alone, according to a Maize Board source, taking into account the higher rail rates which come into effect next month, will cost in excess of R40 a ton.

To meet the current season's export losses farmers were levied R6 a ton. The new season's levy, which will be announced with the new price next month, is certain to be higher.

Maize authorities in Pretoria say it will be impossible to move 6 million tons of export maize to the coast in one season.

There would have to be a substantial carry over into the 1982-1983 season.

However, the storage of the big surplus according to the authorities would not be a problem.

Aggravating the export problem is the fact that Zimbabwe has also produced a record crop and can supply surrounding southern African States.

This means that South Africa will lose nearby markets where because of lower transport costs it could sell at economic prices.

Biggest buyers of South African maize are Japan and Taiwan. So far this year Japan has purchased half a million tons, Taiwan a quarter of a million tons and the United Kingdom 140 000 tons.

CT. 17/3/81

Mission to develop SA-Belgium trade

74

By ALEX PETERSEN
Finance Reporter

STRONGER trade ties, investment and joint ventures with South African companies are the aims of a Belgian trade mission at present in Cape Town at the start of a two-week visit which will take in the country's major centres.

Their visit follows on the heels of a delegation of Belgian trade leaders two weeks ago, and the commercial attache to the South African Embassy in Brussels, Mr Piet Kriel, who is accompanying the group, said yesterday the visit could lead to a substantial development of the trade links between the two countries.

Included in the 20-member party are representative of three major banking groups, a large industrial investment company, as well as representatives of the mineral processing, shipping, transport and textile industries.

Mr Kriel said that while the representatives of the textile industry, historically one of Belgium's strongest sectors, were seeking export possibilities, many of the Belgians were seeking investment opportunities, and the development of joint ventures with South African companies.

One particular investment group was seeking hotel interests. "I am not free to divulge figures, but we are talking of investment of a significant size," Mr Kriel said.

Mr Leo Noels, the director of the recently formed Belgian-South African Chamber of Commerce, which initiated the mission said the interest of Belgian businessmen in South Africa was high, and the response of businessmen in Cape Town to the mission had been "very positive".

The director of a Belgian company specializing in technology transfer, Mr Luc Beernaert, said that "the market in South Africa is much more open than one can see at a distance".

In the field of textiles there was a structural gap in the South African market which he felt the highly specialized Belgian industry could fill. But there also appeared to be many opportunities for joint ventures, he said, particularly because of the high labour costs prevailing in Belgium.

At present South Africa exports fresh food products, yarn and woven cotton to Belgium, and is one of Belgium's main suppliers of coal, minerals and metallic ores.

The group leaves later today for Port Elizabeth.

Current a/c surplus reached R2 845m in 1980

RDM 11/3/81 (474)

By HOWARD PREECE
Financial Editor

SOUTH AFRICA had a surplus of R2 845-million on the current account of the balance of payments in 1980 — but there was a deficit of R89-million in the fourth quarter.

There was net capital outflow of R2 300-million, less than the R2 535-million in 1979.

Gold sales soared to R10 141-million in 1980, over R4 000-million more than the previous record of R6 003-million in 1979.

Merchandise exports rose by only 9.7% last year — from R8 844-million to R9 705-million — with the volume of goods sold up by about 4%.

Imports, however, led by oil, bounded up by 47% — roughly 20% higher in volume — from R9 739-million to R14 288-million.

These details are all disclosed in the March Quarterly Bulletin from the Reserve Bank.

It says the boom in the economy led to a big increase in dividend payments to foreigners which sharply increased by 29% the net deficit on services.

The bulletin says: "The sharp rise in the price of gold caused the value of the net gold output to rise, for the first time since 1946, above the value of merchandise exports.

"Marked fluctuations in the price of gold occurred during 1980, resulting in large quarterly swings in the net gold output and the surplus on the current account of the balance of payments."

On general exports it says: "The higher export volume was largely accounted for by maize and coal but a partly offsetting decline occurred in the volume of diamond exports.

"Increases occurred in the export prices of platinum, iron ore, diamonds, nickel, maize and sugar but declines were recorded in the prices of uranium, coal, ferro-chrome and asbestos.

"Export prices in terms of the rand were adversely affected by the appreciation of the rand against the currencies of South Africa's main trading partners."

The Reserve Bank says the big rise in import prices "was largely the result of a substantial rise in the price of oil but was also due to continuing high rates of inflation in other countries which were only partly neutralised by the appreciation of the rand.

"The higher level of merchandise imports was evident in all the main categories of imported goods but particularly sharp rises were recorded in imports of machinery and electrical equipment, mineral products, transport equipment, chemical products and base metals."

Mission aims to build up SA-Belgium trade

RDM 20/3/81 (74)

Own Correspondent

CAPE TOWN. — Stronger trade ties, investment and joint ventures with South African companies are the aims of a Belgian trade mission now in Cape Town at the start of a two-week visit which will take in the country's major centres.

Their visit follows on the heels of a delegation of Belgian trade leaders two weeks ago, and the commercial attache to the South African Embassy in Brussels, Mr Piet Kriel, who is accompanying the group, said the visit could lead to a substantial development of the trade links between the two countries.

Included in the 20-member party are representative of three major banking groups, a large industrial investment company, as well as representatives of the mineral processing, shipping, transport and textile industries.

Mr Kriel said that while the representatives of the textile industry, historically one of Belgium's strongest sectors, were seeking export possibilities, many of the Belgians were seeking investment opportunities, and the development of joint ventures with South African companies.

One particular investment group was seeking hotel interests.

"I am not free to divvulge figures, but the investment being sought is of a significant size," Mr Kriel said.

Mr Leo Noels, the director of the recently formed Belgian-South African Chamber of Commerce, which initiated the mission, said the interest of Belgian businessmen in South Africa was high, and the response of businessmen in Cape Town to the mission had been "very positive".

The director of a Belgian company specialising in technology transfer, Mr Luc Beernaert, said that "the market in South Africa is much more open than one can see at a distance".

In the field of textiles there was a structural gap in the South African market which he felt the highly specialised Belgian industry could fill. But there also appeared to be many opportunities for joint ventures, he said, particularly because of high labour costs in Belgium.

South Africa exports fresh food products, yarn and woven cotton to Belgium, and is one of Belgium's main suppliers of coal, minerals and metallic ores.

FM 20/3/81

TRADE DEFICIT (74)

Lines of defence

The current account of the SA balance of payments is sliding into deficit, after a period of unprecedented strength. But informed opinion is confident that even a very large deficit can be financed over a period as long as a year.

In the present unsettled state of the world, all predictions, political and economic, have to be hedged more carefully than ever. And even the approximate scale of the deficit on current account to be expected for 1981 depends on a number of unpredictables. Of these the most important and the most uncertain is, of course, the gold price.

Fortunately, it seems that an average gold price even as low as $450 would not have unduly damaging effects on the SA economy. An informed economic source has formulated some heartening projections for the current account on the basis of $450 gold and a rand worth an average of $1,22.

The gold average is actually a fairly prudent projection, as it would allow for a further significant dip in the price from present levels, to be followed by renewed strength later in the year. At $450 bullion, export earnings from gold would be about R7 750m during 1981.

Assumptions need to be made, too, about the other major components of the current account. Imports are set at R17 300m (up by 21% from 1980 levels), net service payments at R3 450m, and non-gold exports at R10 400m.

The most important single item among merchandise imports is, of course, oil, and unexpected developments in the oil price would have a big impact on the total import bill.

Sources of finance

These assumptions throw up a deficit on current account of R2 400m. A deficit of this size could be financed "standing on our heads" says the source. Even a deficit 50% larger could be financed for one year if overseas bankers believed the situation were temporary.

The sources of finance open to SA for financing an external deficit were enumerated recently by Dr Chris Stals, senior deputy governor of the Reserve Bank. He observed that the Reserve Bank has no outstanding foreign loans at present compared with R700m in 1977. The Bank also has available $1 000m in foreign credit facilities as well as the potential "for at least $1 000m worth of gold swaps and the outstanding portion of the existing swaps executed at a low gold price." There is also the gold tranche position at the IMF. But Stals noted that because of the psychological impact gold swap arrangements have on the market, if foreign financing is required, the existing credit lines will be used first.

Then there is the hidden reserve concealed in the present balance between local and overseas sources for short-term trade finance. The amount of short-term finance switched to local sources over the last year or more is not known, but very plausibly lies between R2 000m and R3 000m (*FM* October 10 1980).

If there is convergence between local and overseas interest rates during the course of 1981, a major source of finance for an external deficit will emerge from this quarter too. This presupposes a drop in US interest rates from their current penal levels (a process already under way) and a further rise in SA rates. As pointed out by Stals, he expects the private sector to make use of overseas money markets and trade financing "long before it might become necessary for the Reserve Bank to finance any current account deficit."

All in all, there seems to be no reason for apprehension over short-term trends in the balance of payments. The only caveat is that the Reserve Bank follows a responsible monetary policy during 1981. This it signally failed to do in the period of deficit leading up to the devaluation of September 1975.

FINANCE

Record maize crop means huge loss on exports

Argus 20/3/81

74

Financial Editor

MAIZE farmers have produced their biggest crop ever and can expect to receive cheques from the Maize Board which will number them, at least temporarily, among the richest people in the country.

But while the size of the maize crop may delight the farmers it is bad news for the Government and the Maize Board, who will have to dispose the surplus, at probably a record loss.

In its first official estimate the Maize Board puts this year's crop at a record 13,4-million tons. This is 25 percent larger than last year's 10,7-million tons and about 20 percent bigger than the previous record crop of 11,1-million produced in 1973-74.

At the ruling price farmers can expect a payout of about R1 650-million which is about R350-million more than they received last year.

But if they get the 20 percent increase they are after, putting the price up to about R140 a ton, the maize cheque could reach nearly R2 000-million.

This would mean that the maize farmer's gross income would have risen about two-and-a half times in just two years. The 1979 maize cheque was worth only R840-million.

ANNUAL CHEQUES

Annual maize cheques since the previous record crop are estimated as follows:

1974 — R55-million
1975 — R510-million
1976 — R481-million
1977 — R703-million
1978 — R809-million
1979 — R840-million
1980 — R1 300-million.

But while the maize farmers can look ahead to large cheques, the Maize Board is facing serious problems.

Local maize consumption is only around six-million tons which mean that about 7-million tons of this year's crop will have to be exported.

At present the board incurs a loss of R30 a ton on maize exports. On this figure and with 7-million tons to export, the board could have an export loss this year of around R210-million.

But if the farmers get their increased prices, the loss on maize exports could rise to R50 a ton, resulting in a globular loss of R350-million.

Furthermore, if other producing countries should also have large export surpluses this year — Zimbabwe is one that has — the export price of maize could drop, resulting in an ever bigger loss on exports.

However, the board's immediate problem must be deciding how to finance this loss.

It seems most unlikely that the Government would allow the board to pass the loss on to the consumer.

LOCAL PRICE

At prevailing domestic and export prices, the possible export loss would be about R30 for each ton of maize sold locally. If this were to be added to the local maize price it would rise 25 percent from R120 to R150 a ton.

But should the farmers get their price increase the loss would grow to around R60 for each ton of maize sold domestically.

If this were added to the maize price it would soar 66 percent to R200 a ton after taking into account the farmers' increase.

Clearly such a scheme is not feasible.

WITH LOANS

It therefore looks as if the Maize Board will either have to finance the loss with loans or get an increased Government subsidy.

However, the monetary authorities are likely to frown on attempts to finance the loss with loans. It would upset their plans to reduce the money supply and also damage their credibility.

On the other hand, an increase in the subsidy to maize farmers, especially when their income has risen so spectacularly in so short a time, could also meet opposition.

Economically the right course for the Government would be to reduce the maize price.

To produce 13-million tons of maize when you need only 6-million tons seems clear evidence that the present maize price is too high.

A reduction in the maize price would have a number of important beneficial effects.

Apart from reducing the loss on exports it would lead to a substantial drop in food prices and a significant reduction in the cost of living.

It would also probably discourage the further expansion of maize production and perhaps bring production in line with consumption.

But this is a farmers' Government and this is also an election year. So there would seem to be a number of insurmountable hurdles stopping the Government from even contemplating a reduction in the price.

Clothing industry seeks better protection against cheap imports

CT 21/3/91

74

By ALEX PETERSEN
Finance Reporter

SOUTH AFRICA'S clothing and textile industry has enlisted the support of the country's major clothing retailers in their push for a better form of protection against cheap imports.

The president of the National Clothing Federation, Mr Simon Jocum, said yesterday that the response of the retailers at a meeting in Johannesburg on Thursday had been "very positive".

This support is seen as vital by the Textile and Clothing Advisory Council (TACAC), which has been pushing for a system of quantitative controls, along with medium tariffs to limit imports.

Despite for the most part having full order books for the current boom, sectors of the industry are worried about the influx of both fabrics and clothing from the Far East. They are trying to persuade the Board of Trade that if the intention is dismantle import controls, then some other form of protection will have to be given.

Next question

The president of the Textile Federation, Mr Bob Ankers, said yesterday that following the retailers' favourable response, the next question was "to work out the nitty-gritty" — this being just what level of controls would be acceptable to the retailers, who in the past have often been critical of the protection afforded the manufacturers.

A director of Foschini, Mr Frank Sewitz, who was at the meeting, said yesterday that retailers supported the TACAC stand, provided that "we are given reasonable permits to import."

Particularly in higher fashion lines, there were areas not supplied by manufacturers, he said.

But even the present import structure was inadequate, he said, in that tariffs could change very quickly, and this made planning ahead very difficult for retailers, a point echoed by the group director of Edgars, Mr Frank Wells.

Mr Wells said the retailers agreed in broad terms with the need for controls, and with a possible arrangment whereby import permits are based on a percentage of retail turnover.

The next step for TACAC will be to go back to the Board of Trade to press a revised version of their case, and it is clear that they feel the situation is serious.

The textile industry is not just spinning a yarn, says the marketing director of SA Nylon Spinners, Mr Don Grant. The nub of the comparative advantage argument of the free trade exponents, he says, lies in unemployment.

Big employer

The clothing and textile sectors combined employ nearly a quarter of a million people, or 16% of the working population, with a further sizable figures in both the cotton and wool industry, so opening the door to imports could lead to serious unemployment.

The present glut of synthetic fibre and fabric on the world market, he says, stems from the United States, which has the advantage of lower-priced domestic oil, and very large runs.

"Yet," he notes, "even the United States seeks protection for their clothing and textile industry very vigorously".

The protection has been necessary since Far East manufacturers, often using US fabric, and with a labour-cost structure well below that of South Africa, have been exporting to whoever will buy.

The effect on the European textile industry has been devasting, and now with their normal US and European markets in recession, the buoyant South African economy is a natural magnet for the Far East.

Competition

Mr Grant feels that there is already there is a huge overhang of fabrics in local stock. "When consumer demand turns down, it is going to hit us," he said.

Part of the problem, he feels, is that import controls seem to take their cue from the balance of payments, often taking effect too late.

Mr Grant feels that in the long run the competitive edge of the US fibres could be blunted when South Africa's planned methanol plants come on line, providing feedstock for the raw material, but this is still at least four years off.

TACAC members stress that they do not want to ban imports, but merely to place a realistic limit on them. They also say that they are efficient, citing that both clothing and fabrics are exported to competitive markets.

In order to meet the demand for variety in the local market, the textile industry invested R114 m in 1979-80, points out Mr Bob Ankers, adding that much of this investment was made on assurances from government that the industry would get the necessary protection.

In the long term, he says, unless there are some form of quantitative controls, a lot of jobs and investment could be at stake.

impossible: the authorities maintain a reasonably efficient system of policing pass requirements among Africans who are admittedly less scattered but far more numerous than farmers. It may be that the absence of written contracts of employment between farmers and most workers would make the task of the inspectors impossible, but it seems that this problem needs more careful study before it can be considered insuperable.

The problem not voiced by the 1951 Commission or by the Theron Commission is that many farmers, at least in the Karoo, seem to be in a position to respond to any pressure to raise wages by reducing their labour forces. The abundance of cheap labour available to the farms has encouraged farmers to employ more workers than are physically necessary to run the farm. Many of the farmers interviewed during this survey pointed out that in Australia, for example, where farm workers earn wages far higher than South African farm wages, farmers keep one or two workers on to handle a flock, and an area, which in South Africa would 'need' 10 workers. Smaller labour forces are made possible by the use of dogs, by carefully planned camp and run fencing (so that sheep can be directed from one place to another and handled by a minimum of workers) and by the use of contract workers at peak times - shearing, dosing, dipping, transport etc.

If wages and other costs on South African sheep farms are nearing the levels at which this sort of change becomes profitable - a question which cannot be answered here - moves to raise wages would not only reduce the chances of those already unemployed, or erratically employed, of finding jobs, but would add to their numbers.

In conclusion, therefore, it seems that attempts to set acceptable wage rates for farm workers are necessary, as a step towards enabling workers to bargain for themselves. But such attempts must be accompanied by the determined extension of schooling, of housing facilities in towns, of employment opportunities and by the removal of formal restrictions on African workers so that farm workers will be able to select from a series of alternatives. Only th[...] some sort of control over their working lives.

SA coal price rises RDM 21/3/81 (74)

TOKYO. — South Africa will raise the price of its estimated exports of 2 300 000 tons of coking coal to Japan for the 1981 fiscal year, starting next month.

Six Japanese steelmakers and the Transvaal Coal Owners Association have agreed on a price increease over the $41,71 a ton fob paid for 2-million tons shipped this year, although they have not disclosed the new price. — Reuter.

There are four levels at which people involved in the dairies sell:

a) From their houses locally in the village.

b) At local village centres, cafés, bus depots etc.

c) Idolophu shops.

d) Contract at a big centre e.g. the Idolophu hospital contract, and the Bloemfontein creamery contract.

a) The problem with selling locally is that because of restrictions concerning hawkers licenses people have to wait until customers arrive at their houses. Thus there is no proper advertising and no centralised sure supply to attract buyers. The most often cited problem is poverty at the village level.

b) Selling at village centres: Teddy Mhlauli and Ncomonde Nkalitshani at Amathole manage to sell a fair amount of milk by hawking it outside shops and at bus stops. This is illegal and it also requires that someone should make hawking a pretty full-time job. Where the person is only selling a small amount, hawking does not justify the labour spent on it. The main problem is again the limited market. In all of the three villages where people hawk milk they say it is difficult to sell, especially in summer.

c) The Idolophu shops are supplied with milk by a white man in Idolophu and by a Free State town. The small co-ops cannot compete with this regular supply. The people at Amathole used to sell to Idolophu but the shops refused to buy, saying their quality was bad and the supply irregular. In both Inkomo and Amathole we worked out that transport costs (if they could find transport) would be too high unless they were supplying vast amounts of milk.

d) Both the Amathole people and the people who's milk N.M. will not take, tried to establish a contract with the other hospital in Umhlaba. Neither could guarantee to deliver it. The type of contract with the Bloemfontein co-op requires travelling and high level liaison to be established.

In the situation where production is low people cannot afford the travelling costs to send their milk to big centres. In Inkomo after N.M. refused to transport members milk they tried to sell locally to shops and from a centre in the location. This involved hiring a vehicle to bring the milk from the dairy which then cancelled all their profits. Everyone then reverted to

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SA to help Aussies put that sparkle back into diamonds

S Express 23/3/81

74 (4) ~~216~~

By MARSHALL WILSON

PERTH — An Australian mining and exploration company is to import South African diamonds and labour from the Free State as part of a R3 300-million operation to set up Australia's first cutting and polishing factory.

Nigel Forrester, a director of Gem Exploration and Minerals, has confirmed that negotiations are underway to appoint a manager and about nine diamond cutters and polishers for the new plant.

Gemex owns the Monastery mine at Marquard and has 12 offshore concessions off the north-west Cape coast. It also owns considerable mining rights throughout Australia, but will import about R250 000 worth of uncut diamonds from South Africa each month until its local operations become commercially viable.

Forrester defended his company's decision to import South African workers by saying:

"There is nobody here with the expertise to do the job. Within the next few weeks we will appoint a man from South Africa to run the factory and he in turn will appoint his staff and get on with it."

The operation will be independent of the international Central Selling Organisation.

With the gem industry reportedly depressed due to oversupply, Australia's Gemex company hopes its new operation will put the sparkle back.

Sunday Express **Business**

S. Express 22/3/81

Coal exports still a waiting game for men of the mines

ASPIRANT coal exporters anticipating a Government increase in coal export limits may be bitterly disappointed.

Some of the country's major mining houses as well as many small coal mines are involved.

It's now likely they'll have to wait several months for the announcement — and meanwhile fear they'll miss rich export markets.

When Minister of Mineral and Energy Affairs F W de Klerk makes his promised statement on coal reserves next month, he may not be able to touch on the one question that is of cardinal importance to this country's coal-mining industry: will the Government allow more than 44-million tons of coal a year to be exported?

The Sunday Express found out last week that this is because his department — now reassessing the country's coal reserves — has hardly dealt with the question of exports, and is unlikely to do so in time to incorporate it in his statement.

The department is reassessing the Pettrick Commission Report, published in April, 1975 and immediately attacked by mining people as being too conservative.

It stated that the country's reserves "in situ to a depth of 400m" was 90 000-million tons.

Of that only 25 000-million tons was "economically extractable" by mining methods then used.

It felt the rest would have to be left behind in pillars or could not be mined economically.

Acting on that report, the Government set the maximum limit on exports at 44-million tons a year.

This target will be achieved for the first time, in about 1985 or 1986 when the current expansion to the coal terminal at Richards Bay will be complete.

Mining men have been saying for years that South Africa is in the process of losing out on the current insatiable demand for coal in most countries.

They claim — and among them is Tony Petersen, chairman of Rand Mines — that the coal bonanza will last for only another three decades when nuclear power stations will largely have replaced conventional coal-powered stations througout the world.

They argue that if the 44-million ton allocation is not increased, South Africa will have exported only slightly more than 5% of the extractible coal the Pettrick report says we have by the end of that 30-year-period — a scant 1 320-million tons.

"What are we going to do with the coal we have saved?" asks Ernest Gardner, chairman of the Durban Coal Exporters' Committee.

"Our calculations are based on 30 years of coal export. We believe that there is a limited life for the use of coal — that it will be supplanted in about 30 years by nuclear energy — and that we must exploit our deposits now.

"We are hoping that when the Minister makes his statement he will increase the amount of coal that can be exported to at least 60-million tons a year, preferably 80-million.

The SAR is also anxiously awaiting the Minister's statement because it will have to provide the trucks, locomotives and facilities at Richards Bay to handle another 16 to 28-million tons of coal a year.

It will cost billions to enlarge the rail system that now carries 24-million tons a year to Richards Bay for export to cater for the tonnages mining men are hoping for.

	ber tle	How many cattle in milk		Members estimate Income from cream		Actual Income from cream		Income from milk	
		Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
1.		8	5	R40	R20	R13	R9	R40	R16
2.	2	8-10	5	R6-10	R4	R3,20	-	R2	R1
3.	5	3	2	R6	R4	R1	-	-	-
4.	12	6	5	R5	R1	R1,80	-	60c	-
5.	17	?	6	-	-	-	-	R2	R2
6.	9	?	2	-	-	-	-	-	-
7	9	3	2	R1-10	-	-	-	R9	-
8	7	3	1	R5	-	R2,30	-	-	-
9	13	6	4	R24	-	-	-	-	-
10	?	4	3	R20	R8-10	-	-	?	?
11	20	20	6	R40	R20	R16	R10	R24	R20

For notes to table see following page

Notes to Table on page 15

1. Note that in many cases people say they are getting an income from cream whereas they do not actually send it.
2. Furthermore people estimate that they are getting more than twice as much money than they actually are.
3. I have worked out peoples "actual income" from the records of the amount each member is given when the Bloemfontein cheque is divided each month. The records cover one year.
4. Note: only 2-3 people used the creamery in winter and 6-9 people in summer.
5. Most of the men not using the dairy are very old and therefore cannot do the work involved. Six of them are not using their fields either.
6. The main difference between better and worse off people here is that between those with an F.E.U., which can support young sons and [illegible] be utilised and those with less land.

STAR 23/3/81 74 ~~186~~

SA to import S American pilchards

Own Correspondent

DURBAN — Pilchards, one of the largest volume sellers in tinned food lines and a very high source of protein, are to be imported from South America to ease the current critical shortage.

A supermarket chain executive, Mr Alan Gardiner, said recently that food stores had been on an allocation from suppliers for some time now because of the shortage.

But negotiations had been made to import a large consignment from South America and the situation was expected to improve in the next few months.

Mr Gardiner said pilchards were a huge volume seller and the largest single item in the tinned food line after vegetables like beans, peas and sweetcorn.

The price had risen steeply in the past 10 years. A 430 g tin which sold for 14c now cost 59c in most stores.

The recent shortage in South Africa has been blamed on over-fishing, particularly by Russian trawlers off the SWA/Namibia coast.

Wheat imports arrive

74

SMNT 28/3/81

Own Correspondent

DURBAN — The largest imports of wheat in 13 years have begun arriving at South African ports.

Almost 250 000 tons of American wheat are expected to arrive in Durban, Port Elizabeth and East London in the next three months to make up for this year's crop shortfall — the worst in the past 10 years.

And if the predictions of the manager of the Wheat Board, Mr Dennis van Aarde, are correct, wheat might again have to be imported.

"There is a tremendous maize crop this year and I am worried there will be no lands available for wheat, which might mean we will have to skip a season," he said.

The wheat is being imported for the Government and any profit or loss on the transaction will go to its account.

"We have often been criticised for our policy of self-sufficiency, but the uncertainty of wheat supplies from the five major exporting countries has warranted this policy," Mr van Aarde said.

RDM 24/3/81 (MA) 7.4

Import protection appeal

By HAROLD FRIDJHON

A PLEA for a greater degree of flexibility in the import protection procedures is made by Mr Harry Oppenheimer in his AECI chairman's review.

He says it is imperative that those sections of industry which have been built up under protective conditions should be given sufficient time to adapt to the changing economic climate. He hopes the authorities will look at this problem as a matter of urgency.

The need for a higher level of imports to help contain domestic inflation against the background of buoyant consumer demand and excess liquidity in the South African economy is fully accepted.

But the recessionary conditions in Europe and the US mean that many products in the fields of textiles, clothing, footwear and other fabricated plastic products can temporarily be imported into South Africa at low prices to the considerable disadvantage of the much smaller SA producers.

SA trade surplus dwindles

RDM 24/3/81

(74)

By HOWARD PREECE
Financial Editor

SOUTH Africa's trade surplus dwindled to R414 500 000 in the first two months of this year against more than R1 600-million in January and February 1980, according to preliminary figures from Customs and Excise.

The figures confirm that the current account of the balance of payments has moved into moderate deficit after the decline in the gold price.

They also show a continuing surge in imports at this stage, with the value of goods coming in 30% higher in January and February than in the 1980 equivalent.

The rise was from R1 940-million to R2 521-million.

Exports dropped over the same period from R3 554-million to R2 936-million.

All the statistics from Customs are provisional, however, and should be treated with caution.

The individual import figures for January and February were also distorted by a pile-up of goods in the Johannesburg container depot.

This had the effect of reducing the true level of imports in January while adding to the normal amount in February as the backlog was cleared.

Over the two months, however, the statistics ought to be give a reasonable picture of South Africa's trading position.

Sales of bullion as well as Krugerrands are included, as are imports of both oil and military equipment.

Last year South Africa had a net deficit of R2 709-million on services and transfers — dividends, insurance, shipping, etc — which is approximately R225-million a month.

The Customs trade surplus of R415-million for January and February together is, therefore, in line with a small deficit on the overall current account of the balance of payments.

Dr Chris Stals, the senior Deputy Governor of the Reserve Bank, has disclosed that the account has moved into a moderate deficit position.

Trade with Europe totalled R1 013-million in imports and R828-million in exports in the first two months of this year in comparison with totals of R783-million and R830-million respectively last year.

In the case of America the two-month import figure this year was R401-million (R304-million last year) while the export figures were R270-million (R305-million).

Trade with Asia ran to R389-million in imports and R264-million in exports in January and February.

Last year's comparable figures were R217-million in imports and R307-million in exports.

In the case of Africa, imports were down from R43-million in the first two months of last year to R41-million this year and exports from R172-million to R156-million.

TCOA gets 30% more for Japan coal

RDM 25/3/81 (25/74)

By ADAM PAYNE

THE Transvaal Coal Owners' Association (TCOA) has renegotiated the price for the coming fiscal year to March 31, 1982, for its low ash blend coking coal contract with six Japanese steel mills at a figure 29,7% higher than the price for the year now ending on March 31.

Mr Dick Bird, managing director of the TCOA, and a member of the negotiating team that went to Tokyo, told me: "The new price from April 1 will be $55 a long ton fob Richards Bay compared with $42,38 a long ton fob Richards Bay in the past year.

"South Africa will supply 2 300 000 long tons in the year to March 1982 compared with 2 million long tons in the past year."

A leading member of the industry said he considered this a good deal, adding: "Our collieries' income under the contract has eroded over the years with annual price increases that have been inadequate to compensate for rising costs.

"However, the 30% increase should compensate not only for increasing costs but also for the loss of income in rand terms because of the appreciation of the rand against the dollar.

"The $55 price moves us into the same ball park as Australian producers of soft coking coal, although a direct comparison cannot yet be made because the Australians have not settled a final price with the Japanese.

"They originally asked for $63 a long ton and the Japanese countered with $54,40.

"The Australians have not only recurring labour problems but also face port congestion and high cost escalation on their mines. They pleaded hardship because of this escalation."

The Australian mines will supply 5 500 000 long tons of soft coking coal — comparable to the South African product — but much larger quantities of hard coking coal. South Africa has a shortage of hard coking coal and exports none.

The 30% rise is considerably higher than last year's 7% rise over 1979 when the price was $39,45.

COMMENT: The biggest supplier under the contract is Amcoal, which also has a separate contract for metallurgical coal exports from its Bank Colliery.

Second under the Japanese contract is Witbank Colliery and third is Apex Mines, which according to its last annual report exported 488 690 tons of metallurgical coal in 1979. Trans-Natal Coal Corporation, from its Haasfontein Colliery, has the lowest quota.

Amcoal will make the largest profits from the improved price but this will have less impact on the company's overall earnings than the benefit accruing to Apex Mines, because the metallurgical export coal forms a larger part of Apex's income than it does for either Amcoal, Trans-Natal or Witbank.

Apex's share rose R2 on Monday and there were buyers yesterday but no sales.

The company's profit after tax and capex last year was about R5 623 000 or 288c a share compared with R4 254 000 or 218c a share the previous year, an increase of 32%.

This year the improvement should be greater with a considerably larger income from low ash blend coking coal exports.

The company's dividends totalled 170c last year providing an historic yield of 5,5% on the latest share price of R31.

Japan pays 29,7% more for SA coal

CT 26/3/81

(74)

JOHANNESBURG. — The Transvaal Coal Owner's Association (TCOA) has renegotiated the price for the coming fiscal year to March 31, 1982, for its low ash blend coking coal contract with six Japanese steel mills at a figure 29,7% higher than the unit price for the year ending on March 31.

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worked on the railways, three for building or cartage contractors and three for divisional councils (building roads). Only one worker had ever worked outside the Cape, at Coronation Collieries in Natal.

TABLE 29

Distribution of workers according to previous job, by employer and area.

Employer	Area	Number of workers
Other farms	'Karoo'	24
	Worcester	1
S A R & H	Beaufort West	4
	Renosterkop station (between Beaufort West and Nelspoort)	1
	Middelburg	1
Building Contractors	Beaufort West	1
	Murraysburg	1
Cartage contractor	?	1
Divisional councils	Beaufort West	1
	Middelburg	1
	Queenstown	1
Household (as gardener)	Beaufort West	1
Vegetable market	Beaufort West	2
Farmers' Co-operative	Beaufort West	1
Nelspoort Sanatoriur		2
Coronation Collieri(		1
	total	44

Note: This total workers listed more than one previou e, four of the workers listed abov rk other than farm work had also wo e coming to the farm where they were i

UK-SA trade

STAR 1/3/79 (76)

Britain imported R82-million worth of goods from South Africa during January and exported R154,60-million worth of merchandise to South Africa, according to figures issued by the Department of Trade in London.

Britain's chief import was metaliferous ores and metal scrap at R20,40-million followed by non-metallic mineral manufacturers at R17,70-million, vegetables and fruit at R10,47-million and textile fibres at R6,32-million.

French buy SA mining technology

Finance Reporter S. Tribune 29/3/81

WHEN it comes to exporting South Africa's mining expertise there is more than one way to skin a cat.

If the overseas market does not suit the introduction of the equipment itself, then export the technology, says Isando-based Subterranean, manufacturers of general mining equipment.

The company has just signed an agreement enabling a French mining equipment enterprise, L'Equipment Minier, to manufacture and market under exclusive licence South African designed trackless underground mining machinery in certain European countries.

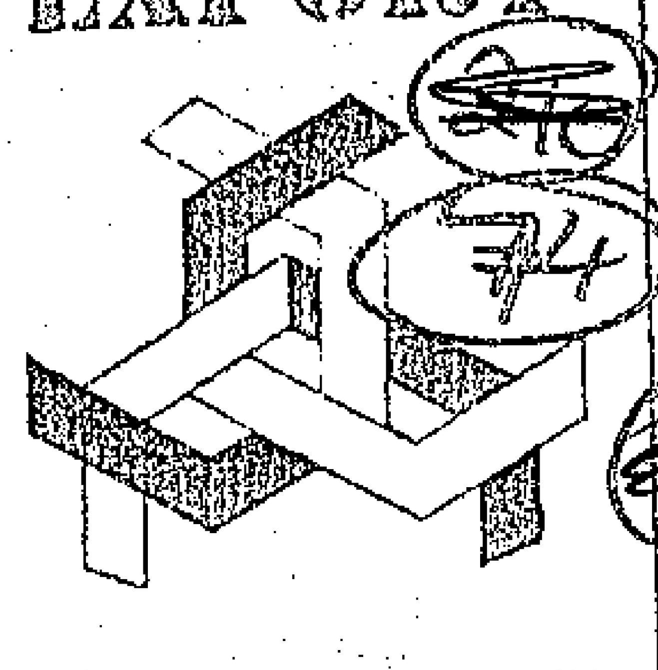
In the agreement, regarded as a breakthrough for the South African mining industry, the French company will also have non-exclusive distribution rights in other areas of Europe, Africa and the Far East.

The renewable agreement, which will initially run for five years, will cover Subterranean's 13, 16 and 27-ton low profile underground trucks.

Subterranean is not a newcomer to the export market. In the past two years, said a company spokesman, the company has exported rock boring and underground earthmoving equipment worth around R2 million to both European and South American markets.

Seven years old and growing fast, Subterranean is looking to the future and this year completed a R1 million factory expansion programme, the spokesman said.

EXPORT



74

SUCCESS

Explaining the decision to enter into the licencing agreement rather than direct exports, Subterranean managing director Pat Murphy said the merits of both had been carefully considered.

"Because of the strength of the rand, as well as the economies of scale achieved by overseas manufacturers, South Africa is not well placed to enter into this extremely competitive market through direct export.

"By signing a licencing agreement, however, we have overcome these two obstacles and ensured a return in royalties over the next five years of more than R500 000."

Murphy said the company was also currently exploring the possibilities of expanding licensing arrangements to other areas including South America.

● Entry forms for the Sunday Tribune/Safto Exporter of the Year competition should be completed by April 30. The forms were circulated in the February issue of Safto Exporter and are available at Safto offices and the Sunday Tribune.

Day Hospitals/Urban Clinic

The Day Hospitals provide general and some specialist outpatient facilities, also for those in households earning less than R240 per month. Patients were interviewed at 5 Day Hospitals while waiting at the pharmacy. Most respondents were 'coloured'[2].

Umlazi 'N' clinic is one of those providing general outpatient services and maternity and obstetric care for Umlazi, which may have about 200,000 residents. Nurses, most of whom have a training in Public Health nursing, see at least 85% of the patients. Clinics are visited by a doctor on a weekly basis.

Aussies seek new trade links with SA

RDM 3/4/81 ~~7~~ 74

By MARJA TUIT

A WEST Australian trade delegation yesterday visited the 1981 Rand Show with the aim of estabishing new trade contacts with South Africa.

The delegation of seven men and two women represents various industries in Australia.

Mr Colin Pearse, a director for a major grain company in Perth, Australia, who is also the tour leader, said representatives of mining, grain, timber, hotel industry, bricks and dried fruits, had been invited to South Africa by the Johannesburg Chamber of Commerce.

"We now have the chance to meet people in the same trade and establish new import and export links," Mr Pearse said.

He said they had also held discussions with economists from the Standard Bank to talk about trade relations with Australia.

Mr Brian Kusen, general manager of the Perth Chamber of Commerce, said he represented a brick company.

"The bricks in Australia are superior to those of Britain. We manufacture about 8 000 000 a week. We have had samples analysed by a major South African brick company."

Mr Peter Bosci, a representative of a heavy machinery and mining equipment company, said although his company had contacts in South Africa, there were still, however, items in short supply in Australia.

"We have found out more in three days than we could possibly have achieved by correspondence in three years," Mr Bosci said.

Mr Ron Manners of a mining company said the aims of the delegation were to establish more trade links with South Africa.

"Geography should dictate economics instead of politics. If we can expand the realm of commerce it would automatically shrink the political aspects," he said.

Mrs G Morris, representing a large Australian import company, said they were interested in importing canned deciduous fruits such as guavas.

The delgation leaves for Durban today.

See Page 6

Two Divisional Council Clinics were studied in the Sundays River valley, at Addo and Kirkwood, in a study of rural health services. Patients were interviewed at clinics and in the community; samples of minor ailment cards were analysed[3].

2. Tri Med, 1977
3. Paper no. 3 'Primary Health Care in Two Farming Areas of S.A.' G.M. Westcott

3. Access to Health Services

Results of patient surveys are given in Tables 2 to 8. Accessibility to health services will be conditioned by a large number of factors among which the patient's income in relation to the cost of the facility and transport, the type of transport available, and the distance from the facility are usually important interacting variables. Together they make up the subjective costs to the patient of utilizing a given service.

All the surveys were conducted among patients of moderate or low incomes. Of the facilities on which information was available, private practitioners were the highest cost source of medical care in each area covered. Those in towns (Durban and Port Elizabeth) were considerably more expensive than those in rural areas, and it is clear that in Durban the clientele of McCords Zulu hospital made far greater use of private medical practitioners than those at the clinic. (See Table 8). In rural areas, however, district surgeoncies meant that low income groups could see a G.P. at very little cost or free, and visits to the doctor were relatively more frequent, despite, in the Sundays River Valley, the availability of clinics.

McCords' relatively high fees probably meant that the clientele was a more affluent one (confirmed by their more frequent use of private cars); its reputation attracted people from long distances.

The homeland hospitals had low charges, most commonly 50c or R1,00, with a number of patients being seen free. They also attracted patients from far away.

Access in Urban Areas

Outpatients at McCords travelled considerably longer distances than their counterparts at Groote Schuur, perhps because of their greater access to private cars. 49% came from over 16 km away, whereas Groote Schuur patients were found to come from a radius of approximately 17 kms.

TABLE 5: COST OF TRAVEL

% of patients paying:	G.S.	McCords	D.H's	Umlazi	Masana	Holy Cross	Mt. Coke	Charles J.	Valley: clinics	G.P.'s
0 - 19c	13	50*	90	67	31	68	36	25	91	71
20 - 39c	34	26	5	25	25	9	47	30		
40 - 59c	24	11	2	4	17	10	6	23		
60 - 79c	14	1.5	1	2	7	3	5	7		2
80 - 99c	8	1.5	1	0.5	11	1	2	1		
100 - 199c	7	3	1	0.5	8	7	2	12		3
200 - 399		2.5			1	1	3	2	9	4
R4 +		6			1	1				20
Total no.	436	200	488	181	103	172	64	204	23	99

*Includes many who came by private car. Costs of private transport are not included.

TABLE 4: MODE OF TRANSPORT

Mode	Groote Schuur	McCords	Day *	Hospitals **	Umlazi	Durban G.P.	[illegible]	Valley clinics	Valley G.P.'s
Foot	1	10	77	53	57	24	[illegible]	37	37
Bus	71	45	12	30	31	33	[illegible]	-	4
Train		9			-	9	[illegible]		4
Car (paid)	26	4			11	4	[illegible]	9	23
Car (unpaid)		32					[illegible]	4	29
Hospital taxi/ Ambulance	2	-					[illegible]		1
Bicycle, ox-wagon, horse, etc							[illegible]		3
Total no.	436	212					[illegible]	23	101

Each mode of travel was cou[...] used on one journey.

* Elsie's River and Retreat

'Problems' with local suppliers says Foschini

Argus 4/4/81 (74)

ALTHOUGH the local clothing and textile industries need some protection, the need for extensive protection against imports appears unwarranted and detrimental to the industry as a whole, says Mr S Lewis, chairman of Foschini.

He says in the company's annual report, 95 percent of the group's inventory is bought from local suppliers.

However, there have been serious problems arising from late deliveries and inability to fulfil orders placed.

There is every indication the problem will worsen this year.

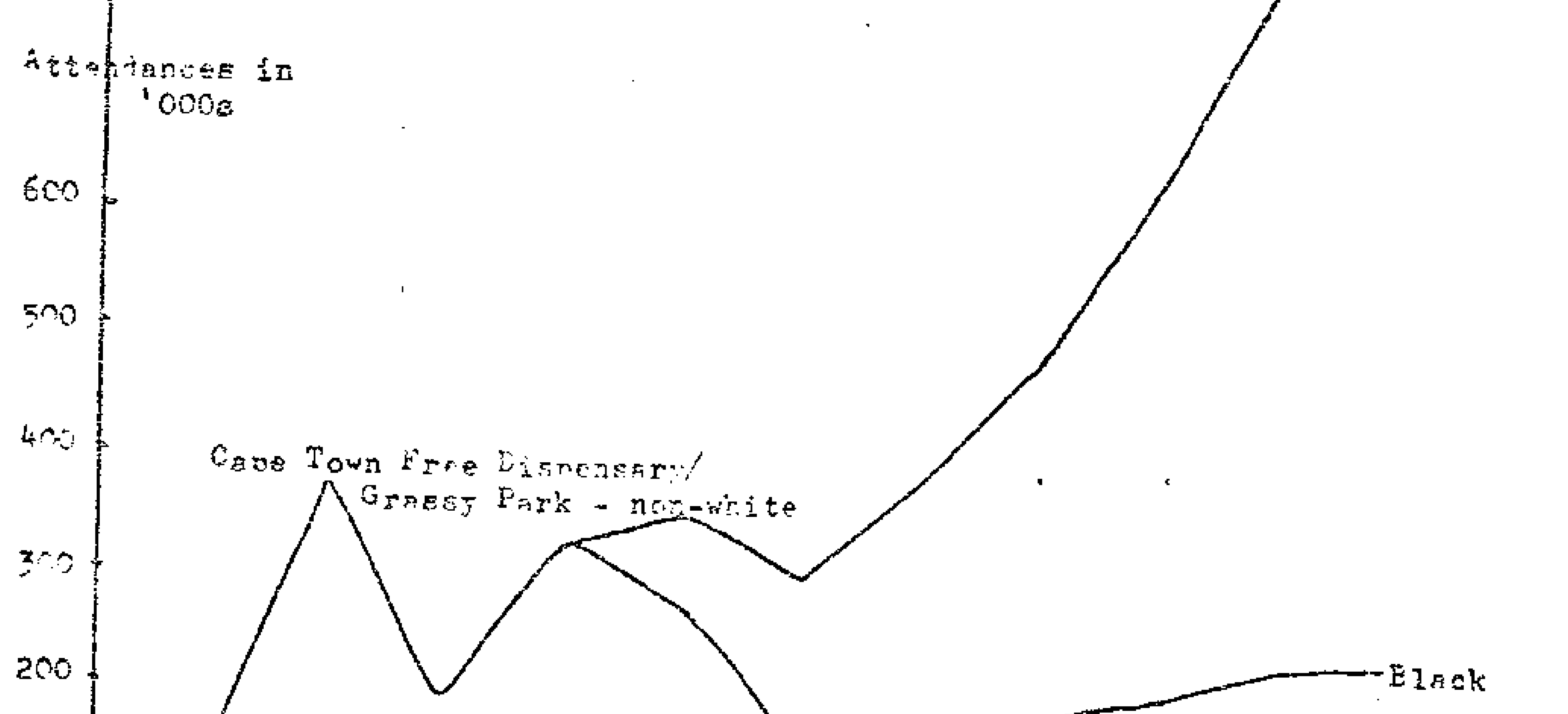
Moreover, the market demands the availability of a wide range of fibres, yarns, fabrics and garments which cannot be entirely supplied locally — other than through production of fragmented and uneconomic ranges.

Foschini's assets grew by 30,2 percent in 1980, sales by 29 percent and net operating income by 51,2 percent. The group now has more than 500 shops and more than 5 000 employees.

The company expects to achieve planned growth and development this year.

GRAPH 3 NON INFECTIOUS OUTPATIENT ATTENDANCES 1965-1975

Cape Town Free Dispensary/Grassy Park Health Centre and Day Hospitals Organisation



Taiwanese come to trade

RDM 7/4/81

74

Staff Reporter

A TRADE mission from Taiwan arrived in Durban yesterday to promote trade between South Africa and the Republic of China.

The 21-member mission will visit Durban, Cape Town and Johannesburg from April 7 to April 18.

They will be selling industrial equipment, hardware, pipe fittings, building materials, motor spares and accessories, electrical appliances, cosmetics, toothbrush-making equipment and screw-making equipment.

The mission was organised by the China External Trade Development Council as a reciprocatory visit. The Durban Chamber of Commerce visited Taiwan last year.

The exhibition in Johannesburg, which is open to the public, begins on April 15 at the Low Veld Room of the Carlton Hotel.

From 1979 to 1980, exports to Taiwan increased by 24% and imports by 108,14%.

(5.2.) Average length of stay

It would be expected that the Day Hospitals would have two opposing effects on the average length of stay of inpatients. On the one hand, the average length of stay would be reduced by the availability of domiciliary care and the proximity of the Day Hospitals to the patients' homes. Secondly, patients usffering from diseases which respond well to early diagnosis and treatment - pneumonia, gastro-enteritis, might be admitted to hospital at an earlier stage of their illness and do not require such lengthy inpatient stay as they would if they had not attended a Day Hospital before advanced pathology set in. On the other hand, simple procedures are carried out at the Day Hospitals and this would remove the need for patients undergoing such operations as tubal ligations, to enter hospital for the operation. The number of short-stay patients would thus be reduced and this would lead to an increase in the average length of stay of inpatients.

From graphs (not included) of the average length of stay at Groote Schuur and Red Cross Hospitals since 1960, it can be seen that the general trend in the average length of stay for all races has been downward. At Groote Schuur the downward trend has continued since 1960 and does not appear to have changed much since 1970, so is more likely a reflection of the modern tendency in medicine to keep a patient in hospital for as short a time as possible in order to reduce the psychological effect of the stay in hospital particularly among children, and to keep the cost to the patient as low as possible (although daily tariffs are reduced for long-term patients.) At Red Cross, it appears that the rate of decrease has been more rapid since 1969. The behavious of the average length of stay at Woodstock Hospital is very erratic.

From these figures, therefore, it is not possible to draw firm conclusions on the effect of the Day Hospitals on the length of stay of patients. Other factors may have been more important in reducing this stay, and the average figure may conceal the effects.

./...

SA out of trade fair

Argus 7/4/81

74

Argus Africa News Service

SALISBURY. — South Africa will not exhibit at the international trade fair in Bulawayo.

South Africa owns a huge pavilion at Bulawayo fairgrounds and it will be the first time since 1960 that South African businessmen have not been present.

It is not yet clear what will happen to the pavilion which was visited last year by Zimbabwe's Prime Minister, Mr Robert Mugabe.

South Africa and Zimbabwe both announced last week that all nationals of both countries would now require visas.

This followed the withdrawal by South Africa of preferential trade facilities for Zimbabwean businessmen.

Cement exports 'dwindle to peanuts'

SA Industrial Wk 7/4/81 74

CEMENT exports from South Africa to Europe have dwindled to "peanuts" from an annual R50-million in recent years because transportation costs have become prohibitive.

After a meeting to decide on the future of Cemafrique, the local cement exporting arm, a spokesman told Industrial Week that in spite of the export volume having become "negligible" Cemafrique would continue to operate.

"What amounted to a sizeable chunk of foreign currency earnings has become peanuts because we are no longer competitive. Our plants are too far from the coast and railage costs have become considerable," he says.

Export tonnages in the late 1970s plunged from around 1-million annually to 53 000 t last year — mainly to Indian Ocean islands.

Even so, the profit margin from exports was so small that it will not affect profits of member-companies of the SA Cement Producers Association.

Most Mediterranean exporters have plants alongside their harbours. This and the re-opening of the Suez Canal results in their freight costs being considerably less while production costs are not that different to those in South Africa.

"Now with recessionary trends overseas many countries are just dumping their cement on the export market. And Iran is no longer spending on infrastructure the way they used to." the spokesman says.

SA pulls out of big trade fair in Zimbabwe

RDM 8/4/81

74

By DAVID FORRET
'Mail' Africa Bureau

SALISBURY. — South Africa, Zimbabwe's biggest trading partner, has pulled out of the country's international trade fair to be held in Bulawayo at the end of this month.

It is the first time South Africa will not be represented at the fair since it began 21 years ago.

The withdrawal was confirmed yesterday by the organisers and by the South African Trade Commissioner in Salisbury, Mr R C Potgieter, who referred further inquiries to the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers.

Last year South Africa won the gold medal for the best international pavilion.

The award in the first post-independence fair was presented to South Africa's representative by the Zimbabwean Prime Minister, Mr Robert Mugabe.

A few months later, Zimbabwe formally cut diplomatic ties with Pretoria, but allowed South Africa's diplomatic mission in Salisbury to be replaced by a trade mission.

In further developments in the past fortnight, South Africa has scrapped its preferential trade agreement with Zimbabwe and stipulated that Zimbabwean passport holders require visas to enter South Africa from June 1.

Mr Graham Rowe, general manager of the fair, said yesterday that the organisers were disappointed at the withdrawal.

He said they had been told "very recently" and that no further reasons were given.

Mr Rowe said this year's fair would be the biggest so far, with 28 countries taking part, ranging from the major Western countries to socialist countries including Yugoslavia, Czechoslovakia and Romania.

Last year the Mugabe government decided Transkei would have to withdraw because Zimbabwe does not recognise its independence.

● See Page 4

Austrian mission to tour

(The Star) 9/4/81

By Frank Jeans

With trade between South Africa and Austria continuing to increase — last year Austria boosted exports to this country by more than 20 percent — a follow-up mission of Austrian businessmen is to be made next month.

Representing 25 companies, with products ranging from electronic-measuring instruments to synthetic fibres, the mission will arrive in Johannesburg on May 11, in Durban on May 13 and Cape Town on May 14 or 15.

Touring now is a 21-member mission from Taiwan. This mission will put on an exhibition at the Carlton Hotel, Johannesburg on April 15 and 16.

Main thrust by the Taiwanese will be in industrial equipment, hardware, pipefittings, building materials and electrical appliances.

Trade volume between South Africa and Taiwan surged last year, with bilateral figures increasing by 46 percent.

Polish crisis will benefit S A coal

74 NM 9/4/81

London Bureau

SOUTH AFRICAN coal exporters stand to benefit from the protracted U S coal mining strike and the deteriorating Polish economic situation. If the situation worsens the industry could benefit from rising prices and juicy sales contracts.

Industry and Government officials say that Western Europe and Japan are receiving less coal from the United States and Poland. Both countries are major exporters to European industries and utilities.

European coal prices are rising and consumers are scratching for available material from other major coal exporters, including South Africa and Australia.

The U S coal strike which began on March 27, is expected to continue for several weeks. U S coal mine unions rejected a new contract by a two to one majority and so far there are no signs that they will return to work.

Last year, the United States exported 84 million tons of coal and Mathew Hunt, a coal specialist at brokers Montagu Loebl, estimates that about three quarters was sold in Europe and Japan.

French worried

French coal importers are worried. If supplies are disrupted for several months, there could be a coal crisis.

West Europeans are also scrambling for exports from Poland, a major world coal producer. But production is faltering and Mr Hunt says that the productivity of Polish coal miners is the lowest in the world.

In 1979, Poland exported 41,3 million tons of coal. Last year, exports were down to 32 million tons and with production falling because of the proposed five-day week, exports will probably be even lower this year.

Most of Poland's coal flows to West Germany and France.

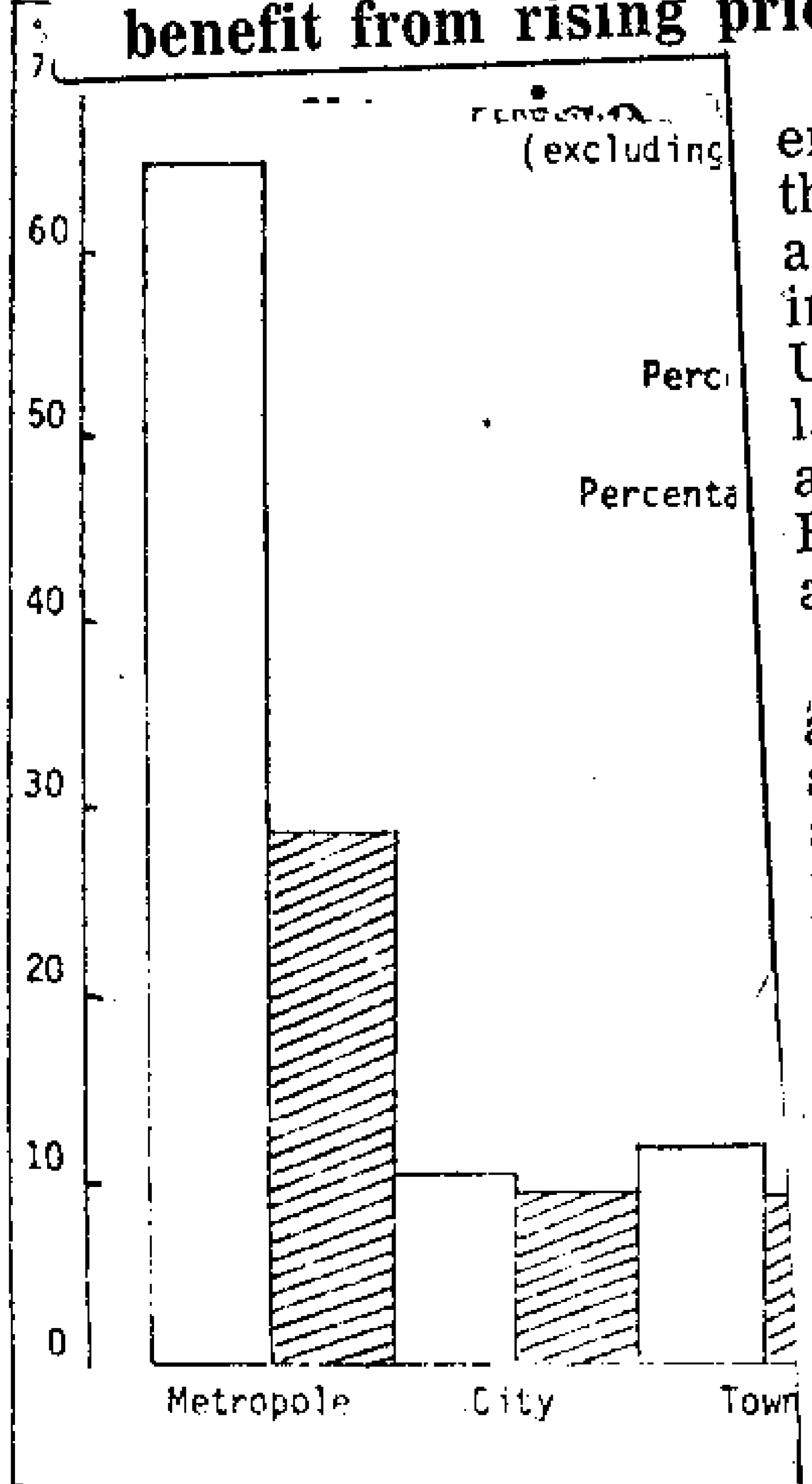
Mr Hunt thinks that South Africa exported about 30 million tons last year and over 19 million flowed into Western Europe. France received nearly 10 million tons, Denmark 2,7 million tons, Belgium 2,2 million tons, Italy 1,1 million tons and West Germany 1,1 million tons. Japan bought 3,4 million tons from South Africa.

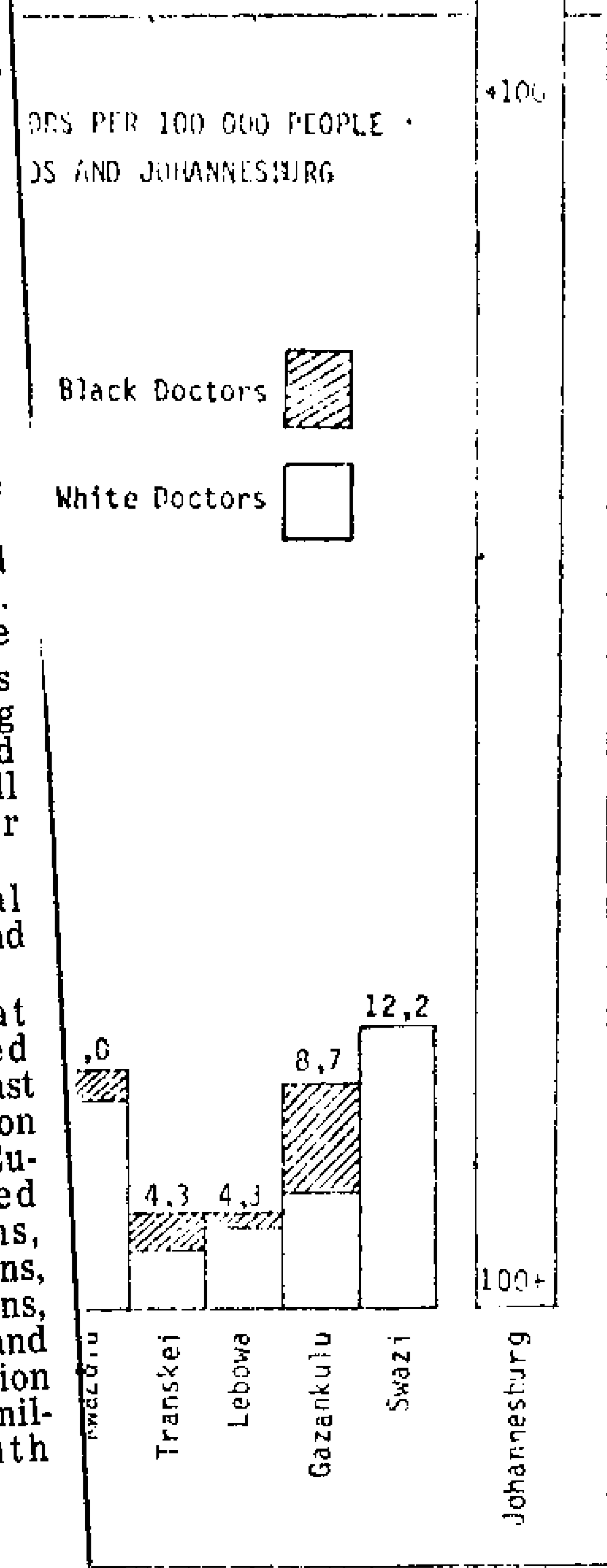
U S strike

Worried about a protracted U S strike and concerned about events in Poland, Europe and Japan are looking for alternative suppliers. Both Sweden and Norway, who are dependent on Polish supplies, are trying to negotiate contracts with Australian coal exporters.

If the situation worsens it is expected that there will be concerted action through the Paris-based International Energy Organisation, an official body which covers energy problems for the major industrial nations.

Though Poland has insisted that it will meet its coal export contracts, European industry sources say that the country's coal shipments are grinding to a halt.



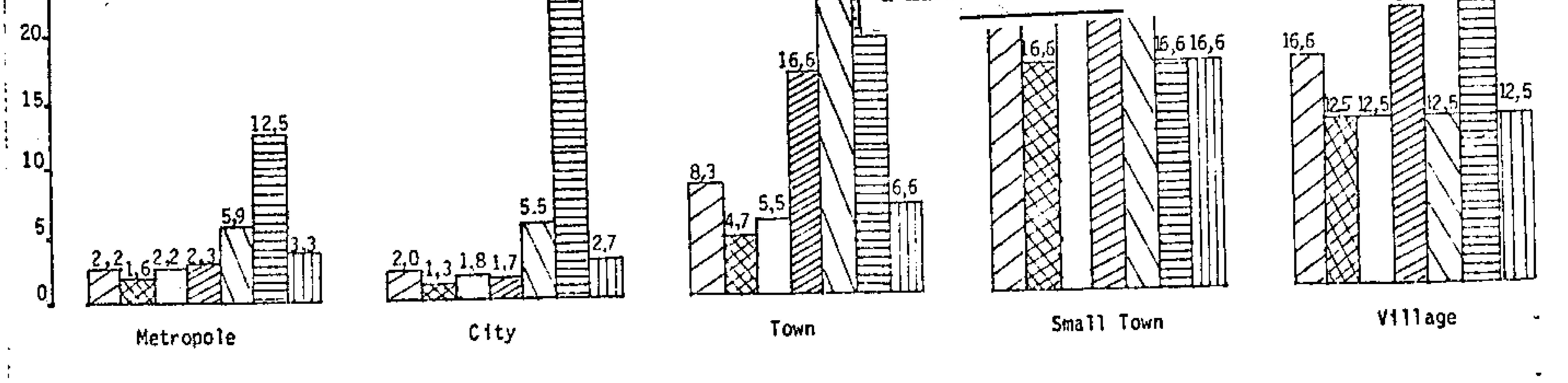


International Comparitive Sample: Europe and America

Grand Prairie, Alberta	14,0
Saskatchewan	1,4
Fraser, British Columbia	8,0
Jersey, British Columbia	7,9
Vermont	0,2
Baltimore	0,2
Buenos Aires	0,3
Liverpool	1,2
Helsinki	0,5
Ladz, Poland	0,3
Banat, Serbia	1,5
Rijeka, Croatia	0,7

iversity Analysis

* The ratio is lowest in Cities and lowest in Metropolitan areas;
* The ratio is highest in Small Towns;
* In all 5 categories, Wits has the lowest ratio;
* In all 5 categories, Natal has the highest ratio.



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NOTICE 258 OF 1981/KENNISGEWING 258 VAN 1981

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

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

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

PERIOD: JANUARY TO FEBRUARY 1981/TYDPERK: JANUARIE TOT FEBRUARIE 1981

TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES
TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE

World Zones—Wêreldstreke	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
Africa—Afrika	40,6	42,8	155,6	171,6
Europe—Europa	1 012,8	783,4	828,5	829,7
America—Amerika	400,8	303,8	269,9	304,8
Asia—Asië	388,8	217,4	264,4	306,5
Oceania—Oseanië	23,5	12,4	17,2	19,2
Other unclassified goods and balance of payments adjustments Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	654,6	580,0	1 393,5	1 914,8
Ships'/Aircraft Stores—Skeeps-/vliegtuigvoorrade	—	—	6,5	7,7
Grand total/Groottotaal	2 521,1	1 939,8	2 935,6	3 554,3

TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN
TABLE B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCCN

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
I. Live animals; animal products Lewende diere; dierlike produkte	9,6	5,5	17,4	28,7
II. Vegetable products Plantaardige produkte	39,3	29,3	115,2	119,8
III. Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse	8,7	14,0	8,2	6,3
IV. Prepared foodstuffs; beverages, spirits and vinegar; tobacco Voorbereide voedsel; dranke, spiritus en asyn; tabak	39,1	22,0	44,3	80,5
V. Mineral products Mineraalprodukte	37,0	40,3	250,2	230,5
VI. Products of the chemical and allied industries Produkte van die chemiese en verwante nywerhede	164,9	162,4	51,4	73,7
VII. Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubber, factice, and articles thereof Kunsharse en -plastiekstowwe, sellulose-esters en -eters, en artikels daarvan; rubber, sintetiese rubber, faktis, en artikels daarvan	78,3	76,5	9,0	11,6
VIII. 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) Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van derm (uitgesonderd sywurmsnaar)	8,5	6,1	13,1	20,3
IX. Wood and articles of wood; wood charcoal; cork and articles of cork; manufacturers of straw, of esparto and of other plaiting materials; basketware and wickerwork Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk	18,2	14,8	4,8	7,6
X. Paper-making material; paper and paperboard and articles thereof Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan	53,8	42,9	18,0	31,2

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
XI. Textiles and textile articles Tekstiele en tekstielartikels	112,7	80,4	62,1	69,4
XII. Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar; waaiers	9,9	5,0	3,4	2,0
XIII. Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware	21,3	17,0	5,4	7,8
XIV. Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke	9,8	9,8	468,6	419,8
XV. Base metals and articles of base metal Onedelmetale en artikels daarvan	133,3	97,3	217,8	281,3
XVI. Machinery and mechanical appliances; electrical equipment; parts thereof Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan	652,2	457,9	38,5	38,7
XVII. Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting	356,8	200,3	48,2	19,9
XVIII. 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 Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en -weergewers, magneties; onderdele daarvan	85,0	59,8	3,9	3,6
XIX. Miscellaneous manufactured articles Diverse vervaardigde artikels	16,4	11,8	3,0	3,7
XX. Works of art, collectors' pieces, and antiques Kunswerke, versamelaarsstukke en antieke	8,3	1,5	5,4	2,1
Other unclassified goods and balance of payments adjustments Ander ongeklassefiseerde goedere en betalingsbalansaansuiwerings	658,0	585,2	1 547,7	2 095,8
Grand total/Groottotaal	2 521,1	1 939,8	2 935,6	3 554,3

(10 April 1981)

NOTICE 259 OF 1981

DEPARTMENT OF TRANSPORT

AIR SERVICES ACT, 1949 (ACT 51 OF 1949), AS AMENDED

Pursuant to the provisions of section 5 (a) and (b) of Act 51 of 1949 and regulation 5 of the Civil Air Services Regulations, 1964, it is hereby notified for general information that the applications, details of which appear in the Schedules hereto, will be heard by the National Transport Commission.

Representations in accordance with section 6 (1) of Act 51 of 1949 in support of, or in opposition to, an application sould reach the Director-General: Transport (Civil Aviation Branch), Private Bag X193, Pretoria, 0001, and the applicant within 21 days of the date of publication hereof stating whether the party or parties making such representation intend to be present or represented at the hearing.

KENNISGEWING 259 VAN 1981

DEPARTEMENT VAN VERVOER

WET OP LUGDIENSTE, 1949 (WET 51 VAN 1949), SOOS GEWYSIG

Hierby word ingevolge die bepalings van artikel 5 (a) en (b) van Wet 51 van 1949 en regulasie 5 van die Regulasies vir Burgerlugdienste, 1964, vir algemene inligting bekendgemaak dat die Nasionale Vervoerkommissie die aansoeke waarvan besonderhede in die Bylaes hieronder verskyn, sal aanhoor.

Vertoë ingevolge artikel 6 (1) van Wet 51 van 1949 ter ondersteuning of bestryding van 'n aansoek moet die Direkteur-generaal: Vervoer (Tak Burgerlugvaart), Privaatsak X193, Pretoria, 0001 en die aansoeker binne 21 dae na die datum van publikasie hiervan bereik en daarin moet gemeld word of die persoon of persone wat aldus vertoë rig, van plan is om die verrigtings by te woon of om daar verteenwoordig te word.

Like all icebergs the mass below the surface is the most dangerous. This is especially so when we consider what these hidden costs could add up to. Some writers maintain that the ratio of insured costs to hidden costs could be 1:4. Frank Bird in his writings draws attention to the fact that the insured costs to uninsured costs ratio for damage to property only, varies from 1:5 to 1:50. (Figure 2.)

It may sometimes be said that, despite an accident having taken place, no actual difference to production was noticed. It could be true that the output from the plant is the same whether accidents take place or not but what must be very obvious is that if the output is to remain the same, it must be produced at a higher cost. ([3])

Second Iceberg Effect

If one iceberg were not enough to emphasize the terrific amount of avoidable waste which is taking place in South Africa annually, there is a further iceberg. This relates the frequency of injuries to the number of incidents which take place. In 1969 a study of industrial accidents was undertaken by the Director of Engineering Services for the Insurance Company of North America. An analysis was made of 1 753 498 accidents reported by 297 co-operating companies. These companies represented 21 different industrial groups employing 1 750 000 employees.

The study revealed the following ratios of accident reporting. For every one serious or disabling injury reported there were ten injuries which required medical attention only, there were 30 property damage accidents of all types, and there were a further 600 incidents where no visible injury or damage took place (Fig 3). In referring to the 1/10/30/600 ratio it should be remembered that this represents accidents and incidents reported, not the total number of accidents or incidents that actually occurred. Quite possibly there were many more which were not brought to the attention of management. The above ratio would seem to indicate quite clearly that it is foolish to direct our total effort to the relatively few events terminating in serious or disabling injury. The fact that there are 630 property damage or no-loss incidents for every 11 injuries indicates that there is a much larger basis for more effective control of the total loss due to accidents. If the number of incidents is reduced, then losses and injuries will be reduced proportionately. ([1])

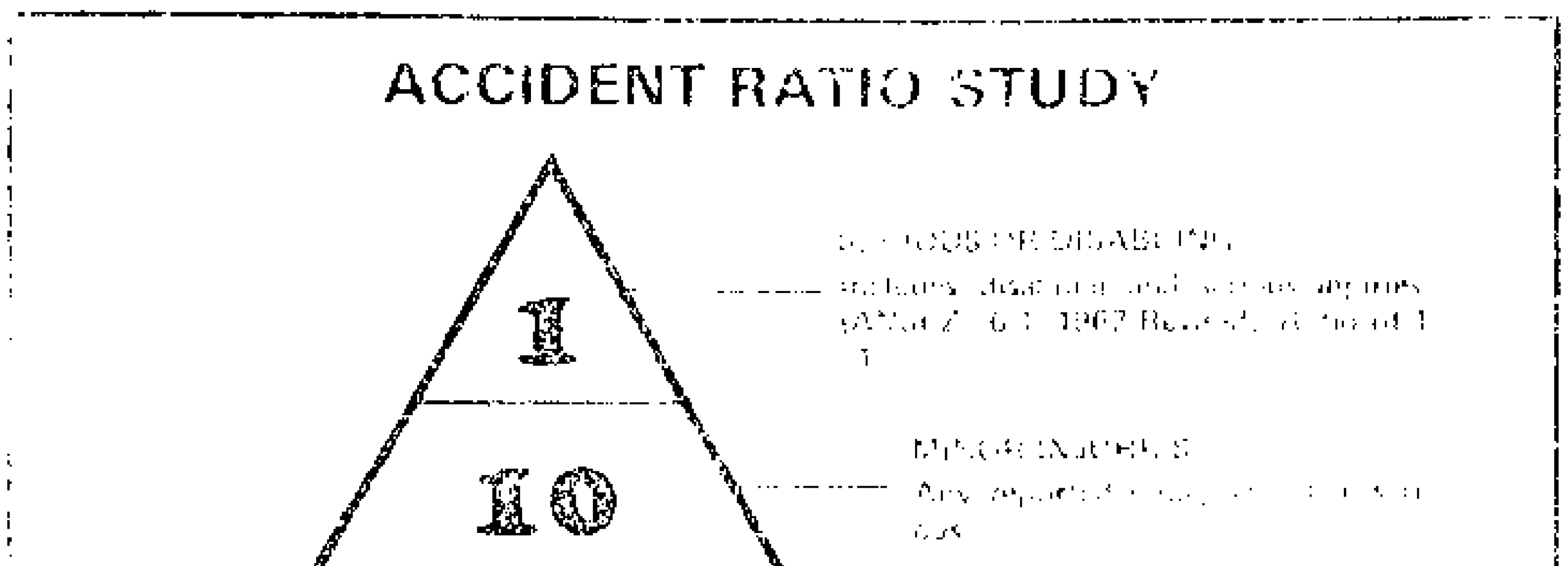


FIGURE 3

Why do these accidents and injuries take place?

One of the first writers on the subject of accident prevention was H W Heinrich. In his book "Industrial Accident Prevention" initially written in the 1920's, he developed certain axioms which today still form the foundation of accident prevention work. Out of the jungle of occurences he attempted to analyse and categorise the various causes and results due to errors. ([6]) Frank E Bird Jr took Heinrich's axioms a step further by relating them to the work done by Louis A Allen in the field of management. ([7])

In the sequence of events which lead to injury, occupational disease or property damage we find the responsibility of management interwoven in each sequence. In fact, every time a worker is injured or an accident takes place it should galvanise management into action as the incident serves as a signal that there is something amiss! It is an indication that something has gone wrong in the process for managing successfully. The Five Steps in the cause and effect situation which result in incidents which downgrade the business are:

Step No. 1 – Management Control

Lack of Management Control results in the failure to maintain work performence standards for: selection, training, tooling, processing, communicating and inspections.

Step No. 2 – Basic Causes

A lack of management control permits the existence of certain basic causes of incidents that downgrade the business operation. They are: Personal factors which consist of lack of knowledge or skill, improper motivation, and physical or mental problems. Job factors, such as inadequate work standards, inadequate design or maintenance, inadequate purchasing standard, normal wear and tear, abnormal usage, all downgrade the operation and result in avoidable losses.

Step No. 3 – Immediate Causes

When the basic causes of incidents that could downgrade a business operation exist, they provide the opportunity for the occurrence of unsafe acts by people and of unsafe conditions. Unsafe acts or practices are, for example, operating without authority, failure to warn or secure, operating at improper speed, making safety devices inoperable. Unsafe conditions on the other hand are, inter alia, inadequate guards or protection; defective tools, equipment and substances; congestion; poor housekeeping. The way to eliminate the unsafe acts and unsafe conditions is to realise that these are only symptoms of the basic causes and the basic causes are symptomatic of mismanagement. The basic causes must be removed.

Step No. 4 – The Incident

Whenever unsafe acts and unsafe conditions are permitted to exist there is a real danger that a downgrading incident will occur. This incident may, or may not, result in a loss. The incident is undesired since the final results of its occurrence are difficult to predict and are ... a matter of chance. Incidents which ... harm or property damage are referred ... and usually involve a contact with a ... above the threshold limit of the body ... accidents are frequently classified according ... es like, struck against; struck by; fall ... same level.

From Taiwan

JOHANNESBURG. — The SA/Republic of China (Taiwan) Chamber of Economic relations has announced that a trade mission from Taiwan, under the leadership of Mr Paul Flu, of the China External Development Council, is to arrive in Johannesburg on Tuesday.—Sapa

Curb on sales of exotic imported vehicles

S. Times 12/4/81

(74)

By HARVEY THOMAS
Motoring Correspondent

IF YOU are thinking of importing a used Lamborghini and then making a small fortune by reselling it — forget it.

The Government this week tightened the screws on exotic car importers who cannot offer proper after-sales service and back-up.

It means that the importation of many used vehicles — and one-off specials — has been outlawed.

But you will still be able to buy the car of your dreams — Rolls, Ferrari, Porsche — from an officially accredited dealer or manufacturer who can offer the necessary guarantees and service.

In January last year, the Department of Industries, Commerce and Tourism sanctioned car import permits.

Only the super-rich could take advantage, as all imported cars are subject to a duty of 100 percent plus freight charges and GST.

Unusual

By some estimates, more than R25-million has since been spent on imported exotica.

A percentage of that — nobody knows how much — went to what the Motor Industries Federation calls "hole-in-the-wall' operations which imported unusual used cars and sold them at big profits.

The MIF warned the Government early last year about imports for which there was no service or back-up.

And this week, Leyland advised potential MGB buyers to deal with official dealers as all Leyland imported MGs had been modified to comply with strict SABS standards and were backed by the company's comprehensive guarantee.

"It has become a status symbol to drive an expensive imported car," said an MIF spokesman.

SA coal cheaper than rivals'

S Times 12/4/81 74

By Neil Behrmann London

SOUTH African coal exports are the most competitive in the world

A major study by brokers Montagu Loebl Stanley shows that the average export price of South African steam coal, inclusive of freight charges, is lower than the major competitors — Australia, Poland, Canada and the United States.

The main reason is that South African coal-mining costs are much lower than other major coal exporters.

The brokers say that mining costs of steam coal ranged between $10 and $15 a ton for South Africa, $12 to $25 Australia, $15 to $20 Canada and $20 to $35 for the United States.

Inclusive of all the delivery charges, South African steam coal prices were well below quotes of other nations. South African coal delivered to northwest Europe averaged $31 a ton, Polish steam coal $35, Australian $39, Canada $42 and the United States $45.

South African steam coal is also cheap for the Japanese. In 1979 the price range was $26 to $33 a ton compared with the Australian range of $27 to $36. The average US export price to Japan ranged between $40 and $54 a ton.

Montagu Loebl's coal analyst, Matthew Hunt, says that in the past 12 months steam-coal prices have risen because of increased demand, limited export facilities, the US coal strike and uncertainty over the future of Polish coal supplies.

He says there are already signs that the available infrastructure for handling coal exports in the producing countries is being stretched to the limit.

In South Africa, the Richards Bay terminal is now operating near full capacity of 26-million tons a year. In the United States, the National Coal Association has estimated that coal exports would have been 16% higher last year had there not been congestion at the east coast ports of Hampton Roads and Baltimore.

He adds that in western Europe steam coal is currently priced at $55 to $65 a ton for US coal delivered to Amsterdam, Rotterdam and Antwerp. After the strike and increased demand for coal, dealers expect price rises of 10 to 15% this year.

So far prices of coking coal exceed steam coal, but Mr Hunt expects the gap to narrow because the demand for steam coal could rise significantly and become a much more important component of international coal trade. Coking coal, on the other hand, is suffering because of the recession in the steel industries.

He says that the major demand for steam coal will come from the electricity-generating sector. This will depend on whether coal remains competitive with oil and nuclear fuel.

In 1979 the price of oil ranged between $3 and $6 a million British Thermal Units, yet coal — mainly Australian and South African — cost between $1,30 and $1,40 a million BTU's, while the most expensive coal from the United States ranged between $1,85 and $2,2 million BTU's. Thus coal remains highly competitive with oil.

Yet slower world economic growth since 1973 and the impact of greater energy conservation have reduced the growth in electricity demand "quite markedly".

"In sum, we expect coal consumption and production to grow about 3% a year throughout the Eighties."

The largest increase is expected in the United States. International coal trade is expected to rise by 50% during the next 10 years, and trade in steam coal is likely to grow much faster than metallurgical coal.

Mr Hunt says that US institutions are preferring Australian and South African coal shares to the US companies. He favours Amcoal, Rand London Corporation, Rand London Coal and Trans Natal Coal.

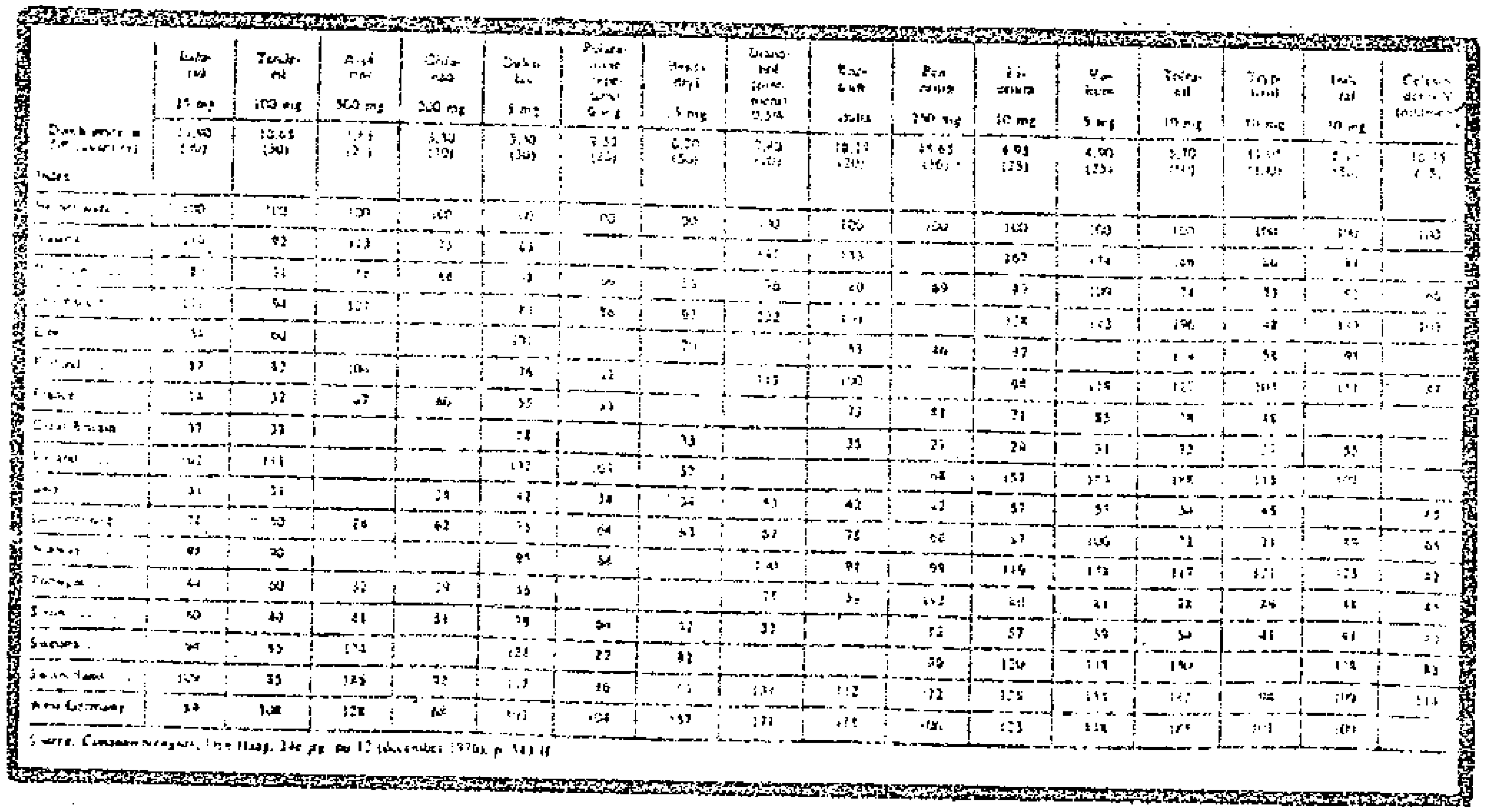
"We would also particularly recommend Sasol on the basis of its privileged position within the South African economy."

Mr Hunt favours Rand London Corporation because he believes that coal profits will surge in the next year and there will be further growth from a joint venture with a UK company, Anglo International Mining.

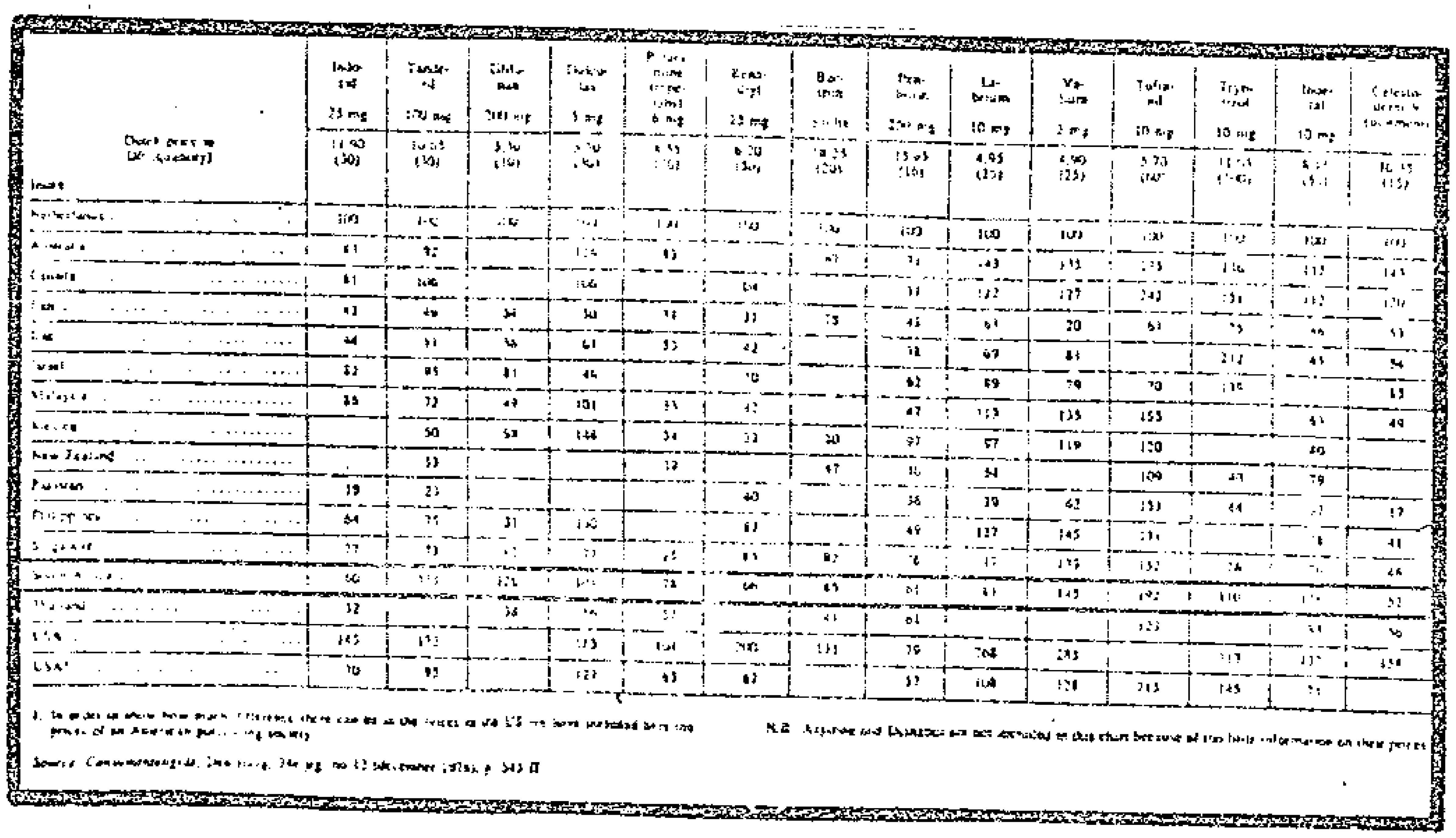
51.

Appendix 3: Prices of Certain Medicines in Different Countries.

(a) Prices in European Countries:



(b) Prices in Countries outside Europe



52

Appendix 4: Analysis of the cost structure of ethical drug firms in South Africa, 1974 and 1975.

Element of Cost	Percentage of Total Cost.	
	1974	1975
Royalties	2,3%	2,2%
Research and Development	[illegible]	2,5
Manufacturing and quality control	10,1	10,8
Active Ingredients	27,8	29,6
Inactive Ingredients	3,1	3,4
Packagin[illegible]		
Promotio[illegible]		
Other Ov[illegible]		
Profits [illegible]		

STAR 13/4/81

Taiwan's trade team

The SA Taiwan chamber of economic relations has announced that a trade mission from Taiwan, under the leadership of Mr Paul Flu, of the China External Development Council, is to arrive in Johannesburg tomorrow.

The mission will be promoting, among other things automotive and motorcycle spares and accessories, machine tools, sewing machines, machines for making tooth brushes, cosmetics, napkins, nuts and bolts, air compressors, power sprayers, sanitary ware, plumbing fixtures, aluminium boards, tiles and wallpapers. — Sapa.

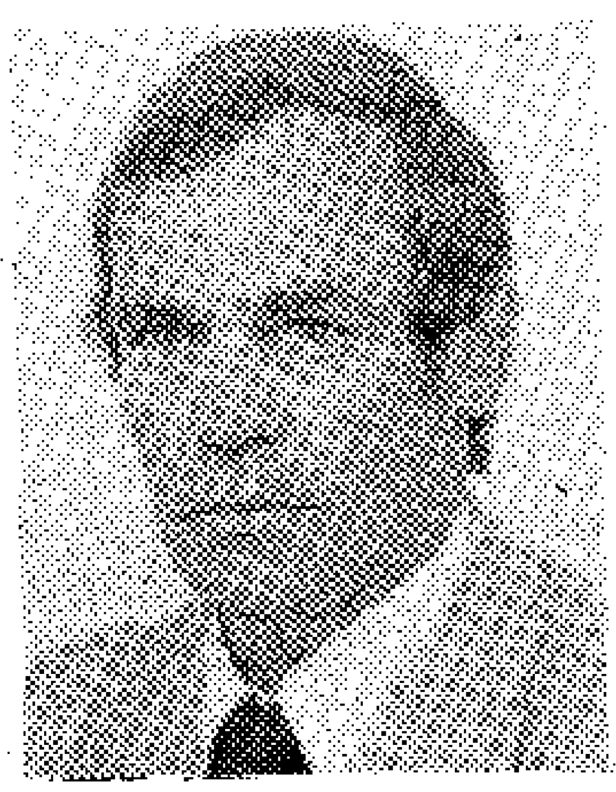
(Source: Cost Investigation of Ethical drug manufacturers, Steenkamp Commission, 1971.)

No hassles in exporting plan

SA Industrial Wk 14/4/81 (74)

By Jim Penrith

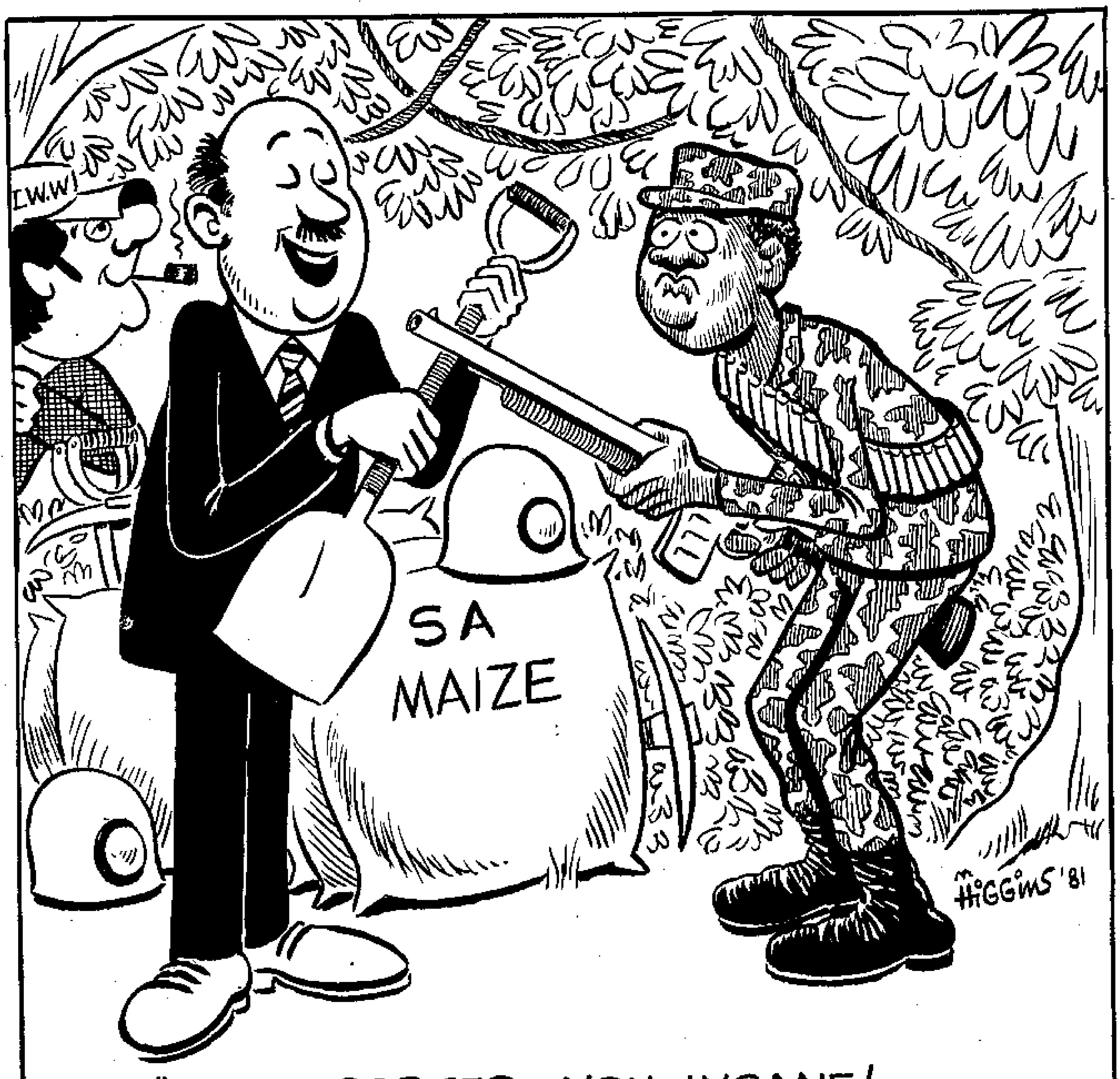
EXPORT specialists Mercantex of Johannesburg are gearing up to put more South African products on the market in black Africa and South America — a move



Exporting Africa and South America . . . Mercantex managing director Bob Visser.

which should help to cushion the projects petering out of the current boom.

To this end Mercantex has appointed top marketer Bob Visser as its new managing director.



"ME EXPORTER—YOU INSANE!

Visser, who took over the helm on April 1, promises South African manufacturers "hassle-free" exporting to these lucrative markets through his company, which is part of an international trading and finance operation turning over about R1000-million a year.

Visser told Industrial Week that as specialists in trade with the developing countries Mercantex offered a "no-cure, no pay" deal to local manufacturers.

"Our service does not cost the manufacturer anything unless we sell his products" he said. "We have communications with virtually every African state and we are already exporting to Mozambique, Malawi, Zimbabwe, Zambia, Zaire and the Indian Ocean islands of Mauritius, Reunion, Comoro, and the Seychelles. We are also currently looking at prospects in Angola.

"We are exploring markets in South America and already we are shipping mining equipment to Chile and Peru. Until recently there was a fairly active boycott situation in Venezuela, but this has now changed and we are looking there and in Colombia for markets for equipment and consumer goods."

Since Mercantex was established here in 1977 the company has built up good markets for mining and engineering equipment, motor spares, machinery, hardware and a wide variety of consumer goods. It is also expanding its food exports and is now turning over sales of about R25-million a year.

Visser said that generally speaking, the European market was too subject to fluctuation to represent a stable outlet for South African goods.

"Africa is the natural market for us" he said. "African markets are a logical extension of the home market. Most manufacturers appreciate this, but find it difficult to deal with these markets.

"Major problem areas are financing and communications. Most manufacturers shrink-back once they see what is involved. For a manufacturer in the medium to small range to set up his own export division would put him quickly out of pocket by R60-70 000. He would have to commit this money without guarantee that he would succeed and it would take about five years before he saw any return on it."

Visser said that now the boom situation is levelling off and delivery times are shortening local manufacturers should be setting their sights on long-term exports to compensate.

"We may not see the depressed conditions of 1976-77 again, but until 1985 the domestic market will be relaxing and the export market is the logical one to take up surplus capacity.

"Now is the time for manufacturers to set aside part of their production for foreign markets. It is much easier to expand there if you already have a foot in the door."

Figures supplied by the South African Foreign Trade Organisation in Johannesburg show that of the country's total exports of R19 868-million last year, exports to the rest of Africa were worth R1 102-million.

Comparative figures for 1979 were R14 811-million and R733-million.

the Bantustans increases, through normal growth, resettlement, and

ACKNOWLEDGMENTS.

The assistance of the following people, without which this study would never have materialised,is acknowledged with gratitude:

Dr's Robert and Susan Baker, Paediatricians, C.J.M. Hospital,

Miss Lucille Dlamini, Research Worker, S.A.I.M.R.,

Mrs Maureen Mcobela who for six years was Sister-in-Charge of the Malnutrition Ward at C.J.M. Hospital and who never despaired and by whose example and dedication helped many others of us not to despair.

The families of the households which were investigated who so courteously allowed us to intrude into and record their personal domestic affairs.

CT 14/4/81 (~~3rd~~) (74)

5 m-ton maize export predicted

NIGEL. — South Africa could export up to five million tons of maize this year, the Minister of Transport, Mr Hendrik Schoeman, said last night.

Addressing an election meeting at Nigel, he told about 150 people that South African Railways could handle this tonnage if special arrangements were made for work at weekends.

"And I foresee that even more maize than that may be exported by us in future, because South Africa has become an agricultural giant."

In Africa 150-million people were confronted by famine and full silos in South Africa meant the Republic could negotiate from a position of strength as African countries could become increasingly dependent on South African agriculture.

Mr Schoeman was asked by a questioner whether it was morally right for South Africa to export maize to countries that harboured terrorists against whom South Africans had to fight to protect the country.

"I can assure you that not a single South African mielie is exported to Angola," the minister said. — Sapa

(Report by F Neuhoff, 627 Mutual Bldg, Harrison Street, Johannesburg.)

Beef exports: SA lost R5-m

74

Stm 15/4/81

By Caroline Braun, Consumer Reporter

South Africa exported 104 000 beef carcasses at a loss of R5,05-million in the 1979/80 financial year.

These figures were released in the Meat Board's latest annual report.

Because of the high price of meat locally in 1980, beef exports had to be subsidised at the rate of 50c a kg.

Losses on fresh and frozen beef were R1,75-million, on canned beef R1,5-million, and on carcasses R1,8-million.

A total of 1 500 tons of pork was exported at a loss of R750 000.

A Meat Board spokesman said losses were covered by the stabilisation fund, which was made up of contributions and levies paid by meat farmers.

He said a tiny percentage of meat was exported and this was surplus stock which could not be sold locally.

The R5-million loss was minimal when one considered the meat industry was worth R1 000-million a year for the producers alone, he said.

X

DISEASES OF THE GENITO-URINARY SYSTEM

25-44	0,02	[illegible]	[illegible]	[illegible]				
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

IX

DISEASES OF THE DIGESTIVE SYSTEM

	W		A					
	M	F	M	F	M			
0-1	0,17	0,08	0,10	0,21	0,7[illegible]			
1-4	0,01	0,01	0,00	0,00	0,0			
5-24	0,02	0,01	0,03	0,01	0,C			
25-44	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
45-64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

Maize export losses: footing the bill

RDM 17/4/81
Maize (74)

By GERALD REILLY
Pretoria Bureau

MODERATE members of the Maize Board have fought off attempts by the National Maize Producers Organisation (Nampo) to make consumers pay for part of the huge losses expected on this year's export surplus of more than 6-million tons, it is understood.

Among them was the chairman, Mr Ben Wilkens. It is believed the view was that to load the coming higher consumer price with a levy to help pay export losses would have imposed unjustified hardship on lower income groups.

Another argument against making the consumer jointly responsible for the loss was that farmers must accept the normal commercial risk of producing a surplus.

At its congress in Klerksdorp earlier this year Nampo asserted that the Government and consumers should be jointly responsible with producers for any export losses — "because a big maize crop benefits the whole country".

And although no confirmation could be had from the board yesterday, it is likely that the board's price recommendation to the Government provides that producers should foot the entire bill for export losses.

Which means that the production levy will be high — between R10 and R14 a ton.

If the consumer had been made to carry part of the loss, consumer prices of maize products could have risen, by substantially more than 20%, including the expected higher price.

The new price of about R145 a ton is expected to be announced by the Minister of Agriculture, Mr Pietie du Plessis, next week. The current price is R122 a ton.

Meanwhile Nampo is now in a position to take control of the Maize Board when the new board is appointed in June.

1980 agriculture exports soar but so does inflation

74 STAR 20/4/81

By Charlene Beltramo

Last year was a blockbusting success for the agricultural sector which exported a third of its products and showed an increase in gross value of 31,5 percent.

In the same year food inflation topped 29,5 percent — an increase of almost 14 percent on 1979's figure.

These facts emerged in a report on the economic overview of the agricultural sector up to March 1981, compiled by Mr Johan Willemse of the South African Agricultural Union.

Mr Willemse said personal incomes were 17,76 percent higher in the third quarter of 1980 than in the previous year. This had led and would lead to higher demand for protein, fruit and vegetable products.

He said this could cause additional increases in price. Last year consumer prices for meat and vegetables rose higher than for any other products and had a major fuelling effect on the inflation rate.

Meat rose 57,3 percent in price and vegetables cost 29,6 percent more.

The export of agricultural products during 1980 topped R212-million — 27 percent higher than in 1979 and 22 percent of all SA exports in 1980.

The gross value of agricultural products reached a comfortable R5 711,8-million, an increase of 31,5 percent.

Maize fetched R1 295,3-million; wheat brought in R406-million; and groundnuts had sales figures in excess of R88-million.

Mr Willemse said price rises for the first quarter of 1981 were considerably lower than for the same period last year — 9,5 percent compared with 26,7 percent. He points out that good harvests this year should have a further favourable effect.

But he conceded that many price increases scheduled for this time of year had not come through because of the pending elections. This could give a false slant to statistics.

..../were resettled in

1976 and 1977 under the Group Areas Act[3].

214 Children were seen from three areas of Nqutu township whilst 202 were seen from four different parts of Nondweni. The areas were chosen at random and the children were seen on a door to door basis.

RESULTS

The results of mid upper arm circumference measurements of 464 children living in Crossroads and 416 children living in Nqutu and Nondweni are shown in Table 1. The incidence of both mild and severe malnutrition was significantly higher in Nqutu and Nondweni (7,3%) than in Crossroads (1,9%).

TABLE 1 : INCIDENCE OF MALNUTRITION AS DETERMINED USING THE SHAKIR STRIP

	CROSSROADS	NQUTU AND NONDWENI
Number of Children	464	416
Mild to Moderate Malnutrition (Arm c 13,5 to 12,5 cms.)	1,5%	6,1%
Severe Malnutrition (Arm circ. < 12,5 cm		
TOTAL		

$chi^2 = 13,85$

$p = <.001$

RAND DAILY MAIL, Wednesd

RDM 22/4/81

74

Import duties on cars to stay same

Own Correspondent

CAPE TOWN. — Duties on imported cars are not to be raised, but the availability of import permits for the vehicles has been sharply restricted.

A spokesman for the Division of Import Control at the Department of Industries yesterday said recent changes in policy meant new vehicles could be imported by companies only if they manufactured similar vehicles locally. For example, General Motors could import a GM vehicle.

Only official distributors who had the necessary agreements overseas to provide parts and service back-up for specific cars could bring them in.

Previously anyone registered as an importer could import foreign vehicles.

Private individuals would still be "considered" if they wished to import a vehicle, but they would have to confirm that they were aware of duty and other charges and that they would not hold the South African Government responsible for possible non-availability of parts and service.

The spokesman said that in spite of rumours to the contrary, no increase in the import duty on vehicles was imminent.

Imports and falling gold knock trade surplus

25/4/81 RDM

~~46~~ 74

By HOWARD PREECE
Financial Editor

A 34% rise in imports and the sharp tumble in the gold price combined to reduce South Africa's trade surplus to R580-million in the first quarter of this year, according to preliminary figures from Customs and Excise.

The Customs figures as supplied to the South African Press Association, however, make little sense in some key areas.

It would, therefore, be highly unwise to draw many conclusions from them until clarification can be given.

According to yesterday's statement to Sapa, the trade surplus in the first quarter of 1980 was R1 501-million.

It was given, however, as R2 468-million in April last year.

Total exports (which should include all gold) are said to be R4 450-million for January to March.

That looks reasonable, allowing for the normal provisional nature of Customs figures.

But these are supposed to compare with only R4 393-million for January to March 1980.

Again, in April last year total exports for the first quarter of 1980 were said by Customs to have been R5 220-million.

Also Customs said in March this year that total exports in the first two months of this year were 17,4% below the 1980 level.

It seems, then, that the import figure is at this stage the only safe, or comparatively safe, statistic in the latest Customs figures.

The 34% rise for the first quarter is over 10% down on the rate at which imports were increasing over 1980 as a whole.

But from that higher base it means that imports are continuing to increase rapidly, although how much of that is volume and how much is price is uncertain at this point.

TABLE 6: TIME TAKEN IN T

Percentage of patients taking:

Time:

Less than ½ hour

0 - 55 mins

1hr - 119 mins

2hrs - 179 mins

3hrs - 239 mins

4hrs - 299 mins

5 hrs +

Total no.

. One way journey

51 2 10 23 65 24 .. Coke

TABLE 7: WAITING TIME

% patients waiting:	McCords	Umlazi	Masana	Mount Coke
Less than 1 hr	13	34	35	5
1 hr +	21	34	16	12.5
2 hrs +	41	25	13	12.5
3 hrs +	21	7	16	27
4 hrs +	2	1	2	25
5 hrs +	2		18	19
Total no.	195	179	83	64

Mean waiting time at Groote Schuur was 3 hrs 45 minutes.
Mean waiting time at Day Hospitals was 2 hrs 2 minutes (ranging from 95 minutes at Dr. Abduruman to 139 minutes at Heideveld)

TABLE 8: PREVIOUS CONSULTATIONS

% of patients who had previously consulted:	McCords	Umlazi	Masana	Mt. Coke
G.P.	31.5	8	15	8
Hospital or clinic	9.5	12	14	5
Indigenous practitioner	11*	3*	8*	3*
No other consultation+	55+	79	70	84
Total no.	195	179	85	64

*These figures appear to grossly underestimate consultation of other practitioners.

+Percentages do not add up because some respondents had previously consulted more than one type of other facility.

SUNDAY TRIBUNE, APRIL 26, 1981

Julie Tamsen looks pleased with South Africa's latest export.

SWITCHING ON TO EXPORTS

S. Tribune 26/4/81

Financial Correspondent

74

TELEPHONE Manufacturers of South Africa (TMSA) will become the world's largest exporter of electro - mechanical telecommunications equipment in a year or two.

It is already supplying uniselector switches and motors to Italy on a regular basis and recently signed an agreement with the Hong Kong Telephone Company, which operates 64 exchanges serving 1.5 million telephones, to supply it with spares for the next 15 years.

In addition, it is currently servicing inquiries from New Zealand, Australia and Israel. It is logical to assume that in the near future it will also be receiving inquiries for equipment from nearly all the countries in the Western world that still operate electro-mechanical telecommunications equipment.

The reason for this is that manufacturers of telecommunication equipment in Europe and America have switched to the manufacture of electronic telecommunication equipment, leaving TMSA as one of the few and certainly the largest manufacturer of this type of equipment in the world.

Johnny Viljoen, a senior engineer at TMSA, said he believed the company's export business was only just starting and that it would grow to enormous proportions as more and more countries became reliant on it for spares for their electro-mechanical equipment.

There is an assured market for this type of equipment in South Africa for many years to come. Although the Post Office is switching to electronic equipment, many of the new exchanges it is installing are of the elctro-mechanical type. When the electro-mechanical exchanges in the larger cities, such as Johannesburg, Durban and Cape Town are replaced with electronic exchanges they will be rebuilt, made into smaller units and installed in smaller towns.

TMSA, which is one of the big three suppliers to the Post Office, currently has a turnover of about R100 million and is expecting its developing export business, as well as the manufacture of electronic equipment, which it will start next year, to give this figure a solid boost.

The company employs 3 000 people at its Springs plant and is jointly owned by GEC of the UK through its wholly-owned local subsidiary, AEI Henley, and Plessey UK, through its wholly-owned local subsidiary, Plessey South Africa.

..9/...

ACKNOWLEDGEMENTS

This survey [illegible] encouragement of [illegible]

Dr Guy Bayers [illegible] St Lucy's Hospital when the project was first [illegible].

Before leaving for the [illegible] I discussed the project with Dr Stanford of the [illegible] Institute and with Dr Stott of the [illegible] Hospital. Dr [illegible] and Mr [illegible] of the South African Tuberculosis Study Group provided me with much useful local information and advice before I arrived.

Dr and Mrs [illegible] not only made me welcome at St Lucy's, but also provided me with a grant from the research fund of the hospital and lent me a Land Rover.

Mrs Va and Mrs [illegible] were indefatigable [illegible] and guides; I owe them a particular debt for leading me past the many pitfalls of working in an alien culture.

Sister [illegible] helped me to [illegible] test the children.

My somewhat jejune statistics have been entirely re-worked by Mr G.B. Newman and Mr Suneil Shahyar

Finally, I have discussed aspects of the survey with Dr Stanford and Professor Miller, and I am grateful for their comments and criticisms.

...10/...

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Westcott and Stott (n.d.) Family incomes in the Tsolo area (mimeograph)

R120 a ton export maize

RDM 28/4/81

SOUTH AFRICAN maize exports for the 1981-82, May to April, marketing season are estimated at 5 390 000 tons — up from 1980-81's forecast exports of 3 570 000 tons, says the Maize Board.

Exports will be from 1980-81, September to April, crop which is projected at a record 13 420 000 tons against 10 730 000 tons in 1979-80.

The board says closing stocks at the end of this month are 2 410 000 tons against 1 630 000 tons estimated a month ago.

In March, 210 000 tons of yellow maize were exported at an average price of R120,32 a ton against February's 224 000 tons at R122,86 a ton.

A total of 42 000 tons of white maize were exported in March for an average price of R120,40 a ton against 56 000 tons in February at R123,95 a ton.

There were no sales of grain sorghum in March after 14 000 tons were sold in February for an average price of R115,27 a ton. — Reuter.

SA's exports fall by R819m

RDM 29/4/81

(74)

By HOWARD PREECE
Financial Editor

SOUTH African exports, including gold, fell by R819-million in the first quarter of this year, according to preliminary estimates by the Department of Customs and Excise.

The drop was from R5 279-million to R4 450-million.

Imports rose, however, from R2 891-million to R3 870-million.

This meant that the trade surplus for January to March slumped to R580-million from R2 388-million in the 1980 equivalent.

These points emerge from figures supplied yesterday by Customs.

Business Mail pointed out last Saturday that there were clearly some major errors in the Customs data originally supplied for the January to March comparisons for 1980 to 1981.

The basic mistake was that exports for the first quarter of last year were given as R4 393-million when they were actually R5 279-million on correct Customs calculations.

Gold production fell marginally from 168 502 kg in January to March 1980 to R162 798 kg in the same period this year.

That is a fall from 5 417 488 oz to 5 234 052 oz.

The average gold fixing over the two quarters fell from $632 to $518, although this would have been slightly offset in terms of rand earnings by the lower dollar value of the rand.

Net gold output in the first quarter of 1980 was officially valued at R2 795-million by the Reserve Bank.

On the basis of the lower gold price and production it looks as though that figure would have been around R500-million or so less for January to March this year.

On the basis of the Customs figures, however, that would mean non-gold exports were also lower, by around R300-million.

Given the provisional nature of Customs figures that might well be some way off the mark.

Over half SA maize crop sold overseas

Argus 29/4/81

74

Argus Correspondent

PRETORIA. — More than half of this year's maize crop will have to be sold on the export markets.

The Minister of Agriculture and Fisheries, Mr P T C du Plessis, said this week that an exceptionally large crop was produced on about the same surface area as that of the previous year and must be marketed for the producer's account.

He said it cost the Maize Board R41 a ton to sell maize on the export market.

'On the other hand, a sustained increase in the cost of maize production is being experienced owing to factors over which the maize industry has no control. Attention may be drawn to the sustained rises in the cost of production items such as labour, fertiliser and machinery and implements.

NET INCOME

'It cannot, however, summarily be accepted that at an unchanged price the maize producer's position will be worse than in the previous year. The increase in the maize crop will put R316-million more into the pockets of the producers.'

After the increased production costs of R220-m had been deducted from this amount, the net income of maize farmers would still rise by R96-m. To a producer with 500 ha under maize, this meant, on average, an increase of approximately R10 000, said the Minister.

'The effect of the increase in the maize price on the rate of inflation was naturally also an important consideration in the determination of the price. In this connection, the position was that the inflation rate was 16.2 percent a year.

BRAKING EFFECT

'The fact that the selling price of the maize has been raised by 9.5 percent only should have a braking effect on the inflation rate. It is also important that the price of a major food product such as maize, which also represents an important cost item in other food industries such as red meat, dairy products and poultry, increases this year at much less than the overall inflation rate.'

EXPORT SUCCESS

Export market should pick up

S. Tribune 3/5/81 (74)

Finance Editor

WANING exports — down R819 million to R2 891 million in the March quarter — should not dampen the spirits of exporters.

The expected slowdown in the growth rate of the overheating South African economy and the expected revival of the United States economy, signal an upsurge in non-gold exports by at least the end of the year.

It takes about six months to break into an export market and now is the time to get back into exports, says Nora Hill, regional manager of the trade promotion organisation Safto.

She says the drop in exports was most marked in sophisticated products to Europe, with Germany — South Africa's main trading partner last year — looking particularly dismal.

She expects the export market to start picking up now especially with the United States and the Far East, including Taiwan and Hong Kong, looking much brighter.

There are already signs that the South Arican economy is coming off the boil and many manufacturers will have to turn to exports to maintain and improve their production rates.

While exporters generally report a downturn there are still a few manufacturers such as Electromatic in Pietermaritzburg and Durban Clothing who report outstanding export performance. Other entrants to the Sunday Tribune/Safto Exporter of the Year competition are reporting good results which are remarkable in the extremely difficult export markets of the last year.

Many manufacturers realise the disruptive effect of a stop-start export performance and have made great efforts to at least keep a toe in the door.

Ronald Lazarus, of Non-Ferrous Metal Works in Durban, says exports of bronze bushes, brazing rods and brass extrusions dropped considerably but fortunately the company has a wide spread of markets and fights like "cats and dogs" to keep a presence despite having to keep a low profile.

There should be little difficulty breaking back in when the market abroad improving.

Gerry Naidoo, secretary-accountant of City Metal at Isipingo, says the export market dropped in the second half of last year but sales had picked up and the company is going flat out with production of stainless steel sinks and other products for the local and export markets.

The Huski group, which makes cane furniture, dropped exports to a third but is now making good headway again.

Natal Co-operative Timbers, a runner-up in last year's competition, has lost some of its round wood market for pulp mills recession, but there is because of the overseas no change with its long term chip supply to Japan. Ken McLeod, general manager, says the award last year has helped export promotion by showing the company has good standing and background.

Bumper maize crop a transport problem

Argus 4/5/81

(74)

Maize

Argus Correspondent

JOHANNESBURG. — South Africa's export maize surplus which cannot be transported this year will be shipped out of the country next year, according to the general manager of the Maize Board.

Mr Hennie Nel denied a report that lack of capacity on South African Railways and 'a major transport crisis' meant that only two-thirds of the export crop could be moved.

The Railways and the Maize Board agreed in January and February to transport 5 to 5½-million tons of export maize during the 1981—82 season — well above previous figures — which a Railways spokesman said was the maximum it could cope with in view of the capacity of trucks, lines, grain elevator equipment and ships available.

RECESSION

The Railways spokesman said: 'A big system like the SAR normally has a reserve capacity to absorb fluctuations of traffic. Due to the financial recession of the late '70s, cash provision for a number of capital projects was decreased over a few years, resulting in a delay in completion of some of the big improvement schemes in the system as a whole.

He denied there was a major transport crisis.

'As funds become available, we are making improvements but it should be pointed out none of them is being done just with maize in mind as there has been no indication of an increase of exports beyond SAR capacity.'

Mr Nel said the Maize Board wished to compliment the Railways for doing a 'marvellous job' in transporting the maize, seven days a week with a shipload of cargo leaving the country daily.

'BETTER ORGANISED'

'Nobody could accuse the Maize Board or the SAR of not doing its homework. We are already moving double the quantity that we could have coped with two years ago because of better organisation,' he said.

The two-million ton export surplus could be moved next year but if this year's crop was below average as the result of a drought or other factors, it would provide much needed food for the

BUSINESS

Clothing scarce — but SA makers seek protection

Own Correspondent

CAPE TOWN — Clothing retailers report that sales worth millions of rands are being lost because booming factories cannot supply the goods they need.

"Despite record levels of clothing imports, supplies from national factories are not keeping pace with demand and the position is getting worse by the day," says a report by the Cape Town Chamber of Commerce.

"The Chamber can cite countless cases, of late deliveries, cancellations of orders and unfulfilled promises by clothing factories."

IMPORT CONTROL

The chamber wants import control removed and says its continued application is contrary to the country's best economic interests.

Clothing manufacturers have called for higher customs duties and tight control of clothing imports which could pose a threat to employment in the industry.

Replying to the industry's claims, the chamber said that Customs tariffs on clothing imports are already at high levels, ranging from 35 to more than 100 percent, and hit cheaper clothing imports particularly hard.

"Efficient clothing manufacturers have not only held their own in overseas export markets against Far East competitors, but many have been able to increase their market share."

To suggest that tighter import curbs were needed to safeguard employment in the industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets.

Nearly all efficient clothing producers had full order books and could not keep pace with local as well as export demands.

"There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up uneconomic manufacturers that siphon off scarce resources and add to costs that can only lead to higher prices for retail buyers."

Mr James Greenhalgh, chairman of the Cape Town Chamber of Commerce's foreign-trade committee, said that every businessman recognised the need to support local industry, but there was room for imports of the goods which they were not geared to make.

Mr Rein Badings, group merchandise controller of Stuttafords, claimed that factories were overcommitted and could not supply efficiently.

Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled. Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500 000. "It will be the same in the summer season and it could mean another R500 000," he said.

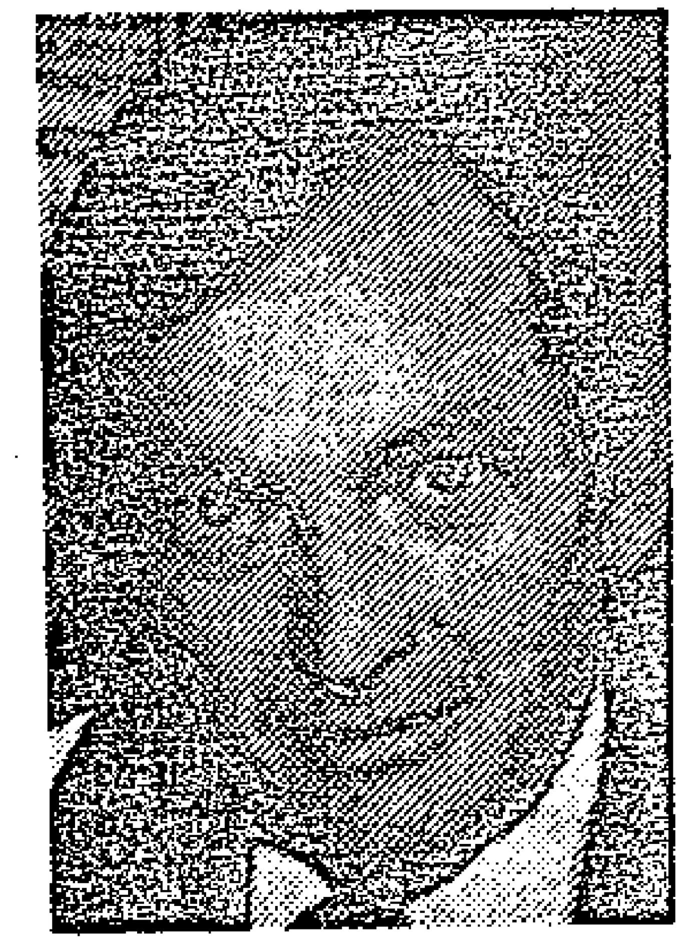
With only a few weeks to go before the cut-off point for winter-season deliveries, only 48 percent of orders had been filled. Cancellation could be about 30 percent across the group.

"This plays havoc with budgets. If we don't have the merchandise in time it is too late to import for the season."

Manufacturers gave priority to the big chains at the expense of the smaller retailers, he claimed.

"We are being forced to import more goods but clothing was not affected by the relaxation of import permits in the last budget and we only get 60 percent of the permits we apply for. Only increased competition from imports will stimulate clothing firms to be more competitive."

Mr Philip Krawitz, a managing director of Cape Union Mart and Sparks and Ellis, said that goods ordered last June and July from manufacturers have still not been delivered. Letters from 11 manufacturers showed delays as long as eight and nine months.



Mr Charles Humphris has been appointed group national sales manager of the Argus Marketing Division. Mr Humphris, who is well known to advertising agencies and clients, was previously advertisement manager of Post Transvaal and Sunday Post and subsequently Sowetan.

Dollar soars

LONDON — Sharply higher US interest rates sent the dollar soaring on foreign exchanges yesterday, adding to the problems of European banking authorities already hard-pressed to contain the American currency's recent vigour. — Sapa-Reuter.

MACHINE TOOLS (74)
FM 8/5/81

Second time around

Rising costs and long deliveries of new machine tools are encouraging more companies to look to the second hand market. At present, SA is well supplied from recession-hit industry in the UK and Europe.

Unaudited figures for 1980 show that the demand for machine tools reached more than R180m during 1980, almost double the 1979 figure of R97,5m. Of that, an estimated R30m plus was spent on second hand tools (which are not separately identified in trade statistics).

Demand for the imported product is expected to rise to more than R220m in 1981 and dealers in second hand machine tools expect local sales to rise to R50m.

Claus Feldmann, a consultant who represents a number of German and British machine tool manufacturers, says demand has increased out of all proportion. He is, he says, expecting record turnover.

Feldmann, who sells mainly to the production engineering sector, says the companies he represents achieved a higher turnover in the second-hand market in the last six months of 1980 than in the previous three years. This year it is expected to be even better.

Fred Thompson, of F Thompson Machinery Tools, says some machines come from France, Germany and behind the Iron Curtain. But most are from Britain. Thompson has been importing for 10 years. He says he is currently bringing about £1m worth of machines in a year and stocks machines worth R2m-R3m.

He believes, however, that the market is close to saturation point and says government should not be issuing import permits quite so freely to engineering companies which are speculating with the machines. The used machine tool industry is of economic importance to the country, he says, and there are now a lot of people cashing in on speculating.

Thompson says the Used Machine Tool Merchants Association, which was formed just over a year ago, was intended to provide some back-up to buyers. Members offer a three-month guarantee on refurbished or reconditioned machines, unless a voetstoots sale has been specially negotiated.

Although Feldmann also buys from the UK, he says better deals are to be had from Europe where better quality machines of newer vintage are available.

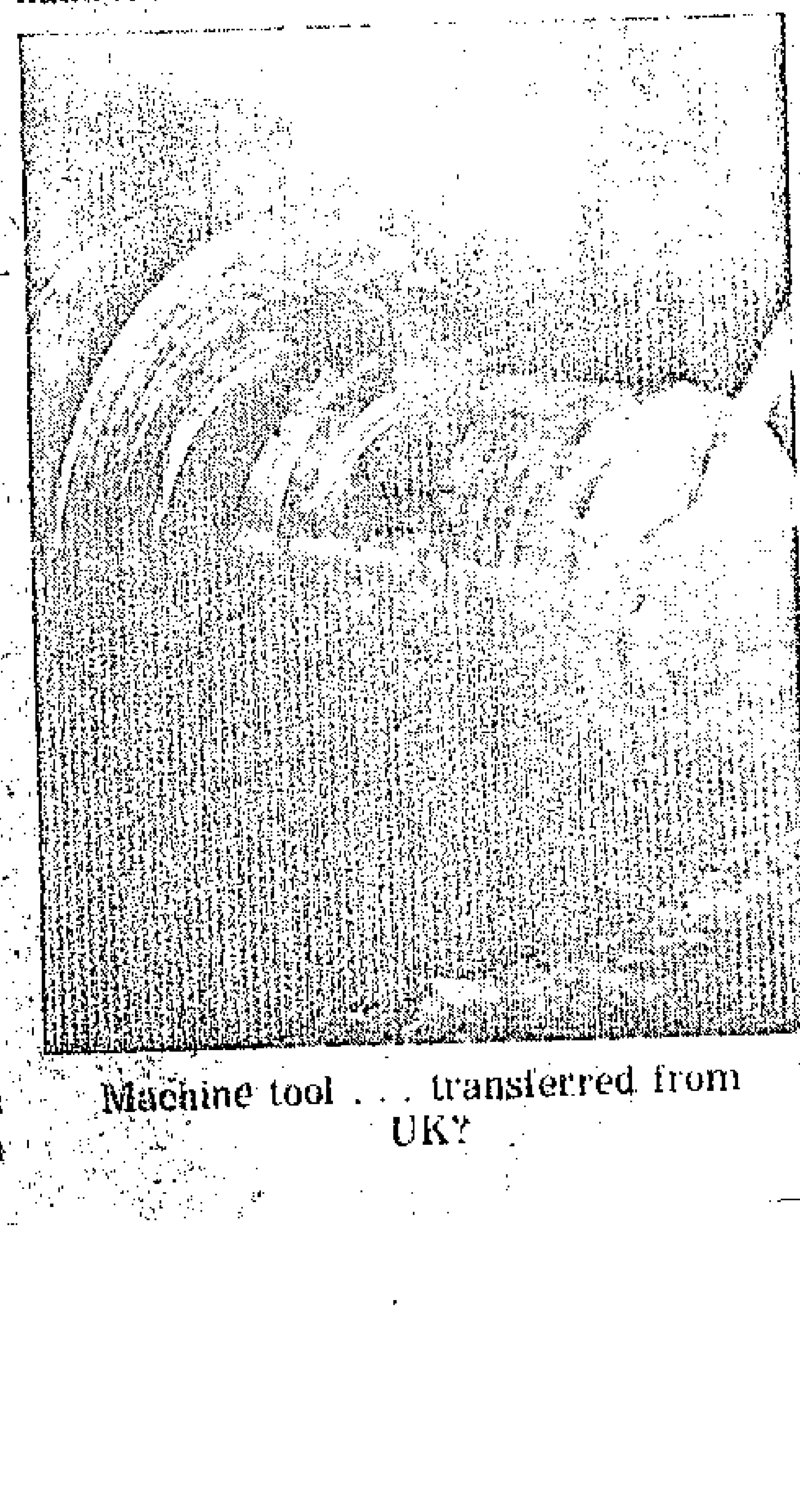
The obvious attraction of the second-hand machines is cost. Thompson explains that it would often be suicide for a small manufacturer to buy new machines. He can, he says, set up a maintenance shop for about R40 000 with used tools, against about R100 000 with new.

End buyers are getting the used tools at about 40%-60% of original price. The market is not restricted to smaller companies and dealers list several major corporations among their clients. One reason cited was the long lead time, often in excess of 18 months, which manufacturers are quoting for the delivery of new machinery.

Speculators are obviously attracted by the profits. An Israeli dealer who buys machine tools from liquidated British companies and sells them in SA was quoted recently as saying he had bought a post-war down-stroking press brake from an insolvent company for £3 200. He will sell it in SA, he says, for about £18 000.

The dealer, Pinchas Osierne, said SA was the busiest market in the world for second hand machine tools. He also sells in Israel, France and West Germany. He intends buying £200 000 of machinery a month before the market turns down. But he doesn't say when that will be.

Thompson points out, however, that profits are not all that handsome. High transport charges have to be considered as well as the high cost of maintaining a skilled labour force to refurbish the machines.



Machine tool . . . transferred from UK?

Export aim

RDM 7/5/81

74

A TRANSKEI company which supplies South Africa's tartaric acid and exports to Taiwan, Australia and Chile, hopes to break into US and Central American markets soon. Butakem, of Butterworth, Transkei, is increasing its production of malic acid to 100 tons a month to meet increased demand on foreign markets.

NOTICE 318 OF 1981/KENNISGEWING 318 VAN 1981

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

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

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

PERIOD: JANUARY TO MARCH 1981—TYDPERK: JANUARIE TOT MAART 1981

TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES
TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE

World zones—Wêreldstreke	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
Africa—Afrika	65,8	65,5	245,7	262,4
Europe—Europa	1 627,4	1 197,9	1 230,9	1 260,1
America—Amerika	627,9	438,3	455,9	505,8
Asia—Asië	595,1	342,4	436,7	467,0
Oceania—Oseanië	33,2	22,2	25,3	25,8
Other unclassified goods and balance of payments adjustments / Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	920,6	824,8	2 044,5	1 859,8
Ships'/Aircraft Stores/Skeeps-/vliegtuigvoorrade	—	—	11,5	12,0
Grand total—Groottotaal	3 870,0	2 891,1	4 450,5	4 392,9

TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN
TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCCN

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
I. Live animals; animal products / Lewende diere; dierlike produkte	15,4	8,2	29,8	45,7
II. Vegetable products / Plantaardige produkte	65,7	50,1	196,0	196,8
III. Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes / Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse	13,5	18,6	13,6	10,1
IV. Prepared foodstuffs; beverages, spirits and vinegar; tobacco / Voorbereide voedsel; dranke, spiritus en asyn; tabak	58,3	32,3	77,3	117,6
V. Mineral products / Mineraalprodukte	59,8	58,7	420,3	368,9
VI. Products of the chemical and allied industries / Produkte van die chemiese en verwante nywerhede	257,4	239,8	88,4	107,3
VII. Artificial resins and plastic materials, cellulose esters and ethers, and articles [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VIII. 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) / Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers, artikels van derm (uitgesonderd sywurmsnaar)	12,4	8,8	21,6	37,4
IX. Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting material; basketware and wickerwork / Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk	25,7	21,2	7,7	13,1
X. Paper-making material; paper and paperboard and articles thereof / Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan	80,7	63,3	30,8	43,9
XI. Textiles and textile articles / Tekstiele en tekstielartikels	171,0	118,0	110,1	110,7

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
XII. Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar; waaiers	15,2	8,4	4,9	3,1
XIII. Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware	35,0	24,7	10,3	12,6
XIV. Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke	16,1	13,9	640,3	620,0
XV. Base metals and articles of base metal . Onedelmetale en artikels daarvan	201,0	145,2	357,2	468,1
XVI. Machinery and mechanical appliances; electrical equipment; parts thereof Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan	1 054,6	714,7	64,9	61,5
XVII. Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting	568,1	303,7	58,5	32,0
XVIII. 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 Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en - weergewers, magneties; onderdele daarvan	137,7	93,1	9,1	5,8
XX. Miscellaneous manufactured articles Diverse vervaardigde artikels	26,9	17,8	5,1	6,1
XXI. Works of art, collectors' pieces, and antiques Kunswerke, versamelaarsstukke en antieke	9,8	2,2	9,7	3,0
Other unclassified goods and balance of payments adjustments. Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings.	927,2	834,0	2 290,0	2 110,5
Grand total—Groottotaal	3 870,0	2 891,1	4 450,5	4 392,9

(8 May 1981)/(8 Mei 1981)

NOTICE 319 OF 1981

DEPARTMENT OF COMMUNITY DEVELOPMENT AND STATE AUXILIARY SERVICES

NOTICE OF DETERMINATION OF COMPENSATION

To:

THE PERSON MENTIONED IN THE UNDERMENTIONED SCHEDULE AND TO ALL INTERESTED PARTIES

1. The property described hereunder of which you are to the knowledge of the Community Development Board, established under section 2 of the Community Development Act, 1966 (Act 3 of 1966), as amended, the registered owner, is required by the said Community Development Board.

2. The property was therefore expropriated on 24 October 1980 in terms of paragraph (a) of subsection (1) of section 38 of the said Act.

3. No claim in respect of the compensation was received as laid down in terms of section 9 (1) (b) of Act 63 of 1975.

KENNISGEWING 319 VAN 1981

DEPARTEMENT VAN GEMEENSKAPSONTWIKKELING EN OWERHEIDSHULPDIENSTE

KENNISGEWING VAN BEPALING VAN VERGOEDING

Aan:

DIE PERSONE HIERONDER AANGEDUI EN ALLE BELANGHEBBENDE PARTYE

1. Die eiendom hierna beskrywe, waarvan u na die wete van die Gemeenskapsontwikkelingsraad ingestel by artikel 2 van Wet op Gemeenskapsontwikkeling, 1966 (Wet 3 van 1966), soos gewysig, die geregistreerde eienaar is, word deur genoemde Gemeenskapsontwikkelingsraad benodig.

2. Derhalwe is die eiendom kragtens paragraaf (a) van subartikel (1) van artikel 38 van gemelde Wet op 24 Oktober 1980 onteien.

3. Geen eise ten opsigte van vergoeding soos bepaal kragtens artikel 9 (1) (b) van Wet 63 van 1975 is ontvang nie.

Pep forecasts 30pc spurt and begins big export plan

CT 9/5/81

THE reason for the rapid climb in Pep's share price in recent weeks is now apparent: Chairman Renier van Rooyen is forecasting "with confidence" a 30 percent spurt in pre-tax profits to R26m and a 25 percent acceleration in sales to R250m.

"I believe there is every indication that the vibrant economy which prevailed through the end of our last financial year shows no sign of a slowdown. More importantly, there is reason to believe that the disposable income of a large percentage of the people who support our retail operations is increasing.

"Our retail outlets and factories will continue to grow in number and size in the present financial year. We are planning additional production space to cope with the continuous increse in demand for our products by the outside, local and export markets.

"We have opened one more Shoprite outlet and six Pep and Half Price stores during March and April."

The report dicloses that capital commitments total R7,9m (R1,6m) of which R1,5m has been contracted. Commitments for the next 12 months are R3,6m leaving R4,3m for succeeding years.

Such is the continuing level of sales that he forecast there is now every indication that the group's target 12,5 percent on margins will be reached in the foreseeable future.

Last year profit margins recovered to 10 percent for the first time since 1977.

In an excellent annual report from a financial data point of view he gives an insight into corporate objectives.

"During the three lean years to 1980 our earnings on shareholders' funds dropped to just below 30 percent. But for 1981 they rose to 46 percent. We have developed the management and employee team and defined the market place opportunities that will enable Pep to maintain its earnings on shareholders funds at 30 percent, or more, a year."

And in the market place there appears to be a significant shift in Pep's market target. Over the next five years Pep is to relocate at least 200 of its stores into larger and more centrally situated premises and at the same time to fill the vacuum, the Half Price chain will be expanded to to fully cover the lower end of the market.

"Pep Stores will keep pace with the changing affluency of its orginal market which is rapidly developing into a stable middle-class community as a result of the sustained improvement in the quality of life and the narrowing of the wage gap between the black and white population groups.

"The target market is thus directed to the middle-class shopper with obvious peripheral benefits from the upper quartile of the lower-income groups and the lower quartile of the upper-income groups.

"Encouraged by research, our declared policy of enlarging and resiting Pep Stores outlets will gain momentum in 1981. This resiting of certain shops into prime areas plus the upgrading of other outlets will, we believe, materially bolster our growth potential. Ultimately it is our goal to increase the total square metres of trading space with a concomitant reduction in the number of Pep outlets.

On dividend policy Van Rooyen says it is aimed at maintaining at least a three-times covered dividend.

"In addition to providing our shareholders with a satisfactory return on their investmernt this policy will enable us to reduce our total debt and interest burden. Ultimately we aim to achieve a total liablity to equity ratio of as near as possible to 1:1 but not at the cost of our objective of at least a 30 percent after tax earnings on shareholders' funds.

The breakthrough into export markets is a most interesting development and follows a year's research into export potential of certain clothing lines.

In spite of the recession overseas Pep was encouraged by the success of trial orders and repeat orders. Orders worth R580 000 were confirmed — mainly underwear and jeans. The restraining factor was the lack of additional manufacturing capacity.

All group factories contributed to profits and with the exception of Pep Textile Industries, Transkei, the returns achieved investment criteria but the board regards PTI as a necessary investment due to its strategic nature as a producer of blankets and textiles.

The report deals with the stock holding which rose to R74,2m from R61,9m. Stockturn last year was 2,72 times.

"Raw materials on hand represent an average of five months forward produrtion. For any well planned manufacturing organisation it is vitally important to ensure that the raw material ingredients are readily available to meet production schedules.

"By choice we would prefer to reduce our raw material stock holdings but due to the less than perfect reliability displayed by the local textile industry this is not an easy task.

"Goods in transit due to our geographic spread (there are more than 500 stores) is a fact over which we have little control. At most times we have to accept that 10 percent by value of our total stock holding is in the process of conveyance somewhere in Southern Africa.

"With the full installation of point of sale data terminals scheduled to be completed during 1983 our stock management at the retail level will improve meaningfully"

Other points from the report are:

- The group had 400 Pep stores, 71 Half Price stores and 13 Shoprite branches at the year end — a gain of 16.
- Medium-term loans rose from R10,7m to R16,2m which were acceptance credits. Short-term loans fell to R4,8m from R8,2m. Long-term loans fell from R6,9m to R5,9m.
- Net asset value per share is 689c (519,2c).
- Pep Stores Peninsula, in which Pep has a 49 percent stake, increased pre-tax profits by 80 percent to R370 000 in the past year.

Export drive pays off for Durban Clothing

S. Tribune 10/5/81

74

Finance Reporter

IT has been a super time for export-conscious Durban Clothing which, following a sustained marketing drive, has gained valuable markets far beyond Britain — its traditional selling base.

It's a success story of a South African company's initiative which has hoisted its export earnings from R80 000 in 1978 to the multi-million rand level last year.

The drive by Durban Clothing to new horizons began three years ago when the company became part of the Dubin Investment group. Now Durban Clothing has firm footholds in the highly competitive countries of West Germany and Switzerland and to a growing extent in Holland and South America.

Says group export manager, John Blogg: "We concentrate on developing markets singly. Only by providing first-rate service — be it in the form of customer contact, firm deliveries, good packaging or product modification — can we help to overcome the initial disbelief that South Africa is a credible supplier of high-quality clothing."

Durban Clothing's chairman, A. Dubin, is every bit as enthusiastic on the importance of overseas ties and believes exports contribute to the stability of the company and therefore must form an integral part of the company's marketing operations.

Nominated Exporter of the Month in the March issue of Safto Exporter, Durban Clothing also had lady luck going hand in hand with its export build up.

Says Blogg: "After committing the cardinal sin of allowing our export business to fall off, we were very fortunate to be able to get back into the market relatively quickly."

The company found the German market a tough one to enter, with Switzerland tougher still, but persistence paid off and today regular shipments of suits, jackets and trousers are moving into the latter country.

* * *

- **ENTRIES for the prestige Sunday Tribune/Safto Exporter of the Year competition close on Friday. If there are any queries or requests for application forms please contact Phillida Seccombe or Jane Benjamin on Durban 324324.**

S. Times 10/5/81 74

Big balance of payments deficit forecast

By Andrew McNulty

A LARGE balance-of-payments deficit is forecast for South Africa during this and the next two years.

The forecast is made by a Senbank economist, Dr Hans Falkena.

There are dramatic implications for the business outlook and for the consumer.

A detailed study by Dr Falkena of the country's exports and imports outlook until 1985 shows that, while long-term prospects look exceptionally good for a developing country, the balance of payments (BOP) is about to plunge into the red and stay there until 1984.

He forecasts BOP account figures in the order of:

o 1981: A deficit of more than R2 000-million.

o 1982: A deficit of more than R3 000-million.

o 1983: A deficit of more than R2 000-million.

o 1984: A surplus of R300-million.

o 1985: A surplus of R1 800-million.

A key factor in these projections is assumptions made on gold-price movements, which Senbank expects will dip further and probably average around $500 over the coming three years.

While this looks a gloomy view on bullion, Senbank has done detailed studies on the gold market and was one of the few correctly to predict well in advance gold's decline in the past 10 months.

South Africa's credit rating overseas is high, and both the Reserve Bank and the private sector will have no difficulty in

o To Page 3

S. Times 10/5/81 74

Large balance of payments deficit

o From Page 3

finding money to meet the deficits overseas.

But off-spins of this scenario will include:

o Long-term interest rates will be above the inflation rate by next year, due either to an expected fall in the inflation rate or to still higher interest rates.

o Short-term interest rates could rise to the levels already seen in the United States — 17% to 18%.

o People will again be attracted to save and invest.

o Consumer spending will slow sharply.

o Black unemployment will again spiral. New jobs must be created at a rate of 1 000 a day if the problem is to be brought under control.

Dr Falkena expects real growth rates in the gross national product (GNP) of 5% in 1981, 2% in 1982, 2,5% in 1983, 4% in 1984 and 5% in 1985.

Foreign exchange earnings from exports, which totalled R19 846-million in 1980, are expected to drop by 12% in 1981 (a fall of 17% was forecast earlier this year), and in subsequent years show rises of 4%, 12,5%, 22% and 10%.

The imports bill, on the other hand, which totalled R14 283-million in 1980 after rising 46,7% in the year, is expected to rise this year by 14% followed by rises of 8,5%, 6,5%, 8% and 10%.

Imports of machinery and transport items will continue to rise strongly, stimulated by growth in infrastructural and other fixed-investment spending.

But major new export earnings growth will be achieved by 1985 in areas such as aluminium, ferro-alloys, iron and steel, gold, coal and locally made machinery.

Also, import substitution and associated exports will play growing roles in areas such as chemicals and defence.

SA producers miss white goods sales

RDM 11/5/81 (74)

By SUSAN DALLAS

IN SPITE of a surge in the sale of domestic appliances last year, SA producers continued to lose some of their market share to imports.

This is a conclusion of a review by the Standard Bank of the white goods industry — refrigerators, stoves, washing machines and others.

But controversy exists about solutions to, and causes of, the problem faced by SA manufacturers.

According to the review, manufacturers are operating below full capacity — most in the region of only 70% — because of their inability to compete with cheaper goods from countries like Japan and Italy.

But some retailers believe this argument puts the cart before the horse and maintain that if the industry increased its productivity and efficiency — and the range of products offered — it would be in a stronger position to compete with the imported goods.

According to Mr Arthur Solomon of OK Bazaars, South African manufacturers should produce a small double-door eight cubic foot refrigerator.

"There is a growing market for a small refrigerator like this, especially among blacks as more and more have electricity in their homes, and among flat-dwellers."

Although the review says there has been a strong growth in demand for domestic appliances, it says the SA industry's major handicap is that it still serves a relatively small market.

The annual sale of refrigerators in SA is 180 000 compared with 8-million in the United States. This means small production runs and relatively high unit costs.

Imports of domestic appliances have risen by 14% in the past two years, and imports of some types of imported washing machines quadrupled in the first nine months of 1980.

Imports are estimated to account for over a quarter of total refrigerator sales.

The review says these products are usually of high quality and are often sold at a price for finished goods below the SA industry's cost of labour and materials.

Tariff protection is controversial. The industry sees upward adjustments in Customs barriers as its only solution. It has applied for the 25% Customs tariff imposed on imported refrigerators and tumble driers in the early 1970s to be increased to 40%.

But Mr Solomon opposes tariff protection. He said: "As imported goods go up in price, manufacturers push up the price of local goods. That is inflationary.

"Imports help to stabilise pricing structures, avoid complacency about local goods and stimulate innovation."

But the review finds that the low level of production makes it commercially unattractive for manufacturers to expand, introduce new models or advance technology as often as their foreign counterparts.

On the other hand, protection means that consumers are discouraged from choosing the best and cheapest products from the range available on world markets.

The review describes as invidious the authorities' task of weighing these varied arguments.

Coal exports seen as major growth sector

A News 12/5/81

74 215 210

JOHANNESBURG. — Total mineral production in South Africa could exceed R30 000-million by the mid-80s, with increasing exports of power station coal representing the major growth sector.

This forecast was given by Mr Dirk Neethling, chief director of energy at the Department of Mineral and Energy Affairs, at a conference here on South African metals in a world context.

He said that if one considered the high-risk nature of mineral exploration and the large capital investment required to develop mines, it was evident that mineral development should be left to private enterprise rather than to government.

EXPORT SALES

A feature of the South African mineral industry was that it was export — orientated with an average 85 percent of revenue being earned abroad.

The contribution of the so-called strategic or critical mineral commodities, platinum, chrome and manganese, was on average less than 10 percent of total annual export sales.

In terms of value of annual mineral output South Africa was the third largest mineral producing country in the West after the United States and Canada.

It was the largest supplier of non-fuel minerals in terms of quantity.

South Africa was also one of Western world's major suppliers of vermiculite (80 percent), andalusite (49), industrial diamonds (21 percent), antimony trioxide (23 percent), fluorspar (21 percent), asbestos (12 percent), and of titanium slag and phosphoric acid.

It was also an important supplier of titanium minerals, iron ore, nickel, copper, lead, silver and zinc and is in addition self-sufficient in tin and cobalt with small surpluses available for export. — Sapa.

SA must create 300 000 new jobs a year

RDM 15/5/81

335 20 133

Deputy Financial Editor

SOUTH Africa will have to create 300 000 jobs a year this decade, and 400 000 a year in next decade for its soaring population, Mr Pierre Steyn, the general manager of Sanlam, told the Afrikaanse Handelsinstituut congress in Bloemfontein yesterday.

Speaking about the economic implications of the population growing from 28-million to 50-million by the year 2000, Mr Steyn said each new job needed a capital investment of R8 000. This meant the country had to invest R2 500-million a year to have full employment.

South Africa was not keeping up at present, he said. Between 1970 and 1977 more than a million workers came on to the labour market, while new jobs rose by only 360 000. This meant unemployment was becoming endemic, not just cyclical.

Mr Steyn said it had been estimated that South Africa needed 210 000 "executive officials" in the next 20 years. It was clear the white group alone could not meet the need — other groups would have to fill the gap. This implied a huge training and education drive.

In 1980, said Mr Steyn, there were 16 000 schools and 105 000 teachers for blacks in South Africa. The shortage was estimated at 20 000. By 2000, another 334 000 teachers for blacks would be needed. This meant 10 000 extra every year for the next two decades.

To house South Africa's rocketing population, a city the size of Johannesburg would have to be built every year for the next 20 years, he said.

Mr Steyn said closure of the wage gap was an accepted goal in South Africa. This was often misunderstood, however. It did not mean the average black wage would be equal to the average white wage — only that parity for quantity and quality of work was aimed at.

The average black worker currently received only 26% of the pay of his white compatriot. This meant the country had a long way to go.

When it came to narrowing the wage gap, it was important that wage increases for all population groups should be accompanied by reasonable increases in productivity — or inflation would continue at disquieting levels.

How weak links could hit exports

RDM 15/5/81

74 133 ~~30~~

By DAVID CARTE
Deputy Financial Editor

THREE basic weaknesses in South Africa's export situation could lop up to R5 000-million off export earnings, Mr L Barth, chairman of Stellenbosch Farmers' Winery, told the Afrikaanse Handelsinstituut congress in Bloemfontein yesterday.

According to Mr Barth, the AHI's chief spokesman on exports, the three inherent weaknesses were:

- Export earnings were more dependent than ever on highly volatile gold — which accounted for 47,5% of export earnings in 1980, compared to 37,5% in 1976;
- Many exports were commodities and these were highly vulnerable to overseas recession; and
- Industrial exports tended to rise when local demand was low, but tended to fall off alarmingly when it revived.

South Africa could do little about the gold price or the tempo of business activity in the countries to which it exported.

If the three weaknesses described occurred at once, Mr Barth said, the country could lose export earnings of up to R5 000-million.

A $200 fall in the gold price would drop export receipts by R3 500-million, an overseas recession would cut them by R1 000-million and a local upswing by another R500-million.

Mr Barth said South Africa had much to learn from Far Eastern countries such as Japan, Korea, Taiwan, Hong Kong and Singapore, that had risen from Third World poverty to wealth, despite raw material shortages.

These countries had the following in common:

- They had achieved their present, happier status only through exports;
- They exported manufactured goods, not raw material;
- This required skilled workers and a huge investment in education and training, which was strongly export-oriented;
- Workers at all levels were "amazingly well-trained, even over-skilled"; and
- Big and small firms were highly motivated — employers and employees subscribed to a strong work ethic and took great pride in their work.

Mr Barth suggested that an "Export 2000" campaign be launched.

It would be strongly marketing-oriented. The State and private enterprise would have to co-operate closely.

The export division of any firm should be staffed by top people, headed preferably by a director with a thorough knowledge of his target markets.

C. Herald 16/5/81

Clothing workers to lose jobs?

By ANEEZ SALIE

THOUSANDS of textile and garment workers could lose their jobs — and the market could be flooded with cheap imports — if the Government goes through with plans to drop certain import controls, trade unionists have warned.

The authorities plan to scrap controls on the amount of imports which could lead to a flooding of the local market with cheap and inferior quality garments and textiles.

With inflation at its current high level, consumers would choose the cheaper imported product instead of the higher quality, and more expensive local version.

A drop in demand for locally manufactured products would force producers to cut back on production resulting in retrenchments.

The assistant secretary of the Garment Workers' Union of the Western Province, Mr C Petersen, told of how the market was already well supplied with foreign cheap garments:

BIG WALK

'The union organised a big walk the other day and we decided to print teeshirts for the few hundred participants.

'When we priced a batch we found several foreign ones, and the cheapest was one from Taiwan.

'Although we would have saved quite a bit had we bought the readily available, cheaper foreign product we decided on a point of principle, to purchase a local one.

'That experience was really an eye-opener for us — if we needed one in the first place.

'The point to note is that the ordinary consumer would not have bought something on principle, but would rather have been influenced by the price.'

There are about 250 000 garment and textile workers in South Africa, representing a sixth of the workforce in the manufacturing sector.

Bearing in mind the workers' dependants, more than a million South Africans are dependent on the garment and textile industries.

The effects of excessive imports were felt in 1974 and 1976 when 15 percent of the employees in the industry were retrenched.

S. Times 17/5/81

74

Export of oil rig next month marks new SA industry

SECRECY OVER DESTINATION

By Jan de Beer

A SIGNIFICANT step in the development of a multi-million-rand export industry for South Africa — the export of oil drilling platforms — will begin early next month when the first of four oil rigs manufactured by South African industry is launched at Durban.

A veil of secrecy — ironic in the context of the manufacture of such towering structures — has been drawn round the manufacture of the rigs, which are, it is understood, destined for the American export market.

It is believed that the four rigs will earn South Africa as much as R70-million in foreign exchange, and that there are several other orders in the offing.

But the two industrial giants which have joined forces to give the comparatively new local industry a boost — the R277-million Darling and Hodgson group and the R818-million Murray and Roberts — are not commenting at present.

It is believed that the purchasers of the rigs and the South African Government are not in favour of too much publicity regarding the export order — obviously for political reasons.

Because of the large number of rigs being called for throughout the world, Darling and Hodgson and Murray and Roberts last year formed a joint company, Amardah Shipyards, operating at Durban, to concentrate on oil-rig manufacture.

A major factor in South Africa's securing the lucrative oil drilling platform contracts is the fact that the Republic has been able to supply favourable long-term financing facilities to purchasers, a facility which makes South African oil rigs competitive on the world market.

Exports of South African-built oil rigs have taken place in the past, but indications are that the rig to be launched during the next few weeks will be the first of several regular orders.

A second rig is, in fact, already taking shape at what was previously vacant land between the Elgin, Brown and Hamer shipyard and the Sandock Austral yard in Durban.

R25-billion for big new projects

S. Times 17/5/81 74

TAKE-OFF FOR IMPORT AND EXPORT REPLACEMENT

By Andrew McNulty

A TOTAL of R25 000-million is likely to be spent in the next five years on export and import replacement related projects.

Annual expenditure on these projects will average at least R5 000-million in 1980 money.

The forecast was made by Mr J Furze, manager of capital projects, Southern Cross Steel.

He told an NDMF post-election business outlook conference that "new venture" export-related projects will require spending of R16 000-million.

Spending on import replacement ventures will be R9 157-million.

The total, which excludes major projects such as the Atlantis diesel plant, accounts for 33% of the country's present total annual fixed investment.

Major spending directed towards exports comprises: gold mining (R5 320-million), coal mining (R1 850-million), other mineral mining (R1 182-million), agricultural products (R260-million), metal and chemicals (R2 085-million) and services needed for exports (R5 337-million).

Import replacements will create spending on synfuel (R7 552-million), fuel-replacement services (R350-million) and metal and chemical import replacement (R1 255-million).

Mr Furze says: "There is a strong move in South Africa to curb the money supply to beat inflation. I would like to make a strong plea to the Government to find some way whereby the export and import replacement projects can be given special consideration.

"We should take a long-term view and make short-term concessions. Implementation of these projects can put South Africa on a much broader industrial foundation and this will go a long way to alleviating our major socio-political problem, employment of our black population and provision of greater opportunity for them to advance."

Miss P Freer, director of Samson-Freer Economic Consultants, told the conference that in the private manufacturing sector there is currently little spare capacity, and any growth in output would have to be preceded by further increases in the real capital stock.

Even assuming an average growth of 3% a year over the next five years, private-sector fixed investment will have to grow by an average of about 4% a year in the period.

On average growth of 6% a year in the period, private-sector fixed investment would have to grow again by about 30% in real terms to about R12 000-million this year and continue growing by 7% a year.

She says investments of R5 100-million are projected for public authorities for 1981, requiring real growth of about 4% a year.

At the faster economic growth rate, further real growth in investment of about 20% would be needed in 1982 and the pace of investment would have to grow thereafter by about 5% a year.

More import protection called for

S. Times 17/5/81

(74)

By Andrew McNulty

THE South African white goods market has grown by 35% in the past eight months — but a whopping slice of this has been snapped up by imports.

The growth in imports has sharply outpaced overall market growth, generating loud demands from local manufacturers for more import protection.

Local producers, whose output is worth nearly R350-million a year, are now working at between 70% to 80% of capacity compared with only 50% during the last recession.

While the overall volume of imports rose 14% last year, unit increases in some cases were many times higher.

Department of Statistics figures show that imports of washing machines more than tripled, rising to 68 000 units in the 12 months to December 1980 compared with 21 000 in the previous 12 months.

Imports of refrigerators nearly doubled in the period, up from 35 000 to 61 000 units.

A new study by the Standard Bank says: "Purchases of some types of imported washing machines and refrigerators more than quadrupled in the first nine months of 1980 compared with the same period of the previous year."

Manufacturers have already applied to the Government for an increase from 25% to 40% in the duty on washing machines, and for adjustments in the duty formulas on refrigerators and tumble driers aimed at raising the landed cost of low-priced products proportionately more than that of higher-priced items.

Bobby Williams, managing director of Barlows Manufacturing, says that these measures are "very necessary".

"There was a strong growth in demand — about 35% in volume and about 40% in value — in the past eight months. But 50% to 60% of these figures were accounted for by imports.

"If the country wants to have a local industry then it needs some assurance that it can survive."

He adds, however, that imports normally rise with a surge in the markets and can be expected to fall when the downturn comes, assisted by an anticipated weakening of the rand.

He describes the market for white goods as still buoyant and no significant fall-off is expected this year, though a decline is forecast in the second half, leading to a drop in demand of about 15% for 1982.

"The industry now has a larger base and we don't anticipate any fall-offs as large as the last one."

Mr Williams expects growth of black demand for white goods to grow at about 7% to 8% a year, with demand boosted by the electrification of black urban areas.

A new study on the white goods industry by the Standard Bank finds that the level of imports and uncertainty about future tariff protection create doubt about the future health of the domestic industry.

"South Africa has become a useful outlet for a small but increasing portion of the production of foreign manufacturers hard pressed by the recession abroad."

The study finds that the industry has grown to a significant size, with total investment in domestic-appliance manufacture estimated at R150-million and employment at 20 000.

As a result of stagnant labour productivity and the trend to higher technology, there is a growing trend to capital-intensive production.

The sharp upturn since 1979 — the rise of 30% estimated by the study in one year alone is equal to ground lost during the entire recession from 1975 to 1978 — has encouraged substantial new investment, totalling R15-million in 1980.

But almost all the investment is geared to expanding production of existing lines rather than further import replacement.

Appliance imports threat to local industry—bank

Argus 18/5/81 74 1889

THE rising level of domestic appliance imports poses a serious threat to the 'fragile' local domestic appliance industry, the Standard Bank says in its latest review.

It says in the past two years rising real disposable incomes, a rapidly growing housing sector, the easy availability of credit and the postponement of new purchases during the recession have contributed to an exceptionally strong growth in demand for domestic appliances.

As a result South Africa has become a useful outlet for a small but increasing part of the production of foreign manufacturers hard pressed by the recession abroad.

Imports of domestic appliances have risen sharply in the past two years. While the overall volume of imports into the economy rose by 14 percent last year, early estimates indicate that unit imports of some domestic appliances more than doubled.

QUADRUPLED

Purchases of some types of imported washing machines and refrigerators more than quadrupled in the first nine months of 1980, compared with the same period of the previous year.

The increase in some other areas, notably air conditioners and small hand-operated washing machines, was even higher but these rises were from a low base.

The proportion of imports to total sales has risen appreciably at the expense of locally manufactured products. While total unit sales of domestic appliances from all sources rose by an estimated 30 percent last year, sales of most locally produced appliances moved up by only 15—25 percent.

Imports are now estimated to account for more than a quarter of total refrigerator sales, compared with 10 percent in the mid-1970s, and for almost half of automatic and twin-tub washing machine sales, against 35 percent almost six or seven years ago. Sales of locally produced washing machines appear to have experienced an absolute decline.

Italian and Japanese manufacturers accounted for the bulk of the increase in imports. Their competitive position has been bolstered by the fact tha' most of their products are of high quality and are sold at prices often appreciably lower than those of locally made items.

MAJOR HANDICAP

According to industry estimates, the free-on-board price of some finished goods imports, particularly of refrigerators, is below the local industry's cost of labour and materials for similar products.

More recently, imports of lower quality products from other countries, including Eastern Europe, have also shown a marked increase.

The local industry's major handicap is the small market which it serves, resulting in small production runs and relatively high unit costs.

The plight of the local industry illustrates the benefits and drawbacks of a policy of actively promoting self-sufficiency in areas where local producers do not have a com-

FINANCE

parative advantage over their foreign competitors.

On the one hand, the local appliance industry has helped domestic growth and job creation. It has brought new technology to the country and provided a useful market for several other important sectors.

But the creation and continuing protection of the local industry has also meant that consumers are discouraged from choosing the best and cheapest products from the wide range available on world markets.

In considering the industry's application for further protection — and similar applications from other sectors — the authorities have the invidious task of deciding which of these arguments deserves higher priority, the review says.

Coal galore available for export

RDM 21/5/81 (74)

By JOHN MULCAHY

FEARS that a further increase in coal export allocations will seriously endanger South Africa's reserves are unfounded, and even if the quota for export is doubled it will represent only a fraction of the mineable reserves.

The Department of Mineral and Energy Affairs recently completed a study showing that reserves amounted to 110 000-million tons compared with the 81 000-million tons estimated by the Petrick Commission in 1974.

The Minister of Mineral and Energy Affairs, Mr F W de Klerk, says the new estimate is a conservative minimum figure.

Further improvements in the reserve figures can be expected in terms of known coal deposits between the existing blocks in the traditional coal areas, previously ignored. In addition, technological advances can improve the currently accepted recovery percentages.

In completing its study the department took details from nearly 1 000 coal blocks from the traditional fields — Northern Natal, the Northern Free State, the Eastern Transvaal Highveld and the South Rand area west of Balfour.

The reassessment of reserves in the "phenomenal" Waterberg field was carried out from information received from more than 400 boreholes drilled by various parties. The coal field north of the Soutpansberg was assessed with the help of Iscor, according to Mr De Klerk.

South Africa's coal demand is expected to increase to about 250-million tons a year by 2000 and to 740-million tons by the year 2020. The cumulative domestic consumption figures from 1979 to 2020 represent a total demand of 12 000-million tons, or just over 10% of reserves.

Demand for coal for electricity generation is expected to reach 160-million tons a year by 2000 and 510-million tons a year by 2020 compared with the 49-million tons used for electricity generation in 1979. This represents an annual growth rate of 5,9%.

Future demand for synthetic fuels will primarily be determined by SA's long-term requirements for petroleum products, and an important factor in this regard is status of crude oil supplies to this country as well as the ability and willingness of the authorities to buy oil from relatively unstable sources.

Although crude oil supplies may remain relatively freely available in SA the economic impact of high-priced crude oil may well become so severe that the manufacture of synthetic fuels may increasingly be contemplated.

Mr De Klerk says the further development and improvement of oil-from-coal technology, such as methanol from coal and the development of processes like direct liquefaction to produce syncrude from coal, will make the use of coal as a raw material for conversion to synthetic fuels even more attractive.

The synthetic fuel sector is expected, under crisis free circumstances, to be responsible for about 20% of total inland coal demand in the years 2000 and 2020, says Mr De Klerk. This assumes that SA will be able to import the desired quantities of crude oil over this period.

If, however, for political, strategic or economic reasons SA should decide to become more self-sufficient in petroleum fuels, the demand for coal will be significantly increased.

Demand for metallurgical coal is expected to grow at an average annual rate of 4,8%, and this sector will claim a constant share of about 8% of the total annual demand from 1980 onwards.

Mr De Klerk says the forecasts for the metallurgical sector depend on technological developments in steel-making processes. "Of considerable interest is the utilisation of form-coke and the direct-reduction steel-making route."

The industrial and commercial sector is the only other coal-consuming sector of consequence, says Mr De Klerk, showing a relatively modest average growth rate of 4% a year. Demand for coal by the household, transport and mining sectors will effectively decrease in absolute as well as in relative terms.

The limit on exports from the expanded Richards Bay terminal has been set by the Government at 44-million tons a year and even if the quota is lifted to 80-million tons for the next 20 years the total amounts to 1 600-million tons which compares with the 60 000-million tons of extractable coal acceptable to world markets as steam coal.

An advantage to the domestic market in a higher export limit is the spin-off from new mining operations designed for export coal. While a developer may not find the establishment of a new mine to supply the SA market profitable, the benefits of selling abroad at far higher prices than available in SA are obvious.

In developing the export mine there is every possibility that surplus coal, or coal not suitable for the export market, will be extracted at the same time.

Mr De Klerk last week made a strong plea for urgent attention to be given to the extraction of different types of coal from one mine or from one coalfield.

He referred to projects where power station and export coal, as well as lower-grade coal from which methanol could be produced, were extracted simultaneously.

The optimal exploitation of coal through selectivity was of great importance if reserves were to be efficiently used, he said.

Call for protection angers importers

Argus 23/5/81 (74) (1185)

By Shannon Sherry

THE latest call by the domestic appliance manufacturing industry for more protection against imported products has caused a storm of protest among retailers and importers who believe import control is already excessive.

Two retailers, OK Bazaars and Victrix Furniture (Pty), said the major manufacturers, Defy and Barlows, raised their prices at least twice a year while relying on protection against imports to overcome their 'inefficiency and poor service.'

Mr Arthur Solomon, general manager of the furniture and appliance division of OK, said imported appliances were competitively priced, of better quality, more reliable and had more features.

DUTY R50

He said import controls should be relaxed. The duty on a washing machine had been R32 two years ago and was now up to R50, with the industry pressing for a rise to R80.

'When the black townships are electrified, there will be a new demand for small refrigerators and top-loading washing machines which are not made locally.'

Increased tariffs would be inflationary.

Local manufacturers would have to become more efficient to meet this new demand.

Mr Solomon said he preferred import quotas to import tariffs as the lesser of the two evils.

'At least then retailers would know what to expect and could plan accordingly.'

Mr Solomon's views were supported by Mr Colin Abel, managing director of Victrix, who accused the manufacturers of being 'virtual price dictators.'

He was, however, more in favour of tariffs than quotas as the latter would lead to fewer firms getting the products they wanted.

Imported products, unlike the local ones, seldom needed repairs, Mr Abel said.

Mr Vernon Katz of Indesit-Katz, the biggest importer of 'white goods', said it was 'ludicrous' that spares from a maker 10 000 km away were instantly available while it took up to eight weeks to get them from local producers.

He said the local industry was losing ground because of inefficiency and not because of unfair competition.

However, Mr Richard Newby, managing director

Continued on Page 3

Call for protection

Argus 23/5/81. (74) (1291)

From Page 1

of Defy, defended the industry's demands for more protection and said he would prefer import quotas to a tariff increase

The industry needed an assured market if it was to expand and introduce new products and create more jobs.

Denying allegations of inefficiency, he said: 'We have to be efficient because of strong competition from local and imported products. Defy is well aware of the effect poor service has on sales.'

Trade surplus tumbles

ROM 23/5/81

74

By HOWARD PREECE
Financial Editor

SOUTH Africa's trade surplus tumbled to R496-million in the first four months of this year compared with R2 907-million for January to April 1980, according to preliminary estimates from Customs and Excise.

These figures do not include the large deficit on services — dividends, insurance, shipping, etc.

This is now running at about R250-million a month, so the overall current account of the balance of payments looks to have showed a shortfall of R500-million for January to April this year, on Customs calculations.

The department says there was a trade deficit of R84-million in April from imports of R1 394-million and exports of R1 310-million.

For the first four months of the year exports were R5 760-million and imports R5 264-million.

In the same period for 1980 exports were R1 037-million higher, at R6 797-million while imports were much lower at R3 870-million.

Exports of gold bullion and imports of oil and military equipment are now included in the figures.

Customs calculations are, however, sometimes well wide of the final official mark and estimates based on them should not be taken too literally.

But a R500-million current account shortfall to date is in line with the broad expectation of several private sector economists that the deficit for 1981 will end up about R2 000-million in the red.

Mr Owen Horwood, the Minister of Finance, repeated his view in London this week that the current account could still end up in surplus this year.

That, however, really does look a complete non-starter on the present outlook.

For it to happen there would have to be a large upturn in the gold price and/or a remarkably sharp fall in imports.

At present gold would seem likely to be subdued in the immediate future by the high and rising level of interest rates in the United States.

Imports, on the other hand, are showing great buoyancy and, according to Customs, were 35% up in January/April against the 1980 inflow.

Economists are generally expecting imports to show a growth by rand value of about 25% this year.

It is reasonable to suppose that the level will ease in the second half of the year as the economy begins to feel the full effects of the slowing down in growth that is under way.

There is, in any case, no need for concern about the balance of payments at this stage.

Over 1977-80 the current account had an aggregate surplus of over R7 500-million.

Trade with Europe involved R2 202-million in imports and R1 573-million in exports in the first four months of this year compared with R1 639-million and R1 678-million respectively last year.

In the case of the US imports were R867-million (R595-million for January to April last year) while exports were R584-million (R683-million).

For Africa imports were up from R85-million to R94-million and exports were down from R352-million to R321-million.

Export markets vital — Safto

Argus 26/5/81 (74)

AN urgent appeal for South African manufacturers to give maximum attention to their export markets has been made by the general manager of the SA Foreign Trade Organisation, Dr P J Kieser.

'Our exports have dropped six percent during the first two months of the year, compared with last year, and will continue to do so as we are now running into a deficit on our trade account and balance of payments,' Mr Kieser said.

He said this situation was not unexpected and had been predicted by Safto a year ago.

VITAL

Mr Kieser said it was vital for local manufacturers to make the effort to develop their export markets now while the present boom lasted.

'They must remember that it takes about 18 months to develop an overseas market properly, and it is better to work from a position of strength rather than wait until all present markets have dried up.'

He said it was vital for the economy that the present export trend be turned around, since any swing upwards in the economy was usually export-led.

Referring to the United States export situation in particular, Mr Kieser said that roughly 18 percent of all merchandise exported from South Africa was to the US and it was this market that had shown the biggest drop — 11 percent during 1980.

Fish quotas hit profits

PROFITS of Willem Barendsz are unlikely to show any improvement over 1980's, warns the chairman, Mr Robert Silverman, in his annual review.

This is because pelagic fish quotas will be restricted to allow the resource to improve.

Quotas and an earlier close to last year's fishing resulted in a 38 percent drop in turnover to R1,8-million while profits plunged by 51 percent to R566 000 after tax. Dividends were cut to 8c from 11c.

Locally-made canned fish is no longer available and the industry is having to import fish from Japan and South America for selling under its own labels.

'We are supplying the local needs as well as keeping alive our traditional export markets,' says Mr Silverman.

The local balanced feed industry last year took up practically all the fish meal and only limited quantities were exported. 'All our fish oil was sold locally.'

Aussie bricks and goodwill for SA

31/5/81

74

As the rands roll in, the trade delegates smile into the storm

By MARSHALL WILSON

PERTH — A major row is brewing over Australian-South African trade.

This comes in the light of a trade delegation to South Africa against the unspoken wishes of the Australian Government.

Australia will export 8 000 000 building bricks to South Africa in the next few months, and negotiations are underway for further concessions to help beat the backlog.

But bricks apart, a number of other surprising commodities are also being negotiated for export, among them canned fruits and meat, muffins, chickens and turkeys, electronic goods and even grain.

But all this is against the Australian government's avowed abhorrence of apartheid.

A prominent Kalgoorlie industrialist, Mr Ron Manners, who has recently returned from a two-week trade trip around the Republic, has accused the Australian Government of "distorting the truth" with regard to the situation in South Africa, and using it to deter Australian businessmen from negotiating trade ties.

"The total misconception that most Australians have of South Africa only shows how well Canberra has perpetuated the myth that South Africa is unstable and not to be trusted no matter what," says Mr Manners.

But according to Mr W C K Pearse, who led a nine-man West Australian trade mission to South Africa in defiance of Federal Government policy, the trip met with unqualified success.

Mr Manners backs this with some trade-minded thinking.

Australia would benefit from a wide range of South African goods such as slate, mining equipment and celluloid film, he says.

Tour organiser, Mr Brian Kusel, general manager of the Perth Chamber of Commerce which arranged the visit, said this week it was difficult to put a cash figure on business deals already signed and sealed.

"But I can tell you that one company alone has signed contracts worth 100 000 dollars, with a similar reciprocation figure being exported from South Africa to Australia.

"I understand that the Federal Department of Trade and Industry has requested a copy of the chamber's written report with submissions on trade prospects by delegates who went to South Africa," said Mr Kusel.

He said Australian exports to

He said Australian exports to South Africa had increased from R65-million in 1978-79 to an estimated R120-million in 1980-81.

"New markets could open up contracts worth millions of dollars for West Australian industry," Mr Kusel told me. "The sky is the limit if we can market our products there."

Mr Kusel said the Perth Chamber was convinced there was a market in South Africa for grain, since the delegation had learned that last November South Africa applied to the grain pool for 18 000 tons of wheat.

"Unfortunately the grain pool had none available, so they purchased wheat from Canada when possibly Western Australia should have been trading," he said.

Timber wall frames from West Australia for domestic housing needs caused interest, and the chamber is confident that in the near future South African homes will be largely made of such panels.

A report from one West Australian timber dealer represented in the delegation reads: "In SA the time must come when a cheaper and quicker mode of alternative construction must be introduced.

"It is envisaged that by the year 2000, South Africa will have to build 12 new cities to cater for the expected population growth, together with improved living standards.

"Pressure is being put on the various local and government departments to alter building codes to meet this need."

Mr Kusel said the delegation's mission was so successful that it was hoped to organise a second within the next 12 months.

Asked about the group's views on South Africa he said: "The visit provided members with an unequalled opportunity to better understand the South African domestic situation, and demonstrated the awareness of most South Africans that further and more rapid (political) changes were necessary."

⊙ Official Australian Government policy is that no official assistance will be given to support Australian trade ties with South Africa. In accordance with that policy all governmental promotion of trade ties has ceased.

74

352

Zimbabwe will keep SA trade ties

57 m

2/6/81

The Star's Africa News Service

VICTORIA FALLS — The president of Assocom, Mr Issy Pinshaw, has held "extremely cordial" private talks with Zimbabwe Government leaders.

He told me afterwards: "We had a frank interchange of views on the situation here and in South Africa.

"It is obvious that political relations between the two countries are rather strained at the moment. But one cannot ignore the economic interdependence which exists.

"I believe our ports will be used by Zimbabwe for a long time and that trade links will also continue."

Mr Pinshaw was a guest at the annual congress of the Associated Chambers of Commerce of Zimbabwe.

His private talks were with the Deputy Prime Minister, Mr Simon Muzenda, with the acting Minister of Trade and Commerce, Dr Bernard Chidzero, and with other ministers.

He said the present economic climate in Zimbabwe did not appear to be favourable for new and increased investment by South African businessmen.

This was due to the present uncertain economic policies of the country. But ministers had said at the congress that these policies should become more definitive through publication of a number of important reports.

"Assocom is committed to a policy of pursuing economic interdependence between South Africa and neighbouring states and is hopeful that trade ties between Zimbabwe and South Africa will continue to exist with the minimum of constraints placed by either government," he said in an interview.

Mr Pinshaw said he had been impressed by the cordial and open relationship that existed between business and members of the Cabinet in Zimbabwe.

● In Salisbury, a pledge that there would be no nationalisation of mining companies was given by the Minister of Mines, Mr Maurice Nyagumbo. He appealed to local mining companies to continue with their work with no fear that they faced state takeovers — "this must be made crystal clear."

Clothing exporters hold their share of market

CT 2/6/81 (174)

By ALEX PETERSEN
Finance Reporter

IN SPITE of the recession in Europe and North America, clothing manufacturers who have traditionally been exporters have maintained, or even increased their market position in overseas countries.

Mr Peet Lategan, export promotions officer of the Board of Trade, said this week that although there had been fewer inquiries this year than last from potential exporters, manufacturers already exporting had nevertheless maintained their market share.

Export figures to November 1980 suggest a slight increase for the year over the 1979 export figure of R32,32-million says the president of the National Clothing Federation, Mr Simon Jocum, who predicts that export orders could rise to R40 m this year.

He points out that 60% of the exports come from manufacturers in the Cape, where he estimates that a total of about 35 out of the roughly 1 000 factories are involved in exporting.

"The competitive edge of these exporters lies in their quality and styling, as well as aggressive sales effort," says Mr Jocum.

A spokesman for Rex Trueform, who have long been in the export field, said that the company had "more than maintained" their market in the Britain.

"We have a growth factor every year, and in spite of the recession, we have met this figure. We have been well supported by long-standing customers."

Rex Trueform concentrate their exports on men's suits, tailored jackets and trousers, as well as their Cassidy range of ladies slacks, skirts and jackets, which carry either the Rex Trueform International label, or the label of the importing retailer.

The company is also optimistic about the signs of an upturn in the British market. "We feel there is going to be a change in attitude. Trade is starting to pick up slightly."

For exporters, stiff bank interest rates as well as poor consumer demand have affected South African exports. "Most retailers and distributors have tended to keep stock levels down," says Mr Brian Berman of Meritex.

"People have been facing problems financing their stockholding." This has meant that exporters have had to be able to make quick deliveries where a market opportunity has occurred, often having to utilize air freight, which adds a substantial cost factor.

Mr Berman said Meritex, who mke knitted garments, had increased their export figures but "not to what we hoped."

Most exporters agreed that the North American market had been more difficult, but with the stronger dollar, there was optimism of increased business in the near future.

But exports to Germany, say manufacturers, will be problematic for the forseeable future, largely due to the over 20 percent depreciation of the Deutchmark against the rand, which means that despite much higher labour costs, the comparable German-made articles were available at the same price.

One reason behind the success of the exports has been the introduction in September last year of an incentive scheme in the form of tax rebates on exports. But confusion on some of the terms of rebates on imported fabric duties is seen by some manufacturers as having retarded export potential.

The range available in imported fabrics can often make a crucial difference in the finicky fashion business.

"There has been no incentive to land fabric," says Mr Jocum. But he says that following discussions on the terms with the Board of Trade, 'clarity is emerging".

Just how well clothing exports will do this year will start becoming evident in July and August, when buyers wil view ranges for delivery in February and March for the northern hemisphere spring season.

NOTICE 418 OF 1981

DEPARTMENT OF DEFENCE

MILITARY TRAINING AND EXERCISES.—STRANDFONTEIN, MAGISTERIAL DISTRICT OF WYNBERG, CAPE

1. Notice is hereby given that firing practices will be carried out by the anti-aircraft artillery at Strandfontein seawards over the area described in the Schedule hereto, on the dates and times mentioned hereunder:

1 July 1981 to 31 December 1981 from 09h00 to 16h00 daily. (Excluding Saturdays, Sundays and public holidays.)

2. While exercises are in progress, it will be dangerous to enter the area, described in the Schedule, and the air space to 9 150 metres immediately above the area.

3. In terms of section 79 (2) of the Defence Act, 1957 (Act 44 of 1957), all land, air, and water traffic in or in the vicinity of the area can be temporarily stopped on the day and times mentioned above.

4. Any person who disobeys or disregards an order or signal given by virtue of the aforementioned subsection is guilty of an offence and, if found guilty, is punishable with a fine not exceeding R200 or imprisonment not exceeding six months.

5. The Officer Commanding, Western Province Command, is appointed Compensation Officer, and any claims for damages as a result of a firing practice are to be lodged at his office at the Castle, P.O. Box 1, Cape Town, within 30 days from date of practice.

SCHEDULE

The sea area enclosed by the imaginary lines joining the following points:

Latitude	*Longitude*
34° 05, 50' south	18° 32, 00' east
34° 04, 52' south	18° 41, 46' east
34° 05, 50' south	18° 47, 47' east
34° 24, 40' south	18° 43, 76' east
34° 22, 30' south	18° 36, 60' east
34° 16, 50' south	18° 31, 50' east

(5 June 1981)

KENNISGEWING 418 VAN 1981

DEPARTEMENT VAN VERDEDIGING

MILITÊRE OPLEIDING EN OEFENINGE.—STRANDFONTEIN, LANDDROSDISTRIK WYNBERG, KAAP

1. Kennis geskied hiermee dat skietoefeninge uitgevoer sal word deur die lugafweerartillerie te Strandfontein seewaarts oor die gebied beskryf in die Bylae hierby, op die datums en tye hieronder vermeld:

1 Julie 1981 tot 31 Desember 1981 vanaf 09h00 tot 16h00 daagliks. (Saterdae, Sondae en openbare vakansiedae uitgesluit.)

2. Terwyl die oefeninge aan die gang is, sal dit gevaarlik wees om die gebied in die Bylae omskryf, en die lugruim tot 9 150 meter onmiddellik daarbo, binne te gaan.

3. Kragtens artikel 79 (2) van die Verdedigingswet, 1957 (Wet 44 van 1957), kan alle land-, lug- en waterverkeer in of in die nabyheid van die gebied op die tye hierbo genoem tydelik stopgesit word.

4. Enigiemand wat 'n bevel of teken uit kragte van genoemde subartikel verleende bevoegdheid gegee, verontagsaam of nie daaraan gehoor gee nie, is aan 'n misdryf skuldig en by skuldigbevinding strafbaar met 'n boete van hoogstens R200 of gevangenisstraf van hoogstens ses maande.

5. Die Bevelvoerder, Kommandement Westelike Provinsie, word as Kompensasie-offisier aangestel en enige eise om skadevergoeding as gevolg van 'n skietoefening, moet binne 30 dae na die ontstaan daarvan by sy kantoor by die Kasteel, Posbus 1, Kaapstad, ingedien word.

BYLAE

Die seegebied begrens deur die denkbeeldige lyne wat die volgende punte met mekaar verbind:

Breedtegraad	*Lengtegraad*
34° 05, 50' suid	18° 32, 00' oos
34° 04, 52' suid	18° 41, 46' oos
34° 05, 50' suid	18° 47, 47' oos
34° 24, 40' suid	18° 43, 76' oos
34° 22, 30' suid	18° 36, 60' oos
34° 16, 50' suid	18° 31, 50' oos

(5 Junie 1981)

NOTICE 419 OF 1981/KENNISGEWING 419 VAN 1981

PRELIMINARY STATEMENT OF TRADE STATISTICS OF THE REPUBLIC OF SOUTH AFRICA RELEASED BY THE COMMISSIONER FOR CUSTOMS AND EXCISE

VOORLOPIGE OPGAWE VAN HANDELSTATISTIEK VAN DIE REPUBLIEK VAN SUID-AFRIKA VRYGESTEL DEUR DIE KOMMISSARIS VAN DOEANE EN AKSYNS

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

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

PERIOD: JANUARY TO APRIL 1981—TYDPERK: JANUARIE TOT APRIL 1981

TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES
TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLIEGTUIGVOORRADE

88 7607 5/6/81 74

World zones—Wêreldstreke	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
Africa—Afrika	93,8	85,3	321,1	351,9
Europe—Europa	2 202,0	1 638,9	1 572,7	1 678,3
America—Amerika	861,6	594,6	584,1	683,2
Asia—Asië	828,5	471,4	610,9	635,5
Oceania—Oseanië	41,4	30,1	31,4	33,4
Other unclassified goods and balance of payments adjustments. Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	1 236,9	1 069,5	2 625,3	3 399,1
Ships'/Aircraft stores—Skeeps-/vliegtuigvoorrade	—	—	14,8	15,9
Grand total—Groottotaal	5 264,2	3 889,8	5 760,3	6 797,3

TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN
TABEL B: TOTALE IN MILJOEN RAND VOLGENS AFDELINGS VAN DIE CCCN

Sections—Afdelings	Imports—Invoere		Exports—Uitvoere	
	1981	1980	1981	1980
I. Live animals; animal products Lewende diere; dierlike produkte	18,9	12,5	41,2	60,7
II. Vegetable products Plantaardige produkte	93,5	63,4	297,4	266,9
III. Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide spysvette; dierlike en plantaardige wasse	17,5	23,6	18,6	12,9
IV. Prepared foodstuffs; beverages, spirits and vinegar; tobacco Voorbereide voedsel; dranke, spiritus en asyn; tabak	76,1	41,2	119,7	173,2
V. Mineral products Mineraalprodukte	79,2	82,6	532,4	536,6
VI. Products of the chemical and allied industries Produkte van die chemiese en verwante nywerhede	349,7	318,7	116,8	136,6
VII. Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubber, factice, and articles thereof Kunsharse en -plastiekstowwe, sellulose-esters en eters, en artikels daarvan; rubber, sintetiese rubber, faktis, en artikels daarvan	155,1	156,4	19,1	24,6
VIII. 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) Ongelooide huide en velle, leer, pelsvelle en artikels daarvan; saal- en tuiemakersware; reisartikels, handsakke en dergelike houers; artikels van derm (uitgesonderd sywurmsnaar)	16,5	11,2	29,1	48,1
IX. 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 Hout en artikels van hout; houtskool; kurk en artikels van kurk; fabrikate van strooi, van esparto en van ander vlegwerkstowwe; mandjiewerk en vlegwerk	35,2	27,9	10,9	15,7
X. Paper-making material; paper and paperboard an articles thereof Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan	107,3	86,8	41,6	48,6
XI. Textiles and textile articles Tekstiele en takstielartikels	230,3	166,5	131,9	136,8
XII. Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans Skoeisel, hoofdeksels, sambrele, sonsambrele, swepe, ryswepe en onderdele daarvan; bereide vere en artikels daarvan gemaak; kunsblomme; artikels van mensehaar; waaiers	20,5	11,7	6,1	4,5
XIII. Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware Artikels van klip, van gips, van sement, van asbes, van mika en van dergelike stowwe; keramiese produkte; glas en glasware	49,3	33,5	14,9	17,5
XIV. Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin Pêrels, edel- en halfedelstene, edelmetale, gewalste edelmetale, en artikels daarvan; nagemaakte juweliersware; muntstukke	24,6	17,0	754,5	844,7
XV. Base metals and articles of base metal Onedelmetale en artikels daarvan	262,4	194,4	476,5	579,8
XVI. Machinery and mechanical appliances; electrical equipment; parts thereof Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan	1 423,5	972,0	88,7	80,1
XVII. Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting	820,9	438,8	76,0	42,9
XVIII. 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 Optiese, fotografiese, kinematografiese, meet-, kontrole-, presisie-, mediese en chirurgiese instrumente en apparaat; uurwerke en horlosies; musiekinstrumente; televisiebeeld- en klankopnemers en -weergewers, magneties; onderdele daarvan	188,7	130,1	11,1	8,0
XX. Miscellaneous manufactured articles Diverse vervaardigde artikels	36,5	26,0	7,3	7,7
XXI. Works of art, collectors' pieces, and antiques Kunswerke, versamelaarsstukke en antieke	15,0	2,8	12,3	16,9
XXII. Other unclassified goods and balance of payments adjustments Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings	1 243,5	1 072,7	2 954,2	3.734,5
Grand total—Groottotaal	5 264,2	3 889,8	5 760,3	6.797,3

(5 June 1981)/(5 Junie 1981)

FOREIGN TRADE 74

The balance tips

FM 5/6/81

The latest foreign trade figures released by the Department of Customs and Excise provide a clear insight into the profile of the South African business cycle.

The trade surplus for the first four months of the year was just under R500m. This compares with a surplus of nearly R3 billion at the same time last year, which was six times greater. If last year's trend had continued, it would have generated over twelve months a BoP current account surplus of about R12 billion. As it turned out, an accelerating surge in imports and a simultaneous decline in exports yielded an annual average BoP surplus of about R3 billion. Given the continuation of the trend, and taking into account "invisible" payments overseas, like dividend remittances and various service fees, it can be safely assumed that the 1981 BoP current account will show overall a substantial deficit.

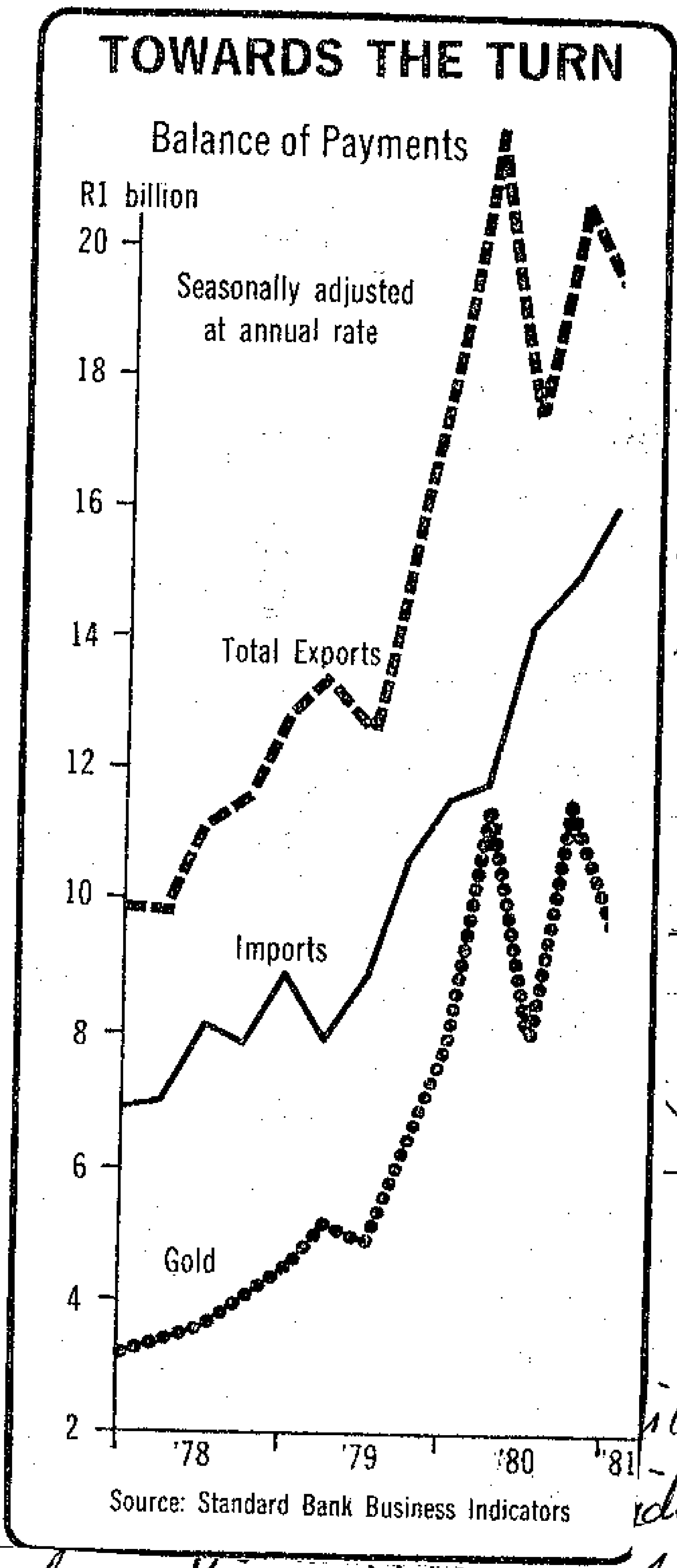
However, it is also clear that SA's latest import binge, fuelled and funded mainly by the same huge surge in the value of gold sales that financed the 1980 boom, may be drawing to a close. The Customs and Excise figures do not list gold separately, but it is the main item on the export side of the category of "other unclassified goods." By April last year, this item alone (at almost R3.5 billion) just about paid for the total imports of the country for the first four months. It had more than doubled in twelve months. Running strongly on the back of international demand, total exports were 60% higher than the previous year. And as the foreign income filtered into the domestic economy and stoked demand, imports rose 40% above the previous year's level. At the end of 1979, they were only 12% higher.

The import splurge reached its height in about August last year, when the total for the first eight months of the year was a little under 60% higher than the previous year. In a clear reversal of positions, exports were then running about 45% higher than the previous year. By December last year, when the BoP surplus started to dwindle and short-term interest rates raced ahead, imports were showing a growth figure of 45%, while the export growth figure had shrunk to 34%. And by April 1981, imports had slowed to an annual growth figure of 35%, while exports were 15% *lower* than the April 1980 figure. The gold component alone dropped by almost a quarter over the year. On the other side of the equation, however, oil and arms purchases were perforce slowing down. About 16% higher than in April 1980 (when they were no less than 70% above the 1979 level), the latest figure annualised suggests a 1981 total substantially lower than last year.

A regional breakdown shows Europe to be still the largest trading-partner bloc in both buying and selling. It accounts for about 40% of total imports (which include oil and gold). It also appears to be the most stable trading bloc. Imports from Europe rose 34% over the year to April, while exports declined by 6%. But these figures show smaller gyrations than those for, say, the US, imports from which rose about 60% over the year, against a 15% decline in exports. And the trading drive into the Far East, notably to Taiwan, has resulted in Asia usurping the US as our fastest-growing trading-partner bloc. Imports from this region rose almost 80% over the year, against a 4% decline in exports.

A glimpse into the SA industrial base at the late stage of a boom is revealed by the fact that base metal exports (all excluding gold and uranium) in April were running 18% lower than last year, while imports in the same category (mainly machinery) were 35% higher.

At the upper end of the consumer market, precious metal and jewellery exports (including Krugerrands and diamonds) had fallen by 11%, while the volume of jewellery purchased to adorn the bodies of the rich was no less than 45% higher.



(ii)

7.

...lity q, the
...willing to supply
for the next year
& price the farmers
produce quantity
...ce and output
...en the result

Q/t

Rent ... ilation is when th...
put a ... industries such as ha...
ceiling above the equilibrium mark it would have
at all as they can reach the equilibrium point t...

those going to deliver at Sunland clinic. At Bersheba the cost of reaching facilities other than on clinic days was R4,38, in Suurberg R6,11 at any time, if free lifts were not available. These amounts should be compared with the wages prevalent in the area: e.g. R6 - 8 per week for workers starting at the citrus packing co-operative, R15 - 40 per month for farm labourers with varying payments in kind, and pensions, R36 over two months for Africans and R45 for 'coloureds'.

Doctors' fees have already been discussed; in comparison with those charged to whites and with the probable cost of treatment they are low, at least in the valley (R2,50 - R3,00 for an adult per consultation), and it would probably not be practicable to reduce them without subsidy; however for the clients they are often high enough to be a deterrent. This may be a good thing if it persuades people to try the clinic first (see below). Doctors in Uitenhage or P.E. charge more: R5,00 - R10,00 is common.

The problems of transport and cost of fees is not entirely absent in the white community, although transport is a problem only for the small minority (mainly the old), who cannot drive and have no access to lifts. Most whites are covered by Medical Aid. However those who suffer from chronic illnesses other than a recognized disability tend not to be accepted for medical insurance after the onset of their illness and their treatment can be a severe financial embarrassment. There is also an upper limit on payments by Medical Aid, so it does not protect against catastrophic expenses.

4.4. Discussion

The proportion of the sample who had transport difficulties should not be taken as representative of the community as a whole since it was taken disproportionately from the locations. On farms there is more likelihood of obtaining

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a lift from employers, certainly in the event of an emergency. But farmers interviewed complained that their employees often did not tell them about illnesses in their family until it had reached a late stage. In fact most people coming to the clinic for minor ailments arrived by foot, and the Kirkwood district surgeon said that only about 1% of his 'state' patients were brought by employers; but it seemed that the further away was the health facility the more ready employers [...] a lift. In the Suurberg area 11 out of [...] recorded were with the a[...] sent a daily vehicle to [...] the doctor entailed wait[...] up again). Nevertheless [...] had to pay, or the sheer [...] people in Suurberg expre[...] access to health service[...] convened itself within a[...] research was known[...] the demand for a m[...] need be.

Thus within the [...] were able to obtai[...] being at a disadva[...] difficulties in co[...] factors meant that [...] independently. Mo[...] take people from t[...] this is not sufficient or the best way of safeguarding health. It merely ensures curative care. Of equal, and perhaps greater importance are the preventive services rendered through the child health clinics and, not least, family planning sessions. Employers were not likely to give weekly or monthly lifts for this purpose and should not have to - independent transport of workers and their families, or the availability of the services within 6 km seems an essential condition for effective preventive services.

Suit against SA firm goes on

7/6/81

By Jim Srodes
Washington

THE US Supreme Court this week refused to halt a series of anti-monopoly suits aimed at the international uranium producers group that includes South Africa's Nufcor and producers in France, Canada, Australia and Britain.

Gulf Oil Corp and Gulf Minerals Canada are two of the principal corporate defendants in the American suit brought by a number of electric-power companies and nuclear-reactor producers two years ago.

The suits charge that the cartel illegally forced uranium ore prices up and thereby made it impossible for non-cartel suppliers of the ore or enriched nuclear fuels to complete their contracts.

Attorneys for Gulf had asked a federal judge in Chicago to end the legal proceedings because of recent out-of-court settlements involving Westinghouse Electric Company and some of the power companies which had sued it for failure to deliver nuclear fuel because of the sudden price rise four years ago.

The American High Court ruled instead that the suits against Gulf must go on.

. / ...

an attempt to initiate weight gain in such children, the following
management was instituted.

babies who had been admitted to a childrens ward for

The accompanying graph shows the poor weight records over long periods
in the ordinary ward and their prompt gain in the trial ward.
'GRAPHS II'

Star 8/5/81 (74)

Junta in Chile strengthens trade ties with SA

(23)

From many points of view, Chile seems an unlikely ally for South Africa.

Yet trade between the two countries is growing and prospects are bright for closer diplomatic links.

The Star Bureau

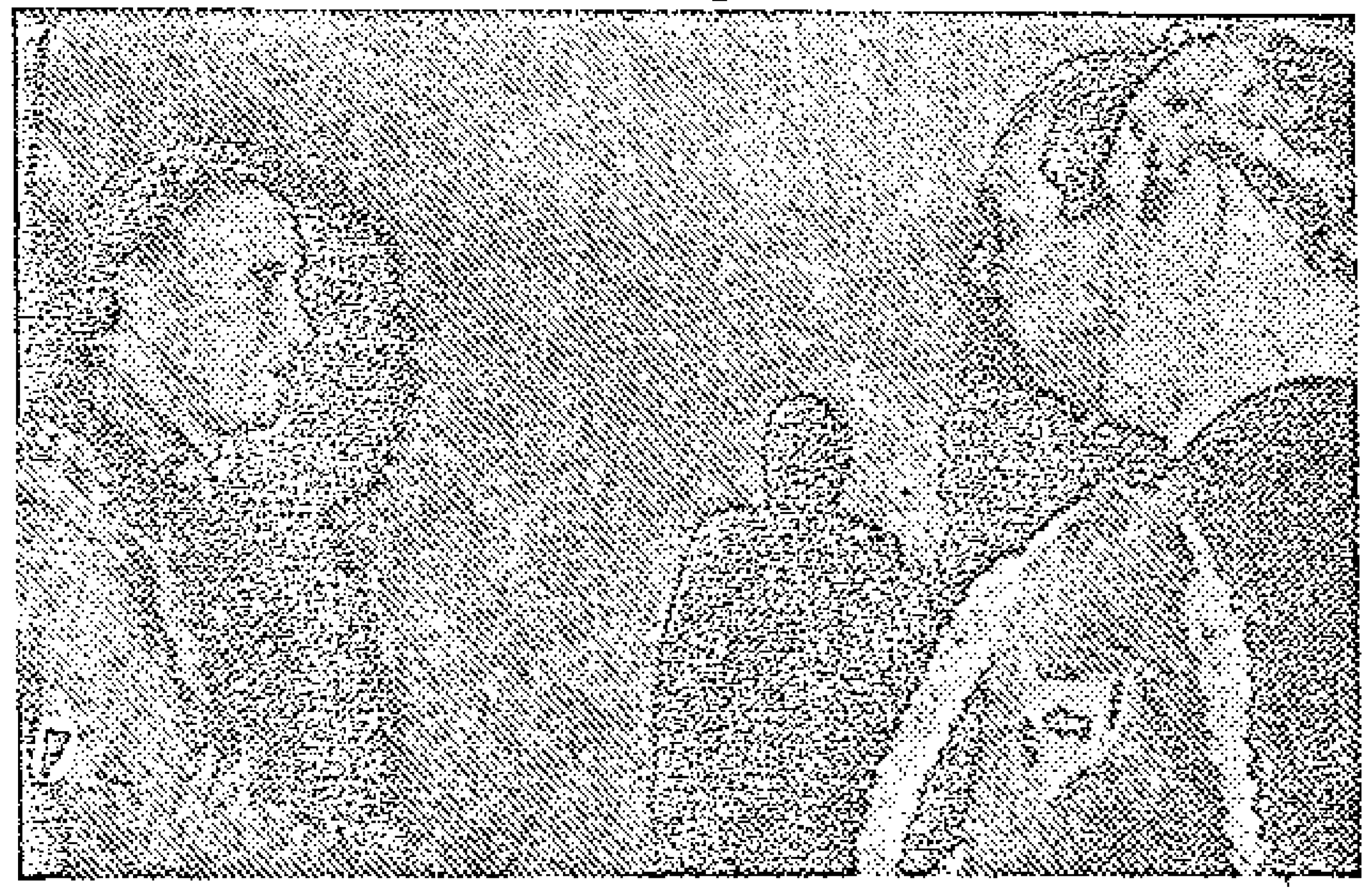
LONDON — Now that General Augusto Pinochet Ugarte has started a new eight-year term as Chilean President — some say he seems set to stay in power for life — prospects for continued close ties between his country and South Africa seem bright.

Trade and diplomatic links between the two countries have developed considerably since 1973, when a military junta headed by Pinochet toppled marxist President Salvador Allende Gossens, and the two countries have much in common quite apart from sharing a certain world unpopularity — South Africa because of its apartheid policy and Chile because it is seen as a fascist dictatorship.

Yet at first sight Chile would seem an unlikely ally for South Africa. A long, narrow country of 11-million people lying along the Pacific coast of South America from Peru and Bolivia in the north to Cape Horn in the south, it is not well situated — as are Brazil and the Argentine on the other side of the continent — to join South Africa in, for example, a naval pact aimed at Soviet expansionism.

But there is no doubt about Chile's anti-communism, and it has a useful defence force — the army has 53 000 men, the air force 11 000, and the navy 24 000 — and a sound (by South American standards) economy.

At first sight, too, there would seem to be little prospect for substantial trade between the two countries. Chile is one of the world's largest producers and exporters of copper, a metal which is mined in South Africa, and also produces a wide variety of other metals, especially iron ore and manganese. It even mines a little gold.



Chile's President Pinochet greets General Magnus Malan at Chile's independence celebrations last year.

The one essential item that it requires to import is something which South Africa cannot supply — oil.

Yet trade between the two countries is reported to have been growing quite healthily in recent years. In the period from January to September last year (the latest figures available) South Africa exported R14,3-million worth of goods to Chile, compared with R11,3-million in 1979.

Strangely, by far the biggest single item was base metals, of which Chile took R4,3-million worth.

Other items included machinery and mechanical appliances and electrical equipment (R3,4-million), prepared foods (R1,1-million), textiles (R1,9-million), and mineral products (R500 000).

Chile exported R4,6-million worth of goods in the same period last year, and R3,9-million in 1979. Her exports included prepared foodstuffs, beverages, tobacco, mineral products and base metals.

South African commercial officials in London are optimistic about trade prospects and note that an official trade representative was appointed in Santiago in April this year for what is believed to be the first time.

Chile, whose people are about 85 percent Roman Catholic and speak Spanish, was ruled by Spain until its independence in 1818. For most of the 19th century it was governed by a small oligarchy of landowners. Most of the present century has been marked by the struggle for power between right and left-wing forces.

In September 1970 the country sprang into world headlines when Dr Salvador Allende, the marxist candidate for Unidad Popular, a coalition of five left-wing parties including the Communist Party, was elected President.

The Government was confronted with a deteriorating situation in 1973 as well as an intensification of violent opposition to its policies. Accelerated inflation led to food shortages and there were repeated clashes between pro and anti-government activists.

The armed forces (inspired by the CIA, some say) finally intervened in September, 1973, claiming that a military takeover was necessary because of the increasingly anarchic situation and economic breakdown. President Allende died during the coup.

The military junta that took over dedicated itself to the eradication of marxism and the reconstruction of Chile. Its leader General Pinochet Ugarte, became President in December, 1974.

The junta has been widely criticised abroad for alleged repressive policies and violations of human rights, and has been condemned by Amnesty International among others.

had lost weight and twelve had lost weight.

ry child admitted to the experimental ward gained weight. Three, who
been losing weight, gained, but less steeply than the average for
ir age, and thirty-one grew more steeply. Thirty children began,

.../9.

... as an important ...
often arise at discharge because these children come from the most
remarkably disorganised homes. Thus in this study social
records were available in 29 of the 34 children it showed that 20
fathers and 8 mothers had deserted them. Only 5 children were in the

.../10.

Directors slate 'stop-start' import policy

The directors of a clothing company, Ninian & Lester, are concerned over the Government "stop-start" import policy because it discourages investment and curtails jobs at a time when more and more jobs are needed.

The directors said in their annual report that import policy over the years was "disruptive and created uncertainty."

They were referring to the Government again allowing substantially increased permits for the import of woven and knitted fabrics. This had resulted in a drop in demand for locally produced goods.

The report said the prices of these imports were in many cases much lower than locally manufactured goods because of depressed economies overseas and lower raw material costs.

In reviewing the past year the directors said the buoyant trading conditions enabled all major divisions to increase production, sales and profits.

The year-on-year working capital requirements of the group increased by about 15 percent compared with an increase in turnover of nearly 50 percent.

This was attributed to the tight control of stocks on hand and a good fourth quarter which saw the value of stocks on hand increasing by less than 10 percent.

Loans at call and bank borrowings were nearly eliminated by the year-end and the group was able to report a current ratio in excess of two to one. — Ann Crotty.

1951

	0	1-4	…	-64	65+	ALL
1	0.06	0.0		20	0.17	0.12
2	1.80	0.7		15	0.57	0.23
3	5.44	0.2		05	0.55	0.18
4	4.35	0.4		39	4.71	0.59
5	0.16	0.		92	30.60	3.13
6	0.06	0.		47	8.88	1.20
7	0.16	0.		76	2.95	0.40
8	0.03	0.		09	0.07	0.06
9	0.59	0.		28	1.44	0.25
10	0.00	0.		00	0.00	0.06
11	20.77	0.		00	0.00	0.36
12	5.25	0.		06	6.91	0.96
ALL	38.67	2.		36	56.85	7.53

1960

	MALE							FEMALE						
	0	1-4	5-24	25-44	45-64	65+	ALL	0	1-4	5-24	25-44	45-64	65+	ALL
1	0.03	0.01	0.00	0.05	0.24	0.66	0.10	0.00	0.00	0.01	0.02	0.05	0.09	0.03
2	0.81	0.26	0.06	0.05	0.16	0.45	0.14	0.43	0.25	0.05	0.03	0.09	0.30	0.10
3	2.95	0.17	0.01	0.01	0.04	0.33	0.12	2.52	0.13	0.01	0.02	0.05	0.44	0.12
4	3.89	0.29	0.03	0.11	0.74	7.40	0.73	3.59	0.33	0.03	0.05	0.41	4.87	0.58
5	0.03	0.00	0.05	0.98	8.12	40.52	4.17	0.00	0.01	0.05	0.51	4.22	30.20	3.24
6	0.14	0.08	0.10	0.39	2.78	14.31	1.51	0.09	0.13	0.05	0.45	2.33	8.40	1.23
7	0.06	0.02	0.03	0.17	0.82	2.70	0.37	0.03	0.04	0.02	0.08	0.53	2.42	0.32
8	0.08	0.09	0.40	0.55	0.58	1.41	0.43	0.17	0.09	0.12	0.12	0.17	0.26	0.14
9	0.58	0.33	0.40	0.87	0.88	1.57	0.68	0.41	0.23	0.10	0.16	0.20	1.54	0.26
10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.10	0.00	0.00	0.03
11	20.15	0.00	0.00	0.00	0.00	0.00	0.47	16.19	0.00	0.00	0.00	0.00	0.00	0.36
12	7.17	0.52	0.12	0.39	1.56	11.70	1.34	4.52	0.30	0.14	0.30	0.84	7.80	0.10
ALL	35.88	1.77	1.19	3.57	15.92	80.16	10.06	27.94	1.52	0.57	1.85	8.90	56.33	7.40

THE ARGUS, WEDNESDAY JUNE 10 1981

FINANCE

CHEAP IMPORTS THREAT TO JOB CREATION

10/6/81 Argus

74

— Clothing chief

Argus Correspondent

DURBAN. — South Africa will forfeit 75 000 potential jobs by 1987 if fabric and clothing imports are unchecked, Mr D Solomon, director of SA Clothing Industries, says.

Addressing a Corporation for Economic Development seminar on the clothing industry, Mr Solomon urged the Government to adopt tariff protection as well as quantitative control on imports.

He said that by allowing cheap clothing from undeveloped countries to come in freely, South Africa was courting disaster.

This could be seen from the situation in Britain and Europe, where an inept official policy had led to the decimation of the clothing and textiles industries.

OVERALL LOSS

A total of 1,4 million jobs had been lost there between 1970 and 1977. Today the overall loss was nearing two million.

If fabric and clothing imports were allowed to grow in South Africa at 50 percent of local demand, there would be 75 000 fewer jobs by 1987. Yet job creation was the country's most important priority.

To keep pace with the population growth, 1 400 new jobs would need to be created each day.

The chairman of Romatex, Mr Jack Ward, has also called for protection against imports of textiles and clothing.

He said the industry was facing imports from countries where the cost of raw materials was much lower than in South Africa.

Goods were being landed in South Africa at well below local production costs. Goods were also being sold here at below the production costs in the country of origin — a clear sign of dumping.

Import permits granted for clothing imports had increased from R212-million for the whole of 1980 to R140-million for the first three months of this year.

Imports of finished garments were a particular problem to the local clothing industry.

6.

additional rand should yield the same benefit whichever programme it is spent on. If this were not so, if it is felt, for example ...

said that while the cost of employing a number of diagnostically trained nurses is roughly equivalent to that of a doctor to see the same number of patients, the quality of care is superior because an interpreter is unnecessary and consultations are longer (6).

6 Dr. Lucy Wagstaff, personal communication.

5.

Both groups are means whereby values can be systematically brought to bear on policy decisions.

3. Choice of Techniques : Efficiency Decisions

The choice of means of approaching a g... is dealt with first because it is here ... are most precise in their contributio... is logically prior.

To discuss the relative efficiency of ... three types of data must already be k...

i) the precise objective (e.g. primary health ...

ii)

iii)

Economic e... that it re... that the l... also that ... entails us... maximum ou...

If more benefits can be achieved without additional expenditure of resources, or the same results achieved at lower expenditure, resources are not being used efficiently. This in turn requires that all funds spent should yield the same benefits on the margin; i.e. an

C.T. 15/6/81 (~~Dairy~~) 74

Irish butter for SA

Own Correspondent

DURBAN. — Two hundred tons of butter destined for the South African market was shipped from Ireland yesterday, according to Dairy Board officals.

This is the first consignment of 1 000 tons of Irish butter which the Dairy Board has bought in anticipation of a national shortage.

The butter — worth more than R2- million — will be sold in South African shops at the same price as local butter and should be on the shelves towards the end of the month.

The public relations officer of the Dairy Board, Mr Jan de Bruyn, said from Pretoria that this was the first time South Africa had imported butter since 1974.

"We are anticipating a shortage and so have bought the butter now rather than waiting for the shortage to hit us unprepared," Mr De Bruyn said.

He said the shortage was the result of dairy farmers quitting because they were not making enough money on milk.

"Many have turned to beef and some have left farming altogther. The drought in many parts of the country is also a contributing factor."

He said the board had bought from Ireland because their prices were best. Now was the best time to buy because Europe had a glut of dairy products at this time of year.

A Further Factor

As daily supervision is one of the two pillars of a successful outcome (the strong point formerly of hospitalisation) it is interesting to note that an outpatient service could employ a Sister, if Streptomycin had to be given, at say R5 000 p.a., plus a car allowance of R1 200 p.a., i.e. a total of R6 200 p.a.

This would be made good by 9 patients drawing disability awards for 6 months. R684 x 9 = R6 156.

More realistically, it is recovered by 4 1/3 patients (drawing awards, plus loss of production) i.e. R1 428 x 4 1/3

SA borrows R727m abroad

By HOWARD PREECE
Financial Editor

SOUTH Africa made massive special short-term borrowings totalling a net R727-million in the first quarter of this year.

Some of this arose from official borrowings by the Reserve Bank to prop up the gold and foreign exchange reserves and some was by the commercial banks trying to ease the severe domestic money squeeze.

This is disclosed in the June Quarterly Bulletin from the Reserve Bank.

It says: "In order to cushion the effect of the current account deficit and the net outflow of capital on the gold and other foreign reserves the Reserve Bank borrowed temporarily abroad in March.

"Liabilities related to reserves were further increased during the first quarter by short-term borrowings by some banking institutions which were experiencing difficulty in complying with the compulory liquid asset requirements.

"In total liabilities related to reserves increased by R727-million during the first quarter, resulting in a net inflow of capital of R467-million."

The bank defines liabilities related to reserves as "all short-term foreign liabilities of the Reserve Bank and other monetary banking institutions and short-term foreign loans of the central government from foreign banks and authorities."

During the balance of payments crisis of 1975-76 these liabilities were swollen by R1 126-million as South Africa borrowed heavily abroad.

There was, however, a total reduction of R1 099-million in the next three years as the country repaid huge amounts of foreign debts as the current account of the balance of payment ran up enormous surpluses on the back of a rising gold price.

Dr Chris Stals, the senior Deputy Governor of the Reserve Bank, has pointed out that South Africa had repaid so much debt over 1977-80 that the country was heavily under-borrowed by the end of last year.

The special borrowings of the first quarter are not, therefore, a matter of major direct concern.

They may, however, pose a problem for the authorities if the commercial banks seem partly to circumvent the tight money policy by borrowing abroad.

As around 50% of patients are being hospitalised for reasons other than pure Tb. pathological states, i.e., for the sake of Christian humanity in dire distress of either, pathetic living conditions or personal neglect, usually due to default, initially, one cannot help wondering at the misuse of a hospital bed as against a "rest-camp".

This one item, alone, is a hot potato as doctors

do not seem interested in the cost of schemes and seldom meet in discussion with the accountants.

It also suffers from the highly emotional concern that, one does not rock the boat or disturb staff commitments, especially re-trenchments or alternative occupations.

Wastage.

Long continued therapies suffer from expensive wastage.

A two-year ... to R4 000 worth of pills are returned monthly.

That the longer and more chronic the illness, the worse was the compliance.

Prophylactic "therapy" was worse than therapeutic medicines and free medicines worse than those paid for.

Surely sufficient indictment of a "free" Tb. service to the public, with the former self-administration of therapy lasting up to 2 years, lacking responsible, daily supervision.

Star. 18/6/81

SA imports Irish butter

Consumer Reporter

Irish butter will be on supermarket shelves at the end of the month.

The Dairy Control Board has imported 200 tons of choice butter from Ireland and, depending on consumption, may import a further 800 tons. The price will be the same as for local butter.

Mr J de Bruyn, public relations officer for the board, said imports were needed because high demand and low production had reduced the board's reserve of dairy products.

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2. cont.........

(1) Plot this dem[...]s possible, preferably using graph paper.

(2) Now suppose t[...] successive years the annual "crop" amount[...] 70, 40, 50, 80, 60, 50, 40, and 70 millic[...] Calculate and tabulate the gross value c[...]ese years, if the demand curve scheduled abc[...]of each of the ten years.

(3) Calculate th[...]lue of the crop over the ten years, and t[...] would yield this value.

(4) Construct a [...]ce would have to be received for each of [...]d schedule in order to make the gross value of the crop in each year equal to the average annual gross value. Plot this schedule on the same paper as the demand curve. (It will be a curve of unit elasticity).

(5) From the demand curve find the total amount which must be offered on the market in order to fetch the prices discovered in part (4). From these amounts make a schedule showing how much the government would have to buy or sell for each total output.

(6) Draw up a schedule showing how much the government would have to buy or sell in each of the ten successive years of part (2). Would the government have to sell a total greater than the amount it would have to buy over the ten years? Does the answer mean that stabilization of the gross value of a crop is impossible?

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GENERAL NEWS

Concern over alcohol problem

There were bridges white South Africans in the medical field could build in black Africa, Professor A M Coetzee told delegates at the Akademie vir Wetenskap en Kuns congress in Pretoria yesterday.

In the natural sciences, the Republic was far ahead of the rest of Africa, he said.

In black Africa there was a general shortage of expert medical care for individuals, and white South Africa could make an important contribution by providing expert medical services and facilities.

Professor Coetzee, of the H F Verwoerd Hospital said: "Open our borders and gates to those people in need of special treatment.

AIRWAYS

"Just think how much good the work of the Barnard brothers on foreign patients has done our image.

"If African countries allow South African Airways to land at their airports we can provide free transport to South Africa to selected patients

Sasol head calls for more trade with Africa

Star 18/6/81 74

It was imperative that South Africa initiate action to increase trade and services to African states, Dr J A Stegmann, managing director of Sasol, said in Pretoria yesterday.

He was delivering a paper at the annual general meeting of the Suid-Afrikaanse Akademie vir Wetenskap en Kuns.

The theme of the meeting this year is "South Africa in an African context" (Suid Afrika in Afrika-verband).

Dr Stegmann said South Africa should not be deterred from expanding trade with Africa by political animosity African states displayed in world forums, or by hostile actions on the borders.

The deciding factor should at all times be the measure in which South Africa's interests could best be served.

Dr Stegmann said it would gradually become more apparent to African states that it was in their own interests to expand their contact and trade with South Africa, even if it remained confidential.

"South Africa is in the unique position of being able to give invaluable aid to these countries because we understand the problems of Africa," he said.

EMPHASISE

Such a plan would have to emphasise trade in essential commodities such as food and rendering health, transport and other services.

"This already happens, to a great extent, in our neighbouring states.

"But as far as they are concerned, and further north, we will have to start thinking bigger," Dr Stegmann said.

It was the declared policy of the country's neighbouring states to lessen their economic dependence on South Africa. This would not be in the interests of South Africa.

"The hostile countries among them will no longer only have to pay lip service to their animosity towards South Africa, but will be able actively to support their calls for its economic isolation.

"Friendly Western powers will be demotivated in their efforts to combat attempts to isolate South Africa."

Energy would play a vital role in the future development of South Africa.

"The oil importing African states to the north are fighting for their very existence which might assume terrible dimensions if their indigenous sources of energy are not developed and used more effectively" Dr Stegmann said.

There were a number of possibilities in energy which could be included in such a plan.

KNOWHOW

Some energy-related possibilities were, participation in and supplying capital for infrastructures and energy projects.

South Africa should share his know-how in the following fields:

- Prospecting for coal and the development of coal mines in African states.
- Practical techniques to improve agricultural methods for the production of biomass for energy.
- Converting biomass to more sophisticated types of energy.
- Improved methods for using traditional and commercial energy.

South Africa was also in an extremely favourable position, as one of the most important coal exporters in the world, to contribute to the energy needs of African states.

Extra capacity at fuel refineries in South Africa could be used more effectively if an export market in Africa for oil products could be found and developed.

Oil products of the greatest strategic importance were already exported to a number of African states south of the equator, Dr Stegmann said.

There was no need to devise highly sophisticated schemes to trade with African states.—Sapa.

... (gas and electricity separate) fo
homes. In addition, there are 30 low rent homes ($35 - $33 per n
according to family size and income). All houses were occupied
the summer. There is little turnover from tenants of the permar

Sasol chief urges Africa trade boost

18/5/78

IT WAS imperative that South Africa initiate a programme to increase trade and services to other African states, Dr J A Stegmann, managing director of Sasol, said in Pretoria yesterday.

He was delivering a paper at the annual meeting of the Suid-Afrikaanse Akademie vir Wetenskap en Kuns, which has as its theme "South Africa in an African Context".

Dr Stegmann said South Africa should not be deterred from expanding trade with Africa by the political animosity African states displayed in world forums, or by hostile actions on the borders.

The decisive factor should be how South Africa's interests could best be served.

"It is of the utmost importance that South Africa formulate a plan of action with the specific purpose of increasing, as much as possible, services to and trade with our neighbouring states and other countries further north," he said.

"South Africa is in a unique position to give invaluable aid to these countries, because we understand the problems of Africa."

Such a plan would have to emphasise trade in essential commodities such as food, and services including health, transport and other services.

This was already operating to a great extent with neighbouring states.

It was the declared policy of the neighbouring states to lessen their economic dependence on South Africa. This would not be in the interests of South Africa.

"Firstly, the hostile countries among them will no longer have to pay only lip-service to their animosity towards South Africa — they will be able to support actively their calls for the economic isolation of South Africa.

"Secondly, friendly Western powers will be demotivated in their efforts to combat attempts to isolate South Africa."

Energy would play a vital role in the future development of South Africa.

Oil-importing African states were fighting for their survival — a problem which might assume "terrible dimensions" if their indigenous sources of energy were not developed and utilised more effectively, Dr Stegmann said.

There were a number of possibilities in the energy field which could be included in a South African trade and assistance programme.

South Africa should share its know-how in:

- Prospecting for coal and the development of coal mines in African states;
- Practical techniques to improve agricultural methods for the production of biomass energy;
- Converting biomass to more sophisticated types of energy; and
- Improved methods for utilising traditional as well as commercial energy sources.

As one of the top world coal exporters, South Africa was in a unique position to contribute to the energy needs of African states.

Extra capacity at fuel refineries in South Africa could be used much more effectively if an export market for oil products could be found and developed in Africa. — Sapa.

Kon 3 ... (74)

Butter to be imported to ease new shortage

15/4/82

Consumer Mail

THE present butter shortage has led the Dairy Board to import 1 000 tons of butter, costing between R2,5-million to R3-million, said Mr P E Roux, general manager of the board yesterday.

A drop in milk production is responsible for the shortage. The board is having to import 5 300 tons of skim milk powder.

Over the past few years the Dairy Board has been faced with a series of shortages and surpluses and has been accused of incompetence.

Last month the price of butter rose by 11,5% or 30c a kilogram and milk rose by 6c a litre. At the time there was an outcry from consumer organisations which said the increases were excessive.

The price of South African milk is among the highest in the world.

But Mr Roux said the 14,5% increase in the price of milk was unlikely to stimulate production: "We are going to have more shortages, particularly at the end of the year and during the winter of 1982."

Producers claim the increase was too small to make dairy farming viable and many were moving into other farming activities like beef farming, which were more profitable.

In addition milk consumption had gone up during some months by 10%.

The imported butter at R2,55 to R2,50 a kilogram is cheaper than local butter which sells at R2,88 (choice) and R2,82 (table).

Taking the cost of importing into account, Irish butter will come to more or less the cost of local butter.

"We may even make a little on this deal. This will go into the board's stabilisation fund, which is used for the benefit of consumers and manufacturers," he said.

Mr Roux said it took relatively short notice to get the imported butter and the board would be watching the situation carefully over the next few months.

sell more if "people came to ask" more often. At Umthi for example, 2 members said that it was not difficult to sell while they had vegetables rotting in their plots.

5. Some people have managed to get around marketing problems to a certain extent.

5.1 It is interesting that in Abalimi one of the people who says marketing is not a problem is Mr. S. Burgambo who sells R150-R200 worth of vegetables a year. (This is substantially more than anybody else). He puts a great deal of time and effort into marketing. Some vegetables he sells locally, some at the Idolophu market. In the tomato season he organises that he, or a relative, goes into Idolophu by bus to sell there. He has an advantage over other people in Abalimi in that he was the first person to sell vegetables which he has been doing since 1958 when a doctor started sending patients to buy vegetables from him. He has thus a built up clientèle. (Another thing to consider in looking at Burgambo's great success relative to people from other areas is that Abalimi is on a main through road and that it is a very big location which spreads into others as opposed to the very much more isolated Umthi, Inkomo, and Umlambo.)

5.2 In Ipoti as part of a fund-raising project for a clinic committee a nursing sister organised a vegetable hawking "business". She bought sacks of potatoes and tomatoes in a nearby white town and these were divided into small quantities. A woman was employed to hawk them in the villages within walking distance and in any place where the sister went, with her truck. The sister estimates that using transport to get to out of the way places and with a full-time seller, they were selling R5.00 worth of vegetables a day. (The woman's salary was R1.00 a day).

Some poor women asked the sister to buy pockets of potatoes or onions for them. From one pocket of potatoes and one of onions, a woman could make R1.50-R2.00 profit a week by selling locally.

This scheme was an important motivation in getting people to join the Ipoti garden. Whether they will be able to sell as successfully from the garden depends on whether they will undercut the prices of the imported vegetables sold in the local café and whether they glut the market.

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4.3.2 LABOUR

1. While it is difficult to determine whether shortage of labour stops people from actually joining communal gardens it seems obvious that the amount of labour available is important in determining the extent to which gardens are used.

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4.3.3 SUPPLEMENTA

There are two basi

a) Those members
food and earn
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b) Those earning a R100 a year or more (This is a small group at Abalimi).

a) While most of the members said that they had jointed the gardens because they wanted to sell some of their produce (many said half), very few are able to realise this goal. Labour is obviously significant here as

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Transport and cash hit trade with Africa

By GERALD REILLY
Pretoria Bureau

SOUTH Africa's policy of broadening its trade with the rest of Africa is being hampered by inadquate transport systems in customer countries, say government sources in Pretoria.

In addition, the acute shortage of foreign exchange in many African countries and an inability to pay for imports is inhibiting trade expansion.

Last year South Africa's exports to the rest of the continent exceeded R1 200-million, the first time the figure had topped R1 000-million.

But there are indications that, because of the two major inhibiting factors of transport and foreign exchange, the volume of trade will decrease this year, although the South African Foreign Trade Organisation (Safto) says it could again reach R1 000-million.

According to the Department of Customs and Excise, exports to the rest of Africa in the first four months of this year amounted to R321,1-million.

This compares with R351,9-million for the same period last year.

But South Africa's imports from Africa increased in the January-April period — from R85,3-million to R93,8-million.

The general manager of Safto, Dr P J Kieser, said the problem was not to find customers in Africa — this was easy. It was to find customers who were able to pay and whose transport systems were reliable and adequate.

Other sources said that Zimbabwe's rail system — a vital link in SA's trade with other African countries — was troubled by breakdowns and an inadequately staffed maintenance organisation.

This caused delays and traffic hold-ups which adversely affected the flow of trade.

South Africa, according to Government sources, is involved in trade, directly or indirectly, with 46 African countries.

It had been proved that South Africa was the best and cheapest market for many essential imports, ranging from mining machinery to tinned foods and footwear, the sources said.

although their cash wages may amount to as little as R5,00 per week. He sees about 1 000 to 1 200 patients as district surgeon per month, which includes visits to the prison at Kirkwood (about 600 prisoners and 100 warders and their families) and 700 employees of the railways all of whom the district surgeons are obliged to see free.

The Sunland doctor also runs a surgery on three mornings a week at the Citrus packing co-operative at Addo where he may be seen on the same terms by the employees, and where patients from the Addo clinic can easily be referred up to 9 - 9.30 a.m.

The fees charged to private patients vary from upwards of the R4,40 for a consultation listed in the Government Gazette for whites; for blacks they tend to be standardized for each doctor and to be inclusive of medicine, R2,50 - R3,00 being the usual range. This may apply to each individual consultation, but on subsequent visits for the same ailment patients may be charged less or nothing.

The cost of the district surgeon facility to the local authority, in additi[illegible] medicines dispensed [illegible] Kirkwood district sur[illegible] patients and R2 000 t[illegible] district surgeon pati[illegible] account from the chem[illegible] he sees a roughly sim[illegible] for medicine for blac[illegible] per month. The numbe[illegible] district has declined [illegible]

3.1.2. The Valley Clinics

There are three permanent clinics in Kirkwood, and one each in Sunland and Addo. Two of those in Kirkwood - one in the town for 'coloured' patients and one in the African location of Bontrug - are run by the municipality for residents of the municipal area. Bontrug clinic is run

by two African nurses and supervised by the sister who runs the clinic for 'coloured' patients in town. The latter clinic stands next to the larger Divisional Council clinic which serves people from the rural areas. There would seem to be some duplication of services as they both perform the same functions, although the provisions of medicines, etc. differs. The other two clinics are run by the Divisional Council, Sunland with four nurses and Addo with three [illegible]

Clogged transport routes to Africa hit trade

By NORMAN CHANDLER

BECAUSE goods cannot get through, due to the lack of transport routes to the rest of Africa, South African trade was hit in the first quarter of this year.

Trade with the rest of the world — especially with Africa, said to be the top developing market — dropped by a significant 16 percent, according to figures released this week.

It is the first time in several years that trade has declined, as shown by statistics compiled by the Department of Customs and Excise.

The biggest shock has been in South Africa's trade with Africa.

The South African Foreign Trade Organisation's expert on African trade, Miss Sally Gallagher, says the reasons behind the decline are lack of transport routes.

"I do not believe there is any lessening of trade between South Africa and Africa . . . it is only because goods cannot get through that our export figures have shown such a sharp drop.

"Something is going to have to be done — and done quickly — if South Africa wants to maintain the momentum in Africa.

"The routes through Zimbabwe — both rail and road — are clogged. As a result, Zimbabwe has had to turn to Beira, in Mozambique, in order to get its imports," she said.

Miss Gallagher estimated that 30 percent of Zimbabwe's imports were now coming through the northern Mozambique port.

It was only last December that Safto told its members in the monthly publication Export Trends that growth in exports to Africa continued to dominate the market picture.

Experts now believe that the Government would have "got the message" from the latest figures that trade routes needed to be kept clear.

South African trade with Europe showed a six percent drop for the January 1 to March 31 period, while there was a 15 percent cut in trade with the Americas.

There is also a drop in trade with Asia (four percent) and with Oceania — which includes New Zealand and Australia — where the figure is six percent.

Recession

The fall-off in trade with countries other than those in Africa was blamed on world recession, although it appeared the contribution of merchandise exports to the overall trade statistics had remained about the same as in previous quarterly figures.

Ships and aircraft stores (seven percent), unclassified goods (23 percent), and total merchandise (eight percent) all showed a decline.

With the other figures added, it meant trade was down 16 percent for the three months.

South Africa's total exports for the period came to R5 760,3-million.

However, the vital fresh produce and machinery and equipment sections increased by 11 percent, continuing a trend noticeable for some time, experts said.

[illegible] x-rays far outstripped the need; and to ensure compliance many patients were visited daily by the clinic nurse to have their treatment. The Divisional Council at first ran separate TB clinics and paid part of the nurses' salary. By now an African sister had been added to the team, which made twice weekly visits to run the Addo clinic as well as making daily stops at other villages:

Clothing leader's strong words on cheap imports

Star 23/6/81 (74) ~~184~~

CAPE TOWN — The clothing industry faced widespread unemployment and recession, the president of the National Clothing Federation of South Africa, Mr Simon Jocum, warned in Cape Town yesterday.

These were the possible effects of the dismantling of import control announced by the government in May last year, he said.

In a statement issued in Cape Town on return from a business visit overseas, Mr Jocum said: "The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle the import control."

He had seen the disastrous effects of cheap imports flooding into the United States and Europe. In an effort to combat this, Western countries were negotiating a multifibre agreement which was expected to contain severe cutbacks on clothing imports from the Far East.

RETRENCHMENT

Mr Jocum accused the South African Government of misreading the situation in 1980 when the country's balance of payments showed a surplus because of the high gold price.

"The position has changed radically since early 1980," he said.

If the State did not heed calls to stop the relaxation of import control, the clothing industry would be forced to become importers in order to survive. This would mean retrenchment of labour.

More than 400 000 jobs were at stake, taking into account the subsidiary industries which sold to the clothing and textile industries.

Any large increase in imports would lead to a recession in related industries too, he said.

Mr Jocum conceded that it was far cheaper to import clothing. The landed cost of clothing from the Far East was less than the price of the material content supplied by the national market.

By controlling imports, the Government would encourage manufacturers to take on more labour, invest in buildings and plant, and continue to grow. There was no shortage of clothing or competition.

"Therefore, there is no reason to import any clothing, but only those items not available in South Africa or fashion items needed to boost a collection," Mr Jocum said.

If the clothing industry had to reply on import tariffs, as suggested by the State, these would have to be "exceedingly high" and tantamount to import control. High tariffs tended to protect the inefficient and became outdated and ineffective.

The clothing industry deserved to be singled out for special attention in the interests of the national economy.

Mr Jocum said that the federation would continue its effort to get the Government to accept its recommendations, based on the "disastrous events" in clothing industries in the Western world. — Sapa.

Five-month trade down by R2 723-million

Star 24/6/81 (74)

Rising imports and exports during the first five months of the year brought South Africa's favourable trade balance to R155,8-million, R2 723,7-million less than the corresponding period last year.

Preliminary figures published by the Commissioner of Customs and Excise in Pretoria show that imports for January to May were valued at R7 022,8-million compared with R5 428,5 million last year.

The export figure was R7 178,6-million this year and R8 308,0-million last year.

EUROPE AND US

Trade with Europe totalled R2 878,0-million in imports, and R1 904,6-milllion in exports, during the first five months of this year, compared to R2 104,9-million and R2 192,5-million respectively during the same period last year.

In the case of the United States, the five-months import figure this year was R1 095,2-million (786-million). The export figures were R769,4 - million (R868,8-million).

Trade with Asia ran to R1 078,2-million in imports and R784,7-million in exports for the first five months this year. Last year's comparable figures were R628,7-million in imports and R809,8-million in exports.

OCEANIA ADVANCE

In the case of Africa, imports were up from R113,2-million the first five months of last year to R124,5-million this year. Exports were down from R449,6-million last year to R401,5-million this year.

Trade with Oceania showed an import jump from R35,5-million last year to R53,1-million this year for the five months under revue.

Exports to Oceania increased slightly from R37,4 million last year to R38,8 million this year.

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

Other unclassified goods and balance of payments adjustments in the first five months this year were: R1 793,8-million in terms of imports, and R3 261,4-million in exports. The corresponding figures for last year were R1 759,5-million in imports and R3 930,5-million in exports. — Sapa.

We can see that all the funds examined here cover all workers in the industry.

BDM 25/6/81 24

Big scope seen in SA exports to Taiwan

By SIMON WILLSON
Industrial Reporter

SUBSTANTIAL scope remained for South Africa to increase its exports to Taiwan, Mr H J Van der Merwe, chairman of the South Africa-Republic of China chamber of economic relations, said this week.

Speaking at the chamber's annual general meeting in Johannesburg, Mr Van der Merwe said the two countries had increased their bilateral trade at a steady rate.

Exports to Taiwan had risen by 44,6% and imports from the country had jumped by 82%.

"There still remains substantial scope to increase our exports of agricultural, mining and other products.

"For example, Taiwan imports more than a million tons of wheat annually from the USA and Canada; more than a million tons of barley from Australia and the USA as well as larger tonnages of maize, not only from South Africa but also from the USA and Canada," Mr Van der Merwe said.

Taiwan imported large tonnages of tobacco from the USA and Thailand, and more than 6 000 000 m² of logs a year from Far Eastern countries. It was also a big buyer of dried milk, steel and refined copper.

"South Africa is a supplier of most of these categories and the opportunity exists of our exporting greater quantities to Taiwan."

Consideration should also be given to the beneficiation of raw materials before they were exported to Taiwan, he said.

"This will not only result in a higher technological development within South Africa but also in increased prices and profits and, as far as Taiwan is concerned, reduced freight charges."

Exporters faced a number of problems in getting at the Taiwanese market, the biggest of which was the comparatively long distance and the higher freight costs compared with getting to Japan, Hong Kong and Korea.

But the shipping service between the two countries was improving.

South African importers of Taiwanese products also faced the "peculiar" demand from Chinese suppliers for a confirmed letter of credit payable 45 or more days before shipment, Mr Van der Merwe said.

Paying before goods shipment led to disputes about receiving incorrect or substandard articles.

These problms had been raised in discussions between the chamber and the Taiwanese authorities, and chamber members were being circulated with safeguard recommendations.

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... on visual deficiency which showed that this was not being corrected because of the expense of glasses. (See appendix C).

In March 1973 a dental clinic was established.

Attempts were made through the years to establish psychiatric clinics. This was unsuccessful, however.

In 1964 a medical clinic and physiotherapy service was established. The medical clinic was supplied in a portable cardiograph machine. This was taken to the various areas to test the workers. The physiotherapy service was offered during lunch hours and after working hours.

In 1963 an Influenza immunization survey was carried out. This formed the basis for later immunization programmes. The last influenza immunization campaign was carried out in 1976. Employers pay for this service at reduced rates obtained by the Council.

There were complaints of 'malingering' by employers when sick pay provisions were introduced. This was apparently unfounded.

<u>Absenteeism per member of fund.</u>

1959 - average of 2.2. days per member per month.
1960 - average of 2.3. days " " " "
1961 - average of 2.2. " " " " "
1962 - average of 2.4. " " " " "
1963 - average of 2.8 " " " " "

In July/August 1963, there was a very severe outbreak of influenza, which explains the increase in 1963. In August 1962-63 it was found that 81% of those workers absent because of illness, showed a positive diagnosis. (temperature or other such symptoms). 72% of the workforce was responsible for 80% of the sickness in the industry. 82% of persons (1966) consulting doctors were female (Female workers make up the major part of the work force (over 72%).

It seems, therefore that the sickness was fairly well-spread amongst the labour force. The fund thought that this showed that the claims of 'malingering' were unfounded.

The largest concentration of members consulting doctors were females between 17 and 22 years and males between 17 and 28 years old.

Medical benefits are not transferrable, if the worker leaves the Clothing industry. A problem exists in connection with this, in that there is a high turn-over of workers in the clothing industry. Thus one would find that many workers sometimes pay in money without getting adequate benefits from the fund.

In the case of dissolution of the fund, after debts have been paid, $\frac{1}{3}$ of the money goes to the employer; $\frac{1}{3}$ to the trade union and $\frac{1}{3}$ to the consolidated revenue fund.

<u>Figures for consultations with panel doctor.</u>

1959 - average of 23% of members - 1 consultation per month
1961 - 27%
1963 - 30%
1964 - 33.3 of total membership of fund.
1965 - 32%

Plea for more clothing controls

25/6/87

By SIMON WILLSON
Industrial Reporter

APPLYING quantitative controls, as well as tariff barriers, on imported fabric and clothing was necessary to protect jobs in the South African textile and clothing industries, a clothing manufacturer's conference was told on Monday.

Mr Denis Solomon, a director of SA Clothing Industries, told the conference, organised in Johannesburg by the Corporation for Economic Development, that tariff barriers applied alone constituted an inflationary form of protection.

"The director-general of Commerce and Industry, the chairman of the Board of Trade and others have told us that we should rely for our protection on the tariff structure. But this is not a cure for the disease. In effect it can increase prices.

"I believe that those responsible in Pretoria should be brought to realise that while we do need tariff protection, it is imperative that a quantitative control be instituted as well," Mr Solomon said.

Allowing cheap clothing from under-developed countries to come freely into South Africa would be "disastrous in the extreme", and investment in the clothing industry would be "difficult to establish" without official assurances that this would not happen.

"In South Africa to quantify the effect of inadequate protection is difficult. Let me just give you one fact to mull over: if fabric and clothing imports are allowed to grow to 50% of local demand, by the year 1987 there will be 75 000 less jobs created, compared with Economic Development Programme growth rates."

Demand for clothing would increase this decade, Mr Solomon said, as the Government became aware of the necessity for better opportunities for all sections of the community.

More disposable income would become available and clothing would become a status symbol of the new wealth.

"Without creating increased production a demand-pull inflationary spiral could develop. It is therefore vital for us to have extra availability from within our own resources," he said.

The present system of medical schemes (together with other forms of social security such as provident, funeral and pension funds) can be seen to originate partly from the early mutual aid societies and partly from the private commercial insurance schemes. The mutual aid societies developed in Europe with the appearance of an unorganised mass of unskilled labourers in the towns. The formation of mutual aid clubs were often the basis for later emergence of industrial trade unions.

Medical Aid and Medical Benefit Schemes

There are two types of medical schemes in operation in South Africa which assist workers in paying for medical services, after the payment of a regular contribution. These are medical benefit and medical aid schemes

Steyn plea on exports

Star 25/6/81 74

The Government had done its share through its efforts aimed at creating a favourable climate for increased exports, the Deputy Minister of Finance, Industries, Commerce, and Tourism, Mr Steyn, said yesterday.

Addressing the Exporters' Club of South Africa in Johannesburg, he said it was now up to businessmen to utilise the available facilities and actively take part in the overall export drive.

"I personally believe that commerce can do much more to enhance the export performance."

There was a dire need for exporters to establish themselves on a permanent basis in foreign markets as a reliable source of supply.—Sapa.

deducted are much lower than medical aid contributions. Not all medical benefit societies render full services, many of them operating on the principle of gradualism. Initially only doctors services and medicine are provided free but as finances are built-up benefits are extended and further benefits are included.

The medical benefit societies tend to have a more preventative bias than medicaly aid societies, which tend to provide straight insurance aid. This manifests itself in the establishment of clinics, free immunisation and mass x-ray programmes. This lack of preventative measures by medical aid schemes is despite the fact that many of these schemes include amongst their aims that of promoting good health amongst their members.

The first medical aid scheme was started in 1899 by De Beers for its employees. By 1910 there were 7 schemes and by 1939/48 schemes. After World War II there was a marked increase in the number of medical aid schemes established. In 1960 there were a 171 schemes and in 1975, 292.[3]

In 1967 the Medical Schemes Act was passed. The Act came 5 years after the report of the Commission of inquiry into the high cost of medical services and medicines (The Snyman Commission report of 1962). Many of the recommendations of this commission were incorporated into the Medical Schemes Act.

This act defines medical schemes as being established with the object of making provision for:-

a) rendering free of charge to members and dependents, medical, paramedical, nursing, surgical or dental services or

b) to supply free of charge to members and dependents, medicines or medical, surgical, dental or optical requirements or appliances or accommodation in hospitals or nursing homes.

c) or granting assistance to members in defraying expenditure in connection with services or medical appliances or accommodation.[4]

The Act provides for the establishment of a Central Council for medical schemes, and a medical schemes fund which will be administered by the Secretary for health. All registered medical schemes pay contributions to the fund at such times and on such a basis as decided upon. A record is kept of the money received and expended. The money in the fund is used for rendering assistance to members of schemes and for other purposes decided upon by the Council. The Central Council for Medical Schemes includes persons in the medical or para-medical professions (e.g. doctors, dentists, pharmacists and so forth) and persons with special knowledge of medical benefit schemes, medical aid schemes, hospital services and so forth. It lays down minimum benefit requirements which medical schemes must comply with. One of these is that the dependents of a member must be entitled to the same benefits as the member. The Act exempts the following funds from complying with the provisions registering in terms of it: The S.A.R. and Harbour sick fund and funds established under the Police Act, the Prisons Act, Public Service Act, in respect of the Bureau for State Security, the Defence Act and the Industrial Conciliation Act (Act No. 28 of 1956). All other medical schemes are required to be registered under the medical schemes Act and up until 1975 with the Registrar of Friendly Societies as well.

Exemptions from complying with certain of the minimum benefits can be applied for on a yearly basis and will be granted at the discretion of the Central Council. Although the Act is non-racial in its formulations concern has so far been shown only for medical insurance for whites. (See below).

VOLUNTARY COMMUNITY HEALTH WORKERS

The formation of a team of voluntary community health workers to run a home based information service is described in this paper. On a recommendation of Dr John Smith, Medical Superintendent of the Day Hospitals Organisation, representatives of the Day Hospitals and the St. Johns Ambulance studied the feasability of this innovation to the local medical scene in the Cape Peninsula. For many years trained members of St. Johns or other trained personnel applied First Aid after accidents and emergencies at sports meetings and other public gatherings. For c

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AIDES — Auxiliary Inform

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problems to Day Hospitals, clinics and social agencies specialising in a specific problem. They would literally and figuratively give direction to their neighbours.

When did this start?

The idea was first mooted early in 1977 and acted on later in that year.

Where was the idea first put into practise?

An initial pilot scheme was introduced in Kew Town, Bridgetown and Silvertown. These townships form part of the Athlone complex. They are 3 sub-economic housing estates built and managed by the Cape Town City Council and they form part of the area catered for by

the/...

the Dr Abdurahman Day Hospital in Kew Town. Due to their having been established for many years they housed a relatively stable community. Recent upheavals have been due to the younger generation reaching maturity, the riot of 1976 and the unemployment situation since 1977.

If this pilot scheme is successful it will be developed into a major permanent service of the St. Johns Ambulance aided and abetted by the Day Hospitals Organisation. The service would hopefully be expanded to all the townships around the Cape Peninsula and its environs.

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The poor suffer severely from nearly every physical and emotional illness known. The causal relationship between poverty and ill-health is very well known. There is an inverse relation between income level and such conditions as malnutrition, infant mortality, tuberculosis and

venereal/...

Small surplus expected from sugar exports

Argus 25/6/81

74

~~136~~ 3 sugar

Argus Correspondent

DURBAN. — The sugar industry has sold much of its export quota for the current season on the futures market at prices above the present free market price and is confident of ending 1981-82 with a modest surplus.

Mr Frank Jones, chairman of the South African Sugar Millers' Association, announced this at the association's annual meeting here.

He said the surplus would go towards redeeming the R130-million in loans raised over the past three seasons and some of the profit made in the export market would be applied to rebuilding the price stabilisation fund.

Sugar production this season would reach just under 1,9-million tons, of which more than 1,2-million tons would be sold in the domestic market, five percent more than the previous season.

SUSTAINED RECOVERY

'It could well be that the current season will mark the beginning of a sustained recovery period for the South African sugar industry,' he said.

The past season had been the worst in 10 years because of drought, with production falling 1,6-million tons and domestic demand rising 6,8 percent to 1,16-million tons.

The decline in production had coincided with a recovery in world sugar prices and had deprived the industry of the potential to increase its revenue by more than R200-million.

More trade with Bonn

Star 26/6/81

BONN — South Africa has moved up from 17th to 13th place on the list of West German customers.

The Federal Statistical Office reports that imports from West Germany for the first quarter of this year were half more than for the same period of 1980.

Increases were mainly in road vehicles, machine tools, chemical and electro-technical products.

During the first quarter of 1980, imports from West Germany totalled R326-million. They grew during the first quarter of this year to about R490-million.

The first figure represented one percent of West Germany's exports, the second 1,4 percent.

West German imports from South Africa remained essentially unchanged during the first quarter of this year, at 818-million marks or 0,9 percent of all imports. South Africa ranked 20th among the nations from which West Germany imports goods.

Cape clothing firm scores in W Germany

74 ~~77~~ ~~184~~ Argus 27/6/81

MERITEX, the Cape Town clothing company, is pushing ahead rapidly with the building of a new factory to enable it to move strongly into export markets.

So urgent is the need for the factory that equipment is being flown in from overseas and it should be completed by the middle of next month.

It will have a floor area of 4 000 sq m.

The men's underwear division will be transferred to the new plant and simultaneously the company will launch a new underwear range in the European market, the company's export manager, Mr Brian Berman, says.

The first orders have already been taken and are scheduled for delivery in October and November.

SUCCESSES

Meritex has scored considerable successes in the export market in recent years.

Since 1978 the company has received steadily growing orders from Otto Versand, West Germany's second largest mail order company.

MERITEX'S export manager, Mr Brian Berman (left) and sales manager, Mr Max Lisus, examine a catalogue issued by a West German mail order house featuring their company's products.

For the 1981 summer season, Meritex supplied Otto Versand with 30 000 articles of women's wear and so far has had a repeat order for a further 3 000.

It also supplied C and A Brenninkmeyer, a large West German retail chain, with stocks for its summer range. It is now working on a R130 000 order for winter season goods for the same company to be delivered in mid-July.

QUALITY

Mr Berman says the Germans are extremely quality conscious and to meet Otto Versand's requirements it is necessary to visit them three times a year. Technicians from the company also come to Cape Town for discussions.

One reason why Meritex is doing well in the German market is that there are no import quotas on goods from this country.

A second reason was that Meritex was vertically integrated with its own cloth manufacturing and dyeing plants. It also had its own mercerising plant.

These gave the company the flexibility and quality control needed to meet the needs of the export markets.

Exports account for about 7,5 percent of Mertitex's sales, but this figure is expected to grow considerably.

Eon 27/6/81 (74)

More could be done on export front, says Steyn

By SIMON WILLSON
Industrial Reporter

MUCH more could be done by the private sector to enhance South Africa's export performance, Mr D W Steyn, Deputy Minister of Industries, Commerce and Tourism, said on Thursday.

He was speaking to the Exporters' Club of South Africa in Johannesburg in the same week as the country recorded what could turn out to be a current account trade deficit for May of R550-million — provisionally the worst monthly trade figures ever.

"Although we have made substantial progress in increasing our exports of manufactured goods in recent decades, it is unfortunately so that, particularly in times of buoyancy in the domestic market, there is a tendency for exports of these goods to drop considerably.

"The result is that so many of our exporters of such goods are engaging in sporadic exports which is neither in the country's, nor their own interests," Mr Steyn said.

He was aware, he said, of the fact that industrialists were faced with a shortage of skilled manpower, and he acknowledged that the shortage might be one of the reasons exporters were prone to concentrate more on sales in the domestic market during times of high demand.

"However, I feel that much more could be done by private enterprise in the country to utilise the available training facilities provided by the Government and, where necessary, supplement it by the creation of their own facilities."

South African exporters should establish themselves in foreign markets as a reliable source of supply, Mr Steyn said.

Local businessmen should do everything possible to increase their efficiency so that they could absorb higher input costs.

Productivity, not only in labour but in optimal use of capital and raw materials by management, should be increased.

Government incentives to aid the export community had recently been much expanded and improved.

"I can only trust that they will have the desired effect of spurring our exporters and potential exporters on to intensified efforts and greater achievements in foreign markets."

RICA

B.Com., ACM ... tional Safety Association

'riculum Vitae

areer with Lever Brothers in Salisbury. stant, he climbed the ranks of industrial able practical safety experience in the

8, and has held various senior posts in vas appointed General Manager.

ost accountant so it is only natural for e cost angle of NOSA's services and the g to industrial managements who intro- vention programmes.

ber of the Institute of Cost and Manage- on) and is a Past-President of the S.A.

ree from the University of South Africa. professionals to be awarded the National gement by the Department of National

speaker at numerous conferences and ith Africa but in the United Kingdom, a and Mocambique.

les and publications, he authored "The h was printed in The Readers' Digest. an Accident and how if affects profits" ican article on the subject to be published k Selected Readings in Safety by 36 Inter- onals.

H. J. (Bunny) Matthysen B. Com., A.C.M.A., NADSAM General Manager of National Occupational Safety Association (NOSA)

Introduction

Man has made the most amazing technical advances over the past few decades. The climax possibly came when he extended his influence to the moon on 16th July 1969, with Neil Armstrong taking one small step for man but one giant step for mankind. Further evidence of the technical progress has been the recent Apollo Soyuz link-up in space.

Despite developing the technical know-how, man has still retained the propensity to make errors and so damage property and injure himself to a crippling degree. Even in the space race, three astronauts were burnt to death in their capsule on the launch pad. Four cosmonauts were also killed in two separate spacecraft accidents. An error in not throwing a switch during the Apollo splashdown after the American- Russian link-up also caused temporary lung damage to the astronauts.

Technical advances have brought about more sophisticated machinery, more complicated methods and unique materials, which demand a greater awareness of the potential risk in everything we do.

Take the Apollo project for instance. The programme called for the manufacture of some 15 000 000 component parts. With a reliability of 99,99 per cent it still meant that 1 500 parts could be unreliable. The complexity of industry thus exposes the operators to more and more hazards.

Nevertheless, even though these risks are very real, it is some three to five times safer at work today than it was in the 1920's.

From the records of the National Safety Council of America (NSC), the downward trends in the Injury Frequency Rates between the years 1926 and 1967 were quite dramatic. Of those firms reporting to NSC the rate dropped from 31,9 to 7,2 disabling injuries per million manhours exposure. This trend, however, was not maintained. In the late rates 1960's and into the 1970's an upward trend in the disabling injury both in America and Canada was noticed. (1)

In South Africa the trend is still a downward one. In fact, from the latest figures released by the Workmen's Compensation Commissioner, it would seem that, had South Africa maintained the rate which was reflected in the 1950's there would have been a further 250 000 persons injured over and above the 355 000 who are injured yearly. Although there is this downward trend, there is no room for complacency. We have to make greater efforts to eliminate the errors which cause the downgrading incidents and which in turn result in people being injured, because the South African IFR is still 11,8. Before this year is over, over a quarter of a million South Africans will be victims of on-the-job accidents, serious enough to keep them away from work for at least one full day. One hundred and ten thousand hands, 50 000 feet and 40 000 eyes will be badly injured. Thirty-one thousand men and women will be permanently maimed; several

QUANTITY SURVEYING

(Continued)

SA coal exports top 29m tons

RDM 1/7/81 (74) (lnt)

Financial Reporter

THE South African coal mining industry produced more than 114-million tons in the year ended March 31 and total exports reached 29 200 000 tons and earned R668-million in foreign exchange.

These figures are given in Anglo American Corporation's annual report, which says that sales during the year by South African mines administered by the corporation rose by 1,1% to 36 700 000 tons, being about 32% of the country's production.

These mines increased their operating profits before tax by 11% to R119-million.

Amcoal's participation in the Richards Bay coal terminal under Phase 3 of its expansion will enable it to progressively increase its annual exports of coal through Richards Bay to about 6-million tons a year by 1986.

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S A Brick Association Prizes

For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING

Student Planners Award

For the student who has shown greatest promise at the end of the first year.

M P Morkel

3/7/81

KENNISGEWING 476 VAN 1981—NOTICE 476 OF 1981

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

Sgg 7647

74

TYDPERK: JANUARIE TOT MEI 1981—PERIOD: JANUARY TO MAY 1981

TABEL A: TOTALE IN MILJOENE RAND VOLGENS WÊRELDSTREKE EN SKEEPS- EN VLEIGTUIGVOORRADE
TABLE A: TOTALS IN MILLIONS OF RAND ACCORDING TO WORLD ZONES AND SHIPS' AND AIRCRAFT STORES

Wêreldstreke—World zones	Invoere—Imports		Uitvoere—Exports	
	1981	1980	1981	1980
Afrika—Africa	124,5	113,2	401,5	449,6
Europa—Europe	2 878,0	2 104,9	1 904,6	2 192,5
Amerika—America	1 095,2	786,7	769,4	868,8
Asië—Asia	1 078,2	628,7	784,7	809,8
Oseanië—Oceania	53,1	35,5	38,8	37,4
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	1 793,8	1 759,5	3 261,4	3 930,5
Skeeps-/Vliegtuigvoorrade—Ship's/Aircraft stores	—	—	18,2	19,4
Groottotaal—Grand total	7 022,8	5 428,5	7 178,6	8 308,0

3/7/81

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	
	1981	1980	1981	1980
I. Lewende diere; dierlike produkte Live animals; animal products	24,9	16,6	52,9	78,5
II. Plantaardige produkte Vegetable products	108,0	86,3	409,4	379,7
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	24,2	30,5	24,4	15,4
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	102,7	55,1	161,9	257,7
V. Mineraalprodukte Mineral products	95,5	100,5	670,2	648,6
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	454,9	408,5	149,1	169,3
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	203,4	199,6	23,9	31,7
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)	21,7	14,8	36,2	58,8
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	45,5	35,2	14,8	22,1
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	142,8	115,0	58,6	74,1
XI. Tekstiele en tekstielartikels Textiles and textile articles	289,0	207,3	167,1	169,2
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	27,0	15,2	7,1	5,9
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	64,0	41,0	18,5	21,8
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	32,5	26,1	849,6	1 106,3
XV. Onedelmetale en artikels daarvan Base metals and artikels of base metal	344,9	254,0	634,1	726,6
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	1 849,1	1 264,6	110,3	101,5
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 080,5	581,8	83,0	55,5
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	242,8	165,8	12,7	9,5

3/7/81

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1981	1980	1981	1980
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	49,4	33,5	9,5	10,8
XXI. Kunswerke, versamelaarsstukke en antieke Works of art collectors' pieces, and antiques	11,3	4,2	10,4	4,4
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	1 808,7	1 772,9	3 674,9	4 560,6
Groottotaal—Grand total	7 022,8	5 428,5	7 178,6	8 308,0

(3 Julie 1981)(3 July 1981)

Local tubing plant will cut imports

S. Times 5/7/81 (74)

By Andrew McNulty

IMPORTS of stainless-steel tubing costing more than R12-million a year will be replaced completely by a new plant to be established at Krugersdorp by Stewarts and Lloyds and Macdem.

A new company, Salmac, has been established for the venture, for which capital investment in land, plant and buildings will be R5-million.

S & L's group marketing manager, Lars Frantzen, told Business Times that total output will be at a rate of more than 4 000 tons a year when the plant is fully on stream by mid-1982.

Establishment of the plant involves imports of machinery from Germany, and relocation of an existing, smaller S & L tube factory at Vereeniging, which produces stainless tubing up to 75mm.

The new plant will produce in sizes up to 300mm.

The expansion has become possible as a result of the local manufacture to start early next year of cold rolled flats by Southern Cross, which will replace imports of the raw material.

Mr Frantzen says growing long-term demand for stainless-steel tubing is expected for use in sophisticated new plants in the chemical, synfuel, sugar, motor and fishing industries.

Until now the emphasis in our mental health services has mainly been curative. In rural areas malnutrition through ignorance is still a problem. In the cities the burden of Westermisation and concomitant alienation is taking its toll in alcoholism and psychosomatic diseases. To counteract this the emphasis in our services is in effect shifting towards an integrated, comprehensive, community-centred mental health and health care service. This policy is clearly reflected in the new Health Act which South Africa adopted in April of this year (I976).

The Secretary for Health, Dr J de Beer (I975) laid the foundations for this transition. He points out that the services must be integrated so as to include the preventive, health-promotive, curative and rehabilitative aspects, and to bring them into line, so that the individual is cared for in the actual context of the family and the community. To realise this ideal, we are introducting significant changes in staff training programmes and, more important, are mobilising the co-operation of leaders in the community, including the indigenous practitioners and the priests.

5.3. As indicated in the previous paragraph, we are now changing our attitudes to the indigenous practitioner. Though we realise that a great number of Black patients in our care are also receiving the attention of the traditional practitioner, many of us unfortunately still choose to oppose and reject them in principle. (Editorial I976) Of course, we realise that the approach dictated by our rigorous scientific medical framework leaves no room for consultation with the diviner-priests. But by establishing communication with the responsible people in this field, we can at least indirectly involve them. Thus we can offer an important unofficial psychotherapeutic support to our patients, instead of repudiating

any form of collaboration. There is nothing better, or quite as relevant, that our present mental health teams, with their Western orientation of training, have to offer to the tradition-bound man in terms of

SA sells economic expertise to U.S., Japan

S. Times 5/7/81 (74)

By John Spira

ECONOMIC know-how is South Africa's newest export. It is being sold to the United States and Japan by Johannesburg-based Econostat — an applied economic research unit.

Headed by Charles Diamond, Econostat has contracted to supply monthly charts and interpretive texts of specific business trend projections to leading publishers of business magazines in New York and Tokyo.

Econostat's American client, the Lebhar-Friedman group, publishes a cluster of glossy trade magazines which enjoy national circulations in the merchandising field.

The Japanese publisher is the Diamond Publishing Co — the largest business-oriented publisher in Tokyo. Its major journal, the Diamond Weekly magazine, is the Japanese equivalent of the American Business Week.

For Lebhar-Friedman, the Econostat team of economists will, from the 12 500 items of statistical data contained in its Hewlett-Packard 1000 computer, produce a series of up-to-the-minute charts reflecting trends in specific merchandise areas in the US.

The Japanese, who carefully monitor business conditions in the US, will publish more generalised trend lines and comment on comparisons between the Japanese economy and the international scene.

Mr Diamond comments: "The fact that publishers at opposite ends of the world are prepared to buy a service of this specialised nature from a South African economic unit is a reflection of the expertise and wide range of material which Econostat assembles to give depth and validity to the projections which the unit produces."

These projections are derived from a unique computerised analysis technique evolved by Econostat. The latest data from every country in the industrialised world is fed into the computer, as well as confidential information gathered from business organisations in America and Europe.

The technique projects business cycles in general terms as well as in confidential specific fields for its clients in South Africa, Europe and America.

reversed only be developing better-adapted techniques in mental health practice. This object can only be realised by research consciously orientated towards the establishment of mental health programmes and techniques specifically

Cotton price threat to exports

S. Times 5/7/81

74

By Andrew McNulty

EXPORTS of textiles currently worth about R60-million a year are seriously threatened by the high local cotton price.

This warning was made by Stanley Schlagman, executive director of the Textile Federation of South Africa, representative body of the R1 500-million textile industry.

Cotton-sourced goods account for more than R40-million of the total earnings from textile exports.

"This could easily be chopped to nothing within eight months if something is not done fast," Mr Schlagman told Business Times this week.

This would greatly exacerbate fears among producers arising from rising levels of aggressively priced imports.

Since 1979, well over R200-million has been spent on boosting capacity, which has recently been brought on stream, or will be in the next few months.

During the last quarter of 1980 the industry's capacity reached levels 15% higher than the fourth quarter of 1979, and capacity is expected to rise a further 8% in 1981.

Mr Schlagman says that exporters are facing mounting difficulties in maintaining their markets because the local cotton price, set annually by the Cotton Board, is now as high as 20% above international prices, which have slipped sharply in the past year.

"The quality of locally produced goods is high. But we can't compete on that alone. This market is extremely price-inelastic and an order can be lost on as little as 0,5c a kilogram."

He says that the industry has a contractual agreement to draw on the local cotton industry for at least 80% of its needs and, in times of excess production as at present, is under moral suasion to go beyond this amount.

"We support this use of the local crop because it gives us reliability of supply of raw materials and also helps ensure jobs for the more than 100 000 people involved in the cotton industry.

"But there is effectively a controlled price which is most uncompetitive in export markets and we badly need assistance."

An urgent priority, he says, is to have a change in the existing export incentives which do not at this stage allow for any assistance. The federation recommends incentives on the basis of 50% of the established difference between the local cotton price and the average of the spot and future markets at a specific time.

Secondly, the federation has asked for a change in the way in which the cotton price is set.

An axe apparently now hangs over textile exports just when they have shown major growth in the past two years.

Exports of cotton-sourced goods grew fastest, climbing by 150% in volume in the past four years. Non-cotton goods grew by about 20% a year in real terms over the past three years.

Japanese cuts on chrome

Star 8/7/81

214 (74)

By Geoffrey Murray

TOKYO — Import contract negotiations for South African low-grade chrome ore are unusually sluggish this year, confirming the Republic's continued slippage from its former domination of the Japanese market.

Industry sources say that contracts closed so far with three major South African mines come to only 200 000 tons.

This is broken up among General Mining 100 000 tons (against 145 000 tons last year), Rand Mines 40 000 to 50 000 tons (65 000 tons) and Ucar Chrome 50 000 tons (65 000 tons).

The sources say that contract negotiations with medium and small mines for 1981 loading will probably be left over until possibly September or even later and it's not absolutely certain any contracts will materialise.

Apart from a decline in their tonnages, the big three mines have also done badly on price, say industry experts.

These sources say contracts have been signed at around 48.50 dollars a ton FOB, which is, in fact, less than last year's 49 dollars a ton.

FREIGHT CHARGES

The price slippage, however, is even more serious than it looks on the surface.

Japanese buyers last year agreed to share equally increases in South African inland freight charges.

This year, mining coasts are at least 1,50 dollars higher because of increased railway freight and port charges but the Japanese are not making any contribution to this.

Whether or not any additional contracts are signed this year is said to depend heavily on the prospect of increased stainless steel and ferrochrome production in the second half of the year. Most companies are not optimistic about this, however.

Africa's trade with SA 'will get stronger'

RDM 11/7/81

(NM) (74)

By GERALD REILLY
Pretoria Bureau

THE dependence of many poverty-stricken African countries on South African exports will continue and grow, according to Government sources.

They were commenting on an accusation made by the New Zealand Prime Minister, Mr Robert Mulldoon, earlier this week that black countries were taking the easy way out by concentrating on sports boycotts of South Africa rather than on trade boycots.

The Pretoria sources said that South Africa's direct export trade to African states, according to the Department of Customs and Excise, totalled nearly R1 200-million last year.

If indirect trade was taken into account — that is South African goods re-exported from other countries back into Africa — the figure would exceed R1 500-million.

The sources said that Botswana, Lesotho and Swaziland bought another R1 000-million worth of South African exports last year and imports by the independent states — Transkei, BophuthTswana and Venda — exceeded R1 000-million.

Mr Chris Heunis, Minister of Economic Affairs, has told the House of Assembly that South Africa traded with 49 of Africa's 52 countries.

The sources stressed that African countries had virtually no alternative but to buy from the South African market.

"They buy from us because we are the nearest, cheapest and best market. These considerations, in countries with dire economic needs, outweigh any commitment they might have to boycotting South Africa."

International surveys by the World Bank and other organisations claimed South Africa was probably the only country on the continent which was not only able to feed itself, but which produced regular surpluses of basic grain crops.

Expansion of trade in Africa, which was firm Government policy and part of the total strategy syndrome, was being inhibited by inadequate transport systems in customer countries and by a chronic shortage of foreign exchange, they said.

The general manager of the South African Foreign Trade Organisation, Dr P J Kieser, said the problem was not finding customers in Africa, but finding customers who could pay, and where transport systems were reliable and adequate.

QUANTITY SURVEYING

(Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

QUANTITY SURVEYING

(Continued)

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I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING

Student Planners Award
For the student who has shown greatest promise at the end of the first year.

Sweeter for sugar

RDM 11/7/81

WASHINGTON. — South Africa's 1981/82 May April sugar production is expected to rebound to just over 2-million tons (raw value from the drought reduced 1 710 000 tons produced in the 1980/81 season, but will still be below the 2 210 000 tons produced in 1979/80, the US agriculture department's atttache in Pretoria said in a field report.

Sugar exports during the current season are produced at 676 920 tons, well within South Africa's current quota of 780 000 tons the report said.

EXPORT SUCCESS

CULLINAN REFRACTORIES EXPORTER OF THE YEAR

S-Tribune 12/7/81 74

CULLINAN Refractories, the Olifantsfontein company which boosted its overseas exports to nearly 30 percent of total sales last year, was named this week as the Sunday Tribune's Exporter of the Year.

The runners-up were both Durban companies — Durban Clothing Manufacturers (Pty) and Fastener Corporation (Pty), a producer of light sheet metal fasteners based at Prospecton.

After receiving the Sunday Tribune/Safto Exporter of the Year trophy, Cullinan chairman Neil Cullinan said it was time the Government came forward with more encouragement for exporters in the form of incentives.

"Just as it has cost exporters a lot of money to be in the export business I think the Government should be prepared for it to cost them a lot more for us to ensure that South Africa remains a major exporter in terms of its gross domestic product.

"We are going into a trough in terms of the falling gold price, in terms of our GDP. I think the time is ripe for the Government to appreciate this and back their exporters even more with incentives."

South African Foreign Trade Organisation chief executive Wim Holtes said there had been a change in the Government's attitude towards exporters.

"The improved incentives are a reflection of that but there is still a lot more to be done, particularly with regard to the red tape that has wrapped itself around the export scene."

Echoing the call for more incentives, Durban Clothing's marketing director Graham Cartwright said cheaper money should be made available to exporters in his field to enable them to buy cloth.

(Reports on the winner, the runners-up and the finalists in Page 22 of the main section and in the Exporter Supplement).

Glimmers of recovery in metal and mineral exports

S. Tribune Finance Correspondent 12/7/81 74

THE first glimmers have appeared of a recovery in South Africa's non-gold metal and mineral exports.

Steel, manganese and chrome producers are among those who report a recent pick-up in inquiries from buyers and, in a few cases, higher contract prices.

Samancor chairman Jack Kearney says the fortunes of the group, which is the world's largest manganese and ferro-alloy producer, "will improve from the fourth calendar quarter of 1981". According to Kearney, the fall in stocks of raw material held by the Japanese and European steel industries is nearing an end, and orders should increase soon. Chrome and manganese prices have already begun to rise in the United States.

Kearney's forecast was partially confirmed this week by Standard Bank, which noted in its latest economic review that ferro-manganese exports "could well recover noticeably in the second half of this year".

But demand for many other commodities will remain depressed until well into 1981. The bank concludes that "while most mining segments can expect at least some reversal of the downward trend in export earnings in the months ahead, for the year as a whole their export performance is unlikely to reflect more than a marginal improvement on last year".

The announcement last week that West Rand Consolidated is to suspend uranium production is evidence that the markets for some products are likely to remain slack for some time. Likewise, iron ore exports are not expected to recover significantly until next year.

There is a lot of ground to make up. Samancor sold over a million tons of manganese ore in Europe in the first half of 1979 but, in Kearney's words, "very few sales" have been negotiated there so far this year. The volume of iron ore exports plunged from 14,5 tons in the year to June 1980 to an estimated 11,3m tons in the following 12 months.

One bright spot — at least for the exporters — is the sharp fall in the rand against the U.S. dollar. By this week, the rand had dropped below 1,10 dollars, compared to its peak of 1,35 dollars just six months ago.

The effect on export earnings is illustrated by the gold mines's experience. The bullion price measured in dollars has tumbled by about a third in t[...] months, bu[...] rand earnin[...] by only abo[...] The weaki[...] enabled Is[...] contract te[...] exports w[...] have been [...] last year.

As a [...] profitability [...] local minin[...] will impr[...] rapidly than [...] volumes or [...] currency con[...]

Aussie fired for doing SA job too well

S Express 12/7/81

74

THE Australian Government has sacked its trade commissioner in Johannesburg after the "embarrassing" success of a trade mission to South Africa in March.

The trade mission was sponsored by the Perth Chamber of Commerce and backed by the West Australian Government.

Mr Max Daniel, who was largely responsible for West Australian industry's new business contacts with South Africa, was recalled to Australia last month and relieved of his post.

● Mr Gough Whitlam . . . put up shutters

● Mr Malcolm Fraser . . . following Labour line

HE WAS SACKED AFTER HUGE TRADE BOOST

By MARSHALL WILSON and LIZ VAN DEN NIEUWENHOF

He now works in the Australian Overseas Projects Corporation in Sydney but is due to retire from Government service within six months.

According to the Australian Department of Trade and Resources, Mr Daniel was sacked because he said publicly that he could not understand why the Fraser Administration in Australia was pursuing the previous government's policy of putting up the shutters against South Africa.

Mr Daniel had also said that Australia's exports to South Africa had more than doubled, from $A65-million in 1979 to an expected $A135-million this year.

"It could easily top $A200-million with a few more marketing people over here," Mr Daniel was quoted as having said.

Australia's First Assistant Secretary of Trade and Marketing, Mr Mike Lightowler, said in Canberra this week that Mr Daniel had been recalled to explain his remarks.

Mr Daniel later claimed he had spoken to a journalist in confidence, and was later horrified to see his remarks in print.

He was withdrawn from the post because of his comments on Australia's trade policy towards South Africa.

Mr Ron Manners, a Kalgoorlie businessman and member of the West Australian trade delegation, said on his return to Australia that the trade mission in South Africa employed 30 people "busily engaged in maintaining a relationship with South Africa."

"The only reason they could possibly have for sacking Mr Daniel was because he was too helpful, too successful," said Mr Manners.

"We are all aware of the potential trade that exists between South Africa and Australia, yet Australia continues to postulate in order to seek favour with the Third World.

"But who does it help? The Third World countries have learnt that it is expedient to say one thing at the United Nations yet go right ahead and trade with South Africa because sound business dictates that they must."

When the trade mission returned from South Africa in April, it was full of praise for Mr Daniel's help in setting up business introduction, trade contacts and media interviews.

The Chamber's manager, Mr Brian Kusel, said after the mission that there was huge potential for West Australian firms to fill many gaps in the South African market.

"We found out when Mr Daniel telephoned me in Perth that he was getting the push," said Mr Kusel.

"We did not expect him to be so helpful, because of the Federal Government's policy of being nice to Black Africa but not to South Africa.

"I would have agreed with this policy before the trip, but having been there and seen for myself, I have changed my mind.

"We are losing millions of dollars by staying out of South Africa and I doubt if the Australian Government will try to stop us unless we go public."

As a result of the visit, Australian bricks will soon find their way to South Africa.

"The sky's the limit and we should not let our opposition to apartheid interfere with trade relations," said Mr Kusel.

An official at the Department of Foreign Affairs declined to comment on Mr Daniel's dismissal.

He said it was an Australian domestic matter.

Professor Frans van den Bogaerde, head of the Economics Department at the University of South Africa, said Australia was not one of South Africa's greatest trading partners.

"Australia rates about 15th on our trading list, so whether it continues its trading links with us is neither here nor there," he said.

Prof Van den Bogaerde said the reason for dismissing Mr Daniel could hinge on Australia's "guilty conscience" for its own racist policies. The country could be trying to gain favour with the rest of the world."

Ms Giselle Krystall, information officer for the Johannesburg Chamber of Commerce, said the Australian mission to South Africa had been organised by the Johannesburg Chamber after an approach had been made by the Perth Chamber of Commerce.

3.

Is any change necessary?

Apart from the fact that two new drugs are on the market, is there any need for change?

Points worth considering are:

4.

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QUANTITY SURVEYING (Continued)

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M P Morkel

SA's largest trading partner now US

RDM 13/2/81

74

Own Correspondent

THE US was for the first time South Africa's largest foreign market as well as its leading source of imports in 1980, according to figures released by the Department of Customs and Excise.

The UK, traditionally South Africa's leading trading partner up to the mid-1970s, was its third largest foreign supplier last year — behind the US and West Germany — and second most important overseas market.

Imports from the UK last year totalled R1 700-million, 12% of South Africa's total imports, compared with R1 200-million the previous year. Purchases from the US amounted to R1 [illegible]-million (R1 [illegible]-million in 1979) and from West Germany R1 [illegible]-million (R1 [illegible]-million).

South Africa's total import bill reached a record R14 [illegible]-million last year, 47% higher than in 1979.

Japan's share of the South African market [illegible] particularly quickly in 1980, with imports rising by [illegible]% to R1 [illegible]-million.

A sharp increase in consumer goods imports, including motor vehicles parts and domestic appliances, as well as shipments of Japanese equipment for the Sasol [illegible] coal plant, appear to have accounted for the bulk of the increase.

On the export side, the US regained its position as South Africa's largest foreign market, buying goods valued at R1 [illegible]-million in 1979, [illegible] higher than the previous year. [illegible]

South Africa's total exports, excluding gold, amounted to R9 [illegible]-million last year, against R[illegible]-million in 1979.

The increase in sales to Britain was [illegible], rising by almost [illegible]% to R1 [illegible]-million. But figures for the past two years have been distorted by [illegible] changes.

Trade with Taiwan, which has close political and military ties with South Africa, expanded at a very high rate last year.

French coal-mine bid aimed at SA

8/01 13/7/81 74 215

Own Correspondent

PARIS — France is trying to buy a 600-million-ton coal deposit in the United States in a deliberate bid to cut back on South African coal imports.

The move parallels talks held in Paris last week between France's Socialist President, Mr Francois Mitterrand, and President Seyni Kountche of Niger, the black African nation supplying France with uranium for its mammoth nuclear-power programme.

Both moves could seriously affect Franco-South African trade.

Efforts by the Compagnie Francaise des Petroles — better known as "Total" — to buy the huge coal site in Kentucky, operated by the Harbert company and 75 percent exploitable by cheap, open cast mining methods, involve around R260-million in investment.

Besides the purchase there are plans to increase output and equip a port with machinery so that the coal can be exported to France and Europe instead of just sold within the US as at present.

But of greater importance than a straight takeover bid, observers believe, is the timing — and comment from the French Energy Ministry.

The ministry said the purchase would help France to diversify its coal sources.

Today a third of these supplies — a total of 9,2-million tons last year — come from South Africa, which has overtaken West Germany as France's top supplier.

In 1978, West Germany supplied 8,75-million tons compared with South Africa's 6,8-million.

The ministry statement appears to be a direct follow-up to the Socialist party pledge to reduce imports from South Africa where possible.

The bid to cut back on coal is particularly significant as the Industry Ministry here has long-term, and probably not easily altered, plans announced by former Minister Andre Giraud last year to boost the use of coal.

South Africa had been poised before the change in government here to take a major share of the increa , being geared up easily to cope with demand, as it did last year for the whole of the European Economic Community.

In 1980, South African coal exports to the EEC rose 20 percent, to 19,2 million tons, with nearly half going to France.

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P Morkel

Local producers cry fowl . . .

10/2/81

By Caroline Braun
Consumer Reporter

Moves are afoot to control the import of chickens into South Africa.

A meat industry spokesman said the Minister of Agriculture, Mr P du Plessis, and the Minister of Industries, Commerce and Tourism, Dr D de Villiers, had recently held talks on ways to control chicken imports.

This comes after complaints by the Meat Board and local poultry producers that cheaper imported chickens "wreaked havoc" with the orderly marketing of the meat industry as a whole.

Last year chickens imported from the United States and Israel were selling at almost R1 a kilogram less than the local product.

This eventually forced local producers to cut their prices.

The consumption of red meat also dropped drastically.

A meat board spokesman said it was unfair for local meat producers to have to compete with imported products at unrealistic prices.

A final decision on how to control chicken imports has not yet been made, but a likely solution would be to place control in the hands of the Department of Agriculture.

Sunday Express Business

French businessmen in bid for SA trade

S Express 19/7/81

74

Financial Reporter

THE French transport supply industry, which has maintained a remarkably low profile in this country is to make a determined effort to break into the South African market at Itec '81, an exhibition which will be held at Milner Park, Johannesburg from July 27 to August 1.

Seven firms will participate in Itec '81. The exhibition will cover all aspects of transport — on land, sea, and in the air. It will be held concurrent with a conference based on the theme of professionalism in transport at the CSIR conference centre in Pretoria.

The seven firms are: Equip Rail, Francorail, TCO, Mors, UTA, Paulstra and Sofretu. They are all part of an industry which employs between 20% and 30% of the entire French labour force.

The obvious bait to come to South Africa and, for the first time, market aggressively, is obviously the vast sums of money South African Railways is spending — R1 600-million in the last fiscal year and R1 800-million in the current year. All the firms make rail equipment of one sort or another.

They plan to come to South Africa in spite of the new hardline policies France's new socialist bosses say they are going to adopt against the apartheid policies of our Government — and which last week led to Total in France acquiring a large American coalfield to reduce France's dependence on South Africa for coal.

The rail transport sector of French industry can afford to cock a snook at the French Government, considering that it has a 15% share of the world's export market for transport equipment, that the productivity of its 30 000 workers is more than twice the national average, that its turnover in 1980 was more than R1 400-million.

If nothing else, the French are pragamatic. When asked whether the new French masters would allow French concerns to increase their business connections with South Africa, a French businessman in this country replied:

"It is all very well for Mitterrand to shout socialist slogans and say how tough he is going to be against South Africa, but when he wants to put his socialist theories into practice he is going to need money.

"And where will he get that from? From French business and industry.

"He knows that if he stops us opening up a new market, even if it is in South Africa, he won't have enough money to pay for his policies."

Some French transport companies are already well known in South Africa. UTA, for example, has been operating regular flights to this country for many years, long before it was even known as UTA.

The Chartered Institute of Transport, which is sponsoring Itec '81, has managed to get a number of well-known people to address the conference, among them former astronaut James Lovell, who will speak on the management of space transport and Prof Nic Wiehahn who will speak on manpower management in transport.

Dr Kobus Loubser, general manager of SAR, will deliver a paper on the strategic role of transport in southern Africa.

SUNDAY TIMES, Busi

S Times 19/7/81

South Africa's exports to its nearby trading partners are slipping

14 74

NEW IMF FIGURES SHOW THAT MALAWI IS STILL THE TOP IMPORTER IN AFRICA OF THE REPUBLIC'S GOODS

By NORMAN CHANDLER

SOUTH Africa's position as one of Africa's major industrial and exporting nations is making an impact on world-trade statistics, according to details released by the International Monetary Fund.

But the figures also show that the country is slipping in the amount of its exports to trading partners such as Zambia and Mozambique.

The only country in the Southern African sub-continent which has increased its imports from South Africa is Malawi — which remains the Republic's major trading partner in Africa, with imports totalling R157-million during 1979, the last year for which official statistics are available.

Mozambique is the country's second most important market, having bought goods totalling R62,03-million.

IMF statistics show that in Zaire, the United States — which has huge mining interests there — has overtaken South Africa as the fourth largest supplier to the former Belgian Congo.

The leading supplier is Belgium followed by France and West Germany.

According to details released by the IMF, South Africa sold goods worth R130,8-million to Zaire during 1979 — an increase of about R11-million over the previous year, and an increase of R115-million over the figures for 1973.

Zambia's dependence on South Africa showed a dramatic drop.

In 1973, Zambia bought goods totalling R62,8-million, but by 1978 this had dropped to R39,9-million.

The official 1979 figure indicates that Zambia was buying an estimated R44-million worth of goods from South Africa — making this country Zambia's fourth most important trading partner after the United Kingdom, the United States and West Germany.

This is in direct contrast to South Africa's 1973 status in which this country was Zambia's second largest trading partner after the United Kingdom. At that time the United States lagged behind by R15-million.

While Mozambique continued to buy huge amounts of goods from South Africa in 1979, the country had in fact lessened its dependence on this country.

Eight years ago — and prior to Mozambique becoming independent of Portugal — the country bought goods valued at R94,17-million from South Africa. This dropped to R91,41-million the following year, and in 1975 it crashed to R71,8-million — dropping to an all-time low of R53,67-million a year later.

There has been a gradual increase, culminating, say the IMF statistics, in an estimated 1979 figure of R62-million. This is still almost double that bought in countries such as the United Kingdom, France and the United States.

While South African exports showed a mixed bag of fortunes, imports to this country indicated a downward trend.

Zambia, for instance, was in 1979 selling South Africa a total of just over R1-million worth of goods — compared to three times that amount eight years ago.

Zaire once sold South Africa just under R1-million worth of goods, but in 1979 that figure had dropped to about R100 000.

QUANTITY SURVEYING

(Continued)

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M P Morkel

Belgian terminal will aid SA-European coal trade

Rom 20/12/81

VIBRATING equipment made by leading South African mining equipment suppliers, Coalequip, is to be installed in the new R35-million coal terminal in Ghent, Belgium.

Behind the establishment of the ultra-modern terminal, announced recently, is the South African mining group Rand London Corporation, which expects the terminal to assist it in opening up the European export market for its own anthracite production.

Rand London's order to Coalequip is worth in excess of R100 000 with two products to be supplied, VE 13 double-deck Eliptex screens and TS 1400 IFE electromagnetic feeders. This is Coalequip's first export order for vibrating equipment outside Southern Africa.

SA on brink of maize bonanza

NM 22/7/81

74

Develop Richards Bay into export

ous

Agricultural Reporter

THE development of Richards Bay into a maize-exporting terminal could earn South Africa as much as a R1 000 million a year in foreign earnings, the general manager of the National Maize Producers' Organisation (Nampo), Dr P J Gous, said yesterday.

Commenting on a statement by the Maize Board that successful negotiations on long-term maize exports were being conducted with Taiwan, Dr Gous said he was delighted with the news but warned that unless Richards Bay was developed into a maize-exporting terminal it would not be possible for South African maize farmers to compete on the international market.

'We have been asking for a maize terminal at Richards Bay for years because of its proximity to the country's largest maize-producing areas in the Eastern Transvaal and the Free State,' he said.

Dr Gous said that by using Richards Bay, farmers would be saving up to R20 a ton on railage.

Richards Bay would also accommodate large vessels of up to 100 000 tons, he said.

'At present we use ships of about 14 000 tons from East London and Durban. When compared with the United States, who use 110 000 tonners, its like comparing a spade to a bulldozer.'

The United States is the world's leading maize exporter with 57 million tons last year. Argentina exported 6 700 000 tons while South Africa exported about 2 200 000 tons over the same period.

Gloomy outlook

By using the Zululand harbour, Dr Gous believed farmers could save about R70 million a year on the present 7 000 000 ton surplus

Gloomy outlook

By using the Zululand harbour, Dr Gous believed farmers could save about R70 million a year on the present 7 000 000 ton surplus.

'But the outlook for farmers will be gloomy if the Government doesn't make it easier for the farmers to produce maize cheaply,' he said.

'We don't want Government subsidies. All we want is the Government to realise they can't expect the farmers to continue paying higher prices for tractors and diesel without passing it on to the consumer and so adding to the inflation spiral.'

Dr Gous said maize was becoming a strategic product and it was high time the export loss was carried by all South Africans in the form of taxes.

'Ventures like the Atlantis diesel-engine project — which the farmers did not ask for — is being payed for by the farmers. This is madness,' he said.

Dr Gous said the long-term predictions were that South Africa had a capacity to produce a surplus of about 10 million tons a year.

'We've already had to ask farmers to cut back on production until we have developed the infrastructure to carry the surplus, and yet we can still double our productivity,' he said.

He said that although South Africa was in the red so far as export earnings were concerned, the Government was not prepared to accept that maize farmers could add another R1 000 million a year to the Republic's foreign earnings.

Long term

The general manager of the Maize Board, Mr T Nel, said yesterday that various feasibility studies were being carried out to determine which harbour would be suitable for an export terminal.

Although Mr Nel would not commit himself, he did say the Maize Board had been looking at Richards Bay for about 10 years.

He would not say how much maize would be exported to Taiwan on long-term contracts.

'Negotiations are still in a delicate stage and this information will not be available until a Taiwanese maize mission visited South Africa between October and November this year.'

The Minister of Transport, Mr Hendrik Schoeman, was not available for comment last night.

Borough status for Richards Bay

Political Reporter

RICHARDS Bay was granted borough status by Natal's executive committee yesterday and will hold its first town council elections on September 2.

Mr Frank Martin, MEC in charge of local government, said the town more than complied with the minimum requirements for upgrading.

The Richards Bay Town Board consisted of members appointed by the Government to control development of Natal's major growth point. He said 2 300 ratepayers had already registered on the voters' roll and rateable value of property stood at R49 458 450.

Minimum requirements for becoming a borough were 1 000 ratepayers and a rateable value of R4 000 000. The borough would be divided into three wards which would each be represented by three councillors.

Mr Martin said Richards Bay — a former fishing village which was now a bustling export harbour — had reached the level of development of a borough years ago.

'The Province is only too happy to give the town full borough status on application by the town,' he said.

Richards Bay had reached a state where decisions by the board affected many ratepayers. Elected councillors would be answerable to the ratepayers. Since the town had been declared a development point by the Government, board members had been appointed and elections had not been held.

R300m lost on maize exports

NM 23/7/81

74

Mercury Correspondent

PRETORIA—This year's giant mealie crop, with its record export surplus, will involve the Maize Board in record losses of nearly R300 million.

It would take a ship a day, for the rest of the season until May next year, carrying 14 000 tons of cargo valued at about R2 000 000 to move the huge surplus to export markets — mainly Japan and Taiwan.

And to finance the agricultural co-operatives which are responsible for paying farmers for their crops, the Land Bank has to borrow a record R700-million from commercial banks.

According to agricultural authorities here, although the surplus from the record crop is an unprecedented more than 7 000 000 [illegible] would be possible, because of transport limitations, to export only 5 390 000 tons during the current season.

This means that a record carry-over into the 1982-83 season will amount to a huge 3 180 000 tons, compared with the normal carry-over of about 900 000 tons.

The Maize Board expects no problem storing the large carry-over.

Based on an average export price of R125 a ton for the season, the board's export losses would amount to about R275 million, it is estimated.

But when the carry-over deficit from the previous season is taken into account, the total shortfall will be R341 million.

Cushion

However, farmers are paying record levies of R15,42 a ton on white maize and R18,25 a ton on yellow maize to replenish the stabilisation fund which is now R41 million in the red.

To help cushion the loss, therefore, farmers will pay about R214 million into the fund.

The Treasury has loaned the board R71 million and paid another R14 million in subsidies.

At the end of it all, the board estimates it will end the season with a deficit of about R114 million.

Meanwhile, the managing director of the Land Bank, Mr T C de K Pienaar, said arrangements had been made two months ago to borrow between R600 million and R700 million to lend to the co-operatives to pay farmers for their crops.

The borrowing rate, Mr Pienaar said, was 11,5 percent.

The co-operatives paid the bank 12 percent. The 0,5 percent profit compensated for administrative and other costs associated with financing the co-operatives.

Gold saves export totals

Star 24/7/81

74

By David Bamber

South Africa's minerals exports during May were more than R23-million higher than the previous month despite falls in many sectors.

The saviour, once again, was gold with exports which rose R33,2-million from R622,5-million to R655,7-million.

Silver earnings crashed from R9,1-million to R1,6-million but according to the Minerals Bureau, the slump was the result of irregular deliveries and can be expected to show a healthy gain when the June figures are published.

SIMILAR

A similar situation arose in both iron ore and manganese exports, leading to earnings falling R8,4-million and R6,5-million to R13,6-million and R5,7-million respectively.

It is a different story when it comes to diamonds where the massive fall from R14,1-million to R4,9-million is a direct result of De Beers' diamond-marketing policy.

De Beers has been withholding most of its gem production from the market due to weak demand but this time round also seems to have withheld industrial stones.

BRIGHTER

On the coal front, however, there is a much brighter picture. Coal production rose from 9,9-million tons to 10,4-million tons and exports earned the country R89,4-million compared with R70-million the previous month.

Copper exports also increased, rising by R2,5-million from R6,9-million to R8,6-million.

Total sales' values reflect a fall in domestic consumption to R164,8-million from R182,2-million while export sales' values are estimated at R893,4-million compared with R870,2-million the previous month.

Trade surplus falls R3bn in first half

RDM 28/7/81

74

By HOWARD PREECE
Financial Editor

SOUTH Africa's trade surplus fell by more than R3 000-million in the first half of this year, according to preliminary figures from Customs and Excise.

The department says exports for January to June totalled R8 715-million and imports were R8 552-million. That gave a balance of trade surplus of R162-million.

In the first half of 1980 the figure was R3 338-million.

Exports include gold bullion and Krugerrands and imports include oil and military equipment.

The turnaround in the overall current account of the balance of payments in the first half of this year should have been higher than the Customs figures suggest because of a steady widening in the shortfall on invisibles — dividends, interest, shipping and insurance.

However, the Customs data are only provisional and the later official figures from the Reserve Bank may show a considerable variation.

So the full current account position may not quite as heavily in deficit as might seem to be the case.

There is no doubt, though, that the general trend of the balance of payments is accurately reflected by Customs.

Nor, of course, is there any surprise about the huge change in the export-import pattern in the light of the severe fall in the gold price.

In June exports totalled R1 537-million and exports R1 530-million.

Over the first half of the year exports dipped to R8 715-million from R9 833-million in the 1980 equivalent.

Imports rose to R8 552-million from R6 495-million for January to June last year.

That is a rise of nearly 32%.

In one respect it indicates the vigour that is still evident in the economy.

Although the downswing is very much under way, real growth this year should still be about 4,5%, which will be the best in any year since 1974 except for 1980.

But the slowdown will surely become more marked over the second half of 1981 — growth in 1982 is likely to be in the 2,5% area — and that should have a restraining effect on imports.

The heavy depreciation of the rand against the dollar, and modestly overall against major currencies as a whole, is adding to import costs.

It is possible, therefore, that import growth in rand terms will be higher in 1981 than the 25% or so rise that was originally predicted by several bank economists.

There is also the fact that the South African economy seems to have an exceptionally high import propensity — as does that of Britain, for example — whenever there is a sharp upturn in growth.

As has been consistently pointed out, the size of the trade deficit this year is not a matter for concern and indeed is even welcomed by the Reserve Bank as an aid to curbing money-supply growth and thus restraining inflationary pressures.

But that benign indifference might have to change if gold were to fall sharply lower and to stay depressed for a lengthy spell.

Exports to the rest of Africa eased slightly in the first half of this year — R498-million against R538-million in the 1980 period.

Imports increased, however, from R134-million to R153-million.

Trade with Europe comprised R3 530-million in imports and R2 298-million in exports compared with R2 559-million and R2 591-million in the same time last year.

For the United States the figures were imports of R1 376-million and exports of R956-million this year and R963-million and R1 074-million in 1980.

Gold steady, dollar rallies

LONDON. — Gold continued steady yesterday and the dollar rallied from weekend weakness. Gold was fixed at $408,75 in London in the afternoon and at $409,75 in the morning. Friday's second fixing was $407,50.

CLOSING prices: London $403; Paris $476,85; Frankfurt $410,48; Zurich $409,50; Hong Kong $412,64.

Gold opened in London at $410,50/$411,75 because of the dollar's decline after the larger than expected fall in US money supply M1-b announced on Friday.

But the outlook for US interest rates remains uncertain with little sign that the US ... are not so sure that gold will drop below $400.

Gold fell briefly below $400 in London on July 8 and was last

Appendix B

Manufacturing industries - distribution by employment

Industry	Cape	Natal	TvL.	O.F.S.
	%	%	%	%
Basic metal	2,4	7,9	$\boxed{89,7}$	-
Beverages	$\boxed{43,8}$	12,8	40,6	2,7
Electrical Machinery	14,9	8,8	$\boxed{75,9}$	0,5
Clothing	$\boxed{39,0}$	31,5	28,7	0,8
Chemical Products	21,1	23,3	$\boxed{53,5}$	2,1
Food	$\boxed{35,6}$	25,3	35,3	3,8
Furniture	22,3	13,5	$\boxed{62,5}$	[illegible]
Leather and Products	$\boxed{52,3}$	16,1	31,6	[illegible]
Machinery	9,2	7,9	$\boxed{80,0}$	[illegible]
Metal Products	14,3	11,7	$\boxed{72,3}$	[illegible]
Non-metallic Mineral Products	21,7	13,1	$\boxed{61,0}$	[illegible]
Paper & Products	26,3	$\boxed{39,2}$	34,5	[illegible]
Printing	37,2	15,1	$\boxed{43,4}$	[illegible]
Rubber	$\boxed{32,9}$	32,7	32,1	[illegible]
Textiles	40,1	$\boxed{40,3}$	17,0	[illegible]
Transport & Equipment	37,6	13,3	$\boxed{47,9}$	[illegible]
Wood & Products	26,4	19,2	$\boxed{52,3}$	[illegible]

Transvaal is the biggest manufacturing sector in terms of employment : 51,5%.

Source: SALDRU compiled Statistics.

In the Cape Peninsula the following are the major sectors and industries

Manufacturing: The largest employer of labour: employs 28% of labour force. The predominant industries are: Clothing Textile, Food and Beverages.

Services: The second largest employer of labour: 25% of labour force. The services are second only to construction in the employment of Africans in the Peninsula. This is because of the large number of African women employed in this sector: 93% of African women and only 9% of African men are employed in t this sector.

Commerce: Employs 17% of labour force. This is because of the large 'coloured' population in the peninsula.

Construction: 11% of the labour force employed. It is the second most important source of employment for Coloured men. It employs 28% of African men and is then largest source of employment.

Transport: Employs 9% of labour force.

Agriculture: 2,3% of labour force. Over half the workers are coloured and 30% of Africans.

Source: 'The People and Workers of the Cape Peninsula: Asketch. Hendrie D, and Horner D: in South African Labour Bulletin. Vol. 3, No. 2, September 1976.

Trade balance down R3 175-m

Star 28/7/81 (74)

Rising imports and decreasing exports during the first six months of this year brought South Africa's favourable trade balance to R162,3-million — R3 175,5-million less than the corresponding period last year, according to preliminary trade figures published by the Commissioner of Customs and Excise in Pretoria.

EUROPEAN FIGURES

Imports for the period January to June were valued at R8 552,4-million, compared with R6 494,8-million last year.

The export figure was R8 714,7-million (R9 832,6-million).

Trade with Europe totalled R3 530,0-million in imports and R2 298,1-million in exports, compared with R2 559,2-million and R2 590,9-million last year.

In the case of the United States the import figure was R1 376,4-million (R962,7-million). Export figures were R955,6-million (R1 074,1-million).

Trade with Asia ran to R1 302,3-million in imports and R963,4-million in exports. Last year's comparable figures were R770,1-million in imports and R972,7-million in exports.

In the case of Africa, imports were up from R134-million in the first six months last year to R153,4-million this year. Exports were down from R537,7-million last year to R497,6-million this year.

Trade with Oceania showed an import jump from R45,2-million to R75,4-million.

Exports to Oceania increased slightly from R46,6-million to R47,4-million.

INTO LINE

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

Other unclassified goods and balance of payments adjustments in the first six months this year were R2 114,6-million in terms of imports and R3 930,4-million in exports. Corresponding figures for last year were R2 023,6-million in imports and R4 587,0-million in exports. — Sapa.

Trade surplus falls more than R3bn in first half

CT 29/7/81 (24)

By HOWARD PREECE

JOHANNESBURG. — South Africa's trade surplus fell by more than R3 000 m in the first half of this year, according to preliminary figures from Customs and Excise.

The department says exports for January to June totalled R8 715m and imports were R8 552m. That gave a balance of trade surplus of R162m.

In the first half of 1980 the figure was R3 338 m.

Exports include gold bullion and Kruger rands and imports include oil and military equipment.

The turnaround in the overall current account of the balance of payments in the first half of this year should have been higher than the Customs figures suggest because of a steady widening in the shortfall on invisibles — dividends, interest, shipping and insurance.

However, the Customs data are only provisional and the later official figures from the Reserve Bank may show a considerable variation.

So the full current account position may not be quite as heavily in deficit as might seem to be the case.

There is no doubt, though, that the general trend of the balance of payments is accurately reflected by Customs.

Nor, of course, is there any surprise about the huge change in the export-import pattern in the light of the severe fall in the gold price.

In June exports totalled R1 537m and exports R1 530m.

Over the first half of the year exports dipped to R8 715m from R9 833m in the 1980 equivalent.

Imports rose to R8 552m from R6 495m for January to June last year.

That is a rise of nearly 32 percent.

In one respect it indicates the vigour that is still evident in the economy.

Although the downswing is very much under way, real growth this year should still be about 4,5 percent, which will be the best in any year since 1974 except for 1980.

But the slowdown will surely become more marked over the second half of 1981 — growth in 1982 is likely to be in the 2,5 percent area — and that should have a restraining effect on imports.

The heavy depreciation of the rand against the dollar, and modestly overaly against major currencies as a whole, is adding to import costs.

It is possible, therefore, that import growth in rand terms will be igher in 1981 than the 25 percent or so rise that was originally predicted by several bank economists.

There is also the fact that the South African economy seems to ahve an exceptionally high import propensity — as does that of Britain, for example — whenever there is a sharp upturn in growth.

As has been consistently pointed out, the size of the trade deficit this year is not a matter for concern and indeed is even welcomed by the Reserve Bank as an aid to curbing money-supply growth and thus restraining inflationary pressures.

But that benign indifference might have to change if gold were to fall sharply lower and to stay depressed for a lengthy spell.

Exports to the rest of Africa eased slightly in the first half of this year — R498m against R538m in the 1980 period.

Imports increased, however, from R134m to R153m.

Trade with Europe comprised R3 530m in imports and R2 298m in exports compared with R2 559m and R2 591m in the same time last year.

For the United States the figures were imports of R1 376m and exports of R956m this year and R963m and R1 074m in 1980.

SA's alloys exports to US improve

RDM

74

By ADAM PAYNE

SOUTH Africa's ferrochrome export trade to the US is reported to be in balance with an improvement which has been helped by the removal of a provisional 4% countervailing duty on imports of SA ferrochrome.

However, the industry now faces another hurdle wit the US producers asking for an extension of protection on other grounds.

They want a 4c a lb duty on ferrochrome imports to apply for three years to purchases at a figure — not yet stated — which will exceed 38c a lb.

The 4c a lb duty now applies to imports below 38c a lb and South African imports are at prices well above that level.

The South African producers will contest the US producers application on July 22 at a hearing by the US International Trade Commission.

South African producers are now receiving a price of 47,5c a lb cif US warehouses for their ferrochrome, compared with 45,5c to 46c a lb formerly.

Mr John Hall, managing director of Middelburg Steel & Alloys, told me that the US market is now in equilibrium — a state of affairs that has been assisted by production cuts by different South African ferrochrome plants.

The higher price being paid for South African ferrochrome by US importers indicated that the market was in balance.

He said: "The demand situation is improving in the US but it is not in Europe and Japan where conditions are slack. I do not see any improvement in those countries until next year."

The ferrochrome market depends on stainless steel production in the US, Western countries and Japan. This industry has been slacker than formerly but has not been as hard hit as carbon steel.

The provisional 4% countervailing duty which has been withdrawn was imposed in March after US ferrochrome producers petitioned for relief against South African imports on the grounds that they were receiving subsidies in three directions: first, on railage rates; second, on cheap power; and third, on cheap labour.

The Commerce department provisionally supported the petition only on the basis that they accepted that there was a railage subsidy.

The department initiated an investigation in South Africa into the so-called railage subsidy and the investigators found that there was not a subsidy.

They recommended the department to withdraw the countervailing duty.

The department will refund all the deposits paid against the duty since March.

Commenting on the decision, Mr Hall said: "We were never really worried about it because we knew the lower railage rate did not constitute a subsidy.

"The withdrawal will however be a relief."

South African exports of ferrochrome totalled 596 847 tons last year with the US the biggest buyers. Exports to that country exceed 200 000 tons a year.

RAND DAILY MAIL, Wednesday, July 29, 1981 7

US says peak of boom in SA has passed

Com 29/7/81

174

WASHINGTON. — South Africa's growth boom had peaked and the country would certainly curtail its imports, the United States Commerce Department said yesterday.

South Africa's economic indicators, the department said, were levelling off and the peak of the boom reached in 1980 had passed.

In 1980, the US had been South Africa's leading supplier with a 13,6% share of the market, followed closely by West Germany and the United Kingdom.

During the past two years, South Africa's effort to diversify its trade relationships had led to increased trade with such non-traditional partners as Japan, Taiwan, Israel and South American countries.

There were two problem areas in the South African economy, the department said.

One was a shortage of skilled labour. It said that, according to estimates, between 15 000 and 20 000 artisan jobs were unfilled, a situation made worse by a shortage of training programmes for blacks who were facing an inflation rate of 20% in low-income urban areas.

Inflation

The second problem was inflation, caused largely by excessive growth of the money supply.

"Economic observers quickly emphasise that South Africa's downswing will not be severe because of overall favourable conditions and monetary discipline," the department said.

"Projections indicate that agriculture, forestry and fishing will be strong sectors in the coming months, while mining and quarrying will show a negative real growth of 2%.

"The business community in South Africa remains optimistic about future prospects for a variety of reasons. Manufacturers' order books are full, major investment projects started last year are continuing, the country enjoyed a bumper maize crop, and increased wages are expected to maintain consumer expenditures at a high level."

"Cameroon, with a strong agricultural sector and oil and mineral wealth, looks especially promising."

Of Nigeria, the department said that in coming months the world oil glut "will pose a major obstacle" to continued rapid economic growth. — Sapa-AP.

FOREIGN TRADE

Aiding exports

74

FM 31/7/81

Exports in the first half of this year were down 11,5% on the same period last year, according to the latest preliminary figures issued by the Department of Customs and Excise. The country's exports for the period January to June this year totalled R8,7 billion compared with R9,8 billion in that period in 1980.

Imports on the other hand have gone up 31,4% to R8,5 billion (R6,5 billion) for the first half of this year.

The result is that the surplus on SA's balance of trade has fallen by more than R3 billion, from R3,3 billion over the period from January to June last year to R162m for the same period this year.

Inevitably this has led to calls from some quarters for an aggressive policy to encourage exports. But the authorities are sitting tight at the moment, watching the progress of the new system of export incentives introduced last year following the report of the Reynders committee.

"It's quite clear that South Africa has an economy which is very sensitive to its export performance. Exports are now on a downward trend and now is the time to really start stimulating exports again," says SA Foreign Trade Association (Safto) GM Piet Kieser.

But it is not likely that the budget will include specific measures to encourage exports. Last year's package introduced new categories of tax rebates for certain exporters and its progress will be assessed only after it has run for a year.

Two new categories — A and B — were added to existing categories C and D.

Category A incentives are aimed at removing cost disadvantages of manufacturers whose raw material and other input prices exceed international price levels because of domestic tariff protection. Such exporters can claim half of the tariff paid on these inputs.

Category B assistance provides for uniform, across-the-board aid at 10% of the value-added component involved in exports. It compensates exporters for the degree to which the value-added component of their export production is lower than that of foreign competitors because of local tariff protection.

The amount of money earmarked by the Minister of Economic Affairs for A and B category incentives was R180m. And the value of the total package of export incentives at the moment is estimated at R500m.

It is still too early to assess the effect of the new incentives, which came into operation only in September last year.

Safto, which advises exporters on what incentives they are entitled to and assists them with making claims for tax rebates, says that judging by the number of companies who have asked for help, manufacturers have responded enthusiastically to the new incentives.

A spokesman for the Department of Commerce says that claims are coming in as companies end their audit years. He says the scheme seems to be working but there are problems which need to be ironed out.

The body entrusted with the task of implementing the new incentive system is a Standing Committee comprising both public and private sector representatives and chaired by the Department of Commerce's director of export promotion, Giel Pretorius.

The committee has been meeting regularly since June last year to clarify definitions and revise guidelines as the system encounters growing pains.

It is a complicated system and there have been industries such as clothing which have added it all up and found that they do not benefit from the new incentives. Mining and agriculture were specifically excluded from compensation in terms of category A and there has been opposition to this.

But it will be at least September this year, 12 months on, before the effects are assessed and any further measures considered by the authorities.

FOREIGN TRADE

5/8/81 — 29/12/81

BD 5/8/81

3 (74)

MPs anxious over future of EL harbour

CAPE TOWN — Three Eastern Cape MPs expressed concern yesterday that East London harbour would be phased out as South Africa's major export port for maize.

They were reacting to reports that the Maize Board wants maize to be exported through Richards Bay.

The MP for King William's Town, Mr Pat Rogers, said: "However high the cost may seem at present, the cost of losing these facilities to Richards Bay or elsewhere will in the long term be catastrophic."

The MP for Albany, Mr Errol Moorcroft, said: "Those concerned with the future of East London will be watching these developments with major concern.

Any attempt to divert maize exports away from the city will have to be resisted with vigour."

And the MP for Port Elizabeth Central and former MP for East London North, Mr John Malcomess, said: "So much has been taken from East London in the past few years that one has to take seriously the latest maize export scare.

"The city must press for any extension to maize export facilities to be built at East London.

"This will be an opportunity for the government to demonstrate its desire to assist the unemployed in the East London area and to show that it will do more for East London than making encouraging speeches.

"We want deeds, not words.

"East London's MPs must be asked to lobby on behalf of the port and let us hope they don't give in as easily as they did on the recent wool sales," Mr Malcomess said.

Mr Rogers said it was inconceivable that any improved maize export handling facilities should be considered anywhere other than at East London.

"If East London's harbour is in fact unable to handle shipping of the size necessary to accommodate progress, what hope has it of playing its part in the massive development required to meet the challenges of the future in this heavily populated and depressed part of South Africa?

"The syndrome of overlooking East London in favour of other ports or centres has to be broken once and for all.

"I cannot believe that the authorities who planned the maize handling facilities at East London could have been so shortsighted as not to have considered future developments in volume and shipping methods," Mr Rogers said. — PC.

DD5/8/81 ~~3~~ 74

Don't fret

Minister assures EL it will stay major maize port

CAPE TOWN — The Minister of Transport, Mr Hendrik Schoeman, says there is no possibility of East London being phased out as South Africa's major maize export harbour.

Mr Schoeman gave this assurance to the MP for East London City, Mr Peet de Pontes.

Mr De Pontes had raised the issue with Mr Schoeman after reports that the Maize Board wanted Richards Bay to be used for maize exports.

"I raised it with the minister and there is no possibility whatsoever of the exports through East London being decreased," Mr De Pontes said yesterday.

Mr Schoeman is meeting members of the Maize Board tomorrow to discuss the export of this year's expected surplus of maize and he will issue a statement afterwards.

"This meeting will not affect East London as a major export port," Mr De Pontes said.

He said he had also discussed the possibility of East London harbour being extended and deepened.

He had asked for memorandums from interested parties on the subject and the issue would be discussed again when the Minister of Internal Affairs, Mr Chris Heunis, visited East London at the end of the week.

Mr De Pontes said: "Over - hasty and immediate alarmist reaction to any report such as this achieves nothing and undermines confidence in the future of East London.

From BARRY STREEK

"I appeal to those involved to check the position before making statements that could cause concern.

"The infrastructure and facilities at East London harbour are irreplaceable and East London will remain the major export harbour."

The Maize Board was apparently referring to the export of the surplus that is expected this year and possibly also to increased production.

"In this sense, Richards Bay was mentioned as a possibility and the chances would appear to lie between East London and Richards Bay only in relation to increased exports," Mr De Pontes said.

"At present only East London has the facilities which are the most modern in the world.

"These facilities are irreplaceable and East London will remain the major export harbour.

"It is economically not possible to duplicate this at any other harbour in South Africa.

"Indeed, it would be far easier to extend the facilities at East London than to build a new facility at another harbour.

"The problem at East London harbour is that it can take only ships of a certain draft and this limits the size of ships it can handle.

"To allow bigger ships would mean deepening the harbour.

"The Department of Transport has investigated this aspect and I have had discussions with senior officials on this. I also made representations to the minister, a few weeks after the election."

Mr De Pontes also said he had invited Mr Schoeman to visit East London to discuss the harbour. — PC.

Reaction, harbour problems, page 9.

Rail projects to boost maize

74

DD 6/8/81

From BARRY STREEK

THE ASSEMBLY — The Minister of Transport Affairs gave a further indication yesterday that East London will remain a major maize exporting harbour.

Mr Hendrik Schoeman told Parliament that the electrification of the railway line to East London and the increasing of its capacity would augment transport facilities for maize.

Mr Schoeman said these projects would be completed "during the middle of 1985 and 1986."

Mr Schoeman also said only 70 per cent of South Africa's exportable maize crop this year could be handled by the railways.

He said 5,3 million tons of maize would be exported "out of an estimated exportable total of 7,7 million tons originally envisaged by the Maize Board."

He was replying to a question tabled by Mr Philip Myburgh (PFP, Wynberg).

The minister will meet representatives of the Maize Board today to discuss the exports.

The Maize Board will ask Mr Schoeman to increase maize exports and has suggested that Richards Bay could be used as an export harbour as well as East London.

The MP for East London City, Mr Peet de Pontes, said this week that Mr Schoeman had told him there was no possibility of maize exports being shifted from East London.

In his reply, Mr Schoeman said the maximum rate of 5,3 million tons was dictated by the infrastructure, such as trucks, line capacity, and train staff, on the railway portion of the export transport chain.

"Optimum overtime working at harbours cannot contribute in any significant manner to improve on the figure of 5,3 million tons."

To achieve the rate of 5,3 million tons additional trains would have to be scheduled.

The railways did not intend to increase its storage facilities for maize "as agreed in consultation with the Maize Board."

74

amptelik opgerig is ingevolge daardie subartikel. Die amptelike koördinaatwaardes van die versekeringsmerke is verkrygbaar van die Hoofdirekteur van Opmetings en Kartering, Privaatsak, Mowbray, Kaapprovinsie.

Elke landmeter wat 'n opmeting van grond in die dorp uitvoer een maand na publikasie van hierdie kennisgewing is verplig om die opmeting te baseer op daardie versekeringsmerke soos voorgeskryf in artikel 26*bis* (2) (c) van die Wet en regulasie 10 (1) van die Opmetingsregulasies.

Dorp waar versekeringsmerke opgerig is:
Tzaneen (Tvl.).

D. J. GRUNDLINGH, Landmeter-generaal.
(7 Augustus 1981)

in the undermentioned town. The official co-ordinate values of the reference marks are available upon application, from the Chief Director of Surveys and Mapping, Private Bag, Mowbray, Cape Province.

Every land surveyor performing a survey of land in this township one month after publication of this notice will be required to base his survey on such reference marks as prescribed in section 26*bis* (2) (c) of the Act and regulation 10 (1) of the Survey Regulations.

Town where reference marks have been established:
Tzaneen (Tvl).

D. J. GRUNDLINGH, Surveyor-General.
(7 August 1981)

KENNISGEWING 586 VAN 1981/NOTICE 586 OF 1981

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 JUNIE 1981—PERIOD: JANUARY TO JUNE 1981

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	
	1981	1980	1981	1980
Afrika/Africa	153,4	134,0	497,6	537,7
Europa—Europe	3 530,3	2 559,2	2 298,1	2 590,9
Amerika—America	1 376,4	962,7	955,6	1 074,1
Asië—Asia	1 302,3	770,1	963,4	972,7
Oseanië—Oceania	75,4	45,2	47,4	46,6
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 114,6	2 023,6	3 930,4	4 587,0
Skeeps-/vliegtuigvoorrade—Ships'/Aircraft Stores	—	—	22,2	23,6
Groottotaal—Grand Total	8 552,4	6 494,8	8 714,7	9 832,6

TABEL B: TOTALE IN MILJOENRAND VOLGENS AFDELINGS VAN DIE CCCN
TABLE B: TOTALS IN MILLION RAND ACCORDING TO SECTIONS OF THE CCCN

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1981	1980	1981	1980
I. Lewende diere; dierlike produkte Live animals; animal products	31,0	18,9	70,3	95,3
II. Plantaardige produkte Vegetable products	140,3	101,9	490,3	459,5
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	29,6	33,8	29,3	17,4
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	125,0	62,7	210,7	350,2
V. Mineraalprodukte Mineral products	115,2	118,6	867,9	773,4
VI. Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	565,1	489,1	191,1	207,6

Afdelings—Sections	Invoere—Imports		Uitvoere—Exports	
	1981	1980	1981	1980
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	254,7	240,4	29,5	37,3
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)	27,3	17,8	44,8	71,3
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	54,6	42,1	17,8	25,8
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	172,9	144,6	69,0	87,6
XI. Tekstiele en tekstielartikels Textiles and textile articles	353,3	248,3	194,2	194,7
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	36,7	20,6	8,2	7,4
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	78,3	50,9	22,8	26,0
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	39,3	30,4	984,6	1 297,4
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	421,1	305,0	754,4	865,8
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	2 269,1	1 552,2	135,3	123,0
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 328,1	728,8	100,6	66,1
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	302,4	200,8	14,8	11,5
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	63,9	41,5	11,4	12,8
XXI. Kunswerke, versamelaarsstukke en antieke Works of art, collectors' pieces, and antiques	12,4	5,1	10,7	5,2
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 132,1	2 041,3	4 457,0	5 097,3
Groottotaal—Grand Total	8 552,4	6 494,8	8 714,7	9 832,6

(7 Augustus 1981)/(7 August 1981)

Greek drive for SA trade

STAR 8/5/81

74

Own Correspondent

ATHENS — Greek Government officials are expressing concern over the country's growing balance of trade deficit with South Africa.

Greek imports from South Africa during 1980 totalled 2 330-million drachmas (about R41,7-million) while exports ran to only 199,1-million drachmas (about R3,5-million), according to official statistics.

The bilateral trade section of the Ministry of Commerce says it is focusing on South Africa's Greek community as the means of increasing exports to the Republic.

"We believe that the Greek community, with its knowledge of the South African market and its familiarity with Greek conditions, can make a contribution," a spokesman for the Ministry said.

"We intend to use our Ministry of Commerce, the Hellenic Export Promotion Council and the Greek chambers of commerce to assist South African businessmen intending to import from Greece."

The Ministry is hoping to boost exports of pharmaceuticals and plastic products, as well as synthetic and cotton yarns, tractors and electrical equipment.

Govt silent on plans for EL harbour — Card

3 ~~Mar~~ (74) DD 11/8/81

EAST LONDON — Despite urgent messages to the Prime Minister and three cabinet ministers, local civic, commerce and industry organisations are still in the dark over future plans for the harbour.

Although a statement by the Maize Board that considerable improvements would be made to East London's harbour to increase maize handling in the short term has been welcomed, there is still concern that the "Richards Bay option" is still being considered.

The mayor, Mr Donald Card, said he was angry that the municipality and local organised commerce and industry had not been consulted and that urgent telexes requesting consultation had not been answered.

Mr Card said the first he knew of plans by the Maize Board to develop maize handling facilities at Richards Bay was hearsay of a radio report.

"Last Monday, here in the mayor's parlour, the Town Clerk, Mr J. J. Human, telephoned the SABC and had the report read out to him and he quoted it to us.

"Based on that report we felt there was a strong move to develop Richards Bay as a maize handling harbour at the expense of East London," Mr Card said.

A meeting of the East London Development Committee (ELDC) was convened the same day, representing the city council, the Chamber of Commerce, the Chamber of Industry and the Afrikaanse Sakekamer.

"We decided to regard the matter as very serious and to take action at the very highest level," Mr Card said.

"We sent a lengthy telex message to the Prime Minister's office and also to the offices of the Ministers of Transport, Agriculture and Economic Affairs.

"In that message we asked if we could be present at the meeting on Thursday between the Maize Board and the Minister of Transport, Mr Hendrick Schoeman.

"We stated that if that was not possible, we would like to meet Mr Schoeman before Thursday to state our side of the story.

"We still have not even had the courtesy of a reply to those messages either from the Prime Minister or any of the three ministers. We are keeping ourselves informed on press reports."

Mr Card said he was pleased to hear that the East London harbour would be improved, but added that he was still deeply troubled that maize handling developments at Richards Bay were still being considered.

"East London is the main maize handling harbour and any developments for increased maize handling facilities should be built here.

"We have critical unemployment here and this is exactly the kind of government development that should be taking place but instead they are talking about a short term answer for East London and a possible long term answer for Richards Bay."

In much more cautious language, Mr Tony Selley of the East London Chamber of Commerce said they were still waiting for the outcome of the messages to the Prime Minister and three ministers.

"The statement by the Maize Board shows that they are looking at our suggestions but we must wait for the final decisions," he said.

Mr Card also strongly attacked the National Party MP for East London City, Mr Peet de Pontes, who during the general election opposed Mr Card, who stood for the Progressive Federal Party.

Mr Card said it was apparent that Mr De Pontes criticised the city council for acting too emotionally.

"When we took our action we were going on an SABC report and we did not become hysterical — in fact when approached by the press we simply said we had taken action and nothing more.

"What I want to know is why we had to hear this from the SABC? Where was Mr De Pontes and why doesn't he work with us instead of against us?

"He has won his political battle but he seems to keep on trying to prove something. Why didn't he keep us informed on what was happening down there in Cape Town and help us put our motivations?

"We are not fighting political battles, we are fighting for the development of East London," Mr Card said. — DDR.

Messina aims to export Kangwane anthracite

xx4 ~~xx5~~ ~~xx6~~ KOM 11/8/81

By JOHN MULCAHY

MESSINA (Transvaal) Development Company is hoping for an anthraciote export allocation in the next phase of Richards Bay development.

A Messina spokesman said it was hoped that representations to the Minister of Mineral and Energy Affairs would be favourably considered "along with other producers independent of the Transvaal Coal Owners Association".

Messina has formed a subsidiary, N'Komati Anthracite (Pty), to exploit anthracite reserves in the homeland of Kangwane. The Mining Corporation will have 40% of the company and Messina 60%.

The mine is expected to build up production to 500 000 tons of anthracite a year in the next three years, and it is hoped that most will be exported.

The cost of the project to production is estimated at R14-million, most of which will be funded by Messina.

Significantly better prices for anthracite are received on overseas markets, but the anthracite in the central Kangwane field is believed to be low in sulphur, and suitable for the South African market.

The Messina spokesman said it was too early to say what proportion of the anthracite would be exported, but the SA market was a useful backstop, and favourable to stockpiling the product.

Exports would also depend on handling efficiency at ports and availability of rolling stock.

Messina geologists would carry out further exploration, the spokesman said, and details on the methods of mining are expected to be released later in the year.

There will be little, if any, open-cast mining, and although the seam is underground, it is believed to be shallow.

Assurances have been given by the South African Government that a railway line will be built from the Kangwane area through Swaziland to Richards Bay, and there is the alternative of shipping the coal through Maputo.

In either case a permit is required from the Minister of Mineral and Energy Affairs, but shipping through Richards Bay will probably be cheaper, in spite of the greater distance, because of the high handling charges at the Mozambique port.

The benefit to Messina of the coal development will only be apparent in the years to come, but it does indicate the company's renewed commitment to mining.

Besides the coal venture Messina plans to revive the East Daggafontein gold mine, and has also bought a small diamond mine near Barkly West in the Cape.

The company will spend about R18-million on developing the new mining interests in the next two to three years.

Still listed in the copper sector of the Johannesburg Stock Exchange, income from copper is expected to account for only 15% of Messina's earnings in the year to September. Last year, 84% of profits were derived from the motor division, Datsun.

The share has been tipped by London brokers James Capel because of its potential to benefit from a sharp upturn in the copper price, with earnings protected by diversification in the mean-time.

The old Messina copper mine is not a great contributor to profit, and last year profit was only R10 000. Most copper earnings are from the Zimbabwean holdings, Mangula and Lomagundi Smelting.

The results of the foreign subsidiaries are no longer consolidated, and the only income reflected in Messina's accounts from these sources is dividends.

Working costs in Zimbabwe have risen substantially over the past year, and it is doubtful whether Mangula can still be regarded as a low-cost copper producer.

In addition to continually rising working costs, the recent Budget measure in Zimbabwe on capital expenditure allowances is expected to affect all mining companies there adversely.

According to some industry sources the allowance of only 30% of capital expenditure for tax in a single year will render 90% of new investment in mining unprofitable.

Although there has been no additional official restriction on the distribution of profits outside Zimbabwe, there are fears that in practice foreign-controlled subsidiaries will experience difficulty in remitting dividends, which casts a serious shadow over Messina's potential copper earnings.

The Datsun franchise cannot be expected to maintain the same growth in the year to September 1982 as it will in the current year, but commercial vehicles are expected to take up some of the slack, and overall growth in Messina's earnings should continue at a fairly rapid pace.

Messina has been well bid on the JSE recently, but this is a reflection of industrial growth, and cannot be ascribed to copper considerations.

Capel's estimate is earnings of 159c a share in the second half of this year to make 300c for the year, and a final divi-

Maize: Natal port backed

3/4 7-4 PD 12/8/81

EAST LONDON — Mass storage facilities for maize could be prepared within hours at Richards Bay, according to a report published in the official journal of the National Maize Producers' Organisation, Mielies-Maize.

"According to spokesmen, sufficient mass storage capacity is available, which not only can be completely closed off from adjoining units, but also can be spotlessly cleaned within hours," the journal reported in its August edition.

The magazine carried a lengthy report on maize exports and strongly supported the use of Richards Bay for the loading of ships up to 100 000 tons.

Nampo is the only organisation representing maize farmers and the chairman of the Maize Board, Mr Crawford von Abo, is also a Nampo executive.

The article says that the United States of America is shipping its maize exports in 100 000 ton shiploads.

At present South Africa exports maize in shiploads of 14 000 tons and East London handles about two-thirds of the total exports. Most of the remaining maize is exported through Durban. Cape Town usually handles small amounts of white maize.

"East London, Durban and Cape Town handle only ships of less than 30 000 tons and normally shiploads of 14 000 tons.

"At each of the harbours there is room to load only one ship at a time.

"Richards Bay is a deepsea harbour which can handle ships of 100 000 tons and larger and which has specifically designed and built to ship mass commodities, including maize, from Eastern Transvaal," the article says.

Another point made in the article is that there is a "sliding scale" on shipload sizes which makes it cheaper to ship in greater bulk.

Quoting a Durban shipping executive, Mr Gunter Bartel, the magazine says it would be cheaper to export units of 100 000 tons of maize than units of 14 000 tons of maize.

"The shipping cost to England of a 28 000 ton load is at present US £26,50 a ton as opposed to US £30 or more for a 14 000 ton load," Mr Bartel is quoted as saying.

The article also points out that the distance between the main maize depots at Bethal and Klerksdorp in the centre of the Transvaal-Orange Free State maize triangle and Richard's Bay is substantially less than the distance to East London.

The distance from Bethal to Richard's Bay is 577 kilometres and to East London it is 1 464 kilometres. From Klerksdorp to Richard's Bay the distance is 811 kilometres and to East London it is 937 kilometres.

According to the magazine, the South African Railways tarrif for maize (class 12) from Bethal to East London is R26,07 a ton, whereas from Bethal to Richard's Bay it is only R14,47 a ton. — DDR.

Safto welcomes Budget's anti-inflation measures

STAR 14/8/81

The chief executive of the South African Free Trade Organisation (Safto), Mr W B Holtes, has welcomed the emphasis placed in the Bedget on consolidation, anti-inflation measures and greater investment in production capacity.

Limited product availability, together with booming domestic economic conditions, had slowed down exports in certain areas, he said.

"I believe that the extended - investment allowances announced earlier, now strengthened by an increased dividend plough-back allowance, may further stimulate investment in production capacity," said Mr Holtes.

"The fight against inflation remained a most important one for the export sector. The upward pressure on production and wage costs had to be curbed for the country to retain its competitive edge in world markets.

"Safto fully underwrites the current anti-inflationary policies and would even plead for more drastic measures if these are called for later in the year."

Mr Holtes said that it was "somewhat surprising" that no reference was made in the Budget speech to the need to reverse the current downturn in non-gold exports.

However, it made sense for the Minister of Finance to adopt a wait-and-see altitude to large-scale, additional export incentives introduced a year ago, and whose full impact had not yet been felt by exporters or the Treasury.

Safto's export forecast anticipated some recovery of exports this year and renewed growth in 1982. — Patrick McLoughlin.

BUSINESS

Reagan counsellor supports SA trade

13/6/8?

The Star Bureau

NEW YORK — Mr John V James, a Dallas business executive appointed last week to President Reagan's Export council, is a staunch supporter of unrestricted trade with South Africa.

Mr James, chief executive officer of the Dallas-based Dresser Industries, spoke out strongly at the weekend for Washington to end trade restrictions with other countries, including South Africa.

His organisation, which manufactures energy-exploration equipment, is the second largest US firm operating in South Africa.

Mr James said that trade-related strategies, such as those applied by the US against such countries as Russia and South Africa, simply turn markets over to foreign competitors.

"We aren't the only people who have the technology," he said in an interview. "That's the mistaken notion of a bunch of half-baked politicians. There's an abysmal lack of knowledge on the Washington scene about international trade."

Dresser's licence to sell oilfield technology to Russia was revoked last December by President Carter as part of his punitive measures against Moscow for its invasion of Afghanistan.

EXAMPLE

Mr James now cites the Carter move as an example of what he described as "ineffective and unnecessary trade policies."

"I would be the first to say that when a country's defence is involved that the policies ought to be carefully reviewed," he said.

COMPETITION

"However, when we talk about 'let's not ship or do business with a given country' because of something as vague as human rights or some other opinion, we ought to take into account the competition from across the world."

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Star 17/8/81

74

Cutting SA's oil fuel imports

By Jaap Boekkooi

South Africa will be able to cut its current oil fuel imports by 80 percent when substitute fuels like Sasol petrol and methanol, plus new conservation techniques come into use all over the country.

This estimate has been made by one of the world's oil giants, Shell International Petroleum, and was reported to this year's Energy Conservation Conference in Berlin.

The optimistic picture of the country's eventual self-sufficiency in transportation fuels is expanded in two reports submitted to the CSIR's Institute for Transport and Road Research by Dr Ernst Uken, one-time scientific adviser to the Prime Minister, Road Safety Council Director and Energy Adviser to the CSIR.

In his report on the conference Dr Uken says that Shell's prognosis is that South Africa's demand for oil-based fuels used in transport will decline.

It would eventually sink to a level which would stand at about one-fifth of the country's current demand for imported oil.

In an accompanying second report of more than 100 pages Dr Uken enumerates the major steps the public and private sectors can take to reduce the country's dependence on imported oil, or even to face a total oil boycott.

He concludes that with its oil-from-coal know-how and vast supplies of coal South Africa "is in a good bargaining position to obtain whatever is required in the field of energy."

At the same time he quotes estimates that during the next 18½ years the number of cars and commercial vehicles on the country's roads will increase from nearly 4-million to 10,6-million and that total fuel demand may more than double the present 10 000 megalitres, the equivalent of one 300 000-ton oil tanker a day.

He feels, however, that oil consumption may go down, relative to the increase in road traffic, because of the manufacture of much more fuel-efficient cars and electric vehicles.

The immediate effect of the Government's oil substitution programme is that the three Sasols will replace some 60 percent of the current demand for imported oil. Plans by the chemical giant AECI for a R450-million methanol-from-coal plant near Witbank, producing 800 000 tons of the fuel, could further alleviate South Africa's dependence on foreign crude by five percent.

Dr Uken sees the future role of ethanol, an agriculturally-based alcohol fuel, as no more than a fuel extender in South Africa.

If the country wanted to grow sugar cane for alcohol motor fuel it would need three-and-a-half times as much land under sugar cane than the current area. To make enough ethanol from maize the present growing area would have to be enlarged by half.

If the country's sugar and mealie farmers turned all their surpluses into ethanol they would save on maize export losses, but the contribution to the total fuel requirements would decrease during this decade from some 12 percent to four percent.

Therefore, concludes Dr Uken, "it appears unlikely that South Africa is going to follow Brazil's approach in marketing pure-ethanol cars . . . the agricultural route will probably remain subordinated to the Sasol process and its likes."

Dr Uken forecasts that all recent claims emphasise the fact that a 20 percent reduction in fuel consumption in petrol engines can be expected in the very near future, plus a 25 percent saving on short journeys once cold-start improvers come on to the market.

Since traffic congestion costs South Africa between R35-million and R77-million a year, according to estimates quoted, and lack of synchronisation in traffic lights could push up fuel consumption between 31 and 51 percent, Dr Uken recommends more synchronisation, a reduction in stop signs left-turn-on-red robots and amber traffic lights in off-peak hours.

Star 19/8/81

Taiwan and SA in big uranium deal

Own Correspondent

PARIS — South Africa is believed to have signed a contract to supply Nationalist China with 4 000 tons of uranium in the next six years, the weekly news magazine Le Point reported.

Taiwan will also receive technical assistance from South Africa and Israel to develop its weapons, particularly longrange nuclear missiles.

The deal would reinforce a number of co-operation activities between Pretoria and Taipeh. South Africa is already reported to be co-operating with Israel in the nuclear field.

In an article in the weekly Afrique-Asie, Abdelkader Benabdallah, a former lecturer at Quebec University in Montreal, affirmed that the two countries' nuclear co-operation dated from the 1960s. South Africa supplied the material while Israel furnished technical know-how for South Africa to develop its nuclear weapons, Benabdallah said.

● Reacting to the report, the President of the Atomic Energy Board, Dr Wynand de Villiers, said the supply of uranium to Taiwan was public knowledge. "The other allegations are regularly made against South Africa and we no longer react to them," he added.

(d) the asset may be taken over by the lessee at an agreed value,

(e) the asset may be sold, with the recipient of the proceeds being taxed on the amounts received.

Generally, the proceeds on sale (or value at which the asset is taken over) will constitute a recoupment of past lease payments, if the proceeds are credited to the lessee. If credited to the lessor, this would be set off against the tax value at the time of disposal. The taxpayer acquiring the asset will be able to claim the normal allowances on a second-hand asset.

A practical illustration of these principles is found in the 'residual value' lease, where the lessee guarantees the lessor a certain sum on expiry of the lease. Thus, if a residual value of R3 000 was stipulated in the lease agreement, and the asset was sold by the lessee for R2 200, the lessee would pay R3 000 to the lessor. If the tax value in the lessor's books was R1 600, the lessor would be subject to a recoupment of R1 400. The lessee would claim as a deduct[illegible]0 - R2 200) which it had to f[illegible]s.

4. The Capitalisati[illegible]

Financial leases [illegible]rship of the leased asset by [illegible]is is not the case, a financia[illegible]e right to use the asset fo[illegible], and places him under an obl[illegible]nts due in terms of the lea[illegible]gued that leased assets sh[illegible]ts in the books of the lessee, e[illegible]ed by him.

The arguments in[illegible]e supported by the general pr[illegible]tements should reflect the econ[illegible]ns, rather than their legal form. It is argued that ownership is

East London harbour: maize exports

*31. Mr. P. DE PONTES asked the Minister of Transport Affairs:†

Whether any improvements to the East London harbour with regard to maize exports are contemplated; if so, (a) what improvements, (b) when will such improvements be (i) commenced and (ii) completed and (c) at what cost?

†The MINISTER OF TRANSPORT AFFAIRS:

Yes.

(a) Enlargement of the grain elevator to increase storage capacity from the present 75 300 tons to 194 000 tons.

(b) (i) Probably 1983-'84.

(ii) Probably 1986-'87.

(c) The cost is not yet known ~~but~~ during 1983 it could amount to R30 million.

Hiveld bids for US vanadium order

KDM 19/8/81

By PAT SIDLEY (217) (74)

HIGHVELD Steel hopes to supply the United States strategic stockpile with 1 800 000 lbs of vanadium pentoxide in a deal which could be worth more than $5-million.

Last year the West produced about 90-million lbs of vanadium.

Highveld does not quote its annual production, but South Africa produces about half the Western world's supply and Highveld is the largest producer. Last year South Africa produced about 50-million lbs.

Because of the depressed world market, Highveld is producing at well below its capacity, with only one of eight roasting units in operation.

It would be able to supply the required amount before the end of the year.

The General Services Administration (GSA) announced recently that the US planned to buy both vanadium pentoxide and refrectory bauxite.

It made its first purchase in 20 years last month when it bought 5 200 000 lbs of cobalt. The Reagan Administration wants to build up the stockpile using funds from the sale of surplus materials.

Other likely tenders for the vanadium contract would come from Finland's State steel corporation — whose pricing policy is believed to be more flexible than Highveld's — and Union Carbide with production facilities in South Africa and the US.

It is not known if the tender will be awarded in full or split up between tenderers, but it is probable that it will not be entirely a cash deal.

The GSA said an exchange might be made for its surplus supplies of materials — like tin and silver — held by the stockpile.

For this reason tenderers are using agents and not dealing direct with the GSA.

DD 20/8/81 (3) (74)

R30m EL maize boost

CAPE TOWN — Massive extensions to South Africa's only maize export elevator at East London harbour which will more than double its capacity were disclosed by the Minister of Transport, Mr Hendrik Schoeman yesterday.

The elevator's capacity will be increased from 75 300 tons to 194 000 tons.

The exact cost of the extensions is not yet known "but during 1983 it could amount to R30 million".

Mr Schoeman said the extensions would probably begin in the 1983/4 financial year and they would probably be completed in the 1986/7 financial year.

The minister revealed these plans in Parliament when he replied to a question by Mr Peet de Pontes (NP East London City).

His announcement will effectively scotch a recent call by the Maize Board for a new grain elevator to be constructed at Richard's Bay which can take deeper-keeled ships than East London.

Mr De Pontes said afterwards that the East London harbour "is probably, next to the area's manpower potential, East London's most important natural asset".

"I believe that although development should be over as wide a spectrum as possible so as not to be vulnerable should any one sector of the economy undergo a negative phase, the harbour must form a central point of the Border's development.

"With this in mind immediately after being elected I approached the Minister of Transport, urging the extension of East London's harbour facilities.

"Discussions were also held with senior officials of the department and, at the earliest opportunity, I consulted with the minister personally.

"This recommendation was also incorporated in the memorandum submitted to the Prime Minister's office.

"These efforts have now been rewarded.

"Negotiations will now be continued to obtain further extension of other harbour facilities to provide for even greater utilisation at the harbour," Mr De Pontes said.

In East London, the railways systems manager, Mr A. J. Jonker, said reports that Richard's Bay had facilities to load maize were incorrect.

Mr Jonker said the reports, in the magazine Mielies - Maize, the official journal of the National Maize Producers' Organisation (Nampo), apparently referred to a multi-purpose loading facility at present used for loading ore and coal.

These facilities were not suitable for maize loading, he said. — DDR.

Huge hidden costs in protection

RDM 29/8/81

30

74

138

Mail Correspondent

THE COSTS of trade protection should be clearly seen, said Sir Reay Geddes, president of the International Chamber of Commerce, in Durban last night at the Durban chamber''s 125th birthday banquet.

He said countries were trying to export more and import less and protectionist arguments grew.

The arguments of protection were "to allow time to adjust, to offset competition which looks unfair, to favour a poor region and always, of course, for national security".

"Even liberal traders must accept that protection will be given, but we need to see as clearly as may be the costs it imposes on other business sectors, on consumers and taxpayers."

Sir Reay said that in 1979 Canadian consumers paid $400-million extra for garments because of tariffs and quotas.

"It costs at least $40 000 a year to subsidise one job paying $20 000 a year in the Swedish shipbuilding industry."

What was harder to measure was that protection delayed adjustment to viable jobs and products with more painful changes later.

"This is one part of a 'balance of terror'. The other is fear that protection today invites counter-protection tomorrow."

Sir Reay said that the recent Ottawa summit was right: "Those who believe in competitive enterprises must fight for freedom to change in response to the open multilateral system of the General Agreement on Trade and Tariffs."

"It is in everyone's interests to make it work well and see it extended in two ways: first in respect of agriculture and the service trades; and secondly by the progressive inclusion of the newly industrialising countries."

The new countries grew by changing the pattern of trade flows, competing first in simple manufacture, but then, surprisingly fast, going up market and up in technology.

Their buying power rose quickly for imports of plant and machinery, raw materials and consumer goods and for capital funds, technology and management skills.

"Multinationality is itself a growth industry, from north to south also now south to south."

Sir Reay said that in spite of the drawbacks of protectionism "the great gains of liberalisation from rounds of tariff-cutting have not been seriously eroded".

But there was one issue which Ottawa could not address itself: "Even when growth resumes and so change and risk-taking become easier, is technology increasing productivity and storing knowledge so well that urban unemployment cannot be cured?"

The questions of the future of work, the sharing of jobs and earned income, the treatment of ageing city centres needed increasing attention.

"Business cannot leave them to public authority alone."

In Britain the balance between rights and duties, between discipline and self-discipline, between individuality and committment to the future had been disturbed and to correct these ills the present policies were severe and withdrawal symptoms evident.

DD 21/8/81

Card: we'll continue wool, maize inquiry

74

EAST LONDON — The issues of maize and wool exports through the East London harbour have cooled following announcements of massive improvements to the maize elevator at the harbour and that there is no rail tariff discrimination against East London for wool.

Following reports that Richard's Bay could be used for maize loading and that rail tariff reductions on raw wool had not been applied to East London, a meeting of the East London Development Committee was called for yesterday.

Before yesterday's meeting, the systems manager for East London, Mr A. J. Jonker, issued assurances that Richard's Bay could not be used to load grain and that there was no discrimination in SAR rail tariffs for raw wool.

The Minister of Transport, Mr Hendrick Schoeman, also announced in Parliament that massive improvements, costing about R30 million, would be undertaken at East London's grain elevator.

Yesterday, after the ELDC meeting, the Mayor, Mr Donald Card, said that as a result of the recent assurances it was decided to continue investigating the issues.

The ELDC involves local commerce and industry as well as the city council and the Kaffraria Divisional Council.

"With regard to maize we are awaiting a letter from the Minister (Mr Schoeman) regarding the proposed developments to the grain elevator.

"As regards wool it has come to our attention that reports on rail tariffs for raw wool were not completely correct.

"The matter is being taken up further and the ELDC will continue to examine both the maize and wool issues," Mr Card said.

Meanwhile the president of the Border Chamber of Industry, Mr John Rich, said he was "absolutely delighted" at the announcement by Mr Schoeman that the capacity of the elevator would be increased from 75 300 tons to 194 000 tons.

"This is one of the biggest things that has happened to East London for a long time," he said. — DDR

Wheat to be imported

ED 24/8/81

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7-ii

SOUTH Africa will have to import an estimated minimum 200 000 tons of wheat next season for the second successive year, says the Wheat Board manager, Mr Denis van Aarde.

He said an early estimate for the 1981-82 season (October-September) was a yield of 1 700 000 tons. Conditions had improved since then, but a minimum import of 200 000 tons would be required.

With last season's crop of 1 380 000 tons the worst for 10 years, South Africa was forced to import 286 000 tons, only the second time in 11 years it had imported wheat.

Mr Van Aarde said this season's carryover of 423 800 tons, equivalent to 2,8 months' consumption, would last until the middle of December when the first of the new crop became available for millers.

He says the main cause of the shortfall was the protracted drought early this year, particularly in the Free State which provides more than 60% of the South African crop. This caused many farmers to switch to maize and sunflower.

For the farmers to switch back to wheat means they will have to lose almost a season and this has resulted in less than the normal area under wheat.

Annual consumption is 1 900 000 tons. This includes exports to Lesotho and the amount required for seed. — Reuter.

SA wins chrome price rise

STAR 26/8/81

74

By Geoffrey Murray

TOKYO — South African ferroalloy makers finally appear to have got the upper hand in their year-long battle with Japanese customers over the price of charge chrome.

Two of the biggest blast furnace steelmakers here, Nippon Steel and Kobe Steel, have just announced acceptance of a price level of 47,5c a pound cif affective next month.

Nippon Steel approved the price increase demanded by General Mining, while Kobe Steel's deal is with Consolidated Metallurgical Industries (CMI).

Nisshin Steel is also expected to follow suit shortly in coming to terms with Samancor.

The South African firms have been trying to raise their prices from 45c to 47,5c (preliminary to an eventual jump to 50c) since late last year.

Stainless steel makers are still holding out, however, and sources said there was no likelihood of an early settlement.

LECTURE 9 : MARSHALL AND WICKSELL : NEO-CLASSICAL CONSOLIDATION

The major works are:

A. Marshall: Principles of Economics
(The Variorum edition edited by C. Guillebaud is best)
A. Marshall: Industry and Trade
A. Marshall: Official Papers.
K. Wicksell: Value Capital and Rent
K. Wicksell: Lectures on Political Economy (2 vols.)(Intro. L. Robbins)
K. Wicksell: Interest and Prices: (Tr. R.F. Kahn, intro. B. Ohlin)
K. Wicksell: Selected Papers on Economic Theory (Intro. by Lindahl).

On Marshall: ed. A.C. Pigou: Memorials of Alfred Marshall.
(In addition to a valuable biographical essay by Keynes, a number of memoirs by students and contempories of Marshall, this volume contains some valuable letters and some fascinating minor writings. A particular favourite of mine is the essay on 'Water as an element of National Wealth')

E. Eshag: From Marshall to Keynes (Covers the Monetary theory of the Cambridge School).

G.F. Shove: The Place of Marshall's Principles in the History of Economic Thought. Economic Journal, Dec. 1942. pp. 294-399 (A classic account).

C.W. Guillebaud: Marshall's Principles of Economics in the Light of Contemporary Economic Thought, Economica 1952 pp111-130 (Now somewhat [illegible]

K. Bhar [illegible] ed Marshall's early [illegible] Vol.2, pp253-272

Unfortunately P [illegible] never been published. His [illegible] ow in the Imperfect Compe [illegible] important book forthcomin [illegible] will contain an attempt to p [illegible]

On Wicksell: se [illegible] ted volumes

(N) T. Garl [illegible]
([illegible] standard biography).

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Wicksell's moneta[illegible] position.

171 WEDNESDAY,

(ii) Mr. André Holland

(iii) Mr. Brian Grubb

(c) For obvious reasons it was not considered appropriate at this stage for the future of this neighbouring country to be discussed at such a symposium in South Africa.

(2) With the approval of the Government.

South African Trade Mission

*23. Mr. C. W. EGLIN asked the Minister of Foreign Affairs and Information:

(1) Whether the South African Trade Mission recently advised certain Zimbabweans on a proposed visit to South Africa to address Zimbabwean university students; if so, (a) what was the nature of such advice, (b) who were the persons advised and (c) why were they given such advice;

(2) whether the advice was given with his approval?

The MINISTER OF FOREIGN AFFAIRS AND INFORMAION:

(1) Advice was given on a proposed visit to participate in a two-day "Focus on Zimbabwe" programme organized by the Zimbabwe Society of the University of Cape Town.

(a) That the proposed visit would be inopportune at the present time.

(b) (i) Senator Dennis Norman, Minister of Agriculture

/ ... 4

Greater local content urged

27/8/81 ~~102~~ 76

Financial Reporter

THE National Association of Automotive Component and Allied Manufacturers (Naacam) has called for increased local content, possibly to as high as 85%.

This was said in the president's report which Mr C J Beyleveld presented to the organisation's annual meeting in Johannesburg yesterday.

In a memorandum to the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers earlier this year, Naacam asked for an increase the the local content programme.

Dr De Villiers replied that Government policy was to avoid intervening. He had supported the idea of a private sector body for "consultation in matters of mutual interest".

Naacam also submitted a report to the Prime Minister's Sectoral Advisory Committee in which it asked for clarification on uncertainty in the local content programme — whether the current 66% was to be increased to 85% as in Australia.

Quoting the report, Mr Beyleveld said Advisory Committee members were "very critical" of methods employed by motor-vehicle manufacturers to meet the 66% local content requirement.

"It was asserted that this percentage allows too much scope for the interchangeability of components. As a result, the current local content of petrol-driven engines is actually lower than in previous years," the report said.

Passenger vehicles equipped with locally produced petrol-driven engines had decreased by 70% over the past four years.

Mr Beyleveld announced the formation of a sub-committee to advise on industrial and labour relations matters to keep members up to date on developments in that sphere.

Overseas success for SA books

Star 27/8/81

1981

74

prices and quality

By David Bristow

South African book-publishers are fast establishing a foothold in the overseas market.

A Cape Town publisher has recently received an order from the United States for 20 000 books with a retail value of about R500 000.

It covers 10 titles which include books on African wildlife, wild flowers and the Drakensberg, Zulu folk tales, books for armchair hunters and a local "science fact" episode.

They are mainly hard-cover reference books and Mr Tony Ashworth, head of the publishing firm, says South African prices and quality compare favourably.

A Johannesburg publisher has for some years been involved in co-edition ventures with overseas publishers, mainly for local novels.

Nadine Gordimer's "July's People" and John Coetzee's "In the Heart of the Country" and "Waiting for the Barbarians" are selling well in England. "Waiting for the Barbarians" has had good reviews and been hailed as a great modern work.

Mputuzeli Mashoba's "Call Me Not a Man" is in its second English co-edition and has been translated into German.

Mr Ashworth has a US export contact which makes his direct trade possible. "Once you have a toehold, you are in for good," he said.

Johannesburg writer and publisher Mike Kirkwood has gone in for co-editions with overseas publishers rather than direct trade. Economic considerations make it more viable and many of his published authors have publishers in other countries.

England and the US are coming out of a publishing slump, but Mr Ashworth believes South African publishers will maintain an increasing trade overseas as our prices and quality will remain highly competitive.

One interesting book ordered by the US from Cape Town is J Churba's heavy crticism of the Carter Administration, "Retreat from freedom."

No publisher in the US would publish the book during Mr Carter's term as President — and Churba is now in the Reagan Cabinet.

Falling exports limit steel production

Star 27/8/81

74 ~~189~~

By Patrick McLoughlin

Steel output for the first six months of this year fell 1,0 percent compared to the 1980 first half and there has been an easing in sale and production levels with a continuing fall-off in exports, reports the Steel and Engineering Industries Federation of South Africa (Seifsa).

Output for the half year fell to 4,40 million tons (4,44-million tons) and Seifsa said the continuing weak economic performance of major trade partners indicated that no improvement in export sales could be anticipated before mid-1982.

Ferrochrome producers, with recession trends continuing in overseas markets and the tendency for inventory levels to be kept to a minimum, continued to report reduced production.

Ferro manganese production levels were similarly affected.

The results of these producers underlined general conditions in the second quarter for the Seifsa group of industries which, the federation reported, "reflected the weakening in overall domestic demand." and confirmed the shifting to a slower real-growth tempo, particularly in base metals and heterogenous engineering.

CREDIT SCARCE

Difficulties also continued to be experienced by Seifsa's export sectors. Consumer-related sectors, in spite of experiencing a recent surge in activity, now anticipate an easing in demand during the third quarter of 1981 arising from the growing scarcity of consumer credit.

Among the brighter areas of the report were those referring to the automotive component industry, building-industry supplies and telecommunications and electronics. All reported satisfactory order books in June comparable with 1980.

Other buoyant industries included the plastic manufacturers, light-metal manufacturers and tubes and pipes.

The iron, steel and non-ferrous foundry industry conformed with the general slackening. Despite a reported "mild correcrive" during June to the downturn in private-sector performance experienced in the first quarter, factors which continued to cause concern were increasing inflationary pressures and shortages of some categories of skilled and semi-skilled labour at the shop-floor and high-technology levels.

New coated paper import tariff decision angers industry

WM 28/8/81

74

Financial Editor

SOUTH AFRICA is exporting, at lower than domestic prices, paper which is used by Far East book publishers to compete on the South African book market, Mr I L Knock, president of the South African Printing and Allied Industries Federation, alleged at a meeting of the Natal Chamber.

He said that if this was true — the mill concerned says it had not exported to the Far East for 18 months — 'it is not only turning the knife in the wound but pouring salt in as well.'

In a hard-hitting speech he attacked the decision to apply for import tariffs on paper which is not even made in South Africa and to apply for tariffs for kraft paper where the mills were operating at full capacity.

'The federation and many individual members have raised the strongest objections with the Board of Trade, which we hope will be successful.'

The new coated paper import tariffs decision 'has caused consternation and tremendous resentment throughout our industry.'

Mr Knock said that while the decision by the paper mill owners to invest well over R1 300m on new capacity was welcome, it also caused apprehension among printers.

It was obvious that capacity would be well over local demand and the surplus 'would be exported at prices that are subsidised by artificially high domestic prices.'

Mr Knock said that four years ago the federation, paper merchants and mills set up an advisory body with the Government to examine import permit applications.

Depression

At first it meant that local manufacturers were able to supply previously imported paper; but as the balance of payments situation changed, federation members found that they were being prevented from getting imported supplies, 'which by then were much cheaper, owing to the general depression in world prices.'

Mr Knock went on: 'We had unwittingly co-operated in building up a monopolistic situation that had the unfortunate effect of maintaining high domestic prices.'

He said that if the federation members had been able to import paper last year, they would have held in check local prices by about 12,5 to 15 percent and 'we could have imported a little deflation'.

'The public have had to pay more for their printing and packaging than they need have done and while this may be good for the local mills' profits, long-term, it cannot be goods for the country.

'We should not need to be feather-bedded.'

Export citrus in SA shops

28/8/81

74

Farming Correspondent

Export quality oranges and grapefruit have been diverted to the local market to prevent a steep rise in consumer prices.

In his mid-season report the general manager of the Citrus Exchange, Dr Cameron Maconie, said in Pretoria yesterday the local market was still of prime importance.

As many as 400 000 cartons of grapefruit and 2-million cartons of Valencia oranges had been withheld from the export market to ensure adequate supplies of oranges and grapefruit to the South African consumer.

Total domestic marketing was 14-million cartons, of which 30 percent, was sold as fresh fruit. The rest was processed to produce juice and canned products.

The Citrus Board, of which the Citrus Exchange is the executive arm, had no power to fix Prices. But after increased local marketing to satisfy rising local demand, the overall average wholesale price was now 170c for a pocket of 10 kg.

Last year it had been 158c and in 1979 135c. These price rises were lower than the inflation rate. Production costs had risen much more but farmers had looked to the export market for compensation.

effort to set fair and attainable standards of performance. This approach would also ensure that the distributors would understand these standards and thus be far more committed towards achieving them. In general, standards of performance must include the following:-

* Sales volume objectives
* Market share in each market
* Inventory turnover ratio
* Number of accounts per area
* Growth objective
* Price stability objective
* Quality of publicity
* In the case of distributors who carry other lines the percentage of floor space allocated to the supplying company's products can be defined in standard terms
* General image of the middleman in the market place

5. EVALUATING PERFORMANCE

Once a system of performance standards has been determined, it is important that the distributors achievements in relation to these standards are monitored. For this reason an evaluation is carried out at regular intervals. Distributors and companies must (and the objective of the evaluation proc(oth parties. The objective of such ar :ify certain strengths and weaknesses and t mprovement. This must not simply become a procedure. One type of evaluation techni form which is listed in appendix A.

6. MAINTAINING AN EF ION SYSTEM

To initially develop ıtain an effective communication system onal distributors is one of the major tas al marketer. Communication may be ed through the following on the next page:-

Trade deficit R48m

By HAROLD FRIDJHON

SOUTH Africa had a trade deficit of R48 500 000 in the first seven months of this year compared with a surplus of R3 820-million in the comparable period of 1980, according to the Department of Customs and Excise.

The trade position switched sharply in July when a deficit of R210 800 000 was recorded compared with a surplus of R6 500 000 in June and a surplus of R487 100 000 in July last year.

Exports continued to decline. In July they fell to R1 520-million from R1 540-million in June and R1 860-million in July 1980.

Imports are continuing to rise. They went up in July to R1 730-million from R1 530-million in June and R1 370-million in July 1980.

34

Cor

18/8/81

Triomf veils foreign trading

S/O/ 28/8/81

By David Bamber

When the Triomf group decides to put up the shutters, it does so tightly that not even a glimmer of light has a chance of escaping.

This was apparent yesterday when Mr J J Becker, managing director of Triomf Fertilizer Investments (Triomf), announced that due to "the extent, importance and sensitivity of Triomf Fertilizer's foreign commercial activities" the results of Triomf would no longer be consolidated with those of Triomf Fertilizer.

The investment company will sell 1,1 percent of its stake in Triomf Fertilizer to LLG Group Investments thereby reducing Triomf's shareholding in the trading company to 49,9 percent.

The profit on the sale of the shares amounts to jst over R1-million.

To avoid undistributed profits tax, Triomf declared an interim dividend of 15c during the first six months of last year but as it is the company's policy to declare only one dividend a year (the final), and in view of the change in structure, only a final dividend will be declared in future.

Efforts by reporters to obtain comment on the current state of the fertiliser market were all met by an apologetic refusal — the directors had made their decision.

Replying to a question on possible shareholder dissatisfaction over the decision, Mr Becker noted that as it was the policy of Triomf Fertilizer to distribute all of its earnings, there would be little effect on Triomf earnings.

He noted that it had been announced that the dividend for the current year would be at least equal to the total payout of 45c of last year.

Triomf's trading profit for the six months to June 30 was slightly lower than in the same period a year ago at R49 000 (R51 000).

After deducting a provision for tax of R28 000 (nil) and adding profit from the sale of the Triomf Fertilizer shares, profit attributable to shareholders amounted to R1,1-million.

TERMINAL MANUAL 28 Jan 81 3-1

3. USING THE UNIVAC 1100/81 SYSTEM

3.1. POWERING ON THE TERMINAL

Power on. If the terminal refuses to comply check if it is plugged in and switched on at the wallplug.

3.2. LOGGING IN TO THE COMPUTER

3.2.1. VDU's.

There are two types of VDU configurations. The Standard type and the STN type.

1. To make contact with the computer:

(i) on the Standard type of terminal, type in

U1106n

...terminal

...rked CTRL

.../XX (RSI)

...on you can

Star 29/8/81

Taipei puts in the boot

TAIPEI — Taiwan remained the top supplier of shoes to South Africa, with last year's figures estimated at 5,258 million pairs worth R12.38-million.

About half of South Africa's imports of shoes came from Taiwan last year. — Sapa-CNA.

SA continuing market for U.S., says report

S. Times 30/8/81 (74) 3(?)

By Irene Saunders
Washington

SOUTH Africa presents American exporters with their largest market in Africa, a major market by any standards.

Despite slower economic growth this year, South Africa should continue to provide a substantial outlet for American goods, according to a US Commerce Department "market report".

South Africa in 1980 saw record economic growth while the United States emerged as its leading trading partner, the report noted.

There was still a strong momentum at work in the first half of 1981 as the impetus from the 1980 gold-induced boom carried the economy along a fairly high growth path.

However, a downswing in the business cycle has now begun, and is expected to pull growth down substantially in the second half of 1981.

Most forecasters see an even greater slump in 1982. The economy is faced with a dual challenge: the problems of prosperity — skilled labour shortages and inflation — on the one hand, and a deterioration of export opportunities on the other.

The study notes that the gold price has slumped at a time when other exports (diamonds, ferrochrome and platinum) are also performing poorly, and the import bill is surging.

Despite these problems, South Africa should be able to maintain positive growth (comparing favourably with most Western countries) over 1981-82.

A sustained high level of domestic investment is foreseen, asserts the Commerce Department report, and the outlook for a continued strong South African demand for US products, especially capital equipment, remains good.

In managing its economy, South Africa's primary challenge is to slow inflation and move the economy to a more sustainable growth rate without precipitating a recession.

Prospects for a "soft landing" will be heavily influenced by developments in the international economy.

"If South Africa can ride out the current Western stagnation, gain control over inflation and generally maintain labour peace, it should be well situated for a further period of export-led growth when the world economy recovers."

Despite slower growth, the US Government economists foresee the continued shortage of skilled labour and resultant wage cost pressures. Unskilled unemployment will grow.

"Here South Africa is up against a structural problem which cannot be solved merely by economic growth. Increased black militancy can be expected, and the growth in black expectations will also heighten pressure on the Government for spending on social infrastructure such as housing and education."

The book value of US direct investment in South Africa amounted to $2 011-million at the end of 1979. There are approximately 350 affiliates of American companies in South Africa.

The report points out that the "US Government neither encourages nor discourages American investment in South Africa".

"American companies considering investment in South Africa will wish to take into account both the economic and political situation within the country, including the impact of the system of legalised racial discrimination on long-term stability.

"Potential and current US investors should also give careful consideration to relations with their black workforces.

"The US Government strongly urges American firms to assume sufficient responsibility for the adequacy of their compensation and other benefits to permit a decent standard of living for all workers. It supports the Sullivan guidelines," the report noted.

As for trade, the study pointed out that the South African economy is highly dependent on imports for growth, and that in 1980 imports totalled $31 400-million — 23% of the gross domestic product.

The US share of the market was 13,5% up from 12,4% in 1979. South African imports are expected to rise by another 25% in 1981, as current investment plans and supply shortages ensure continued demand for foreign products.

A number of major purchases from the United States (eg, draglines for coal mines, new aircraft) are already in the pipeline, and it is likely that the United States will remain at or near the top of the list of South Africa's foreign suppliers in 1981-82.

If current trends continue, South African imports from the United States could approach $3 000-million this year, a virtual tripling, in nominal terms, of US exports to South Africa in just three years.

US exports to South Africa for January-June 1981 totalled $1 470-million, an increase of 46% over the same period in 1979.

Growth in US exports will probably fall off in 1982, however, if the South African economy and the rand weaken further as forecast.

Trade delegation to arrive in SA

S. Tribune 30/8/81 (74)

A MANCHESTER Chamber of Commerce delegation will visit this country from September 28 to October 10. So enthusiastic were firms to participate that the normal quota was extended from 20 to 25 members.

"The simple fact is that, in trade, no-one can afford to ignore South Africa," says one member of the delegation. "The depth and breadth of development is staggering."

Manchester's chamber has been sending a group to this country every two years since 1968. With 3 000 members it is Britain's third largest and one of the most influential.

Paediatrics	Mr G J Knight
Pharmacology	Dr A H Robins
Physics	Dr C M Comrie
Physiology	Dr R J Douglas
Precambrian Research Unit	Dr C J Hartnady
Psychology	Ms G Finchilescu
Public Administration	Brig W H van den Bos
Quantity Surveying	Mr A J Stevens
SAFRING	Mr T B Oatley
Seabird Research Unit	Mr R W Abrams
Social Anthropology	Prof M E West
Sociology	Mr W D Cowan
Student Health	Dr P W Slayen
Student Userrep	Miss B Levitt
S U N I	Mr J Pilcher
Surgery	Prof D M Dent
Surveying	Assoc Prof C L Merry
Teaching Methods Unit	Prof J H F Meyer
Univ Planning Unit	Dr M Hart
Urban & Regional Planning	Prof D Dewar
Zoology	Prof J G Field

Govt reneges on import controls

RDM 2/9/81

(74)

The system's alive and well and living in Pretoria

IMPORT control is still with us — in spite of Government assurances almost two years ago that this obstacle to free trade would be dismantled.

Not a cog, not a lever of the machinery of control with all its expenses, hassles and wasted time for the business community has been removed. The major difference between the present and past procedures is that most importers get the permits they want.

By HAROLD FRIDJHON

But no account is taken of the time and trouble spent in getting those permits.

According to current policy, importers receive permits for their "reasonable requirements". But it is left to officialdom to determine the reasonable requirement. Convincing the officials can take time.

What an importer considers reasonable is sometimes deemed unreasonable, and a permit is not granted in full and an application has to be made more than once to get what was asked for in the first place.

If a business has more than one branch, permit applications must be made for each branch instead of a single consolidated permit being given for the full requirement. This not only wastes time of officials in the department, but it is a burden on the firm which has a real understanding of the cliche that time is money.

The import controller's staff is buried deep in paperwork arising from the number of permits. This is multiplied by re-applications.

The business is made even more complex when it comes to getting permits for textiles. These have to be enumerated in 44 different categories — surely a job for the Customs department and not for import control?

A businessman told me yesterday that in essence nothing had changed since the Government promise was made except that most firms were getting the permits that they required and because their demands were being satisfied they are knuckling down to a burdensome system.

When import control was relaxed — not dismantled — the business community was assured that the workings of the system would be simplified, but the machinery would be maintained for statistical use.

So far there have been no signs of the promised simplification. As for the statistcal uses, surely the collection of details about imports should be a job for the Customs Department — unless there is a sinister hidden reason for Import Control to cling to its own set of statistics? Such as the reimposition of control should the balance of payments position turn really sour?

Is the Government maintaining the expensive structure of the import control mechanism because members of the bureaucracy have little faith in a free market mechanism?

Events have shown that every time the authorities tightened import control they acted ahead of the downturn in demand. If they had waited a few more months, reduced demand resulting from the downward swing of the business cycle would have decreased the volume of imports. The market would have looked after itself.

All that the authorities succeeded in doing was consolidating the position of those prescient importers who rushed goods in ahead of expected clampdowns and they then held a deprived market to ransom, sending up prices at a time when they should have come down.

What Pretoria needs is further education and convincing that if left alone, the market will make its own adjustments. By clinging to the vestigial — but ever present — elements of control, Pretoria is distorting the market mechanism at great cost to taxpayers, the business community and consumers.

Appendix C

WHOM TO CONTACT

This list is not intended to be exhaustive. Rather it should give you, the user or prospective user, a lead as to whom to contact initially about your problem or request. Sometimes responsibility for a particular function is divided or shared and you may well be referred to someone else after your problem/request has been assessed by the person or group listed below. There are specialists within the various groups but no attempt has been made to include details of specialisations in this list.

Account number applications: Reception (Ph 69-8531 x 177)
Account queries: Reception
Advice (Programming and EXEC8): Hot Seat (in Library)
Bulletins - circulation list: Librarian (Ph 69-8531 x 180)
- copies of recent issues: Reception
Central Administration Support
- Routine: Lynette Jacobs (Ph 69-4351 x 339)
- New development: Campbell Tyler (Ph 69-8531 x 168)
@DEBUG - circulation list: Librarian
- editorial: Patrick Hurly (Ph 69-8531 x 165)
Departmental Administration Support: Non-Academic Systems (Ph 69-8531 x 168)
Education courses - queries: Hot Seat/Librarian
- registration: Librarian
Graphics: Hot Seat
Gripes: ...er
Magnetic tape
Manuals:
MCQ
Problems/fau
Programming ... 167)
Punch machin ... h Room off
Punching Ser ... n/Gripe book
Queries - H ... 8)
S
Reloading fi
Software pac
- avai
STN (Student
- mail
- scho
Supplies -
Terminal ma

Exports to SA take a jump

S. Tribune 30/8/81

74

WEST German exports to South Africa took a massive 38 percent leap in the first half of this year compared with the first half of last year, according to official German statistics released here this week by the SA-German chamber of trade and industry.

On an actual basis South Africa's exports to that country declined in this period by 0,9 percent, but corrected against the increase in value of the rand then against the D-mark, this country's exports actually showed a slight increase this year. Germany's exports to South Africa in the first six months of 1980 totalled R772,3-million and rose to R1 066-million in the first half of this year. Comparable figures for South Africa's exports to Germany are R579,3-million and R574,3-million.

Most of Germany's exports to South Africa were in the end product sector (890,9-million) with motor-vehicle components and electro-technical equipment totalling R456,7-million.

The value of German electro-technical exports moves up 48,1 percent to R115,2-million and motor vehicle components up 49,5 percent to R341,5-million.

That country's toolmaking machinery exports to South Africa increased from R29,5-million to R43-million, an increase of 46 percent, which is a reflection of this country's continuing capital investment programme and its increasing self-reliance.

Other impressive improvements in this sector were exports of power supplies and generators to South Africa, up 74 percent from R15,6 to R27.2-million, and agricultural machinery up 76,3 percent from R20,4 to R36-million.

Germany's exports to South Africa dropped in only one category, that of pumps and pneumatics, which decreased by 5,1 percent, from R26,8 to R25,5-million.

South Africa's exports to Germany were obviously badly affected by the continuing recession overseas.

The value of her semi-finished product exports declined by 19,3 percent, from R179,3 to R144,7-million and, had it not been for the fact that industrial gold exports increased by 14,1 percent from R64,6 to R73,7-million, the decrease would have been more accentuated.

The value of her ferro-alloy exports plunged by 77 percent from R29,1 to R6,7-million, copper by 27,6 percent to R39,2-million and nickel by 55,5 percent to R5,5-million.

Coal and Krugerrands provided the two splashes of colour on an otherwise drab canvas.

Our coal exports to Germany nearly doubled. They shot up by 97,2 percent, from R18,8 to R37-million and Krugerrands by 71,4 percent, from R47,6 to R81,6-million.

(1) (a) What quantity of wheat was (i) imported and (ii) exported, and (b) at what average price was such wheat (i) imported and (ii) exported, during each of the latest specified three years for which figures are available;

(2) what were the average prices of wheat (a) imported and (b) exported during each such year as calculated on the South African free-on-board basis?

Wheat (74)

128. Mr. K. M. ANDREW asked the Minister of Agriculture and Fisheries:

Hans 5 Q.C. 267 2/9/81

The MINISTER OF AGRICULTURE AND FISHERIES:

	(1)(a)(i) Metric ton	(1)(a)(ii) Metric ton	(1)(b)(i) R/ton	(1)(b)(ii) for R/ton
1978-'79	None	126 190	Na	112,10
1979-'80	None	141 306	Na	149,32
1980-'81	286 000	13 000	205,22*	204,09

* Landed costs at the port before the distribution costs are added.

(2) (a) Import are not effected on a South African free-on-board-basis and prices on this basis are consequently not available.

(b) Exports are effected either on a free-on-rail-basis or on a free-alongside-elevator basis. Prices on a free-on-board-basis are consequently not available.

Small Maputo coal exporters hope for quota lift

RDM 3/9/81

74

By ADAM PAYNE

AMONG the steam-coal exporters be awaiting the expected announcement in Parliament tomorrow of new export ceilings to apply after 1985 will be the small and almost forgotten shippers through Maputo.

In spite of their main difficulty — the limit on size of ships that can load in Maputo — these exporters are moving just under 1-million tons of steam coal a year to overseas markets.

In addition, about 180 000 tons of anthracite coal is shipped a year to export markets.

The small steam-coal producers with export allocations of about 300 000 tons a year each are: Bordex, connected with Boland Bank in the Cape; Concor, the civil engineering and construciton company; and Sevmin Coal which is connected with Savage & Lovemore.

Messina (Transvaal) Development Company exports about 180 000 tons a year of anthracite through Maputo.

The steam-coal exporters have small mines, often with low costs, in the Eastern Transvaal and are in a different category to the oil companies and big exporters, like Amcoal, which operate through Richards Bay.

But because there is export capacity at Maputo harbour, which is close to the Eastern Transvaal, they are seeking a larger quota, perhaps 2-million tons a year.

This tonnage could be handled by the existing, old appliances which are still efficient, but if in time the quota is raised to 5-million tons a year or if the Maputo Government obtains export coal at an economic figure from far away Wankie Colliery or from Botswana, there would be ready backers for building a large, modern loading appliance.

Since the world export coal trade depends as much on transport and transport rates as it does on mining and mining costs, the Maputo exporters are at a considerable disadvantage to those using Richards Bay.

The harbour is not as well dredged as it was under the Portuguese administration and ships are limited in size.

Coal loading is slower than at Richards Bay and freight rates to Europe in the small ships are about \$25 a ton compared with a new low rate of about \$10 from Richards Bay in bulk carriers.

The Richards Bay rate was about \$16 a ton, but with the depression in the iron-ore trade, bulk carriers have been forced to lower their rates so that Transvaal coal shipped through Richards Bay can reach Europe extremely cheaply — the freight rate to Europe is less than double than the railage rate from the Witbank area to Richards Bay.

I am told that at the height of demand for coal in May Maputo exporters sold coal spot in Europe for as much as \$63 to \$65 a ton cif, which represented an fob price of about \$38 for low-grade coal of 25 mj/kg.

By comparison, higher-grade coal of 27,7 mj/kg through Richards Bay was being sold at about \$56 to \$58 a ton cif on contracts negotiated last year.

But the spot market has softened rapidly and the Maputo exporters would be unlikely to get as much as \$58 cif or \$33 fob now.

They calculate that by the end of the year the \$5 a ton or more drop that has occurred should be recouped so they get about \$38 fob again.

Difficulties in railing coal to Maputo because of truck shortages are being overcome, although if there is a surplus of fully laden trucks in Maputo, the SA Railways limits the number of trucks that can be used for further railings until the backlog is cleared.

Thursday, September 3, 1981 (74)

SA sugar makes a success of futures

3sugar (74) RDM 3/9/81

THE SOUTH African Sugar Association has become SA's most sophisticated commodity exporter. In 1965 it opened a London office and it uses the futures exchanges extensively to protect itself from price fluctuations. In this second article on the advantages of futures markets, NEIL BEHRMANN tells how the Sugar Association uses London's United Terminal Sugar Market and the New York Sugar Exchange to its advantage.

IN THE PAST decade the South African sugar industry has exported more than 9-million tons of sugar valued at more than R1 500 000-million.

The Sugar Association's export operations have been a success because it has an office in London which is in close contact with the major markets and which liaises continually with the Durban head office. Mr David Gass, who heads the London office, believes that commodity producers, from agricultural products to metals, should hedge at least part of their production. The association puts this theory into practice — and it works.

The Sugar Association makes more use of the futures markets than most other SA commodity producers and has had permission from the Reserve Bank to do so for years. Hedging is an insurance against price fluctuations.

From a peak of £650 a ton in 1974, sugar slumped to a low of £85 in 1978 and then rose to £440 towards the end of last year. Since then the price has fallen all the way back to £179 a ton.

To offset these violent fluctuations, producers, consumers and sugar merchants hedge on the paper futures exchanges. On these exchanges paper contracts of sugar are traded against the purchases and sales of physical sugar.

The futures markets attract many speculators, especially when the price is rising. But true sugar traders — for example, producers and confectionery companies — deal on the paper market to offset their transactions on the physical market.

The South African Sugar Association can estimate quantities of sugar shipped to consuming countries. It also fixes the price on shipments depending on the market quotes at the time. But with prices fluctuating in an uncertain market it tends to hedge up to 50% of its production on the paper futures markets to insure itself against losses.

Take an example: a producing nation, like South Africa, contracts to sell a shipment of sugar to a consuming country, such as Japan, or a merchant in London or New York. The shipment is due next January. Say, the price of physical sugar is £200 a ton and the January price on the London futures market is £220.

The producer is satisfied with a price of £200 because there is more than sufficient profit. But it is worried that the price may fall. So it decides to hedge on the London Terminal Market by selling an equivalent amount of sugar for delivery in January. Thus January futures are sold for £220. By October the prices collapses to £180.

The producer has two options. It can cover the hedge by buying or closing the short sale on the futures market. Because the January price is around £195, the profit is £25.

In these circumstances the producer is speculating that the price will rise in the months to January. If it falls further, the producer will not have a hedge to protect itself.

Alternatively, the producer will decide not to speculate and protect its original position. It will allow the hedge to run until January. Say, the price falls to £170 by January. The producer then sells the sugar shipment to Japan at £170 — this is £30 lower than expectations at the beginning of September. But in January it will close out its hedge.

Because futures prices usually reflect an interest charge, which declines each month the

price on the January futures contract will be around £170, so the producer makes a £50 profit a ton on its short hedge on the futures exchange.

Say, the price soars to £260. Then the producer sells its sugar at £260 — £60 higher than the price at the beginning of September. But it covers in at a loss of £40 on the futures market.

In this example the hedge transaction generates an extra profit of £20, making the effective sales price £220.

The opposite can occur as well, but the producer is basically trying to insure that it receives at least £200 for its sugar.

The example shows that there is no perfect hedge and for this reason the producer must be well informed about developments both on the physical market and futures exchanges.

But even though the Sugar Association must take a view, the hedging procedure is still a far better insurance than sales of sugar at unpredictable prices on the physical market — especially because commodity and currency markets are so volatile these days.

Because it is forward looking and progressive, the South African Sugar Association appreciates that it must have a sophisticated division in London, which also attends to international sugar politics.

Mr Gass estimates that the industry will export about 700 000 tons in the crop year which ends in April. About 50% of the sugar will go to Japan, 25% to Canada and most of the balance to the United States.

Throughout the year the sugar is shipped in bulk carriers which carry about 16 000 tons each. The association must be closely involved with short-term and long-term market developments.

Its office is at Sugar Quay, overlooking the Thames and Mr Gass, his deputy, Mr Athol Harley, and two dealers are constantly in touch with their brokers and customers. Television screens monitor price changes in New York and London and the team has an informed opinion on what is happening.

One of the dealers, Mr Charles Knowles, has been trading in the market for 25 years.

The London staff meet every day to discuss pricing of cargoes and hedging operations. They watch currency and freight rates and observe volatile interest rates.

To protect itself from currency fluctuations, the association hedges on the foreign exchange markets, especially as most of its sugar is quoted in sterling. A slight turn in sterling can have a significant effect on the association's earnings.

Mr Gass is interested in hedging financial futures when London's financial futures market opens next year. By hedging financial futures he would be able to insure the association against gyrating interest rates.

Mr Gass is aware that his team can be too close to the market. The team can get carried away by a spurt or a slump in price. So there is an open line to Durban and the association's general manager, Mr Peter Sale, and the export manager, Mr David Hardy, who was previously in London. They can put forward detached views.

On a combined decision the association can take a view on the market and go ahead with hedging techniques.

Mr Gass says that there is nothing wrong with hedging by selling futures on a rising market. In fact, it is advantageous to sell because there is sufficient volume. As long as the price is above the cost of production, the producer is assured of a profit.

He disagrees with mining house executives who claim that hedging is speculation.

"We accept the fact that sugar fluctuates and we hedge to limit our risk," he says.

Germans add to exports

Star 3/9/81 (74)

German businessmen are strengthening trade ties with South Africa with the flow of products into this country during the first six months of this year rising by 38 percent over the same period last year.

Goods worth R1 066-million were exported to South Africa (R772,3-million last time, of which R980,9-million were in the end-product sector — vehicle components and electrotechnical equipment.

On the other side of the bilateral trade scale, however, South Africa's exports to Germany slipped slightly at R574,3-million (R579,3-million).

FEATURE

These figures, however, should be seen in the light of the exchange rate.

From the beginning of the year to the end of June, the rand increased in value against the mark by 2,3 percent making South African products more expensive. In actual fact, South Africa recorded a small increase in export volume.

A bright feature of the South Africa-German trade picture was the picking up in sales of Krugerrands — 71,4 percent (R47,6-million to R81,6-million).

SURVEY

Another area the Germans are certain to be looking at in this country is in sports goods.

A recent survey by the South African-German Chamber of Trade and Industry revealed that, while there is stiff competition in the sports goods market, German products of high quality would definitely have a chance in certain sectors.

SA apple growers' huge loss

Argus, 3/9/81

~~3 fruit~~

74

Staff Reporter

SOUTH AFRICAN apple growers have lost tens of millions of rands on the European export market this year through currency changes and an artificial glut on the European market.

Mr Alex van Niekerk, chairman of the Deciduous Fruit Board (DFB), told The Argus today that apple producers lost R30-m on the revaluation of currency with the dollar-tied rand's improvement against the European Economic Community's currencies.

Then a glut of poor grade apples bought by European speculators from Argentina and Chile and stored in warehouses in Rotterdam came flooding on to the market, bringing down the value of the better quality South African and European apples.

Added to this, a successful 1980 market caused EEC countries also to store some of their 1980 surpluses, which they released this year.

The total cost of this to the South African producer had not yet been calculated — it is believed that DFB experts are still trying to evaluate the blow to local producers — but, Mr van Niekerk said, 'it is below the cost of production.'

Mr van Niekerk said the prospects for 1982, however, were much brighter for the South African industry.

'A lot of brokers have burnt their fingers severely. In fact, some of them have gone bust.

'Europe had very bad weather and severe late frosts and snow at the beginning of this summer, and there will be no stocking this time.

'We have had many good years. We are going to just have to live this one out,' he said.

Record year for SA coal exporters

Star 4/9/81 (74) (2481)

By Patrick McLoughlin

South Africa's coal exporters enjoyed another record year in 1980 when export revenue leaped R179-million from the previous period total to reach R688,1-million — a 35 percent increase.

Coal last year replaced diamonds as the country's second largest mineral export revenue earner after gold — despite the fact that only a quarter of the coal industry's output was exported.

And, according to the latest Standard Bank review, coal exporters can look to a similar revenue boast this year.

"For South African coal exporters, 1980 was another record year . . . since then an even more favourable picture has emerged and there is a good chance of a further 35 percent increase in coal receipts to well over R900-million this year," the review commented.

The volume of coal exports rose 24,8 percent last year, from 23,4-million tons to 29,2-million tons. Since 1975, volume exports have risen in leaps and bounds from 2,7-million tons and revenue has risen from R34,4-million.

INCREASED

According to the bank, the revenue growth last year was due mainly to increased volumes and this year the increase in earnings and tonnage would come mostly from higher prices.

But the background to the surge in coal earnings in both years was supply bottlenecks among other producers at a time of burgoing world demand.

The main bottleneck this year and in 1980 was the disruption of exports from Poland — traditionally the Western world's largest steam coal exporter — because of "local political disturbances."

The country had suffered a 25 percent export decline last year and in early 1981 exports were running at about 40 percent of 1979 levels, the review said. Preference was given to supplies destined for Eastern bloc countries and the brunt of the reduction in exports had therefore been born by the West.

SHORTFALLS

Another factor to South Africa's advantage was that other producers who were potentially able to meet the Polish shortfall — the US and Australia — had also experienced problems.

The result had a "significant impact" on South African coal earnings even though the prices on a large number of 1980 contracts were negotiated before the sellers market emerged.

There was also a significant appreciation of the rand against the dollar last year, which worked towards depressing earnings of mines. Nevertheless rand receipts per ton improved.

The bank says a much slower growth in export volume is likely this year. In the first half there was very little further growth and the industry was unable to benefit any further, in volume terms, from the difficult world supply situation. The position in the second half was likely to be similar.

75. Marais, Cape Coloured People, p.275.

74. Cape Archives MOOC - Wills and Inventories - 1890 to 1900. Most of the wills are signed with a cross.

73. Thompson, Cape Coloured Franchise, pp.6 and 7.

72. Eybers, Select Constitutional Documents, pp.45 to 55.

71. Thompson, Cape Coloured Franchise, pp.4 and 5.

70. S.A. Commercial Advertiser 13th & 17th February, 1836 (letters to the Editor on the Imam Dispute).

The dark side of coal market

RDM 4/9/81 (~~273~~) 74

Mining Editor

THE coal export bonanza, which has South African producers vying for allocations, should not be overplayed as the world shortage could easily become an oversupply by 1986.

Dr Wim De Villiers, chairman of General Mining Union Corporation, said yesterday that a major factor in the world coal shortage was the problem of port congestion in the US, and there was every possibility that these difficulties could be resolved by the time the new SA coal export quotas become effective in 1986.

Dr De Villiers said he had "reasonable expectations" that Trans-Natal's export allocation would be raised, considering its prominent position in providing coal for Escom power stations.

He said that while the coal on the Springbok Flats appeared to be suitable for conversion to oil, there was a risk in using a process which has not previously been commercially tested.

The oil produced from the coal in the area contained ash which had a corrosive effect on engined parts, such as valves, and until the adverse effects had been evaluated and the risk quantified there would be no point in proceeding with commercial production.

● The new annual ceiling for coal exports from SA is expected to be announced by the Minister of Mineral and Energy Affairs in Parliament today. Applications from producers will then be considered by his department and individual allocations announced at a later date.

Dr DE VILLIERS

Fruit export competition increasing

CT 5/9/81 (74)

HOUSE OF ASSEMBLY. — The South African canned fruit industry had to be prepared for cutbacks in production because of increased competition on the European and British markets, according to the annual report of the South African Canned Fruit Export Board.

The report, tabled in Parliament yesterday, said it was inevitable that the level of self-sufficiency in the European Common Market would increase and that pressure would be brought to bear to ensure that produce from EEC countries had preference over imported canned fruit.

"Even without this pressure, the level of subsidization is such that several buyers who have previously purchased from South Africa are being compelled, because of price differential, to turn increasingly to Italian and Greek production."

Another factor was the decline in consumption on the major markets, and this had resulted in a world oversupply.

"This is aggravated by the fact that due to the subsidy system, there has been a shift in origin from non-EEC to EEC or associate countries of supply and this is the most serious long-term threat to the South African position in world trade.

"It is therefore inevitable that the South African industry must face these basic facts of world competition and prepare for cutbacks in production, with the likelihood of fewer production units and marketing outlets, as well as being required to make basic changes in its methods of marketing overseas."

During 1980 these matters had been studied by the board and a standing committee had been established with a mandate to establish a programme to ensure the medium and long-term viability of the industry in the Western Cape.

"The effect of the EEC duties, the exorbitant high subsidization of community production and the adverse exchange rates, resulted in considerable unsold stocks being held by the industry at the end of 1980.

"The United Kingdom remains the largest single market for South African canned deciduous fruit and the Republic is the largest single supplier to that market.

"However, two factors are relevant in assessing this position, the first being the decline in consumption of canned fruit in general."

In Britain, consumption had dropped by 37 percent in seven years. The country had also increased its imports from countries like Italy and Greece.

"The sole reason for this expansion, which is expected to accelerate in the future, is the production-aid system.

"The price differential of some 20 to 25 percent renders the Greek and Italian product most attractive to United Kingdom buyers despite the fact that the quality may leave something to be desired.

"While the volumes sold to Europe in 1980 compare favourably with those of 1979, this has been achieved at the cost of lower returns to canners.

"At the time of writing this report there are no grounds for believing that the position will improve in 1981."

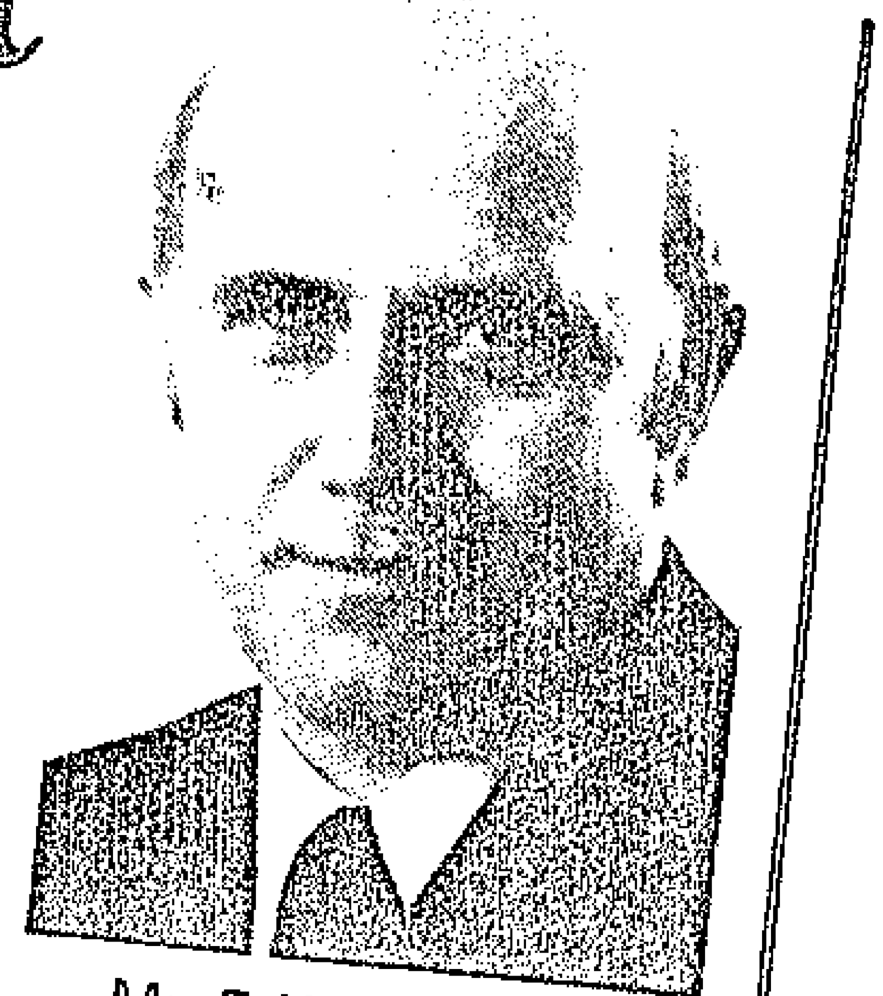
While markets outside Europe constituted only 10 percent of total export volumes, increased attention would have to be paid to them in the light of the difficulties foreseen in the more "traditional" markets of Europe, the report said. — Sapa

SA to boost exports of coal

CT 5/9/81 ~~245~~ 274

Political Staff

HOUSE OF ASSEMBLY. — The annual coal export quota is to be almost doubled — from 44 to 80 million tons, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, announced yesterday.



Mr F W de Klerk

He said during the debate on his vote that it had been estimated that the increased exports would lead to the creation of 50 000 new jobs.

Welcoming Mr De Klerk's announcement for the Opposition, Mr John Malcomess (PE Central) predicted it would be the start of the "coal rush of the 80s". Exports were the profitable side of South Africa's coal industry and increases could serve to subsidize internal consumption.

Mr De Klerk said export coal was sold at two to three times the price of domestic coal.

The increased exports would be introduced in two phases, each of 20m tons, he said. The annual quota of 80m tons would, over a period of 30 years, amount to 4.7 percent of the recoverable coal reserves, calculated last year to be 51 000m tons, Mr De Klerk said.

Only six years ago the total recoverable reserves were estimated to be 25 000m tons but innovative methods by multi-product mines had resulted in a dramatic increase in this figure.

"The increase of the ceiling to 80m tons, therefore, does not disturb the already accepted ratio of exports to reserves," he said. "There is good reason to expect that, as a result of improved prospecting, price movement and improved mining methods, the reserves now accepted as proven will rise still further."

The increased revenue from exports would also help reduce domestic energy costs. Coal was South Africa's major energy source and the export gains would help to keep the domestic price of coal at realistic levels.

"It is thus expected that the total domestic coal demand will increase from nearly 80 m tons per year presently to some 250 m tons per annum by the year 2000.

"Taking into account the fact that proven reserves are by no means static, the government is satisfied that its decision to increase coal exports is fully justified.

Turning to electricity, Mr De Klerk said the government placed a high priority on the eventual power supply throughout the country at a uniform price, but added that this could only be done through an evolutionary process.

"As we move towards the supply of electricity throughout the country, so we will move towards a single price.

Poster campaign

He said it would be more difficult to establish a uniform petrol price. It could mean that one area would have to subsidize another.

Earlier in the day he announced that a series of posters promoting petrol saving were to be distributed. The public had to be brought to the realization that it was in their own interests as well as those of the country to use as little petrol as possible.

"I hope this (the poster campaign) will be the spark which will create a spirit of true petrol conservation among the people," he said.

Mr Malcomess said that the poster campaign scratched the surface of the need to conserve energy.

Mr Malcomess stressed the strategic value of South Africa's mineral resources to the West and said the government should "help the West to support us".

More attention should be given to the development of infinite sources of energy like wind and solar power.

"We are world leaders in the field of coal and we must strive to become world leaders in the field of wind and solar energy. A policy must be formulated."

More attention should be given to the development of infinite sources of energy like wind and solar power.

"We are world leaders in the field of coal and we must strive to become world leaders in the field of wind and solar energy. A policy must be formulated," Mr Malcomess said. — Sapa

NRP call to reduce price of petrol

HOUSE OF ASSEMBLY. — The government should give serious attention to lowering the price of petrol, Mr Ron Miller (NRP Durban North), said yesterday.

Speaking in committee on the Mineral and Energy Affairs Vote, he said such a move would create more jobs, reduce inflation and encourage investment.

Mr Miller said he did not believe it was necessary for the government to levy a litre of petrol in order to finance the Sasol projects.

"I believe the minister will be doing the country a great favour if he reduces the price of petrol."

While South Africa had taken full advantage of the technology at its disposal to produce petrol, he did not believe full advantage was being taken of the economic benefits flowing from this.

Mr Miller said the search for oil was essential, regardless of how much it cost or whether it was a fruitless search, and asked the minister, Mr F W de Klerk, to consider having an oil rig constructed in South Africa.

"When I raised this matter with the minister's predecessor some two years ago I informed him that an oil rig could be built for R90 m at a Durban shipyard.

"I now notice that the government has budgeted R80 m for hiring oil rigs from elsewhere.

"I investigated the matter and found that the same oil rig of some two years ago would now cost R180 m to construct.

"But at the present rate of increase of about 20 percent annually in marine engineering, it would still benefit the government to have an oil rig built in South Africa."

Other countries were using South African shipbuilding facilities because they were the cheapest in the southern hemisphere.

Turning t...

was incapable of meeting power demands and its capital expenditure programme needed revising urgently.

He said the inability of Escom to supply enough electricity was the result of a wrong decision taken in 1976 by the Board of Trade that there would be a decline in the future demand for electricity and consequently large capital expenditure would be avoided.

"I call on the minister to review this programme and to increase it in order to try to meet our future energy requirements." — Sapa

BUSINESS MAI

Rush on for share of 80m-ton coal exports

RDM 5/9/81 ~~215~~ 74

THE COAL export quota has been raised to 2 400-million tons over 30 years from 1 320-million tons, with the first 20-million tons a year to be shipped after phase III of Richards Bay is completed, probably in 1985.

By JOHN MULCAHY

This takes the annual ceiling to 80-million tons from 48-million tons now, including the previous "approved 30-year quota" of 44-million tons through Richards Bay, and 4-million tons now being exported through Durban and Maputo.

Announcing the increased quota in Parliament yesterday, the Minister of Mineral and Energy Affairs, Mr F W De Klerk, said the export level represented 4,7% of the mineable reserves, calculated last year at 51 000-million tons.

He said discards from the preparation process which were high in sulphur and other pollutants would be exempt from quantitive export control to promote foreign sales.

The first tonnage in the initial increase of 20-million tons will probably be exported only after Richards Bay has reached 44-million tons, which is expected to be in mid-1985, a year earlier than expected.

If development of infrastructure at Richards Bay and of the rail network goes ahead at the same rate as it is now, exports can be expected to reach 64-million tons by the end of 1987.

The rush is now on for allocations in the increased quota, and Mr De Klerk said his department had received many applications, with more expected as a result of the announcement.

I am told that more than 200 individual applications have been sent to the department for a total of 200-million tons a year.

Applications will be accepted until the end of this month, and will then be considered "according to a set of guidelines".

Mr De Klerk said an interdepartmental working group had been formed to advise the Cabinet on the allocations.

He said the increased export allowance would lead to the creation of about 50 000 new jobs and would result in improved coal use, prospecting and mining methods.

Mr Steve Ellis, head of Gencor's coal division, said the Richards Bay Coal Terminal could now start thinking on a bigger scale, and the announcement allowed far more logical and co-ordinated planning.

Exports could not suddenly jump from 44-million tons to 64-million, said Mr Ellis, but planning could start immediately, with the expansion flowing on from current development.

He said Mr De Klerk appeared to have taken a packaged view of the coal market, including in the 80-million tons the amounts now shipped through Durban and Maputo.

To accommodate the smaller users the Railways would probably have to provide an additional terminal at Richards Bay, or allow these exporters to use the clean cargo facility.

The Richards Bay Coal Terminal was designed to load ships of up to 170 000 tons, and vessels of 25 000 or 30 000 tons caused problems in handling.

Mr Allen Sealey, head of Rand Mines coal division, said key questions concerning the increased quota were the protection of markets — capacity should not be increased to the extent of oversupply — the capital needed for increasing production capacity and providing infrastructure would have to be found, and there was the continuing manpower shortage to be considered.

Mr Sealey said there should be no objection to the small producers already exporting continuing at the same levels, but their allocations should not be raised.

Gencor's chairman, Dr Wim de Villiers, suggested this week that all coal should be marketed through a single agency to avoid price discrepancies which upset the marketing mechanism.

Mr Sealey said this should be avoided as customers preferred to see a competitive situation in the producer countries and not a cartel.

A central South African selling agency would be equated with the Australian coal marketing system, in which the Government interfered with prices and deliveries, and disturbed the free market, upsetting consumers.

Mr Graham Boustred, chairman of Anglo American Coal Corporation, welcomed the phasing in of the increase, but believed 30 years was unrealistically short.

"It must go for 50 or 60 years, and that means a quota of almost 5 000-million tons, which represents a significant proportion of the 110 000-million tons of mineable reserves if one considers that only particular coalfields have suitable reserves for export".

Mr Boustred said the increases should be phased in very carefully, "maybe not until the late 1990s, or even later".

The US producers had vast reserves available for export, and once the infrastructural problems in that country were resolved the world coal market could move rapidly into oversupply.

200m tons offered

WITH 200 applications for more than 200-million tons in exports, and only a further 36-million tons available, there is bound to be widespread disappointment at whatever formula the Department of Mineral Affairs arrives at.

The three majors, Gencor, Rand Mines and Amcoal, argue that they supply 97% of the coal used by Escom in providing South Africa's electricity requirements.

The Escom coal, in some cases priced at under R5 a ton, is not profitable for the producers, and with some justification they believe they are entitled to the lion's share of lucrative exports.

International oil companies use the trade-off argument: "We supply the oil, in return give us some coal exports."

Smaller producers say the coal export scene is monopolistic, and disregards free market principles.

These are the arguments Mr De Klerk's department now has to assess, and decide which producers are to join the elite exporters.

Under phase III of Richards Bay development, these allocations, totalling 44-million tons, were granted:

Transvaal Coal Owners Association 10-million; Natal Anthracite Collieries 2-million; Anthracite Producers Association 2 500 000 tons; Shell Oil 500 000; Amcoal 6-million; BP Oil 5 500 000; Trans-Natal 6-million; Total Oil 2 500 000; Barlow Rand 2 500 000 and Kwa Ngoma (Gencor) 1 500 000 tons.

Export breakthrough for PE firm

EV Post 5/9/81 (74) ~~186~~

AN EXPORT breakthrough has been achieved by Mangolds of Port Elizabeth, which has the franchise for a mill for making mealie meal — as well as meal from other grains and pulses — developed by the old-established company of Bentall in Britain.

Mr Chris Venter, managing director of Tool and Automation Machines of Port Elizabeth, the marketing and selling agents for the mill, said the mill had been available for a long time in South Africa but only until now had the export potential been realised.

"We have had a very good response from neighbouring states, including Mozambique and Transkei," he said.

"Our agent in Mozambique, Mr Jorge Pronto, has received orders and is also following up the many inquiries received.

"Hundreds of these machines have been in operation in South Africa for some time, and in view of this a substantial amount of spares is kept in Port Elizabeth to service the market.

"The grinding plates and all wearing parts are easily replaced when worn. The mill is assembled and packed ready for use.

"It is also useful for certain religious organisations and those keen on health foods who want to grind their own wheat, or maize, beans, peas and rice," said Mr Venter.

SA sugar got round price slump

S. Times 6/9/81

74

THE South African sugar industry will be cushioned from the slump in the sugar price because it has sold a large proportion of its exports forward at higher values.

The London daily price of sugar has collapsed by 65% since November last year, while in New York quotations have slumped by 73%.

Since August 18 the price has declined by more than 20% and is currently hovering between £150 and £160 — the lowest since December 1979.

Yet the South African Sugar Association insured itself against unfavourable price movements by hedging or selling forward on the futures markets in London and New York.

"A substantial portion of the current export crop has already been priced at levels which are above those prevailing in the market," says Peter Sale, general manager of the South African Sugar Association.

Mr Sale, who is on a visit to London, is not prepared to disclose the prices, but independent sources believe that the sugar was sold at values in excess of £200 a ton.

By Neil Behrmann: London

So the association has thus guaranteed a sizeable slice of its export revenue at more attractive prices.

Some sugar analysts estimate that South Africa's crop will be around 2-million tons in the current season, which ends in April. This would compare with 1.61-million tons last year.

Yet Mr Sale says it is far too soon to talk of crop estimates, especially since the forecasts are merely based on rains over a single weekend.

Although hefty rains may increase the growth of cane, the sucrose content could decline, so that overall sugar production may not be up to expectations.

But Mr Sale still expects this year's crop to be bigger than last year's.

He believes that the total exportable production will be in the region of 650 000 tons to 700 000 tons, but that shipments will be in the region of 600 000 tons.

In the crop year ended April 1981, exportable production was 436 000 tons, but the association actually shipped 595 000 tons, as it sold excess stocks from the previous year's output.

The sugar industry, however, will be adversely affected by the decline in price because values are much lower than last year, and the association does not sell forward its full production. Mr Sale fears that, after a brief hiccup, prices could slide again.

Sugar prices have fallen because the European Economic Community's beet crop is expected to be substantial.

The EEC subsidises farmers who effectively receive £320 for their sugar — more than 100% higher than world prices. The subsidy is financed by Common Market taxpayers.

Encouraged by a more buoyant sugar market last year, farmers sowed more sugar beets, and because of excellent weather conditions the EEC will be producing a mammoth crop.

Brokers E D and F Man estimate that the EEC will be exporting an extra 2-million tons during the next 12 months.

To top it all, the EEC, which produces white sugar, refuses to be a member of the International Sugar Agreement. While poorer countries must cut their export quotas, the world market is flooded with a glut of European white sugar.

Brokers estimate that sugar production will be in the region of 93,2-million tons in the 12 months ended August 1982 — about 7-million tons higher than last year.

E D and F Man reckons that consumption will be in the region of 91-million tons, but other sugar brokers are more cautious because the world recession has dampened the demand for sugar.

○ See back page

Star 9/9/81

74

38 Ngoal

Gloomy season faces sugar men

Own Correspondent

DURBAN — Sugar cane growers — facing the prospect of an improved crop this season — could be hit by lower export prices caused by a record world output.

The South African industry, plagued by a heavy debt burden, the aftermath of last season's drought and the depredations of the Eldana borer, could find itself facing pressure on its allowable return on capital.

In fact, said SA Cane Growers' Association general manager Mr Ernie Morrison, the industry's required proceeds could be affected if prices stay where they are.

But, says Sugar Association export manager Mr David Hardy: "The effect cannot be gauged so early in the season because a substantial tonnage of sugar has been sold forward on the market at prices well above current quotations.

"In other words, the effect of a world slide in prices could be neutralised."

Right now, prices are on the skids. Leading sugar dealers ED and F Man report that white sugar fell £70 in August alone.

Writes ED and F Man: "There has perhaps been no time on record when the European beet crop has had more significance both on marketing, thinking and price evolution.

"By chance, a sharply expanded area sown to beets in the EEC has coincided with almost perfect growing weather and as a result the EEC is expecting what can only be described as a massive crop."

And because the EEC is not a member of the International Sugar Agreement, Man predicts that the Common Market could seize more than one-third of all sugar movements during the season.

Mr Morrison said Africa's crop expectation had risen from last month's 1,94-million tons forecast to nearer 2-million tons.

He did not expect difficulty to arise in marketing the excess.

In addition, the drought, combined with the growing season here, meant exports were running behind the quota.

E D and F Man added that the use of sugar substitutes and favourable crop conditions worldwide meant import levels were unlikely to rise significantly.

So, unless there was a severe deterioration in the weather during the harvest season, beginning within a couple of weeks and lasting until the end of the year, sugar producers look set for a depression.

11-3

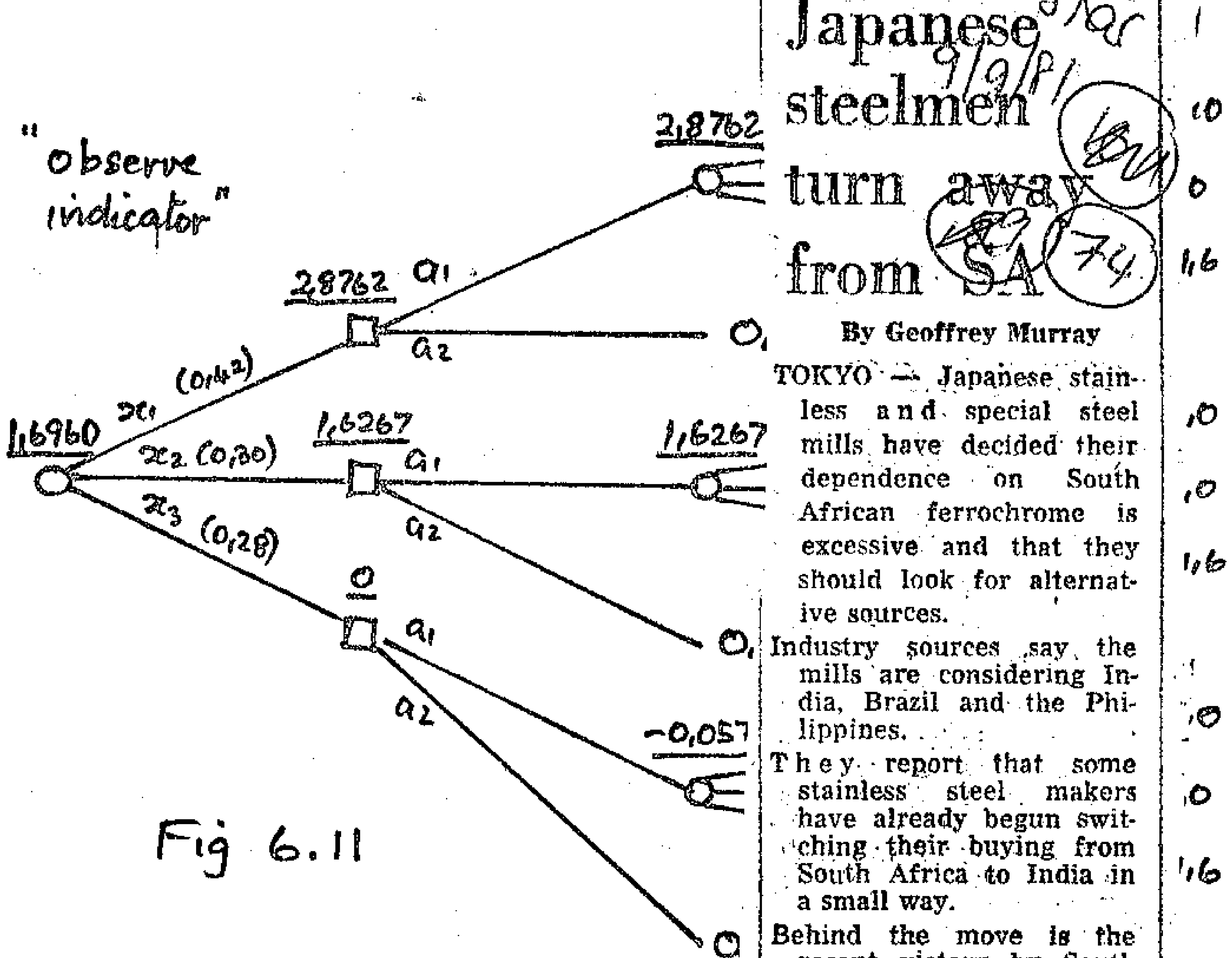


Fig 6.11

Star 9/9/81

74

Japanese steelmen turn away from SA

By Geoffrey Murray

TOKYO — Japanese stainless and special steel mills have decided their dependence on South African ferrochrome is excessive and that they should look for alternative sources.

Industry sources say the mills are considering India, Brazil and the Philippines.

They report that some stainless steel makers have already begun switching their buying from South Africa to India in a small way.

Behind the move is the recent victory by South African ferroalloy companies in winning a 2,5 cent increase a pound in the price of ferrochrome supplied to major blast furnace mills.

It would therefore be wor R10 000 for further information.

It is possible to incorporate several stages of decision nodes in a decision tree, using the "rollback" process to arrive at optimal decisions at each stage. The principle (which we have used in Figure 6.11, is to work from right to left on the tree, and as each decision node is reached, choose the action with the highest expected payoff, replacing all branches spreading from this node by this expected payoff. For example, when considering an indication x_1 in Fig 6.11 we note that action a_1 (2,8762) has a higher expected payoff than a_2 (0,0). If x_1 did result in practice we would therefore choose a_1. The decision node at x_1 is then given the expected payoff of 2,8762. The node at x_3 is given the value for action a_2, as its payoff (0.0) is better than that for a_1 (−0,057).

RDM 9/9/81 (247) (87) (74)

Taiwan buys SA uranium

By ADAM PAYNE

SOUTH Africa seldom discloses the destination of its uranium exports, but it has disclosed a substantial sale to Taiwan, which is looking for more uranium later.

There are uranium buyers in Spain, France, Britain and other countries, but only Taiwan unreservedly announced its purchase from South Africa.

According to Mr P C Liu, director of the Taiwan Power Company, which operates nuclear reactors, Taiwan is covered for its nuclear fuel requirements and is in no hurry to contract for additional supplies.

"The market is soft now and will probably remain so for some years in the future," he said in Taipeh.

"We are looking for some potential supplies for beyond 1986, but will not make any purchases now unless we can get the best conditions," he told NuclearFuel, published in New York.

He said nobody at Taipower was wringing his hands over the heavy long-term commitments the company made when fuel prices were much higher.

"If we read the future, we'd all be rich," he said.

Taipower now has three nuclear plants in operation and another three being built. Almost all the fuel for those units is being obtained through the reactor vendors — General Electric and Westinghouse — but Taipower also bought uranium directly from South Africa's Nufcor.

Taipower is prospecting for uranium. A venture in Paraguay, being undertaken in co-operation with the Anschutz Mineral Corporation of the US and Korea Electric Company, is generating some optimism.

"As information comes in, the potential looks better and better," said Mr Liu. "But the area involved is large — several times larger than Taiwan — and so it takes a long time to explore."

Taipower is also considering sending personnel to Gabon to look into exploration possiblities there. France's Cogema has told Taipower of its willingness to include Taiwan in its activities in Gabon.

Mr Liu said that, in principle, Taipower would like to invest in some uranium-producing mines abroad, but would take care in selecting a project.

"Many companies are looking for low-cost mines, but they are not easy to find," he said.

UNIVERSITY OF CAPE TOWN

DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT	MEYEROWITZ	ILLUSTRATIVE EXAMPLES	TUTORIALS
10 August	17	Source	S.1 'Gross income' definition (gA),(k),(n); s.9,)(w),s.22A(2),s.24A(3)	Chapter 7	-	10.4 10.6 T.1523
			ind peruse double tax nts noted below with s on articles listed - Kingdom Art.1,3,4,6, ,14,22. States Art.IV,V,VI,VIII. Art.4,7,8,9,12,20. and Art.X,XI,XII,XIV,	Chapter 27 (skim)	Summarised table on D.T.A. L.	
			53, 28bis, 37A	1252 - 1294 1294A	Handout on s.50(d)	8.10 8.11 8.12
		Tax Planning Foreign Companies/ Foreign Transactions - S.W.A. Income - Walvis Bay Residents - N.R.S.T. - N.R.T.I. - Foreign Exchange - U.K. Imputation System	S.1 definition of 'South African Company' 'Republic', 'territory'; definition of 'permanent establishment' in various DTA's; ss.28bis,37A,30,31,24B.	1294A,864A,193, 1637, Chapters 25,25A, 548J - K, 847B.	Handout on U.K. Imputation System	T.1423 T.1430 8.9

SRa 18/9/81 7.4 Sugar

Slumping prices cut sugar quotas

Own Correspondent

DURBAN — Slumping world sugar prices forced the International Sugar Organisation yesterday to cut the overall export quota to the world's free market by 15 percent — but the move is not expected to hurt South Africa.

The ISO's executive committee decided to cut the export quota for the 1981 calendar year to 13,86-million metric tons, down from 14,65-million set last May when quotas were introduced.

According to the rules of the 1977 International Sugar Agreement, the Organisation is pledged to make market moves to arrest prices if sugar slides to a minimum of 13 US cents a pound.

Such moves include withholding supplies from markets through imposition of quotas in an attempt to force up prices.

With world sugar output at a record level — a massive European beet crop gets most credit for this — prices have fallen drastically. They fell 70 a ton in August alone.

But, says South African Sugar Association General manager Mr Peter Sale, this country will not be affected by the new quota.

Because of the drought last season and the ravages of Eldana borer, South Africa is lagging behind its quota.

Last week the association's export manager, Mr David Hardy, said that because a substantial tonnage of South African sugar had been sold forward at prices well above current levels, the effect on the country of the world price drop would be somewhat neutralised."

KENNISGEWING 695 VAN 1981/NOTICE 695 OF 1981

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

74

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 1981—PERIOD: JANUARY TO JULY 1981

TAFEL 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

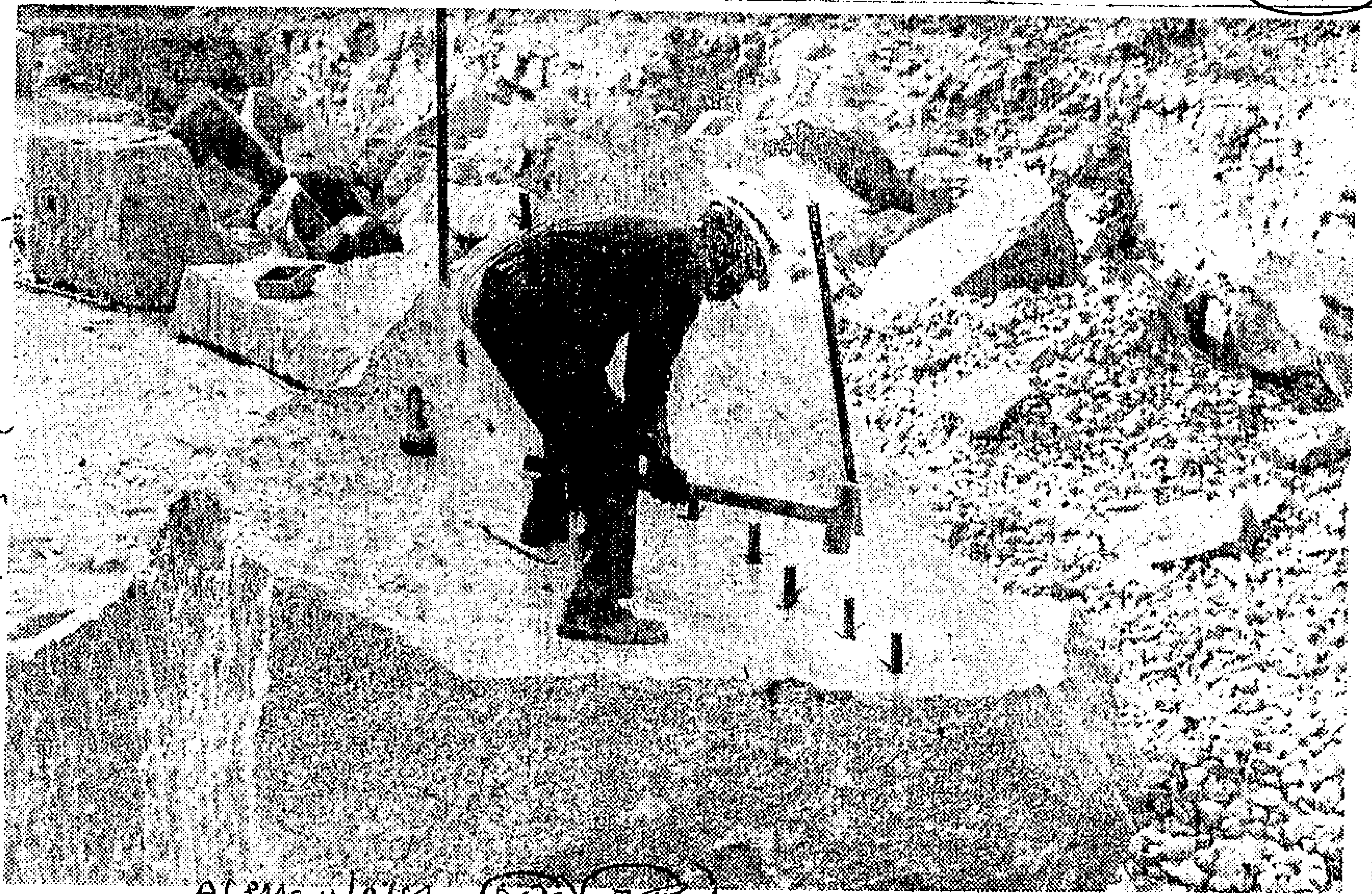
Wêreldstreke—World zones	Invoere—Imports		Uitvoere—Exports	
	1981	1980	1981	1980
Afrika—Africa	183,9	164,8	589,0	650,8
Europa—Europe	4 236,8	3 109,4	2 753,8	3 072,7
Amerika—America	1 671,2	1 144,5	1 120,0	1 222,0
Asië—Asia	1 558,9	932,5	1 155,5	1 123,8
Oseanië—Oceania	94,7	54,6	54,1	52,9
Nie geklassifiseerde goedere en betalingsbalansaansuiwerings Not classified goods and balance of payments adjustments	2 533,1	2 462,4	4 533,1	5 543,2
Skeeps-/vliegtuigvoorrade—Ships'/aircraft stores	—	—	24,6	27,7
Groottotaal—Grand Total	10 278,6	7 868,2	10 230,1	11 693,1

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	
	1981	1980	1981	1980
I Lewende diere; dierlike produkte Live animals; animal products	47,7	22,8	91,0	115,4
II Plantaardige produkte Vegetable products	162,5	120,7	572,7	541,1
III Dierlike en plantaardige vette en olies en splitsprodukte daarvan; voorbereide eetvette; dierlike en plantaardige wasse Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	36,3	40,4	35,1	20,6
IV Voorbereide voedsel; dranke, spiritus en asyn; tabak Prepared foodstuffs; beverages, spirits and vinegar; tobacco	151,3	76,7	266,1	405,5
V Mineraalprodukte Mineral products	138,2	135,9	991,1	916,1
VI Produkte van die chemiese en verwante nywerhede Products of the chemical and allied industries	684,3	582,6	219,0	240,2
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	310,7	284,8	36,5	44,4
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)	33,8	21,2	54,4	90,3
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 exparto and of other plaiting materials; basketware and wickerwork	64,3	50,6	21,7	30,9

Afdelings—Sections	Invoere—Imports		Uitvoere—Expor[illegible]	
	1981	1980	1981	198[illegible]
X. Stowwe vir die vervaardiging van papier; papier en papierbord en artikels daarvan Paper-making material; paper and paperboard and articles thereof	206,5	169,4	93,2	10[illegible]
XI. Tekstiele en tekstielartikels Textiles and textile articles	427,7	298,6	223,4	21[illegible]
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	47,9	26,4	9,6	[illegible]
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	94,1	62,0	27,6	2[illegible]
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	48,7	35,3	1 229,3	1 550,[illegible]
XV. Onedelmetale en artikels daarvan Base metals and articles of base metal	504,6	368,2	878,3	98[illegible]
XVI. Masjinerie en meganiese toestelle; elektriese toerusting; onderdele daarvan Machinery and mechanical appliances; electrical equipment; parts thereof	2 715,0	1 897,3	162,2	151,[illegible]
XVII. Voertuie, vliegtuie en onderdele daarvan; vaartuie en sekere verwante vervoertoerusting Vehicles, aircraft, and parts thereof; vessels and certain associated transport equipment	1 585,3	891,6	108,7	79,[illegible]
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	367,1	242,4	17,0	13,[illegible]
XX. Diverse vervaardigde artikels Miscellaneous manufactured articles	78,7	51,6	13,5	14,[illegible]
XX. Kunswerke, versamelaarsstukke en antieke Works of art, collectors' pieces, and antiques	11,2	6,5	6,1	5,4
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings Other unclassified goods and balance of payments adjustments	2 562,7	2 483,2	5 173,6	6 124,1
Groottotaal—Grand Total	10 278,6	7 868,2	10 230,1	11 693,1

(11 September 1981)



Argus 11/9/81 74

A WESTERN CAPE company is entering the lucrative R12-million-a-year export market of quarried granite blocks. Saldanha Quarries, part of the M and R Quarries Group, has received its first order of 200 tons of pink Saldanha granite blocks, destined for Italy. The blocks, of about 12 tons each, will be cut down into tiles or slabbed for a variety of applications — from floors and walls in prestige buildings to monuments. Here a worker drives in wedges to split the granite block.

Argus 12/9/81 (74) ~~Scene~~

Wine's grapes of wrath

HEARING a wine farmer say he lives just above the bread line may sound far-fetched, but when 2 000 others agree with him, it seems something is fermenting in South Africa's wine industry.

The gremlin has come in the form of excise duties which the Government has slapped on to brandy and fortified wine, and farmers now fear the next step may be to tax dry wines.

While wine farmers suffer, they say other agriculturalists around the country are smiling at the subsidies handed out by the authorities.

And the country's most popular drink, sorghum beer — which accounts for 82 percent of alcoholic consumption in South Africa — escapes the burden of excise duty while the Government has a monopoly on its production.

'The Western Cape has become the stepchild of South Africa,' says Noorder Paarl farmer, John de Villiers.

'We have a natural indigenous population and there is always talk about growth, but we've seen the least of it in the past few years.'

WINEMEN at the meeting in Paarl this week.

Speaking in the wood-panelled study of his charming homestead, Estherdal, it is inconceivable to think that John de Villiers is anything but prosperous.

But the farm is stocked with Friesland cattle and batteries of hens, besides the thousands of vines under cultivation.

'If I lived solely off my wine farm, I would not be able to drink whisky,' he says.

'It is true that wine farmers are living just above the breadline. For every cent we get, the Government "our partner" gets four cents. We get just over 20c for a bottle of good wine, which retails at around 10 times that price.'

Mr de Villiers was speaking after almost

BY MIKE HEWITT

2 000 wine farmers from around the country flocked to a meeting in Paarl this week to protest the Government's recent 23 percent increase of excise duty on brandy and fortified wine.

It was an unprecedented show of strength by wine farmers and the Government will not be able to ignore their protests when a delegation meets the Prime Minister later this month.

Chairman of the Co-operative Wine Cellars Association, Mr Willie Mostert called it 'standing shoulder-to-shoulder in a demonstration of solidarity.

At the meeting, a farmer told me that of 8 000 wine farmers only about 200 were wealthy.

Excise duty increases had slashed profits and 'a good number' of farmers who used to earn between R30 000 and R40 000 a year, were now on the brink of bankruptcy.

Besides the taxes on wines, the farmers have been hit by escalating fuel, electricity and machinery cost increases.

A feature of Wednesday's mass meeting was the number of farmers who spoke of the need to increase their labourers' wages, which presently average R20 a week.

'I regard my labourers as tradesmen but I can't afford to pay them artisans' salaries,' said one farmer.

'And I lie when I tell a labourer I have no work for him. I do have work, but I cannot pay him,' said another.

Better salaries cannot be paid, says Mr de Villiers, while the price of wine is so low and the farmer has to bear the brunt of increased excise duties.

'In France and Italy, there is no tax on wine, but here — as in England — taxes are imposed first on liquor and cigarettes.

Mr de Villiers said wine farmers in the Western Cape found it difficult to diversify crops because of the shallowness of the soil.

Apple farmers reaped R12 000 per ha of crop, while the wine farmer received only R2 000 per ha under vines.

It also costs R12 500 to replace a hectare of vine, and 10 percent of a farm's vines must be replanted each year.

And following the latest excise duty increase on brandy, the Government is walking off with almost 43 percent of the retail price, commerce swallows 46 percent and the wine farmer is left with less than 12 percent . . . what one could call the dregs of the vat.

SA fruit exports fall

74

12/11/81

By NEIL BEHRMANN

LONDON. — South Africa's fresh and canned-fruit exports have fared poorly in europe this season.

Sales are lower because the European market has been flooded by apples from South American countries, especially Chile.

Canned-fruit sales have been affected by the European recession and there is a surplus.

A spokesman for the Deciduous Fruit Board says South Africa's apple prices have fallen from an equivalent of R15,4 a carton in June to R10,25 a carton. A carton weighs 40 lb.

But he is satisfied with the performance of apples because the board has sold 7 300 000 cartons, even though the South Americans were selling their apples at £2 to £2,50 a carton and in some instances as low as £1,50.

Last year 7 700 000 million cartons of SA apples were sold in Europe.

The Chileans did not affect exports of other types of South African fruit. But export quantities were hampered by poor crops. In some cases quality did not match previous years' high standards and fruit had to be withdrawn from sale.

Compared with 1980, peach and nectarine sales dropped from 216 000 cartons to 118 000 cartons, plums from 970 000 cartons to 819 000 cartons and grapes from 6 400 000 cartons to 5 600 000 cartons.

Pear and apricot sales were higher.

With volume and values down, fresh-fruit export revenue will be much lower this season.

Canned fruit is also suffering because Greece, a newcomer to the EEC, has helped to cause a glut.

A spokesman for Koo International says the market is still suffering from a surplus of canned fruit which was built up in 1980. Several UK factories have closed because high interest rates and a weak economy have "made the factories carry the can".

ROW FLARES OVER TOBACCO IMPORT DUTY

S. Tribune 13/9/81

(74) 170

Finance Correspondent

A RUNNING dispute between South Africa's cigarette manufacturers and tobacco farmers is coming to a head following the application by the Tobacco Board for a massive hike in the import duty on raw tobacco.

According to the Government Gazette, the board is asking for the duty to be pushed up from the present 77 cents a kilo to a whopping 200 cents.

Lucas Heinen, the board's general manager, says cigarette manufacturers have been importing flue-cured tobacco in the past few years, despite local production surpluses.

This surplus amounted to 7,5-million kg in the 1979/80 season and an estimated 2,75-million kg in 1980/81 out of a total production of 35-million kg.

"It has put producers in a bit of a predicament," says Heinen.

The industry sees things differently.

A spokesman for United Tobacco Co argues: "Local tobacco farmers are used to being spoilt and being protected. We imported because of deficiencies in the quality of local tobacco."

executive is more cagey

A Rembrandt but concedes: "We will definitely use the opportunity to state our case."

Higher duties could see the end of another important commercial link between this country and Zimbabwe, until now our biggest foreign tobacco supplier.

Zimbabwe accounted for some 1-million kg of the 6,5-million kg of raw tobacco imported last year. Almost all of it came in duty free in terms of the 1964 Preferential Trade Agreement.

But the agreement has been revoked by Pretoria and will come to Brazil or Malawi." What's more, the price of Zimbabwean tobacco has risen sharply this year from 79 cents a kg to around 190 cents.

"We would rather go to Brazil or Malawi," notes one importer.

Malawi and Brazil already supply substantial amounts. Smaller shipments of oriental tobacco are imported from Greece and Turkey.

Heinen denies the application is linked to the strains in ties between South Africa and Zimbabwe.

The loss of the SA market would not be a crippling blow to Zimbabwean producers as we account for only a tiny proportion of their total production.

There is a chance that the customs tariff applied for will be reduced, says Heinen.

With Zimbabwean prices so high a duty of less than 200 cents would be sufficient to discourage imports.

The application was based on last year's figures and Heinen predicts that the board will cut its target figure by "50 to 60 cents".

The cigarette manufacturers are unlikely to be mollified, however. They apparently want to be free to buy their raw material from the producers offering best value for money.

Duty takes big bite of wine profits

Argus 14/9/81

74

Argus Correspondent

PAARL. — While wine prices for 1981 as fixed by the KWV amounted to an increase of only 7c a bottle for producers, excise duty had recently increased by 51,6c a bottle, according to Mr Kobus Malan of Klein Drakenstein.

Mr Malan, a leading figure in the recent controversy regarding the heavy increase of excise duties on wines which resulted in a mass protest meeting of 1 200 wine farmers from all parts of South Africa here last week, was asked by The Argus to substantiate the claims and wine farmers' dissatisfaction.

BREAKDOWN

From the retail price of R6,34c for a bottle of brandy under the new rate of excise duties, the wine farmer received only 74,8c a bottle, the State received R2,70c in duties, while the wholesale and retail trade took R2,89c.

'On the average farm in the Republic, about 36 ha of land are under vines. The net income from wine cultivation is about R700 a hectare. But interest on capital investment in land, machinery and equipment amounts to R640 a hectare — which leaves the average wine farmer with a net profit of only R6 a hectare,' Mr Malan said.

SMALL PROFIT

A 36 hectare farm, therefore, provided a net profit for wine of only R2 160 a year, Mr Malan said. With this he had to maintain, feed, educate and provide for himself and his family.

Farms in the Paarl/Malmesbury area were slightly more fortunate as in this region the average amount of land under vines was 50 ha.

The KWV and the wine farmers had always carefully considered the important question of consumer resistance to the steady increases in wine prices, and accordingly had accepted policies by which the wine farmers themselves carried a big percentage of inflation in production costs to keep wine prices for consumers as low as possible, said Mr Malan.

DISREGARDED

But the Government had completely disregarded this very important aspect with its recent increase in excise duties by 23,6 percent.

Wine experts have estimated that sales of fortified wine will drop by 5 percent and brandy sales by 10 percent as a result of the price increases.

Mr Malan is to represent the Paarl area when a delegation of wine farmers interviews the Prime Minister, Mr P W Botha, soon.

20. M... , 1981.

21. Ib... f Sources and Appli- ...ara. 19.

22. A.S... for the results of ... , 1979, para. 28.

Trade with Taiwan

TAIPEH. — Trade between South Africa and the Republic of China (Taiwan) rose by R190-million to R448-million during the first eight months of this year, compared with last year's figure for that period, according to official statistics.

With sales totalling R247-million, South Africa became Taiwan's ninth biggest supplier during the January-August period, after Japan, the United States, Kuwait, Saudi Arabia, West Germany, Australia, Indonesia and Malaysia.

In return Taiwan's exports to South Africa were worth R200-million, the 13th highest, following the United States, Japan, Hong Kong, West Germany, Saudi Arabia, Australia, Singapore, Britain, Canada, Indonesia, The Netherlands, and Nigeria.

Two-way trade during the eight-month period last year totalled R432,7-million, with Taiwan selling R257,7-million and South Africa selling R175-million. — Sapa.

23. Lynch, T.E.: "Accounting for investments in equity securities by the equity and market value methods", Financial Analysts Journal (U.S.A.), Jan. - Feb. 1975, p. 66.

24. Ibid.: Companies Act, Schedule 4, para. 38.

25. Annual Report: 1980, p. 14.

26. Siegal, J. and Simon, A.: "The evaluation of corporate business risk : A key area in financial statement analysis," The National Public Accountant, Aug. 1980, p. 27.

27. Woods, E.M. and Brooking, D.L.: "In our opinion ..... A monthly comment on annual reports", South African Chartered Accountant, Oct. 1980. p. 439.

28. Annual Report: 1981, p. 41.

Giving South America a go

Star 15/9/81

181/1992 74

The Tryholdings Group, local makers, stockists and distributors of Canadian designed Blue Giant pallet trucks, stackers and docking equipment, has embarked on a vigorous export drive. Aimed mainly at Mauritius, Reunion, Zambia and Malawi, Tryholdings' chairman, Mr Andrew Stewart, says he is "also going to give all five countries in South America a go and see if we can also export to Blue Giant in Canada."

Mr Stewart says his seven-year-old company has been exporting for five years.

It does regular business with Mozambique — which absorbed its first modest exports — and with Malawi which, on its own in the last few months, has absorbed 12 dock levellers and many pallet trucks, all Blue Giant, and all made by Tryblue Manufacturing division of Tryholdings at its Denver, Johannesburg factory.

Mr Stewart, who has just returned from a business visit to the countries to which he hopes to export, says agents have been established in all of them, as well as in Zimbabwe.

Expansion in sea links

8/10 15/9/81 74 3BR

Shipping companies are expanding their local services with particular emphasis on the growing Far East trade.

Afro Eurasia Line (AEL) which has operated its South Africa-Far East service for two years, will add another vessel to its fleet next month.

A spokesman said that MV Ocean Express would join its sister ships Ocean Ace and Yeu Flower from mid-October on the 20-day service to and from Far East ports.

CHARTER

A rapid increase in trade has caused the company to charter additional tonnage to avoid cargo backlogs.

AEL was criticised when it started its non-conference service to the Far East two years ago.

It was predicted in shipping circles that the company would be squeezed out of the market within a year.

But the company was increasing cargo tonnages monthly, had increased its fleet size and was still the only company operating a direct service between Cape Town and Colombo, Sri Lanka, a spokesman said.

The freight services group has introduced a new Far East groupage service in association with Cargo Systems, a major Hong Kong-based forwarding agent.

The service makes use of the recently introduced Safari Cellular service from the Far East, which currently has three sailings a month, but is scheduled to go to four sailings from the beginning of next year.

Pursuing the policy of expansion of its worldwide shipbroking operations, the Jardine group in conjunction with Rennies, has established a new shipbroking company in South Africa.

ACCESS

The new company Jardine Rennie Chartering, which started operations on September 1, is expected to provide the Jardine shipbroking offices in London, Hong Kong and its correspondents throughout the world with direct access to the increasingly important South African market.

Jardine Rennie Chatering will be headed by Mr J M Wells.

M S Irving Shipping has expanded its involvement in the southern African transport scene with the formation of its subsidiary ships agency cmpany, Global Maritine Agencies.

Global Maritime Agencies offers ships' agency, marketing and operational services in Johannesburg, Salisbury and all South African ports.

The management, marketing and operations team is made of up people known in the industry and with the combined experience to provide a much-needed independent service to the shipowner and the South African shipper, a spokesman said.

SA finny, tinny test for Peru

Sta 16/9/81

74

Consumer Reporter

Canned fish imported from Chile and Peru may soon be subject to the same quality control as the local product.

At present, South Africa has no control over the manufacturing process or hygiene in overseas countries.

The South African Bureau of Standards, which has drawn up specifications for canned fish, has asked manufacturers in Peru and Chile to undertake certain tests to ensure quality and hygiene standards meet South African requirements.

If the South American manufacturers agree, food inspectors from Chile and Peru will be trained in South Africa to become familiar with South African specifications.

Since the collapse of the fish-canning industry of SWA/Namibia, South Africa has greatly increased fish imports from Chile and Peru.

Southern Africa plan proposed

Star 18/9/81 (74) (I)

DURBAN — There should be a high-level investigation into the possibility of a commodity exchange for southern Africa, Dr P G du Plessis of the Department of Business Economics at the University of Stellenbosch, said in Durban yesterday.

In the current international, political and economic dispensation it could be of great benefit to South Africa if it could get a more direct say in the international price-fixing of its important and strategic metals and minerals, as well as agricultural produce.

At present South Africa was to a large degree exposed to the actions of overseas middlemen who normally did not put SA's interests first, he told the annual congress of the Economic Association being held at the Univerity of Durban — Westville.

The establishment of a proposed constellation of southern African states could be promoted by a commodity market. It could hold great economic, financial and strategic benefits for all southern Africa if such a geographically localised market gained international recognition.

In the light of the quantities and strategic nature of the commodities the states of southern Africa had, it was difficult to understand why such a market had not already been developed — Sapa.

MADISON ACADEMIC COMPUTING CENTER PROGRAM CROSTAB2 81/05/13
THREATENED COMMUNITIES - BASIC HOUSEHOLD TABULATIONS

TAB 19-9
COLUMNS...CATEGORIES OF EGGS

DAILY	SEC DAY	2X WEEK	WEEKLY	LT WEEK	LT MONTH	TOTAL
1	1	9	17	7	14	49
2.04	2.04	18.37	34.69	14.29	28.57	100.00

MISSING COUNT 408

TAB 19-9
COLUMNS...CATEGORIES OF FISH

DAILY	WEEKLY	LT WEEK	LT MONTH	TOTAL
1	7	23	16	47
2.13	14.89	48.94	34.04	100.00

COUNT PRO

TAB 19-10
COLUMNS...CATEGORIES OF CHEESE

DAILY	LT WEEK	LT MONTH	TOTAL
1	28	16	45
2.22	62.22	35.56	100.00

MISSING 412

TAB 19-11
COLUMNS...CATEGORIES OF BREAD

DAILY	SEC DAY	2X WEEK	WEEKLY	LT WEEK	TOTAL
42	3	1	2	1	49
85.71	6.12	2.04	4.08	2.04	100.00

MISSING 408

Star 18/9/81

~~187~~ 74

Muller: Steel will go up

The world price of steel would rise considerably in the foreseeable future and South Africa would benefit from increased exports, Dr Tom Muller, chairman of Iscor said in Johannesburg yesterday.

Addressing the South African-German Chamber of Trade and Industry, Dr Muller said:

"The steel industry in Europe is in bad shape — even worse than most Western European economies."

The result was that most governments, even the West German Government, had been forced to subsidise national steel industries to ensure continued employment.

"But in due course the governments and the steel companies will conclude that subsidies cannot be paid out for ever.

"They will have to put up their prices by considerable margins — and I don't mean by 10 or 15 percent."

Dr Muller said subsidies would probably be phased out by 1985.

He also noted that the tendency had been for developing countries to increase steel production and for the older, developed countries to decrease production.

In the United Kingdom production had declined from a yearly 23-million tons a few years ago to less than half that tonnage.

The same tendency had been experienced in the US, which had increased United States imports from South Africa.

"I believe the day will come that the developed countries will buy most of their steel from developing countries," Dr Muller said.

Exports from East Cape are surging

G Post 19/9/81

(74) (47)

By Fred Roffey

Business Editor

EXPORTS from the Eastern Cape, Border and Southern Cape areas are surging ahead in a wide range of industries.

This is shown by a survey undertaken by the office of Mr George Forssman, regional representative (export promotion) of the Department of Industries, Commerce and Tourism in Port Elizabeth, who has just been appointed an assistant director of the department.

Nearly all the major exporters in the region have participated in the survey, which covers the 1980 calendar year.

The total exports of all the companies who participated in the survey increased by 24% compared with the previous year.

Clothing, textiles and footwear exports were up by 19%, and 11 out of 15 firms in these industries increased their exports, with yarns and fabrics recording the biggest increases.

Three out of the six companies who returned their questionnaires in the category of flowers and seeds recorded increased exports, with increases averaging 20%.

Nearly all the exporters in the category of wool, mohair and karakul recorded substantial increases, and exports were up by more than 30% to reach a total of nearly R190 million.

Ostrich feathers, leather and allied products recorded an increase of 20% for the category as a whole.

However, exports in the category of hides, skins and allied products were adversely affected by a depressed overseas market and increased overseas competition, with the result that on average 3% less was exported.

Of the returned questionnaires from companies connected with the motor industry, 13 recorded increased exports and three decreases but, for the category as a whole, exports increased by an average of 45%.

Exports of pharmaceuticals, chemicals (including cosmetics) and adhesives nearly doubled, with adhesives recording the biggest increase.

In the case of machinery and manufactured articles, exports rose by 20% and 12 companies recorded increases and seven exported less.

Exporters in the timber and allied products category were highly successful, and six of the eight exporters were able to increase their exports by an average of more than 30%.

Five of the 13 questionnaires returned in the foodstuffs category recorded export decreases.

Exports in this category were 2% lower on average.

Exchange rate changes, especially the weakening of the United States dollar, were responsible for decreases in rand terms of certain canned products.

Mr Forssman says exports can expect to increase further in 1981.

"With the weakening of the rand, *vis-à-vis* the United States dollar, exporters are in a more favourable position.

"Should the overseas markets improve as expected and local demand level off as predicted, exports from the Eastern Cape should continue to expand," he says.

However, Mr Forssman warns that the present high inflation rate could be the major problem for exporters to maintain their competitiveness in overseas markets.

Mr GEORGE FORSSMAN has been appointed an assistant director of the Department of Industries, Commerce and Tourism. He will continue as regional representative (export promotion) of the department in Port Elizabeth.

Almost all of 12 885 bales of wool sold

MORE than 99% was sold of the total of 12 885 bales of merino and other wools offered by auction in Port Elizabeth this week from Cape Town, East London, Durban and Port Elizabeth.

The Wool Board described competition as "very good" from all sections of the trade.

Prices for long and medium wool of 22 micrometres and finer were slightly dearer, with other descriptions generally unchanged.

The Wool Board's market indicator remained unchanged at 534.

The offerings consisted of: merino 10 691 bales, crossbred 873 bales, coarse and coloured 854 bales, Basotho and Transkei 466 bales.

The merino offerings consisted of 66% long, 16% medium and 6% short wools, and 12% locks.

At Wednesday's sale in Port Elizabeth a total of 14 000 bales of merino and other wools, plus 3 000 bales of sorted karakul, will be offered for sale by separation from Cape Town, Durban, East London and Port Elizabeth.

Italians think pink

S. Times 20/9/87

~~27~~ 74

By Vera Beliakova

THE Cape's finest pink granite will soon decorate the walls of Italy's prestigeous buildings.

The Western Cape has received its first export order. Some 200 tons of pink Saldhana granite are to be shipped to Italy for a variety of applications, from monuments to floors and walls of grandiose buildings.

With this order, Saladanha Quarries, part of the Murray & Roberts Quarries Group, enters the R12-million a year export market of quarried granite blocks.

The blocks, weighing 12 tons each, will be cut down into tiles or slabs for shipment.

"Italy has the world's most famous granite processes and could, therefore, become our major customer," says Angus Hemp, the quarry's director, who hopes that Saldanha's salmon-pink granite sprinkled with grey crystals will prove a favourite with Italian architects.

Saldanha Quarries, opened since 1973, has enough reserves for the next 30 years. It is currently a major supplier of concrete stone, roadstone and railway ballast in the Western Cape.

The domestic market is likely to consume only 20% of the output, even though granite tiles with their high quartz content are longer-lasting than most other flooring — though more expensive.

To counteract the local consumer-resistance M&R hopes to reduce costs by some 60%.

"In recent years, however, the quarry business has been very quiet," admits Mr Hemp.

"Now we are venturing into the fickle trade of fashion, where demand for colour, texture and size of crystals change according to the prevailing taste."

Exports seen as vital for West Cape development

CT 22/9/81

By ALEX PETERSEN (74)

MORE SOUTH AFRICAN companies could look to the export field if they realized that their shorter production runs were more an advantage than a disadvantage.

The general manager of the South African Foreign Trade Organization, Dr Piet Keyser, said in an interview that while the production runs of South African manufacturers were usually much smaller than their European or US counterparts, because of this they were often better geared to providing product variety.

This could often offer a definite competitive edge if accompanied by effective marketing, Dr Kieser said. Few US companies would consider the short runs to which many South African firms were accustomed, and it was often easier for SA companies to offer a range that had more variety, and was more exclusive.

He argued too, that more Western Cape firms in particular should consider the export market, since freight costs to the Reef were such that the European market, where a different price structure prevailed could be equally attractive.

"For many products in the Western Cape it is as expensive to sell it in the Transvaal as it is abroad."

"The Western Cape's development lies in the success they are going to have in their export market," Dr Kieser said.

While a number of Cape companies had successfully exported, a problem was maintaining exports. Some companies, said Dr Kieser, viewed exports just as a useful ancillary, trying to export when demand slackened off in the domestic market.

"When the home market booms, then people recede out of the foreign market place. As soon as the home market declines, then everybody starts scrambling for exports."

A cardinal principle of successful exporting was the maintaining the market.

"Reliability should not fluctuate, but should remain constant. Secondly it costs a lot of money to develop a foreign market. Once you've made that investment, protect that investment by maintaining your market."

In the Western Cape, in addition to traditional export lines such as fruit, textiles and clothing, potential existed in light and heavy engineering products, and for the country as a whole exports from this area had actually shown a considerable growth in the last six months. Other areas of potential included furniture and general houseware.

On the present export picture, Dr Kieser said that SA merchandise exports, excluding bullion, but including Kruger rands and diamonds, were down by 7% for the period to July this year compared to the same period for 1980.

Safto thinking was that imports would go on climbing for a while, but exporting would start picking up toward the end of 1981, but not at a compensating volume.

"We will still have a small deficit on the balance of trade at the end of 1981.

"But towards the end of this year there will be a far greater interest shown by South African manufacturer in exports, because of an easing in the home market."

In 1982 there would be an easing off in the growth in imports, and an increase in exports.

"Hence at the end of 1982 we will end up with a positive balance of trade, including gold".

Safto, who act as consultants for firms wishing to export, are currently running a series of courses dealing with various technical aspects of operating in the export market.

192

Prices of trucks, tractors to soar

Star 23/9/81 (74)

By Hannes Fergusson
Farming Correspondent

STELLENBOSCH — High import duties coming into effect on October 1 are expected to send the prices of trucks and tractors rocketing.

Designed to protect the local manufacture of diesel engines which starts at that date, the new duties may prove too drastic.

Mr H H Beckurts, managing director of Atlantis Diesel Engines, said in Stellenbosch yesterday that fitting the South African-made ADE diesel engines would increase the cost of a truck or tractor by only five or six percent.

The ADE engine could cost up to 16 percent more than its imported counterpart. However the engine represented only 30 percent of the value of a tractor and 20 percent of a truck.

But Mr Beckurts said that ADE had no control over the discount granted to local tractor assemblers by their overseas parent companies for not buying the overseas-manufactured engines.

If this allowance was unreasonably low, South African tractor and truck buyers would pay for the local ADE engines fitted in their vehicles as well as most of the price of an imported engine.

The manager of a large tractor distributing firm said that the new import duty of 40 percent on tractors and 30 percent on trucks would in effect set the new price level.

There was no incentive for tractor and truck assemblers to fix competitive prices and meagre deletion discounts by parent firms were only the means of legally raising prices to the level of the import duty.

A spokesman for the national Maize Producers Organisation said in Bothaville today that high import duties forced farmers to pay for profit inflation in the industries supplying agriculture.

In the end the consumer would foot the bill, he said. Truck owners would also have to raise their tariffs, feeding another inflationary cycle by increased transport costs.

Students ... y.
Please us

Johann Maree

SECTION A

Answer TW

1. ' . ... tween the forces of
repr
What ... ard and do the
repr ... ?

2. Comp ... ers in Western Europe
and ... rganization and
stri ... ies and differences
between their roles.

3. (a) Critically evaluate the organizational roles of the UAW and the Ford Workers' Committee (FWC) in the Ford dispute with particular reference to the Cortina plant.

<u>OR</u>

(b) Compare and contrast the nature and roles of the League of Revolutionary Black Workers (LRBW) and the Ford Workers' Committee (FWC) paying particular attention to their approach to workplace and community issues and their relationship to the relevant trade unions.

4. 'What I find so objectionable as well as invalid in the Marxist view is its implicit contempt for "pure and simple" trade unionism. Trade unions, by doggedly sticking to their immediate ends and refusing to be captured and exploited by any political party, have gradually transformed society. Only not according to the sacred texts or the dialectical laws! That they may be right in preferring reform to revolution and unity to discord never crosses the mind of those whose theory tells them all the answers.' (Allan Flanders)

Assess this assertion of Flanders, paying special attention to Perry Anderson's writing, and drawing on your knowledge of the sociology of trade unions and industrial relations.

SECTION B: . . . . .

SA goes deeper into red as imports rise in first 8 months

Star 25/9/81

24

—By Mervyn Harris

South Africa has gone deeper into the red in its trade with the rest of the world as imports rose and exports declined in the first eight months of the year.

Preliminary figures published by the Commissioner of Customs and Excise show that imports increased by R2 886-million to R11 970-million, while exports were down by R1 656-million to R11 728-million.

However, the higher import figures is an aftermath of the boom as many payments were for plant and machinery ordered during the economic upswing but only delivered during the period under review.

Declined

Imports from Europe rose from R3 658-million to R4 886-million in the first eight months of the year. But exports declined from R3 531-million to R3 158-million.

Imports from the United States jumped from R1 336-million to R1 970-million — while exports declined slightly from R1 358-million to R1 289-million.

Exports to Asia were however higher, rising from R1 305-million to R1 326-million, but imports jumped even more sharply from R1 099-million to R1 330-million.

In the case of Africa, imports increased from R187,4-million to R204,1-million and exports decreased from R742-million to R674,6-million.

Jump

Trade with Oceania showed an import jump from R64,9-million to R108,5-million while exports increased from R63,9-million to R66,4-million.

Other unclassified goods and balance of payments adjustments in the first eight months of the year were R2 971-million in terms of imports and R5 185 million in exports.

The corresponding figures for last year were R2 737 million and R6 351-million.

The Steel and Engineering Industries Federation reports that output of the export-sensitive ferro alloy manufacturing industries in the first seven months of the year reflected a 17,5 percent decline compared with the same period a year ago.

Output

Output of steel mills for the first seven months showed a decrease of 1,6 percent but output of pig iron increased by 1,3 percent.

Private sector foundry output for the first seven months reflected the generally slower tempo of growth in the overall economy.

Tonnages reported for steel casting showed a drop of 10,5 percent, but there was some further firming in demand for iron and non-ferrous castings during July.

Iron castings for the seven-month period reflected gains of four percent and non-ferrous castings an improvement of six percent compared with the same period a year ago.

TRADE

Commercial links with US booming

Nov 25/9/81

74 33

US-South Africa trade links are growing apace, says The Economist in this dispatch from its Johannesburg correspondent.

While warming political relations between South Africa and the United States have made the headlines, the two countries' burgeoning commercial links have gone unnoticed.

Helped first by an economic surge in South Africa, and now by a friendly administration in America, business is booming.

President Carter's efforts to discourage commercial contacts — chiefly by barring exports of American goods to sensitive bodies like the defence force and atomic energy board — are wearing thin at the edges.

Export restrictions have already been eased to allow sales of medical equipment, pharmaceuticals and low-powered computers to the military and metal detectors (supposedly to prevent civilian aircraft hijacks) to the police.

Although the restrictions are unlikely to be scrapped altogether, rumours abound that they will be eased still more when they come up for review in Washington later this year.

Mr Carter's curbs anyway had a much smaller impact than he intended.

The South Africans have managed to get their supplies elsewhere, while American computer companies — which were expected to take the hardest knock — have never had it so good. Burroughs's sales in South Africa shot up by 35 percent in 1980 and by 31 percent so far this year.

The company has named its South African subsidiary its top performer worldwide.

Closer political ties since President Reagan took office seem to have encouraged South African government agencies to take a new interest in American suppliers.

The Electricity Supply Commission (Escom) last month awarded Combustion Engineering of Connecticut a R700-million contract to supply boilers for a large new power station.

American companies did not even bother to tender for big Escom contracts during the 1970s.

General Electric and Westinghouse are now hoping to get a slice of two large turbine contracts.

The United States became South Africa's biggest trading partner for the first time last year, with two-way trading reaching R4 700-million, 49 percent higher than in 1979. South Africa's imports have continued their surge this year.

In the first five months they were about 40 percent up on January-May, 1980. But South Africa's exports to America have begun falling, mainly because of lower sales of diamonds, platinum and Krugerrands.

American investment in South Africa, apart from gold and platinum share portfolios, is estimated at just over R2 000-million.

About 350 American companies have substantial interests in South Africa and several others have expressed interest in setting up there for the first time.

Among existing investors, General Motors, Pepsi Cola and Masonite have recently brought in millions of dollars to modernise or expand production facilities.

Low world trade slows SA export

S. Times 27/9/81 (74)

By Stephen Orpen

THE SLACKENING in South Africa's exports can be ascribed mainly to the lack-lustre performance of world trade in the wake of recession — slashing trade volumes and cutting commodity prices.

However, changes in the system of export incentives will help maintain the thrust of SA's exports.

This is the conclusion of the annual report of the Private Sector Export Advisory Committee, representing domestic private sector exporters.

The new system of export incentives will introduce two new categories of assistance, A and B, to compensate for the import substitution bias in the economy.

At the same time the market development assistance measures which have helped exporters in the past decade will be regrouped.

The Private Sector Export body has endorsed, the fundamental free market orientation in the new system of incentives. It accepts that there should be no discrimination in the impact of the incentive system and supports its extension to all exporting sectors of the economy.

The outline of the new scheme, as set out in the guidelines of October last year, will win full legislative effect in the 1981 Income Tax Amendment Act, still to be passed.

The implementation of the scheme rests with another organisation on which both government departments and private sector employers are represented, the Standing Committee on Export Incentives (SCEI).

The Committee's annual report indicates that a further boost to SA exports has been the Rand's declining value.

This has improved the competitiveness of many SA exports and reversed a worrisome trend which developed in 1980, squeezing exports out of price-sensitive markets.

The PSEAC says that exporters have the welcome reassurance from Pretoria that future exchange rate management will take fullest account of the impact of exchange rate movements on the export community.

The past year has reflected the adverse effect of persistent and spreading world recesssion on SA's exports.

Prospects for an early return to high levels of world trade seem remote.

So in order to maintain penetration in foreign markets, South African companies will have to devote great attention to competitive costing and the intelligent use of the new assistance programmes under the new export incentive schemes.

Trade booms — but tariffs upset Chinese

Argus 26/9/81 74

By Devan Maistry

TRADE between the Republic of China and South Africa is expected to more than double this year, though the Chinese are unhappy about certain aspects of South African trade policy.

In Cape Town this week, the Republic of China commercial attache, Mr Michael Wei, said that while trade between the two countries was valued at R276,64-million last year, the figure for the first eight months of this year was more than R300-million.

As trade normally peaked towards the end of the year he expected the final 1981 figure to be more than twice as high.

At present the countries were co-operating on projects ranging from fish-farming to micro-chip manufacture and the Chinese were hopeful of combining their technology with South African energy and labour resources to produce finished goods in South Africa.

But direct investment in South Africa was made unattractive by laws governing residency as the Chinese investor was not allowed to remain in the country for more than four years.

The other side of the coin was the protectionism inherent in some sectors of the economy which dissipated the advantages of free trade.

PRAWN EXPORTS

On the question of protectionism, Mr Wei cited the example of prawn exports to South Africa.

The Chinese had achieved a breakthrough in farming shellfish by using artificial insemination techniques and this technology had been made available to South Africa.

It was depressing that in spite of this, tariffs were levied on Chinese prawns.

Mr Michael Wei

Still the Chinese were continuing to help and two marine experts were in the country to work on the farming projects.

South Africans had also visited the Republic of China to study techniques that would help translate academic research into meaningful private investment.

Continued on Page 2

Trade booms

Argus 26/9/81 74

From Page 1

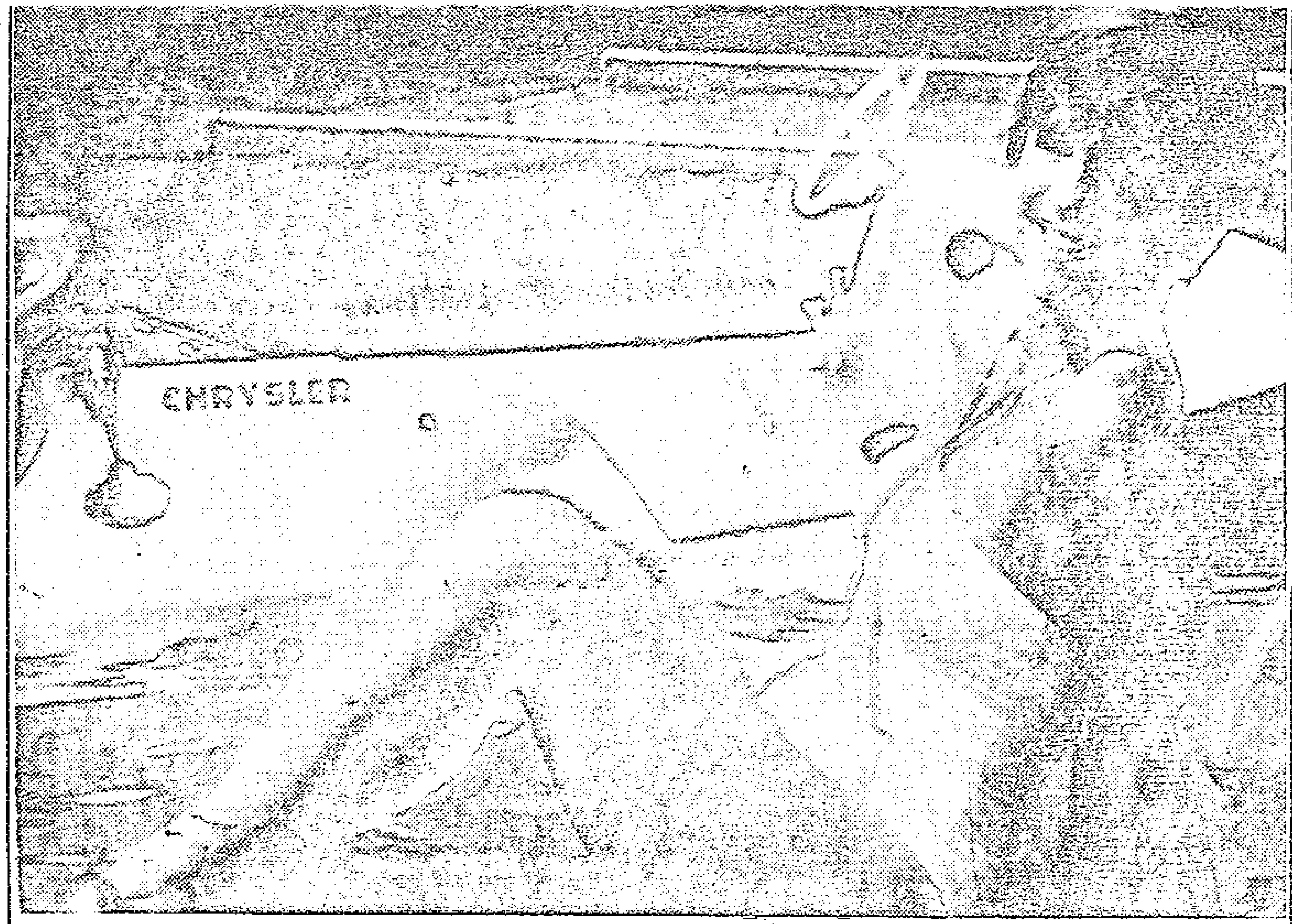
Other areas in which South Africa could benefit from Chinese technology and experience included the shipbuilding and electronics industries.

The Republic of China, which will import more than 50-million tons of South African coal in the next seven years, was prepared also to increase coal imports and assist with the logistics of delivery.

'The Republic of China has the markets and technology, South Africa has the energy and labour resources and a liberalisation of South African trade policy will be of mutual benefit to both countries,' Mr Wei said.

Secret talks on chicken deal with Iranians

S. Express 29/9/81



○ Cape Town-based Angela Swain, 20, taking a break and relaxing in the glorious heat of the Sun City sun. A Springbok water-skier, Angela is taking part in a ski show at Sun City over the weekend.

By CHARLENE BELTRAMO and ANN PALMER

SOUTH AFRICA'S largest poultry producer will secretly meet Iranian importers in Zurich this week to discuss a large export deal at cut prices — less than a month after increasing local prices — according to authoritative sources.

Mr Stanley Methven, chairman of Rainbow Chickens which controls 40% of the R400-million a year poultry market, put up the price of chickens to South African consumers at the beginning of the month. The wholesale price of chickens was increased from R1,84 a kilogram to R2,04 a kilogram.

Consumers pay between 10% to 50% more than the wholesale price.

The remainder of the country's chicken producers have kept wholesale prices of fresh and frozen chickens to R1,85 a kilogram.

This week, in a top secret meeting, Mr Methven, who is already in Europe, is expected to negotiate a deal with Iranian importers to export poultry to that country at R1,39 a kilogram, according to informed sources. No-one was prepared to comment on behalf of Rainbow when the Sunday Express contacted them in Natal this week.

This move comes at the same time as other major producers have cut back their exports in preparation for the increased local demand for poultry over the Christmas season.

Last year, poultry exports topped R15,4-million and for the first five months this year export values for poultry exceeded R5,6-million.

Mrs Yvonne Foreshaw, vice-president of the Housewives' League, said she would be shocked if it were true that Mr Methven was prepared to export poultry at prices about 39% cheaper than they were on the local market.

"If this is true, and it is how Rainbow are prepared to deal, perhaps the South African consumer should rather support the producers who have not only kept prices lower than Rainbow's, but who have cut back on exports to ensure the South African market does not go short over Christmas.

Mr Raymond Ackerman of Pick 'n Pay said their suppliers had been exporting about 30 0000 chickens a week to the Middle East and Switzerland — and that this had resulted in the shortage South Africa was experiencing at the moment.

"Overseas countries are getting the chickens for less than R1 a kilogram. I don't see why they should pay less than the South African public."

Mr Ackerman said his company would attempt to keep the retail price below R2 until Christmas. They would not be importing any stocks of chickens, as some retailers did last year, to ensure cheap prices to consumers when wholesale poultry prices rocketed above the R2 a kilogram mark.

Producers have already indicated to the Sunday Express that consumers should budget for a chicken price increase toward the middle of October and again during November.

The public relations officer for Checkers, Miss Peta Lomberg, said her company considered Rainbow's prices excessive.

"There is a high chicken mortality rate, but my company feels it does not justify the increase."

Sunday Express

Safto predicts exports will take off soon

S Express 27/9/81 (74)

Business Reporter

AFTER languishing in the doldrums for some time, South African exports are expected to pick up again towards the end of the year.

Dr Piet Kieser, general manager of the South African Foreign Trade Organisation, says the revival will be led by manufactured goods.

He feels that the depreciating rand against the dollar will be of significant help with freight and setting competitive pricing structures.

"Freight costs," he says "are usually quoted in dollars and adjusted by the currency adjustment factor, which at the moment is in our exporters' favour."

Another factor in favour of increased exports is that with the economy rapidly cooling down, manufacturers are going to have to look for other markets to keep production runs at the levels achieved during the boom.

"Their order books are not as full as they were and their manufacturing capacity greater than it ever was," says Dr Kieser.

He points out that many manufacturers have either just completed, or are in the middle of, costly expansion programmes and must stay busy to generate the cash flow to meet the financing obligations.

One area Dr Kieser is particularly optimistic about is the sale of South African engineering products to the United States.

He feels the demand will begin to make itself felt either late this year or early next year and could well be linked to the boom the United States energy industry is going through at present.

Dr Kieser's thoughts on exports are matching those of the shipping world.

A spokesman for one of the major lines told the Sunday Express that ships on the northbound run to Europe are travelling at 60% of capacity, an improvement on the situation of a few months ago.

And, say the shippers, the situation should continue to improve as the signs are that European economies are slowly begining to recover.

M & R awarded R8-m mine homes contract

Business Reporter

THE housing division of Murray & Roberts (Transvaal) has won an R8-million contract to build 163 houses at the Deelkraal mine, 70km south of Johannesburg.

The houses, to be built over 14-months, are for White miners and staff.

David Thomas, manager of the M&R housing division, says they will be of such quality that, if placed on the open market, they would sell for about R60 000.

Before building begins on the hillside homes, each site will be terraced with more than 3 000m³ of earth.

Work has started on the project, of which the first six houses should be occupied by Christmas.

The contract comes at a good time for his division as three Bedfordview townhouse complexes and a project at a Welkom mine are all nearing completion.

Thomas says that the division is looking for an increase in turnover of 25% in the current year.

UNIVERSITY OF CAPE TOWN

DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST - 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT	MEYEROWITZ	ILLUSTRATIVE EXAMPLES	TUTORIALS
31 August	20	Tax Planning for Asset Acquisitions - leasehold	ss.1 'gross income' definition paras.(g),(h); 11(f),11(g),11(h),12,13,	513 - 524, 765 - 786, 534 - 537,	-	T.1319 T.1409 T.1411
14		Business Acquisitions - partnerships and joint ventures (briefly) - acquiring assets and liabilities - acquiring shares - interest payable on acquisition		Chapters 9,11, 12 and 26		16.10 T.1051 (b) and (c) T.1401
21 September		REVISION				T.1424,T.1425 T.1431,T.1432 T.1525, 14.5 16.7,16.9

EXAMINATION - OCTOBER 1981

N.B. THE TUTORIALS REFER TO 'QUESTIONS ON S.A. INCOME TAX 1980' AND THE SOLUTIONS ARE PREPARED ON THE BASIS THAT THE QUESTIONS ARE UPDATED BY ONE YEAR.

28/9/81 Rom

74

SA trade gets boost

By SUSAN DALLAS

TRADE between South Africa, Peru and Chile gains a significant boost this week when Peruvian shipping line "Uniline" transports its first cargo in terms of a new trading right with Chile, serving South Africa.

Uniline, registered in Lima, is recognised as the official Peruvian flag carrier on the South African trade route.

Freight Services shipping agency acts for Uniline in South Africa and has hailed the contract with Chile as an indication that trade will continue to grow between SA and those areas, acting as an important source of foreign exchange for South Africa.

Two Uniline ships will carry cargo on the route — the Unisol with a cargo capacity of 8 000 tons, and the Angol with a capacity of 14 000 tons.

They are expected to carry full cargos from South Africa once every six weeks.

SA imports substantial quantities of fish meal and pilchards from the two countries while exports include paper products, ferro-minerals, and steel.

Managing Director of Freight Services, Mr Graham Wood, said at a Press conference in Johannesburg on Friday, that although there was a trade imbalance in terms of the number of commodities traded, there was little imbalance in terms of tonnage of goods traded.

Peru and Chile are unusual among South American coastal countries in that they are promoting a policy of national flag participation.

Ecuador and Colombia recently passed legislation confining their sea trade to their own national flags.

Clothing quotas must stay—Searle

Own Correspondent

The proposed abolition of import controls on clothing has been strongly attacked by Mr A Searle, chairman of Seardel Investments, the country's largest clothing manufacturer.

In his annual statement to shareholders he warned that the move would lead to unfair competition and put people out of work.

He pointed out that the clothing industry was labour intensive and provided jobs for a significant number of people.

If import controls on apparel were ended it would affect the clothing industry's cost structure and create unemployment, he said.

It was essential that the industry be protected against unfair competition from "certain Far Eastern countries."

He called for an assurance from the Government that it was aware of the need for long-term market stability.

This would encourage the heavy investment needer to meet demand in the medium and longer terms.

Reviewing the group's activities, Mr Searle reported that group turnover, including the Dubin group, increased 84 percent in July and August.

Although a lower economic growth rate was likely, group turnover was expected to rise to R260-million (Last year, R183-million) and group income before tax R20-million (R14,5-million) equivalent to earnings of 245c (215c) a share.

SA boosting trade links with Germany

8/01 29/9/67

By Frank Jeans

South Africa continues to strengthen its trade ties with West Germany and outside of Europe is second to the US as the largest importer of German goods.

Statistics recorded by the South African-German Chamber of Trade and Industry reveals that South Africa is now in 13th position in the 20-nation league of major importers of German products — two places better than this time last year.

Geographically, the Common Market states have the biggest slice of German imports, with France in the top spot with 13,6 percent.

South Africa, however, still absorbs 1,5 percent of Germany's world exports, with the US taking a 6,2 percent share.

Among world suppliers to Germany, South Africa retains its position in 23rd place with a share of 0,84 percent of total German imports.

According to the Chamber, South Africa is in 16th position in the world exports league with a total value of sales abroad of about R24 000-million.

Remove inequities Dr Vosloo urges

Star 29/9/81

By Frank Jeans

The public sector will have to revise its priorities in its spending to "remove the inequities" in public services such as education, technical training, housing, recreation and transport, says Dr W B Vosloo.

Speaking on the guidelines for change in South Africa, at a meeting of the South Africa-Britain Trade Association (Sabrita), Dr Vosloo, managing director of the Small Business Development Corporation said such reform could only take place in an "environment for the protection of the creativity of the small man."

Emphasising that a society cannot be stable if the difference between rich and poor is large, Dr Vosloo said: "The private sector must widen its spectrum of participation and partnership in pension funds, insurance companies and building societies thus broadening the scope of individuals who have vested interests in the prosperity and growth of these financial institutions."

Dr Vosloo told Sabrita members: "Economic prosperity facilitates peaceful adjustment and stability.

"Conversely, when an economic decline encounters a rising curve of expectations, the tendency towards riotous, violent, subversive and revolutionary activities are likely to increase."

Mr Denis Etheridge, chairman of Anglo American's gold and uranium division, urged the sweeping away of the "web of legislation which impede private enterprise."

"There are 1 000 laws and 200 boards which control our lives," said Mr Etheridge.

Urging the spread of the cottage industry concept in Bophuthatswana — a small business drive undertaken by the country's National Development Corporation, Mr Basil Landau, chief executive, industries of General Mining Union Corporation told a businessman's banquet at Sun City:

Mr Basil Landau

"Bophuthatswana with its impressive strides economically with its food production, tourism and wealth of minerals, must be the most famous officially - non - existent country in the world.

"Much of Japan's economic success since World War 2 was based on the cottage industry and in Japan today there are more than 5-million small businesses employing an average of about six people each," he said.

"Yet, the 31-million people employed by these 'small men' represent 80 percent of all the people engaged in private enterprise in Japan."

REGIONAL LINKS (74)

Trading in the dark

FM 2/10/81

Government's obsession with secrecy over trade with black Africa makes it almost impossible for the business community to calculate the effects of Pretoria's tough attitude towards Zimbabwe. This is a serious matter for those who do business with that country or face competition from Zimbabwean exports to SA.

Next March, SA's cancellation of the Zimbabwe preferential trade agreement takes effect. Calculating the practical effect is a matter of guesswork, intuition and inspired detection. There are no published statistics on the trade, and government refuses to provide any.

As a spokesman for the Department of Commerce and Industries told the *FM* this week: "We don't provide statistics on trade with individual African countries."

Lumping most trade with black Africa into an undifferentiated "globular" figure makes sense. Many African countries need to do business with SA but hate being seen to do so. For them guaranteed secrecy is a positive incentive to trade.

But Zimbabwe is in a different category altogether. There is no secret about its economic links with SA and the Robert Mugabe government has gone strongly and frequently on the record about its need to maintain a sound commercial relationship with the south — no matter how bitter the political rhetoric becomes at times.

In addition, since August last year, Zimbabwe has started providing its own overall monthly figures on bilateral trade with SA. They lack detail and some doubt whether they are comprehensive, but they do give an idea of the extent of the trade — as well as illustrating that facts SA regards as secret are openly acknowledged by a trading partner.

Potent weapon

In SA terms the trade is not large, although it is very important to Zimbabwe and to sections of the SA economy. And, of course, it doesn't reflect items like transport routes for Zimbabwe's non-SA imports and exports although transport is one of SA's most potent economic weapons in its disputes with Salisbury.

According to Zimbabwean figures, SA exported about R71m worth of goods to Zimbabwe between January and May this year and imported goods worth about R61m. Zimbabwean figures also imply that Zimbabwean exports to SA are increasing while imports from SA are falling. But without information on seasonal variations it is not possible to assess the trend.

What the figures do show is that in the first five months of this year Zimbabwean exports to SA were about R17m higher than in the preceding five months while SA exports to Zimbabwe fell by about R7,5m. The fall in Zimbabwean imports from SA, although marginal, could be the first result of that country's attempts to diversify its sources of supply.

In the past, certain sectors of SA's economy have been particularly susceptible to competition from Zimbabwean goods — particularly those that came in duty free (or on quota) under the preferential trade agreement. Heavily affected were the clothing, textile and footwear industries.

Industry spokesmen tend to welcome Pretoria's cancellation of the trade agreement while admitting they have no way of assessing exactly what it will mean.

Thus Frank Whitaker, director of the National Clothing Federation, welcomed the ending of the agreement. He told the *FM* that under it the Zimbabweans "had all the advantages and we got nothing."

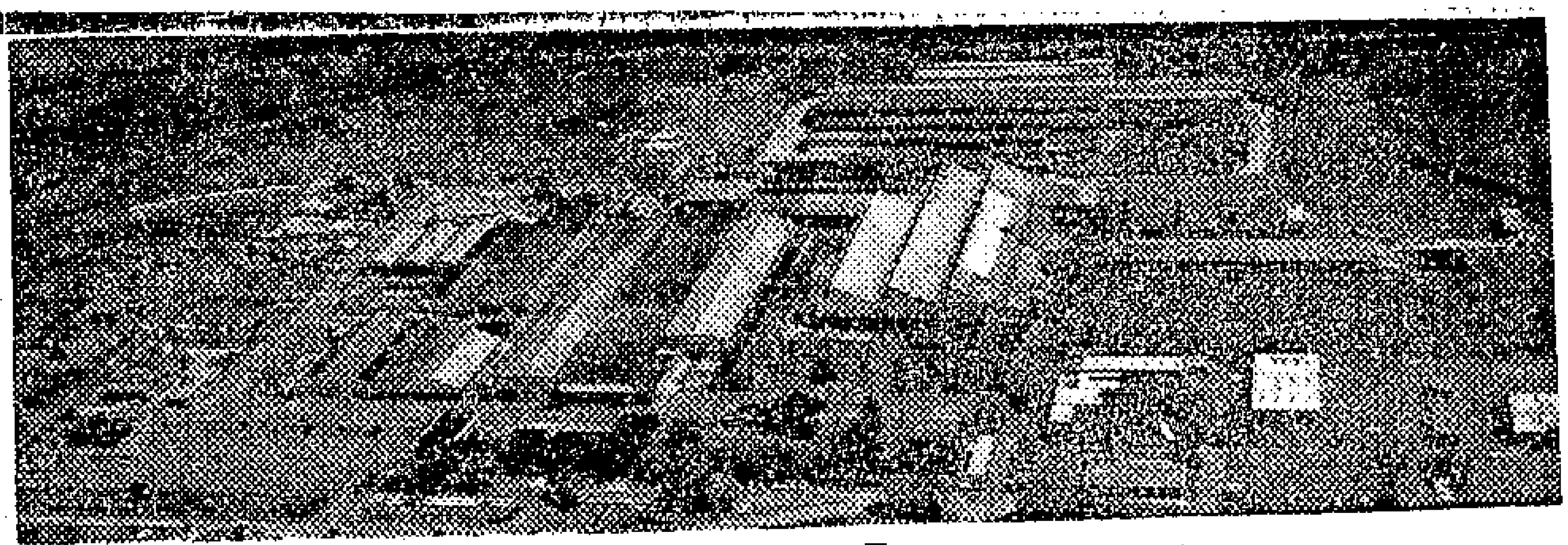
Reciprocal rights for SA exporters in Zimbabwe were largely negated by that country's import controls, Whitaker said, and there were times when SA producers had grave trouble meeting competition from Zimbabwean imports.

More recently, complaints from federation members about unfair competition had fallen off, Whitaker said, possibly because escalating wages in Zimbabwe had made the imported products less competitive.

However, because of government secrecy, he was unable to give any figures on the volume of Zimbabwean clothing imports. "Government won't make any statistics available."

Indications are that last year, at any rate, there were still substantial textile and clothing imports from Zimbabwe. According to the Commissioner for Customs and Excise's *Monthly Abstract of Trade Statistics*, imports of "textiles and textile articles" from the whole of Africa amounted to more than R40m in 1980.

On the assumption that "textile articles" includes clothing, and on the basis of known import sources, it is reasonable to assume that the bulk of this supply came from Zimbabwe. Similarly it is a reasonable assumption that a large part (but certainly not all) of the R6m-odd in footwear imports came from there.



Huletts seek new 'anti-dumping' duties

S. Tribune 4/10/81 (~~189~~, 74)

Finance Correspondent

HULETTS aluminium of Pietermaritzburg — whose factory is pictured above — has applied for new import tariffs on a wide range of aluminium products. Huletts is one of the country's two aluminium extruders.

Duties on most items already range between 20 percent and 25 percent, but the application adds an alternative duty, to fall most heavily on low-priced imports. A Huletts spokesman describes them as "anti-dumping" duties.

Mike Howes, the company's administration manager, says that its "complex" case has been fully argued to the Board of Trade and Industries and that "ethics demands of us that we do not comment".

There are plenty of others in the aluminium industry who are happy to give their opinion of Huletts' application.

It is said that Huletts and SA's other aluminium extruder, Aluminium Extrusion Co, are working at between 20 and 30 percent below their plant capacity.

Rumours abound that Israel and, to a lesser extent, Taiwan and Japan, are selling aluminium to SA at rock-bottom prices.

Imports of some of the items on which Huletts is asking for extra protection are substantial. Foreign shipments of coated plates and sheets for instance, totalled over 0,3-million kg worth R1,5m in the first five months of this year. Imports of one type of aluminium coil reached 3,1 m kg valued at almost R4 m.

Even at the best of times, the cost of locally-produced aluminium is way above world prices. The selling prices of Alusaf, SA's only aluminium producer, are about a third higher than ruling London metal exchange prices.

Greece gears up to boost exports to SA

S. Times 4/10/81 (74)

By Vera Beljakova

GREEK imports into South Africa are poised for a fillip through the pending launch of a new SA-Greek Chamber of Commerce.

Many of the leading Greek businessmen in South Africa feel that to boost bilateral trade "we must use the 70 000-strong Greek community living in South South Africa, of whom 40 000 live on the Rand".

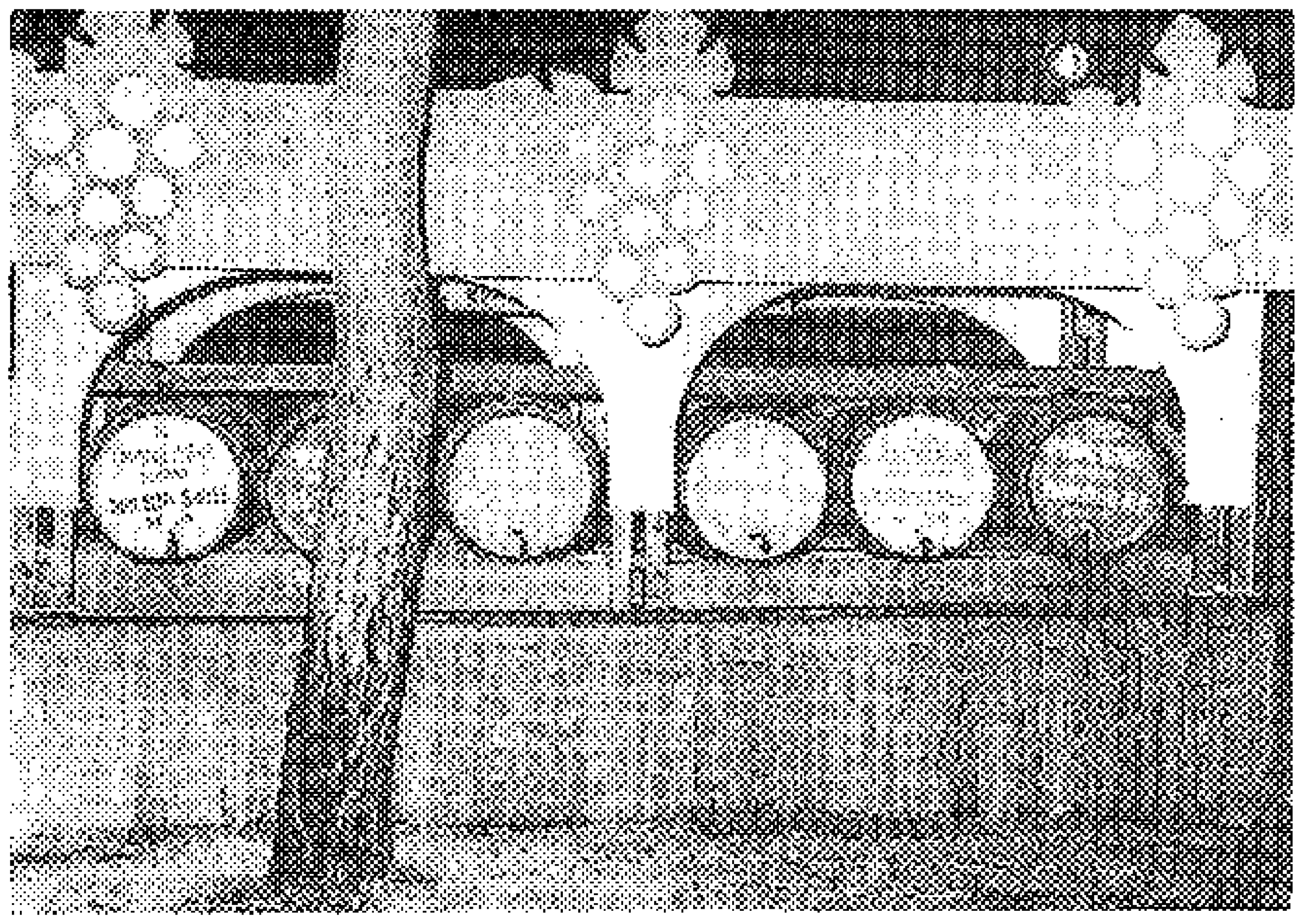
This move has been confirmed by the Ministry of Commerce in Athens, which focuses on the local Greek community as a means of increasing exports to South Africa.

Greece is keen to boost further its exports of pharmaceuticals and plastic produce, synthetic and cotton yarns, tractors and electrical equipment, as well as white goods. It already exports to South Africa fertilisers, petroleum, petroleum products and leather footwear.

This month (October 9-11) the Greek Food and Wine Festival at the Greek Sporting Club will further promote Greek food and beverages.

South Africa imports Demestica and Retsina wines, ouzo, olives, olive oil, feta cheeses, marmalades, figs, pistacchio nuts, tinned sweets, dolmades, kalamari and octopus.

Now that Greece is about to exploit its oil discovery, South Africa could be a client for the country's surplus.



Wines — among Greece's exports to South Africa

So far the trade balance has been in South Africa's favour, with imports worth R3,3-million last year (down from R4,2-million on 1979) and exports R31,3-million (down from R41,8-million), according to Pretoria's Customs and Excise figures.

South Africa exported mainly base metals (R11,5-million), livestock and animal products (R5,7-million), and mineral products (R4-million).

Since bilateral trading figures normally show discrepancies due to varying forms of accounting, shipping, taxes, duties and so on, the Athens figures are higher.

According to the Greek National Statistical Service, Greek imports totalled R41,7-million — an increase of R7,8-million over 1979.

Iron and steel accounted for R11,7-million (R5,2-million up on 1979), while metalliferous ore and metal scrap came to R7,9-million (R381 000 up on 1979).

Surge in coal production to cope with doubling of exports

S.Times 4/10/81

~~245~~ 74

Special Correspondent

SOUTH Africa's smaller coal producers and suppliers are crystallising major expansion plans.

This follows the news from Pretoria that the country's coal-export target is to be almost doubled from 44 Mt to 80 Mt.

There has been a widespread feeling for some time that the export ceiling was far too low — taking into account:

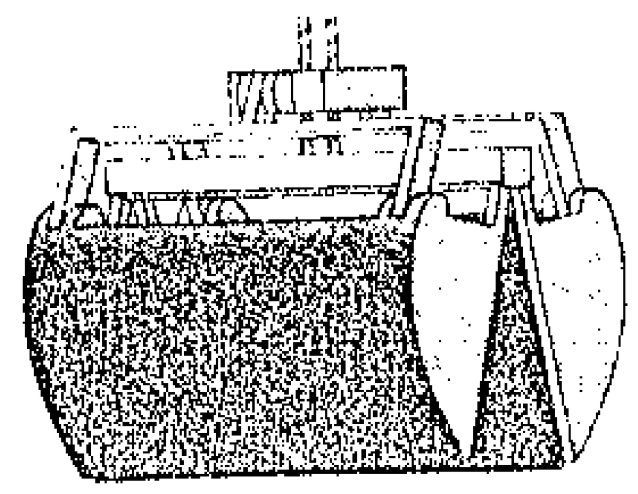
- The size of the country's coal resources.
- The foreign-exchange-earning potential of coal.
- The need to diversify exports from their excessive dependence on gold.
- The employment opportunities offered by an expanded coal industry.

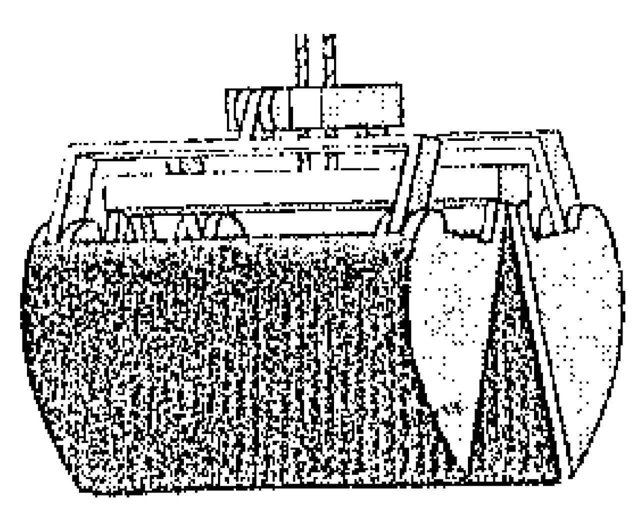
The smaller producers now stand a much better chance of securing a fair share of the lucrative export market.

So far the country's coal exports have been virtually monopolised by the larger coal interests, mainly because the quality of their output is more consistent and the cost of supplying their transport facilities, per export ton, tends to be lower.

This concentration of export capacity in the larger colliery groups has, of course, discouraged investment in the smaller ones.

Among the many benefits expected from larger exports, therefore, is a substantial boost to investment in exploiting the country's smaller or more remote coal reserves, and hence a more effective utilisation of its total coal resources.





There is no great fear that more South African coal cannot be sold on world markets. Last year was a record for the industry, with export earnings soaring to R666-million, up by no less than 35% on 1979 and 20 times what they were only five years previously.

With a mere quarter of the industry's output being exported, coal replaced diamonds as the country's second-largest foreign-

far lower sulphur content than that of its major competitors, and this is a particularly important factor in an environment-conscious world.

The impact of increased competition must not be ignored, of course. The US is currently planning a substantial increase in its export-handling capacity, as is Australia.

Also, Poland's problems might soon be solved and that country's exporting capabilities restored.

Even taking into account South Africa's low production costs and well-established reputation for prompt and reliable delivery, it would be unwise to forget that this country's coal exports will face keen competition in the future.

So much of South Africa's export capability will, of course, depend on how rapidly transport and handling facilities can be expanded. Luckily, progress is now rapid and even accelerating.

Last year the country's main coal export terminal at Richards Bay was able to cope with 26 Mt, 30% more than planned under the Phase II programme which began in April 1979.

An additional 2-3 Mt was shipped through Durban, but facilities at that port are now ageing and cannot be expected to make much contribution in future.

There has recently been talk of increasing the export capacity of Maputo, but it is clear that most of the expansion will have to be at Richards Bay.

By 1986 Richards Bay is expected to be handling 44 Mt of

Cont...

4/10/81

exchange earner.

Prospects are even more promising for the future. Most South African coal is sold on contract, and the prices ruling last year were mostly negotiated before the world's sellers' market really took off.

Moreover, rand earnings were held back by a weak US dollar, the currency in which world coal prices are normally quoted.

Now that the dollar is strong and the rand has devalued against it by nearly 30% — about 12% against a weighted average of the world's main trading currencies — rand earning capacity has increased substantially compared with last year even if export volumes were to remain unchanged. Total earnings this year are expected to exceed R9 000-million.

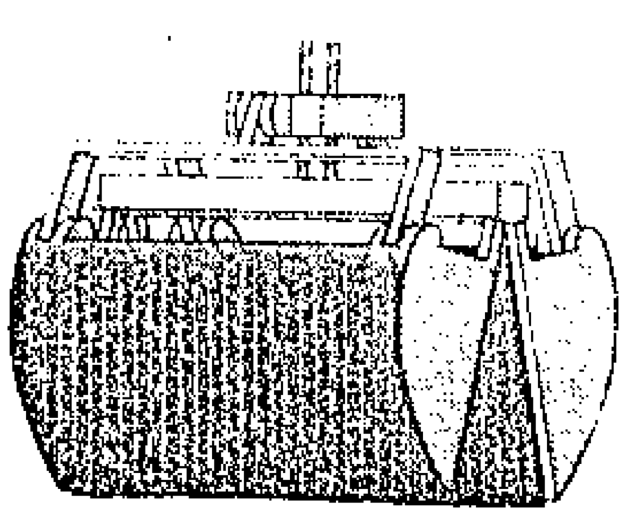
There is another side to the picture, of course. Last year's exports were boosted by such exceptional factors as the 25% fall in Poland's coal sales caused by the political disturbances in that country, and by strikes and bottlenecks in the US, still the world's largest supplier of export coal. There was also disruption in supplies from Australia, another of South Africa's major competitors.

Altogether, circumstances were so favourable in 1980 that, apart from contract prices, the only serious constraint on this country's coal-export earning capacity was its own transport and handling problems.

Contract prices, expressed in dollars, are expected to be much more favourable this year, with increases of between 30% and 40% already recorded on contracts recently negotiated.

Prices of coking coal, too, are around 30% higher, despite the slow recovery in world steel production.

It would be unrealistic to expect export volumes of coking

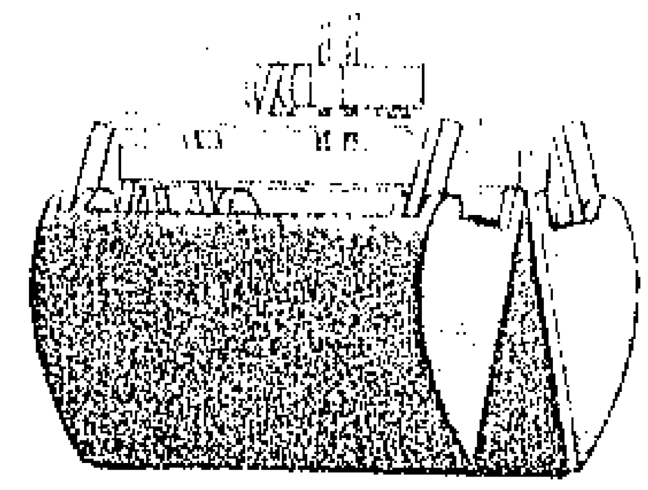


coal this year to record the same 25% increase that they did in 1980, but earnings should be substantially higher.

Looking ahead for the next five years or so the prospects seem equally promising. Even if prices do not continue to rise as steeply as they are doing now, demand should expand fairly rapidly as the world economy recovers from recession and the industrialised countries turn increasingly to coal as an energy source in preference to expensive oil.

South African coal also has a coal. To attain this Phase III target from the 20 Mt provided for in Phase II will require the investment of another R3 500-million.

Bringing the export total up to the now-projected 80 Mt will call for the investment of another



R2 750-million, representing a much smaller outlay per ton.

Most of these figures for additional investment, including the estimated R500-million or so that will have to be spent on extra rail transport, have been calculated on the assumption that by far the bulk of the increased supplies of export coal will come from the larger collieries.

How much extra capital investment will be needed if the smaller mines are to get their hoped-for share of export markets has not yet been estimated.

At present the main contributions from the smaller collieries are being made by taking up the slack created when a larger one cannot fulfil its export quotas.

But this is possible only when the smaller unit is situated near a railway line, or can otherwise arrange transport.

To extend branch rail lines to all the small collieries in the country would be prohibitively expensive, although some of the small mines themselves would probably find it worth while to contribute.

It has been suggested that they combine to finance their own export terminal at Richards Bay as the larger ones have done.

One way of easing the problem might be to increase road-transport facilities, particularly between the smaller collieries and the main rail centres.

This would not overcome the difficulty of having to deal with many more different grades of coal such as the greater participation of smaller producers would involve.

But it would probably be a cheaper way of expanding output than opening additional new, large mines, and it would enable the smaller producers to get their share of the high profits that are likely to be made from increased coal exports.

South Africa may be only a decade away from the time when earnings from coal exports will exceed those from gold. It would be a pity if the smaller producers were to be excluded from these altogether, and a tragic setback for what should be the country's policy of making maximum use of its coal resources.

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S.Times 4/10/81

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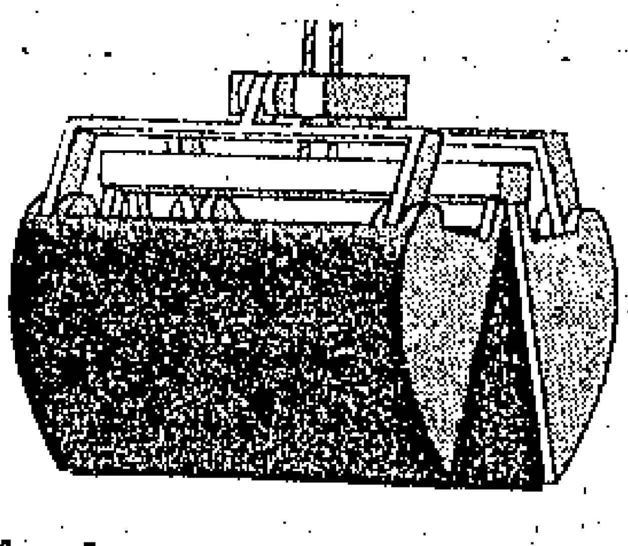

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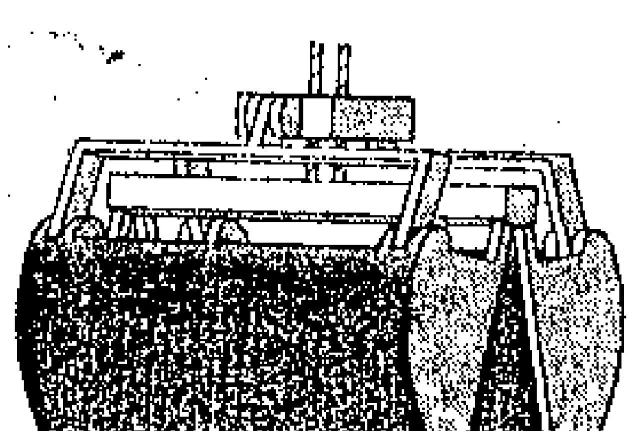

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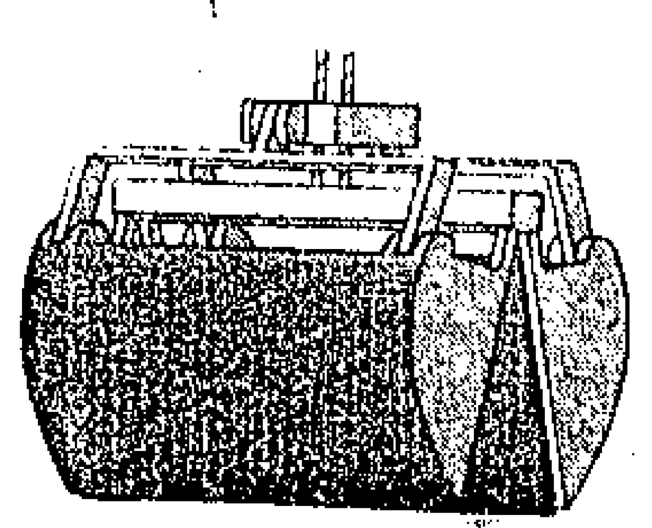

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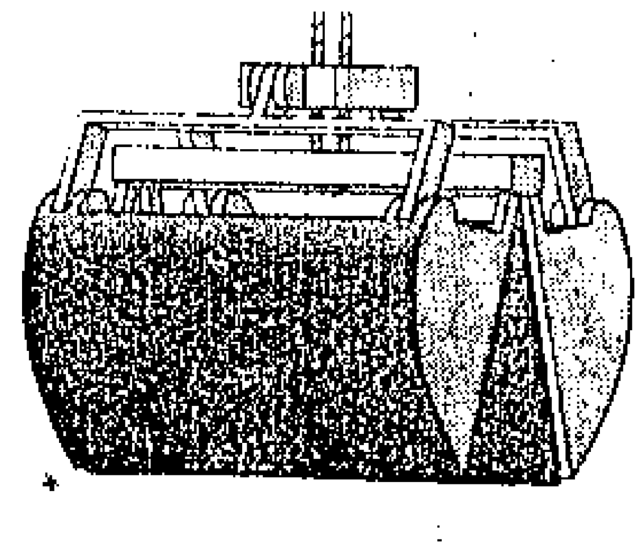

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Star 5/10/81

More coal to Japan

74

161

By Geoffrey Murray

TOKYO — The continued cheapness of South African thermal coal is helping to boost sales to Japan to record levels.

Latest official figures show the Republic shipped almost 245 000 tons to Japan in August, over one-fifth the country's imports for the month.

South Africa is now second only to Australia as a thermal coal supplier.

FOREIGN TRADE (74)

Losing balance

FM 6/11/81

The effects of international recession and a tightening domestic economy are starkly reflected in the latest trade figures released by Customs and Exise.

While total export sales led total imports by 44,2% in value terms for the period up to September last year, exports were trailing imports by 1,8% for the same period this year. And while there has been a 29,7% increase in imports over last year, exports have dropped by 13,8% on 1980.

In the first quarter of this year imports were 35% above the 1980 level so indications are that the import flood is easing as the economy cools off. Nevertheless, early estimates by private sector economists of an overall annual increase of 25% in imports on last year now look fairly accurate. And the Customs figures, although provisional, tend to support the view that the deficit on the BoP current account could be anywhere between R3 billion and R5 billion for 1981 as a whole.

The most significant proportional fall-off of exports in terms of world trading zones on last year has been to Africa (down 11,1%) and Europe (down 10,9%), while the largest percentage increase in imports was from Oceania (up 68%) and Asia (up 64,1%).

Trade with Europe, by far SA's biggest trading partner, saw a 32,8% increase in imports and a 10,9% decrease in exports on last year.

With imports from all regions increasing and exports (except to Asia) falling, the trade deficit stood at R232,4m at the end of September. Machinery, mechanical appliances, electrical equipment and military equipment account for the bulk of import costs, while the export of mineral products, base metals and precious stones and metals bring in the most foreign revenue.

Rextru exports rise 16%

RDM 6/10/81

(1804)

(724)

Financial Reporter

REX Trueform's export sales rose 16% in the year to June says the chairman, Mr Stewart Shub in the group's annual report.

"This achievement is particularly significant in light of the fact that there are depressed trading conditions prevailing in our traditional export markets," he notes.

"We continue to believe that exports are a corporate priority; in fact a national priority, particularly in labour-intensive industries such as ours," says Mr Shub.

Export incentives on the increased export turnover, plus investment allowances on new plant commissioned during the year made for a further reduction in the company's effective rate of tax.

Pre-tax profit for the group was up 43% at R6 483 181 (1980: R4 532 680), while after-tax income was up 53% at a record R5 588 365. The dividend was raised to 45c (35c).

On the buoyant domestic front, intensified marketing and product development resulted in a turnover increase of 29,5%, with improved market share in all divisions.

Demand was continuing at a high level, and Rex's forward booking position into 1982 is "more than satisfactory", although "some levelling off of the growth rate" during 1982 is forecast.

In order to cater for increased demand, the company plans to increase the potential of some production lines.

L'Uomo, the shirt manufacturers in which Rex has a 50% interest, showed a substantial profit increase, and plans are in hand for a further shirt facotry, which will again be a joint venture.

A three-year loan of R2-million at 10,25% was negotiated during the year, and a further R3m loan at favourable short-term rates has since been negotiated, so that the company, says Mr Shub, is well-placed to finance future growth.

Kentucky coal successfully tested at Sasol plant

810 6/10/81 74 3337 07

The Star Bureau

NEW YORK — High sulphur coal from western Kentucky has been successfully gasified in tests at the Sasol plant at Sasolburg, officials of the Kentucky Department of Energy announced in Lexington.

The positive results from two rounds of testing already completed mean a proposed 4 000-million dollars fuels complex in western Kentucky using Sasol technology is apparently one step closer to reality.

William Sturgill, secretary of energy and agriculture for the state of Kentucky, said the tests showed that Kentucky coal is a "suitable feedstock" for Sasol technology.

The South African process would be used by the Tri-State Synfuels Company, a joint venture of Texas Eastern Corporation of Houston, Texas, and Texas Gas Transmission Corporation of Ownesboro, Kentucky.

Tri-state is only one of several synfuel projects being proposed in the coal-rich state, but officials indicate it is one of the most promising.

The administration of Kentucky, Governor John Y Brown, apparently views the Sasol process as the most commercially feasible of any modes of technology for producing synthetic fuels from coal.

This view was backed up with a 4-million dollars grant from the state, which paid for mining 22 000 tons of Kentucky coal, shipping it by ocean freighter to Durban and modifying a gasifier at the Sasol plant for the tests.

Earlier this year, Tri-State and the US-Energy Department signed an agreement calling for the two to split the 45-million dollar design costs for the proposed plant.

A spokesman said the plant's "design phase" should be completed within 18 months and then a decision would be made whether to build the plant.

Under current plans, a plant using Sasol technology would consume about 30 000 tons of Kentucky coal a day to produce the equivalent of 50 000 barrels of fuel.

It would employ up to 3 000 workers once completed, an average of 7 500 during construction, and could be operational by 1987, spokesmen say.

The project has had its critics, including locally based environmental activists and at least one anti-apartheid religious group based in New York City.

Star 7/10/81

Sappi order to UK firm

(74)

The Star Bureau

LONDON — The paper machinery manufacturer Beloit Walmsley has announced export orders of R22-million, including R17-million for a newsprint machine to Sappi of South Africa for its Ngodwana mill in the Eastern Transvaal.

The machine will be the first stage of an extensive expansion programme for Sappi's pulp mill at the site.

The four-year programme is expected to cost about R80-million.

Beloit Walmsley's other orders are for mills in Sweden and India.

Africa keeps on buying in SA

RDM 8-10-83

74

By GERALD REILLY

THE value of South African exports to other African countries is expected to exceed R1 000-million this year for the second year in a row, according to Government sources in Pretoria.

According to figures released in Pretoria yesterday by the Department of Customs and Excise, the value of African exports for the first five months of the year amounted to R400,5-million.

Last year exports amounted to R1 098-million.

Campaigns

The sources pointed out that in spite of unabated hate campaigns against South Africa and its discriminatory policies, 46 African countries traded with South Africa last year — and are still trading with this country.

Trade with Africa, the sources said, could be doubled if inhibiting factors such as struggling economies, an inability to pay, inadequate transport and fears of international reaction were removed.

In spite of commitments to boycott South Africa most African countries found it cheaper to buy on the South African market than in Europe or the East.

Main reason for this was high transport costs.

"South Africa is the closest manufacturer and supplier of a vast range of commodities desperately needed in these underdeveloped countries — and the prices are more than competitive", the Government source stated.

Food

Food is the prime need in Africa, and South Africa is the only country on the continent consistently producing big export surpluses.

And because of expanding populations and a lack of farming expertise, most countries will continue to depend to some extent on supplementary food imports from South Africa.

According to the South African Agricultural Union, international statistics show that the tendency for food production to fall throughout the continent is continuing and there are no signs of a slowdown in exploding populations.

So irrespective of the international hostility beamed against the Government, South Africa will grow in importance as a supplier of goods and raw materials to Africa — a situation which slots in well with the Government's political and diplomatic strategy.

FOREIGN TRADE (74)

Deficit widens

FM 9/10/81

SA foreign trade slumped to a deficit of R242m for the first eight months of this year compared with a surplus of R4 300m for the same period last year, according to preliminary trade figures released by the Commissioner of Customs and Excise.

Imports increased by a total of R2 886m to R11 970m while exports decreased by R1 656m to R11 728m.

Europe remains SA's most important trading zone, with imports totalling R4 886m and exports totalling R3 188m till the end of August this year. This compares with R3 658m and R3 531m respectively for the same period last year.

Imports up

While SA exports to all world zones, except for Asia and Oceania, have fallen, imports have increased across the board. SA has, for example, improved its position as an importer of German products from 15th to 13th place compared with the same period last year and is, after the US, the second largest importer of German products outside Europe, absorbing 1,5% of Germany's worldwide exports. On the export front, SA retains its position as the 23rd largest supplier to Germany, with a share of 0,84% of total German imports.

In the case of the US, now SA's largest single trading partner, the eight months import figure this year is R1 970m while exports totalled R1 289m. This compares with R1 336m and R1 358m respectively for the same period last year. Two-way trading between the two countries now stands at $4,7 billion, 49% higher than in 1979. While SA exports to the US have fallen, mainly because of lower sales of Krugerrands, platinum and diamonds, they have not fallen nearly as much as in her other trading zones.

This is partly because the narrowing of political differences between SA and the US since President Reagan assumed office have helped to boost business between the two countries. While ex-president Carter's efforts to curb commercial contact between SA and the US had less of an impact than was hoped for by the then-US administration, the easing of export restrictions under Reagan have already facilitated the sale of medical equipment, pharmaceuticals and low-powered computers to the military, as well as metal detectors to the police. American computer companies are now doing better then ever. Burroughs, for example, has named its SA subsidiary as its top performer internationally.

In the prevailing political climate, SA goverment agencies are taking a new interest in American suppliers. Last month, Escom awarded Combustion Engineering of Connecticut a R700m contract to supply boilers for a new power station. During the 1970s American companies didn't even bother to tender for such contracts.

SA's largest import costs for the first eight months of this year still go towards machinery and mechanical appliances (R3 132,7m), while the most revenue still comes in from the export of mineral products (R1 128,8m) and precious and semiprecious stones and metals, totalling for the period under review, R1 451,5m.

RDM 9/10/87

Taiwanese cement to land soon

Mail Reporter

A TOTAL of 30 000 tons of cement would be imported from Taiwan this year to supplement and alleviate the current shortage, the general manager of the Cement Marketing Organisation (CMO), Mr Hartley van Schalkwyk, said on Wednesday.

The first 15 000 tons shipment left Taiwan on Tuesday and would be arriving in Durban at the end of the month. And a further 15 000 tons would be arriving a fortnight later, Mr Van Schalkwyk said.

He said the "enormous" growth-rate in the building and construction industries had necessitated the import.

Although the costs involved in importing the cement are high, the price would not exceed the present controlled price, Mr Van Schalkwyk said.

The losses suffered would be absorbed by the CMO and the cement producing companies.

No further imports would be considered this year. However there could be further imports next year depending on demand, he said.

SG 7824 P.3.01

KENNISGEWING 769 VAN 1981/NOTICE 769 OF 1981

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

X4

TYDPERK: JANUARIE TOT AUGUSTUS 1981—PERIOD: JANUARY TO AUGUST 1981

9/10/81

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	
	1981	1980	1981	1980
Afrika—Africa	204,1	187,4	674,6	742,2
Europa—Europe	4 886,0	3 658,8	3 158,2	3 531,5
Amerika—America	1 970,1	1 336,2	1 289,1	1 358,1
Asië—Asia	1 830,4	1 099,7	1 326,0	1 305,2
Oseanië—Oceania	108,5	64,9	66,4	63,9
Ander ongeklassifiseerde goedere en betalingsbalansaansuiwerings / Other unclassified goods and balance of payments adjustments	2 971,1	2 737,5	5 185,5	6 351,6
Skeeps-/vliegtuigvoorrade—Ships'/Aircraft stores	—	—	28,1	31,8
Groottotaal—Grand total	11 970,2	9 084,5	11 727,9	13 384,3

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	
	1981	1980	1981	1980
I. Lewende diere; dierlike produkte / Live animals; animal products	55,0	26,4	105,0	131,9
II. Plantaardige produkte / Vegetable products	190,9	135,1	651,4	608,0
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	40,5	43,9	39,0	23,1
IV. Voorbereide voedsel; dranke, spiritus en asyn; tabak / Prepared foodstuffs; beverages, spirits and vinegar; tobacco	175,7	90,9	318,4	493,8
V. Mineraalprodukte / Mineral products	155,4	155,9	1 128,8	1 054,8

Star 12/10/87 (74)

Phosphate rock provides new export

The Phosphate Development Corporation, Foskor, had entered the export market for phosphate rock with a product of high quality, the managing director of the group, Mr T G J Pistorius said in Phalaborwa today.

Pilot consignments have been made through the new minerals loading terminal at Richards Bay.

BIGGEST

A mobile crusher, claimed to be the biggest in the world, and commissioned in Phalaborwa last week, boosted Foskor's capacity to more than 3,5-million tons of phosphate rock.

Mr Pistorius said that Foskor is planning to be a permanent exporter and the possibility of expanding to export about 4-million tons a year, is being investigated.

QUALITY

Foskor's ore body at Phalaborwa was low-grade but the corporation was producing the best-quality phosphate rock.

On the international market, the quality of phosphate rock is measured in BPL units. The largest part of world production ranges from 66 to 77 BPL.

Foskor normally produces a product with a BPL of 80 but has managed to increase this to 86 BPL, Mr Pistorius said.

Only about 4-million tons of similar quality is at present available on the world export market. — Sapa.

S(W)

I(J)

All [illegible] increases in saving [illegible] are related [illegible] to great and thus [illegible] of equilibrium [illegible] decrease [illegible] spending must prevail an increase or decrease in spending decides the equilibrium [illegible] it is the level of income [illegible] Savings and investment and thus it is the level of national income necessary to bring this saving [illegible] to equilibrium, which must be achieved

Trans-Natal Coal to spend R234m over 10 years on export plans

RDM 14/10/81 (74)

IN a capital programme involving a total of R500-million over the next 10 years, Trans-Natal Coal Corporation will spend about R234-million in escalated money terms over this period in developing the Optimum colliery to export 3 500 000 tons of coal a year.

This massive programme does not include the Northern Transvaal coalfield, which is regarded as a long-term project, and on which significant amounts are being spent on prospecting, purchasing mineral rights and technical research into the potential oil-from-coal processes.

Capital expenditure will be carried out at a rate of between R30-million and R80-million a year.

The directors say in the annual report that Escom has already granted Trans-Natal approval in principle for the export of coal from Optimum, and the exports from the mine will form part of the Gencor coal subsidiary's programme to use the remaining 4 750 000 tons a year of its bituminous coal export qu,

The estimated escalated capital cost for the export of the remaining 1 250 000 tons a year is around R145-million over a period of six years from 1983.

Investigations are continuing into the possible export of 1 500 000 tons a year of anthracite by Kwa-Ngoma Mines in terms of its quota.

Increased demand for coal by Escom is expected to continue in the current year, say the directors, but the supply of metallurgical coal to Iscor should decrease by about 500 000 tons.

"Developments on the external market remain promising, and with sufficient coal available for exportation at very favourable prices an increased contribution to group profit from this source can be expected."

In the past year Trans-Natal's total coal sales reached a record level of 28-million tons, or 12% higher than the previous year's 25-million tons.

Export sales, Trans-Natal's major growth sector in the past year, rose to 4 200 000 tons from 2 600 000 tons, representing 15% of total turnover compared with 10% in the previous year.

Production shortfalls during the year were supplemented by external purchases to make optimal use of the available capacity flowing from phase two of the Richards Bay export programme.

The directors say much progress has been made in the planning of projects to use the remaining 4 750 000 ton a year export quota of bituminous coal for the third phase of Richards Bay, and Escom has already approved in principle the export of 3 500 000 tons a year from Optimum colliery.

Drilling operations continued during the year in KwaZulu and on the Springbok Flats. Promising coal reserves were proved in the Orange Free State and in the Amersfoort area.

Maize futures in earnest

CCT 16/10/87

(74)

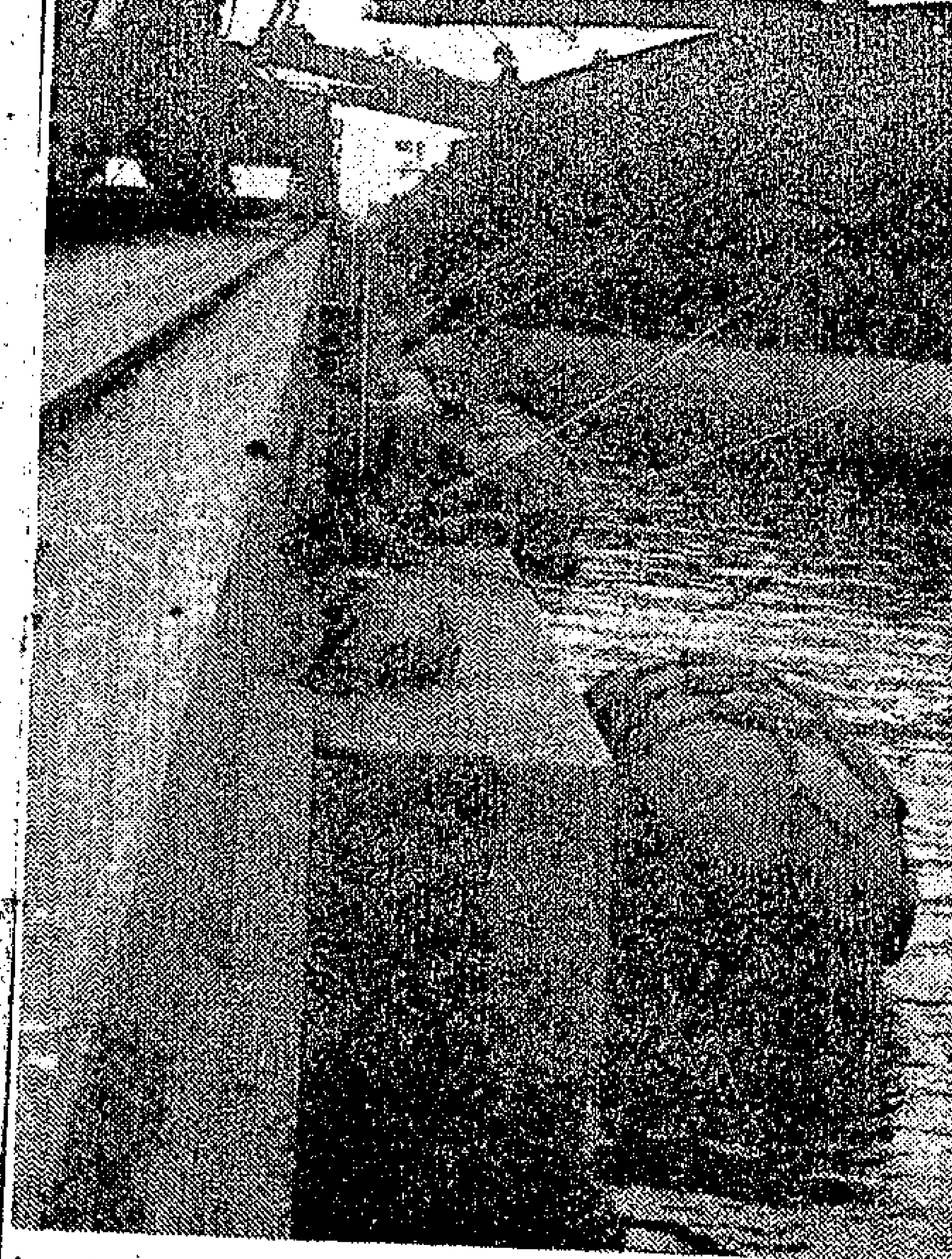
SOUTH AFRICA will begin using US futures markets for its export maize more systematically, says the Maize Board's chairman, Mr Crawford von Abo.

He says the decision to make more use of futures markets has been taken against a background of "under-compensation" to producers and high interest rates.

Increased participation can also obviate domestic transport limits.

Mr Von Abo says some transactions have been carried out on an ad hoc basis. But after a US visit by Maize Board officials it was decided to use futures markets on a more systematic and sophisticated basis.

It is now possible for traders and end users of South African maize to transact directly with the Maize Board. The present tender system used by the board for foreign maize sales will continue. — Reuter.



Iscor's new incentives for the steel products export scheme could herald a rosier future for local steel product manufacturers

Iscor steps up assistance to exporters

S. Times 18/10/81

26 189 74

ISCOR is increasing by 30% the rate of assistance payable to exporters under its steel export promotion scheme for all export shipments undertaken on or after October 1.

Iscor's new largesse is seen as yet another move to aid the local steel product manufacturers in their export drive.

"Our steel products mark-up is very low, profits are marginal and we labour under the disadvantage of having to compete at exceptionally low prices internationally," says Hymie Flekser, managing director of L Flekser Steel, which exports primarily structural sections to the US, Africa and Indian Ocean islands.

By Vera Beljakova

"Any aid and incentives from Iscor will only help us get our products to the market at lower and therefore more competitive prices," says Mr Flekser, whose group steel merchandising arm was sold for R6-million last month to Macsteel.

"The new incentives will help especially those manufacturers whose steel content in products is very high," explains Eric Samson, chairman of Macsteel, the country's largest privately owned steel merchant, whose turnover reached R250-million this year.

Iscor's current rate of assistance of 12,5% for steel products and 4% for tinplate products will now be increased to 16,25% and 5,2% respectively.

"Provided the qualifying percentage added value is attained," explains Iscor, "maximum assistance paid for exporting steel products will increase from R100 to R130 a ton of net steel content.

"This will be paid when the average net FOB price a ton of exports per consignment exceeds R800.

"For fabricated tinplate products, the maximum amount of assistance will be increased from R20 to R26 a ton of net steel content, and will be payable when the average net FOB price a ton of exports per consignment exceeds R500."

IDC call to limit protection

Star, 19/10/81

74

Pretoria Bureau

The chairman of the Industrial Development Corporation, Mr A J van den Berg, has come out in support of complaints of over-protection of industry.

Opening the tractor-and-truck assembly plant of Vetsak in Germiston he said selected industries were protected by import duties to enable them to become economically viable.

In more recent times however, protection had become synonymous with price increases up to that level.

This was not in the country's best interests and contrary to the purpose for which infant industry was given protection.

INTENDED

Import duties were intended to ensure a market to justify the manufacture of a product but was in no way a mechanism to boost a firm's profits.

For that reason protecting import tariffs should be limited to a fixed period, after which they should be gradually withdrawn.

Mr van den Berg said that, in general, industry was over-protected and that could be an important reason why productivity was so poor.

He said that import duty protection given to the ADE diesel engine factory at Atlantis would be kept to the minimum to ensure an economic throughput of engines.

Dr Kit le Clus, economist of the Maize Producers' Organisation, said Mr van den Berg's views were "a fresh breeze in the stale air of industrial policy." His organisation had recently put the same views to the Government.

SAFE pledges full Far East service

RDM 19/10/81

(74) (~~332~~)

By SUSAN DALLAS

THE non-conference South African Far East (SAFE) shipping line reassures its customers that it will continue its 11-month-old full container service.

The line runs two cellular container ships once a month between South Africa and Taiwan, Korea, Hong Kong, Singapore and Japan. The ships are Kowloon Express with a capacity of 450 containers, and Macau which can carry 480 containers.

Mrs Shulla Israeli, a director who represents the company in South Africa, said both vessels would be owned by the company from 1982.

The line's head office in Hong Kong had announced a regular monthly service between South Africa and South East Asia which would carry break-bulk cargoes of jute and rice.

From Taiwan to South Africa from January to June this year, SAFE obtained the second-largest market share of total tonnage carried with 14,36%.

Of the 13 shipping lines which operated on the route in this boom time for imports, SA national carrier Safmarine carried the highest proportion of goods with 25,46%.

Of the 34% market share carried by non-conference lines, SAFE — working through Gundelfingers — claims more than half.

Mrs Israeli said the average price of a container charged by all shipping lines to South African exporters had come down from $3 000 in January to $2 200 because of increased competition from non-conference lines.

She said the company expected sufficient and steady cargo trading between South Africa and the Far East would offer SAFE line continued good business opportunities.

"SAFE line is here to stay. We didn't come here to end the operation when boom trading slackened," Mrs Israeli said.

SA coal No 3 in Japan

EDM 19.10.81

74

TOKYO. — South Africa is expected to become Japan's third biggest steam-coal supplier after the US and Australia this year with a surge in shipments since January, say industry sources.

Japan imported 992 000 tons of coal from South Africa in the first eight months of 1981 against 500 000 tons last year, and only 30 000 in 1979.

The sources say a reason behind increased purchases, mainly by electric power companies and cement manufacturers is that South Africa has not been hampered by mine strikes or port congestion that occurred elsewhere.

Japan last year imported 7 240 000 tons of steam coal, including 4 500 000 tons from Australia, 750 000 from China, 640 000 from the US and 600 000 from Canada.

Imports from Australia and the US in the first eight months of 1981 were 3 820 000 and 1 250 000 tons respectively. Shipments from Canada and China declined. — Reuter.

Four boosters for SA exporters

RDM 20/10/81 74 ~~133~~ 140

HOWARD PREECE reports — the FCI congress in East London

FOUR positive factors point to "some increase" in South Africa's exports next year, according to the Federated Chamber of Industries.

These are exchange-rate movements, new export incentives, some commodity-price rises and more spare capacity in the domestic economy.

These views have been put to the executive council meeting in East London of the FCI by its export trade committee.

It says: "The decline in the value of the rand, especially against the dollar in which many export sales are denominated, has improved the competitive edge of many South African exports, which had become eroded.

"The prospects are for further downward movements in the value of the rand except perhaps against the dollar which is probably now overvalued.

"The new system of export incentives will help to reduce the lack of competitiveness of many South African manufactured exports because of the relatively higher price of locally made raw materials.

"A rise in the price of certain commodities, such as base metals (is expected), as a gradual improvement occurs in the economies of the industrial countries."

The FCI also refers to "the greater availability of capacity within South Africa to satisfy export markets as domestic demand moderates".

It says: "All these factors suggest that South Africa's exports can be expected to show some increase again in 1982."

Looking at the wider international picture, however, the FCI still takes a fairly sombre approach.

It comments: "The prospects for merchandise exports are largely influenced by conditions in world trade.

"The international economic outlook still gives cause for concern. Slow growth remains a key feature of the international situation and outlook.

"The volume of world trade, which slumped by 1,5% in 1980, is also expected to stagnate during 1981.

"World trade situations have been seriously disrupted by high interest rates and the volatility of international exchange rates.

"The most serious factor in the outlook for world trade continues to be the slow rate of expected recovery of the developed nations and the crippling oil-induced deficits which continue to be carried by non-oil producing countries.

"The most optimistic situation outlined by the World Bank (on the assumption that the real price of oil will not increase in the period up to 1985) is of no more than a 1% gross national product growth for the industrialised countries and a substantially lower growth for the non-oil developing countries.

"Under these circumstances it may be expected that world trade will virtually stagnate until the middle of the current decade.

"Furthermore, most countries will be forced to introduce major adjustment policies primarily to correct balance of payments difficulties leading to increased demands for protectionism."

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RDM 20/10/81

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Star 22/10/87

Concern on high imports

74 123

The prime purpose of tariff protection was to ensure an adequate market for local manufacturers and not a mechanism to increase prices of locally produced products, Mr Abie van den Berg, chairman of the Industrial Development Corporation, told the FCI.

He said during the debate on tariff and imports that the effects of industrial protection would be eroded if industrialists allowed prices to rise by the full extent of tariffs.

Concern was expressed by delegates at the excessive level of imports which had led to a serious balance-of-payments deficit.

Dr T du Plessis, Director General for Industries, Commerce and Tourism, said that if current import trends persisted the authorities would have to again investigate the need for a new import-substitution drive.

Mr Ruby Back, past president of the FCI and Cape Chamber of Industries, warned of the damage caused to industries by actinons and of disruptive trade practices, especially from Far East markets.

Dr S J Kleu, chairman of the Board of Trade and Industries, said that local manufacturing to substitute for imported products had entered an area of high-capital costs, large scale sophisticated technologies and high-level skills.

Mineral exports drop for first time in 11 years

Star 22/10/81

2216

74

Mr C T Fenton, vice president of the Chamber of Mines told the National Development and Management Foundation today he expects a modest improvement in the prices of precious metals and base minerals next year.

Towards the end of the year he said he anticipated an increase in the need as well. If this occurs the export sector would again be the forerunner in determining the next upward phase in the economic growth cycle.

Mr Fenton pointed out that for the first time in 11 years, mineral export earnings will show a reduction for this year.'

MERCHANDISE

Last year mineral exports were valued at R15,2-million compared to R2 200-billion in 1970.

In 1970 mineral exports including gold accounted for 58,5 percent of South Africa's total mercandise exports but last year they were 76,5 percent of total export earnings.

Figures for the first seven months of this year indicated a fall of about 11,7 percent in total mineral sales and a drop of an estimated 17 percent in mineral export earnings, Mr Fenton said.

Even allowing for some improvement in the second half, mineral export earnings are likely to be about 15 to 20 percent lower than last year.

Sales of diamonds in 1981 so far are down 42 percent on the previous year; gold is currently down by 20 percent and the other mineral sector, which includes platinum, uranium and vanadium, is down 39 percent.

The only major minerals which have enjoyed higher export sales so far this year compared with 1980 have been asbestos, chrome, coal and fluorspar.

Base-mineral prices have remained relatively static mainly because of the stagnant world economic growth and the continued depressed state of the international steel and metal industries. Mr Fenton says he expected an improvement in the major world economies during next year. — Ann Crotty.

Mineral exports down first time in 11 years

RDM 23/10/81

74

By JOHN MULCAHY

SOUTH Africa's mineral export earnings this year will fall for the first time in 11 years. They will be 15% to 20% lower than in 1980, led by a decline in sales of diamonds, gold and other precious metals.

Mr Colin Fenton, vice-president of the Chamber of Mines, and deputy-chairman of Gold Fields of South Africa, told the National Development and Management Foundation Business Outlook conference in Johannesburg yesterday that demand for minerals, and particularly base-mineral products, tended to reflect the economic performance of the major industrialised nations.

With no sustainable international economic recovery likely until the second half of 1982, no major increase in demand for most of South Africa's mineral products could be expected until late next year.

He was "reasonably certain", however, that the gold market had begun a new upward cycle, and that gold would make a positive contribution to increased mineral export earnings next year.

Declining prices had been the main cause of SA's weaker mineral export performance this year, with the gold price averaging R398,38 an ounce for the first eight months of 1981 compared with R447,01 for the same time last year.

Stagnant

Figures from the Department of Mineral and Energy Affairs showed that in the first seven months of this year total mineral sales fell by 11,7% and export earnings fell by 17% from January to July.

Base-mineral prices had remained relatively static, in many cases signifying declines in real prices "due mainly to stagnant world economic growth and the continued depressed state of the international steel and metal industries".

Diamond sales had fallen by about 42% this year, the value of gold was down by 20%, and "other minerals", including platinum, uranium and vanadium, were 39% lower than they were last year.

The only minerals which have enjoyed higher export sales this year were asbestos, chrome, coal and fluorspar.

From 1970 to 1980 mineral exports rose from R2 200-million to R15 200-million, with an increase each year until now.

Mineral exports, including gold, accounted for 58,5% of SA's total merchandise exports in 1970, and by 1980 this figure had risen to 76,5%.

Mr Fenton said he was "cautiously optimistic" that a fairly widespread economic revival would begin in the second half of next year.

The current export-led revival of certain European economies would expand, and tax cuts in the US would ultimately stimulate growth. Japan would continue to be a prime economic performer.

Lower interest rates were a possibility, and would induce a more favourable climate for investment in precious metals and other hedging mineral commodities.

"I would not, however, discount the possibility of more volatile interest rates, particularly associated with crowding out in the tight financial markets in the US, which could make trading in precious metals fairly precarious and lead to some fluctuation in prices."

Several forecasts for the world steel industry indicated a revival in production next year, and it was to be hoped that SA would be able to sell its minerals related to steel, metal and ferro-alloy production in more favourable markets next year.

Coal second

Coal export earnings totalled R488-million for the first seven months of this year, said Mr Fenton — more than 30% higher than in the same period last year — and were expected to comfortably exceed R800-million by the end of the year, placing coal second to gold as SA's main export earner.

There were, however, some signs of slackness in the world coal market, and maintenance of real export earnings from coal would be "perfectly satisfactory" under current market conditions.

The improved economic performance of the major countries should assist industrial demand for gold in 1982, said Mr Fenton. Demand for low-premium gold — in jewellery or small gold bar form in the Middle and Far East — had shown signs of strong recovery in recent months.

It was estimated that demand for low premium gold in the Middle East could exceed 200 tons this year, and a similar amount could be bought in the Far East, with 120 tons being imported by Japan alone.

Prospects for lower interest rates next year, especially in the US, and a consequent decline in the dollar's value, should signify an improved investment climate for gold.

A major factor influencing sentiment in the gold market next year would be the report of the US gold study commission, expected in mid-1982.

"The groundswell of opinion in Washington suggests that unless some sign of improvement in the US economy, particularly a fall in interest rates, is forthcoming in the near future, then the potential for some use to be made of gold in US domestic policy will be considerably enhanced."

Safto plea for export finrand

RDM 22/10/81 (74) (186)

By PAT SIDLEY

SOUTH African exporters should be placed on the same footing as foreign investors and allowed to use foreign exchange to buy financial rands for investment in production capacity earmarked for export markets.

This plea was made by Mr W B Holtes, chief executive of the South African Foreign Trade Organisation (Safto), in his address to the Business Outlook Conference of the National Development and Management Foundation yesterday in Johannesburg.

He said: "The introduction of an exporter's financial rand may sound to many of our more cautious policymakers as revolutionary, but the rapid changing tides demand innovative policies."

Mr Holtes forecast for 1981 that rand earnings would drop slightly to about R9 450-million, although export volumes were expected to be lower than they were last year.

"We believe that a marked increase will take place in 1982 when non-gold export earnings should reach nearly R11 000-million," he said.

SA's economic growth was "more export led than we care to admit".

Long-term policy should concentrate on diversification from gold and dependence on Western Europe. Export policy should take precedence over other policy considerations.

"The current conflict between monetary and export policies is a case in point."

Most gains in export earnings would take place in some agricultural products like maize, sugar and vegetable oils and in chemicals and minerals.

These are some of Safto's forecasts:

- **Gold:** An average price of $450 for 1981 and $500 for 1982, earning R8 100-million this year and R9 000-million next year
- **Maize:** About 5 500 000 tons will be exported against a background of falling Chicago prices and a reduced African market
- **Citrus:** A further increase to 477 000 tons
- **Sugar:** This year 615 000 tons should be exported — and increase on 1980-81. The present price of £200 a ton could rise to £250, resulting in a substantial rise in earnings to R340-million in 1982 (R260-million this year).
- **Coal:** Exports could earn R885-million in 1982. The increase should be between 10% and 12% "if Poland remains out of world markets".
- **Iron ore:** In spite of the slump, exports are expected to increase.
- **Fertiliser:** After the drop in exports this year "performance is expected to stagnate".
- **Explosives:** Exports are expected to rise steadily. Phosphoric-acid exports will be lower this year than last but should recover next year "due to the lifting of the US embargo on supplies to Russia.
- **Diamonds:** The drop in exports is expected to be more pronouced this year and to continue well into 1982.

Mr Holtes warned that it would be "wrong to overplay the dependence of Africa on South African foodstuffs or to overemphasise the effect of trade on any political rapprochement possibilites"."

"We in the private sector can only hope that by intensifying our trade links with Africa we will strengthen the voice of the businessmen in the African countries concerned and that this will help towards a greater pragmatism and realism in the pursuit of economic policies in the countries in quetion.

"South Africa is not served by being surrounded by a poorhouse — our own interests demand an increasing prosperity in Africa and any efforts to drag Africa's inherent and tragic problems into our own political arena are bound to backfire."

S. Times 25/10/81

German-SA trade grows

By Vera Beljakova 74

THE number of German companies represented in South Africa now totals 600.

More than 45 000 people are employed by companies which are more than 50% German-owned, and over 200 companies with German capital investment are trading in South Africa.

After the US, Germany is South Africa's second-largest supplier, accounting for 11,3% of exports for the first five months of this year.

Germany is South Africa's fourth-largest customer, taking 4% of South Africa's exports

These figures have been released by the SA-German Chamber of Trade and Industry, which has published a German newsletter describing German-South African trade relations in glowing terms.

It suggests that German investors in South Africa will enjoy success as indeed will German technically skilled manpower which can benefit from professional opportunities.

The publication further emphasises that the economic boom since 1977 has pushed South Africa into a leading role as a trading partner with Germany, particularly since it is one of Germany's foremost raw-material suppliers.

Last year South Africa imported goods worth R14 000-million and exported goods worth almost R20 000-million.

SA trade R14 223-m for five months

S. Times 28/6/87 (74)

By Vera Beljakova

SOUTH Africa's bilateral trading figure rose to R14 223,6-million for the first five months of this year.

Imports rose to R7 007,3-million while exports amounted to R7 216,3-million, with the US being both main supplier and buyer.

South Africa exported to the US goods worth R595,6-million and importing R948,4-million. The US accounted for 13,5% of the imports and 8,3% of the exports.

Imports worth R837-million were supplied by West Germany, R823,2-million from the UK, and R781,5-million from Japan.

Switzerland imported goods worth R515,6-million, Japan R465,4-million, the UK R424,1-million and West Germany R291,6-million.

Although South Africa's export surplus for the first half of the year was R162,3-million, this sum is R3 175,5-million short of the figure for the same period last year.

Nedbank gloomy on 1982 export prospects

74 uca

RDM 26/10/81

Financial Reporter

THERE is little to justify optimism for South Africa's export prospects for most of 1982, according to a survey by Nedbank's Economic Round-Up.

The survey looks basically at the relationship between the US economy and South Africa.

It says: "The South African economy continued to grow relatively rapidly in the first half of 1981.

"In contrast, since the beginning of 1980 its major merchandise export markets, with the exception of Japan, experienced slow or in some instances declining economic activity.

"The result was a fall in the value of merchandise exports at a time when merchandise imports were rising rapidly.

"After increasing by 9,7% during 1980, the value of merchandise exports fell by 8% on a seasonally adjusted annualised basis in the first half of 1981.

"The US economic performance and the dollar's strength also directly affected the gold price.

"After averaging $614 in 1980 it dropped to an average of $499 an ounce in the first half of 1981.

"This fall partly reflected the drop in the US inflation rate as gold bullion is considered to be an important inflationary hedge.

"The bullion price was depressed also by the high levels of real US interest rates as they increased the opportunity cost of holding the metal and the cost of financing its purchase."

The bank says: "In the light of the disappointing performance of the world economy during 1980 and 1981 and its lagged effects on South Africa's export earnings there is little to justify optimism about South Africa's export performance for most of 1982.

"Any early recovery will depend on the success of the supply-side experiment introduced by the new US administration though the rand's depreciation on an effective basis may also help.

"However, supply-side economics is an untested hypothesis. Furthermore, the currently high level of US interest rates and businessmen's concern over the size of the US Federal Budget deficit threaten its success.

"The likely outcome for 1982 is a small increase in US economic activity and consequently the volume of world trade.

"This can be expected to lend impetus to South African exports only towards the end of 1982 or early 1983.

"The current account of the balance of payments is, therefore, likely to be in deficit for the whole of 1982."

Looking at the South African economy, it says: "The course of domestic economic activity through 1982 will be determined by a combination of internal and external factors.

"The main internal factors are the present capacity constraints, the very high inflation rate and the auhtorities' determination to retain control over the increase in the money supply.

"The few indications since midyear show that domestic demand is now responding to the tighter monetary conditions.

"If the past is to be a guide, personal savings will first have to be built up and debt consolidated before the next consumer spending boom can be expected.

"No post-war economic upswing has started in South Africa without some prior revival in export earnings.

"In this respect, too, the next upswing is likely to follow the normal cyclical pattern."

Bavaria wants SA coal

RDM 27/10/81

215

77

74

MUNICH. — Bayernwerk, the State-controlled power utility in West Germany's biggest federal state Bavaria, plans to start talks in early 1982 on buying coal from South Africa, says the Bavarian Minister of Economics, Mr Anton Jaumann.

He said on his return from South Africa that Bavaria was interested in South African coal as the price was much lower than that from coalfields in the Ruhr.

South Africa's current annual export quota of 27-million tons had not been used and Pretoria had decided to boost exports to 80-million tons a year in the next few years.

Mr Jaumann said the South African Government had made it clear that it was willing to conclude long-term contracts to supply coal to reliable partners.

South Africa's readiness to sell coal was as great as Bavaria's willingness to buy it, he said.

Trade balance is back in the black

RDM 28/10/81

74

SOUTH Africa's export-import balance moved back into the black last month with a surplus of R10-million, according to provisional figures from Customs and Excise.

By HOWARD PREECE

That followed deficits in July and August of R210-million and R194-million.

There was, however, a small surplus of R6 500 000 in June.

For the first nine months of the year the trade deficit, as measured by Customs, was R232 400 000.

In the January to September period last year there was a surplus of R4 673-million, which means a swingaround of R4 905-million.

Exports include gold bullion and Krugerrands and imports include oil and military equipment.

The figures do not, however, include so-called "invisibles" — shipping, insurance, dividend and interest payments and others.

South Africa now runs an average monthly shortfall of around R250-million on invisibles.

In September exports totalled R1 524-million and imports R1 514-million.

For the nine months of the year exports were R13 252-million — 13,8% down on the 1980 equivalent of R15 075-million.

The R1 823-million drop would be primarily accounted for by the fall in the gold price.

Imports for January to September were R13 484-million, about 29,5% higher than the R10 402-million level in the corresponding period last year.

There is now some evidence that the import flood is moderating, which would certainly be expected as the economy moves steadily into the downswing.

In the first four months of this year imports were running at 35% above the 1980 level so there has clearly been some easing over the last few months.

At the beginning of the year the best guess of private sector economists was that imports would be about 25% up on those of 1981.

That does not look like being too far out.

Although Customs figures are provisonal and should always be treated with caution they do broadly support the view that the overall deficit on the current account of the balance of payments will be around R4 000-million this year.

A shortfall of R250-million a month on invisibles would give an annual deficit of R3 000-million.

Trade could add close to another R1 000-million if imports show their normal seasonal upturn.

Since there was an upturn last year as well, of course, that would not be incompatible with a moderating increase over the 1980 figures.

Trade with Europe totalled R5 519-million in imports and R3 535-million during the first nine months this year.

In the case of the United States the nine months' import figure was R2 243-million (R1 531-million last year), while export figures were R1 461-million this year (R1 582-million last year).

For Africa imports were up from R213-million last year to R246-million this year.

Exports were down from R848-million last year to R767-million.

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(74)

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

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Registered at the Post Office as a Newspaper *As 'n Nuusblad by die Poskantoor Geregistreer*

PRICE (GST included) 30c PRYS (AVB ingesluit)
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VOL. 197] CAPE TOWN, 6 NOVEMBER 1981 / KAAPSTAD, 6 NOVEMBER 1981 [No. 7889

OFFICE OF THE PRIME MINISTER

No. 2352. 6 November 1981.

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 114 of 1981: Customs and Excise Amendment Act, 1981.

KANTOOR VAN DIE EERSTE MINISTER

No. 2352. 6 November 1981.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 114 van 1981: Wysigingswet op Doeane en Aksyns, 1981.

SA accused of 'unfair' low prices on exports to the U.S.

S. Times 15/11/81

74

By RICHARD WALKER

THE United States has threatened to throw up a steel curtain against South Africa — charging it with breaking international agreements by exporting at "unfairly" low prices.

But the European Common Market is expected to side with the Republic, possibly causing a bitter trade war.

First shot came from the Commerce Department in Washington, which accused South Africa of "unfair competition" in selling subsidised steel in the US.

The product cited is carbon plate, which is used in heavy industry from machinery construction to bridge building.

South Africa is not alone. Belgium, France, Brazil and Rumania are all on the American charge sheet.

Belgium and Brazil are cited for the same alleged sin as South Africa, while the French are accused of cheating with subsidised hot rolled steel exports and the Rumanians are said to be selling carbon plate in the US at less than it costs to produce.

Common Market officials have warned that the US could trigger retaliation against a wide range of American products.

Clothing imports 'tip of iceberg' —US expert

Argus 25/11/81 (74) (~~184~~)

THE level of clothing imports now worrying South African manufacturers is only the tip of the iceberg, says an American trade expert.

'We came close to hitting it in the United States,' Mr Ellis Meredith, president of the American Apparel Manufacturers' Association, said in an interview.

Mr Meredith, who has been visiting South Africa, calls himself 'a hired gun lobbyist' for the industry in the United States.

He said clothing provided jobs in South Africa for people who needed them.

'In the United States alone the current level of clothing imports is equal to 280 000 jobs — 180 000 jobs lost plus 100 000 jobs not gained because imports supplied all increased demand.'

The international multifibre agreement was the key to orderly marketing of clothing products world-wide and was due for renewal at the end of the year.

The United States and other European countries had clauses in their tariff laws to provide, if the MFA was not renewed, that any tariff concessions made on clothing and textiles would be increased to previous levels.

'Without the MFA, the climate for clothing production and trade in the 1980s will be very unstable at best. If some importing countries reduce the flow of clothing from lesser developed countries into their markets, the exports will be forced to try to expand to other markets.

'If this occurs, the United States will not be the market of last resort. In most clothing areas, the United States is willing to share its market growth with others, but we will not be put out of business.'

Credit incentive for exporters

74

Sta 22/12/81

The Industrial Development Corporation and the Credit Guarantee Insurance Corporation of Africa announced in a joint statement that the lending rates of the country's export credit finance scheme is to be increased by two percent a year.

The scheme enables exporters to win contracts abroad by offering favourable interest rates on credits to buyers.

It is offered by Credit Guarantee in co-operation with the Department of Industries, Commerce and Tourism, which provides the necessary guarantees, and the IDC, in co-operation with the commercial banks, which mobilise and lend funds from the banking system.

The industrial countries, South Africa's main competitors in the field, have already reached an agreement to raise their export rates to a level ranging from 9,25 to 11,25 percent.

South African rates will now range from 9 to 9,5 percent, and apply to loans or credits for which an application for a payment guarantee has reached after January 29, 1982.

On existing options for the availability of guarantees, valid until not later than March 31, 1982, the old rates apply.

An existing options for the availability of guarantees, valid until not later than March 31, 1982, the old rates apply.

In every case, the new rates will be applicable to contracts not signed before April 1, 1982, by exporter and buyer. — Sapa.

German exports to SA soar by nearly R500-m

~~72~~

74

Star 28/12/81

Py Frank Jeans

German moto· manufacturers have ı king-size share of the increase ın their country's exports to South Africa during the nine months from January to September which rose by more than R476-million.

According to figures released by the South African-German Chamber of Trıde and Industry, this represents a 36 percent rise over last year's comparable period of R1 323-million hoisting the figure to nearly R1 800-million.

End products of German manufacturers won the ouik of the trading gains, accounting for nearly R333-million and of this, motor sal·s were valued at R189,2-million.

Other top sellers were tools, power supply equipment, generators and pumps and pneumatics.

On the other side of the trade scale, South Africa's sales to West Germany declined slightly in rand terms (R975,5-million) from R977,7-million.

This was partly due to the weak marr, making South African exports more expensive in 1980 compared with last year.

Krugerrand and industrial gold sales, however, helped to improve this picture as export increases amounting to R57,4-million in these sectors were recordec.

South Africa is also making big strides into West Germany with its coal experts.

Total coal sales in 1980 were valued at R50,3-million, while the figure for the January September period this year alone has hit R61,2-million.

74 Industrial Week 24/11/81

Foreign predators on the prowl

By James Lodge

A CALL for selective import controls to thwart foreign 'commerical predators' who exploited SA was made last week by Basil Landau, chairman of Sappi Limited, at the official opening of the company's new R20-million paper mill at Milnerton, near Cape Town.

It was time for the Government to step in and protect South Africa industry from unfair competition from abroad, he said.

"I am not suggesting that barriers should be erected indiscriminately against imports. But I do believe that a strong case can be made out against those foreign manufacturers who, when it suits them, dump cut-priced goods on the local market.

"Unlike those of us who live and work here, they do not have the long-term interests of the South African economy and the South African people at heart. They are commercial predators, looking for a quick kill, and it is unfair that they should be allowed to compete on these terms against South African companies."

Calling for another look at the tariff protection system to protect 'those companies that were backing SA's future', he pointed out that Sappi's current expansion programme will cost 'the best part of a billion rand' and will provide employment, direct and indirect, for more than 3 000 people.

"By any standard, that is a massive investment. It is an investment which is being made to increase SA's production capacity and to provide much needed employment.

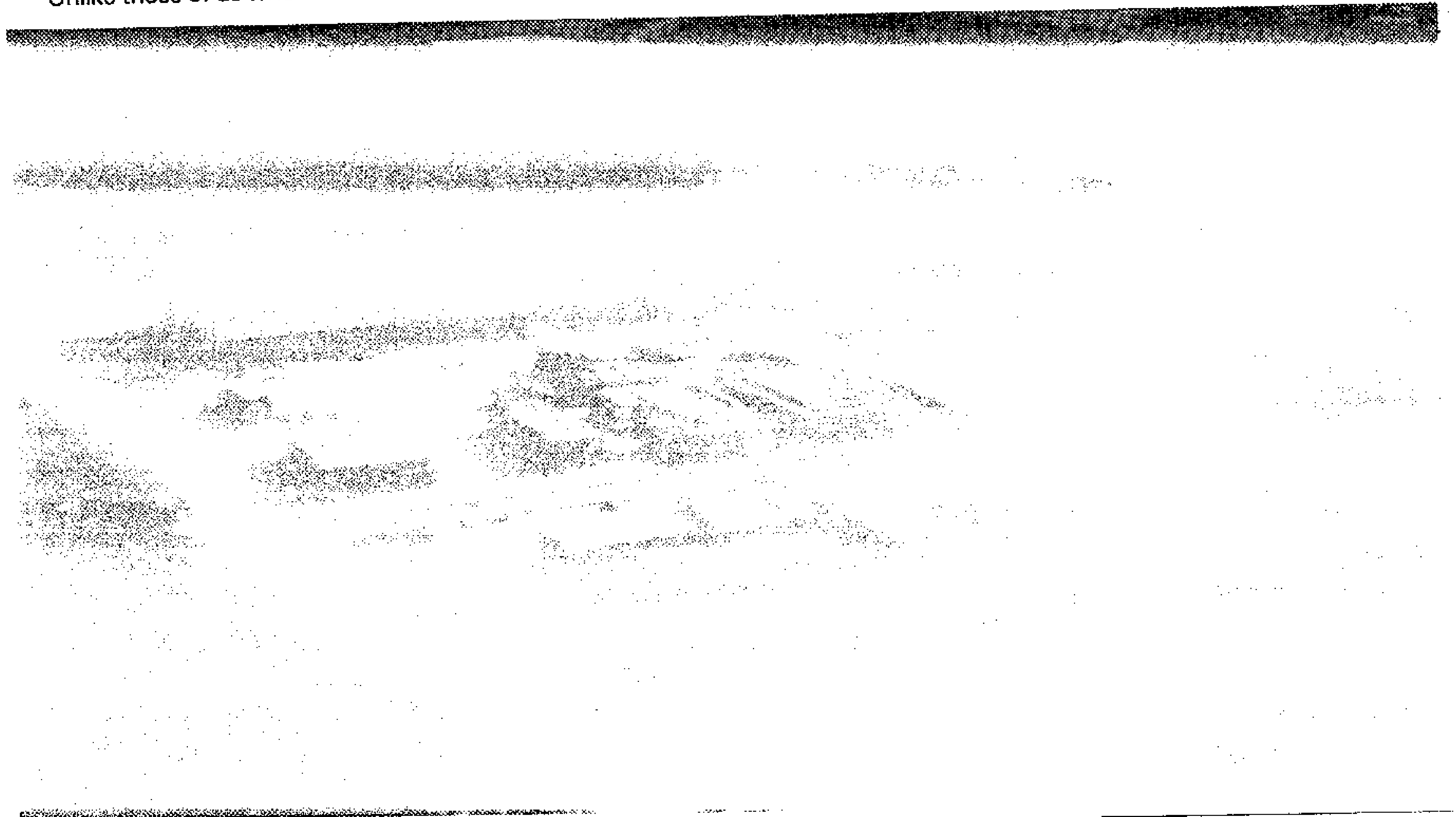
"The question that now arises is whether a company that is investing on such a scale in its country's economic welfare should not be given a greater measure of protection by the Government against unfair competition from abroad."

The Milnerton mill, officially opened by Finance Minister, Professor Owen Horwood, will have an initial annual production of 28 000 tons of paper a year and is the first Sappi mill to make all its products from recycled waste paper.

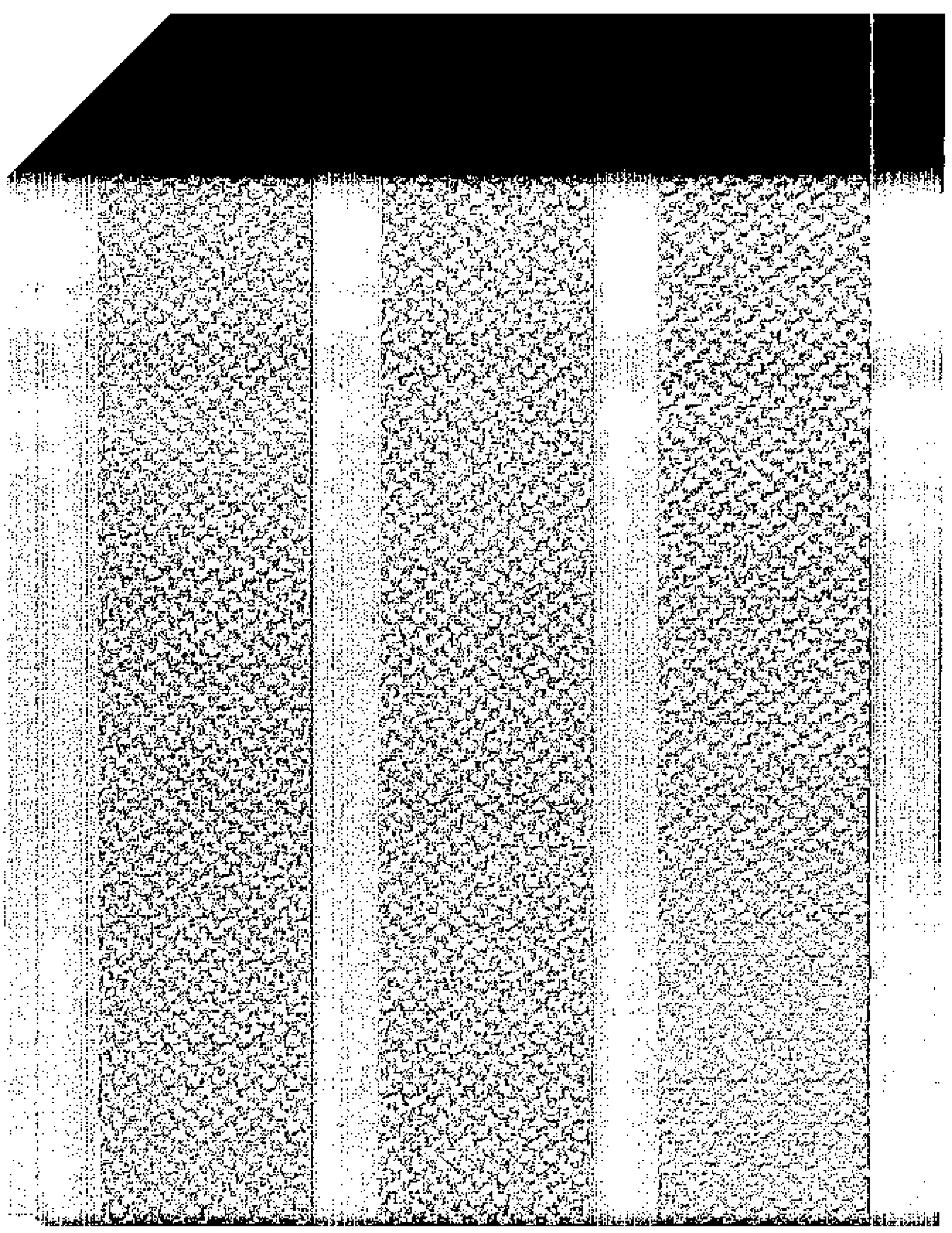
The mill will save the Western Cape packaging industry large sums by providing a local supply of linerboard and fluting for corrugated boxes.

The mill will consequently be a major benefit for the wine, textile, canning and clothing industries in the area.

"We will also be recycling water in the production process," Eugene van As, Sappi's MD said.



An aerial view of the new Sappi Cape Kraft mill in Montagu Gardens.



German exports to SA increase

(74)

Evening Post 29/12/81

JOHANNESBURG — In the first nine months of 1981 the Federal Republic of Germany improved its export trade to South Africa by R476,5 million or 36% against the same period of last year, showing a total of R1 799,9 million as against R1 323,4 million, the South African-German Chamber of Trade and Industry announced.

The chamber finds that the majority of these improvements amounting to R387,9 million fall into the category of end products of which German motor manufacturers have a share of R189,2 million.

Other sectors such as toolmaking machinery, power supplies/generators and pumps/pneumatics also improved their exports.

South Africa, on the other hand, showed a dollars decline of its exports to Germany by 0,25% in DM terms, its exports, in US dollars however, showed a decrease of 21,3%.

In the period from January to September, 1981, goods amounting to R975,3 million (nine months 1980: R977,7 million) have been exported. — Sapa

FOREIGN TRADE
1982

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'Rubber' exports delayed

74

Sunday Tribune 3/1/82

Finance Reporter

THE recession in most of the Western world's major economies has caused Sentrachem to delay its plans to export substitutes for natural rubber from its R350-million Karbochem rubber from afprene plant, due to come on stream this year.

Dave Marlow, Sentrachem's managing director, said in August the first tons of polyisoprene (PIR) rubber that would be produced would be exported.

However, this week, Daan Malan, Karbochem's managing director, said he did not forecast any signifcant exports.

"A number of overseas plants are selling at rock-bottom prices, merely to keep going and several have been forced to shut down."

Karbochem, he said, would now only start investigating export possibilities in the middle of this this year when, he hopes, the economies in the rest of the world will start reviving.

Malan said that this has not delayed anything in the development of the employment to about 400 whites and 400 blacks this year.

Production of plant which will offer styrene-butaden-rubber (SBR) and poly-butaden-rubber (PBR) is due to start before the middle of this year.

SA's trade deficit back in the red

(74)

RDM 4/1/82

By JOHN MULCAHY

SOUTH Africa's trade balance swung further into deficit in November, with imports exceeding exports by R244-million, according to preliminary figures released by the Department of Customs and Excise.

This follows surpluses of R40-million in October and R10-million in September, and deficits in July and August of R210-million and R194-million respectively.

The deficit for the 11 months to November was R436-million, from imports of R16 946-million and exports of R16 510-million, according to preliminary figures released by the Department of Customs and Excise.

In January to November 1980 the country had a trade surplus of R5 272-million, showing that there has been an adverse swing of more than R5 700-million since November 1980.

Exports dropped to R1 540-million in November from R1 720-million in October, while imports rose to R1 784-million from R15 161-million in October.

The figures include exports of gold and Krugerrands and imports of oil and military equipment.

For the first 11 months of last year exports were R16 510-million, down 10,3% on the 1980 equivalent of R18 422-million. The main factor in the export fall has been the lower gold price in the past year.

Imports up to November, at R16 946-million, were 28% higher than the figure of R13 150-million reached in the first 11 months of 1980.

Trade with Europe totalled R6 917-million in imports in the year to November compared with R5 225-million in the same period of 1980, while exports fell to R4 454-million from R4 774-million.

South Africa's imports from the US rose to R2 836-million from R2 046-million, and exports dipped to R1 773-million from R1 951-million.

Imports from Asia rose to R2 570-million from R1 655-million while exports increased to R1 978-million from R[illegible]-million.

SA's [illegible] from Africa increased to R300 700 000 from [illegible] 400 000, while exports [illegible] to R918-million from [illegible]-million.

Exports to Oceania rose to R95 200 000 from R89 600 000, and imports increased to R148 900 000.

Other goods and balance of payments for imports rose to R4 174-million from R3 861-million, with imports in these categories falling to R7 254-million from R8 736-million. Exports of ships and aircraft stores dropped to R37 600 000 from R42 700 000.

Meanwhile, the South African German Chamber of Trade and Industry reports that in the third quarter of 1981 South Africa jumped two places to 11th position in a 45-country comparison on factors influencing foreign investment.

The study, compiled by the BERI Institute in the US, considers aspects such as political stability, attitude to foreign investors and profits, nationalisation, monetary inflation, balance of payments, bureaucracy, economic growth, currency convertibility, labour cost and productivity and other factors.

Heading the list is Switzerland, followed by the US, Japan, Singapore and West Germany.

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SA wines sell well in US

JOHANNESBURG — After a marketing campaign of only eight months, South African wines are now being distributed in eleven American states, and the United States is on the way to becoming the Republic's third biggest natural wine export market.

The assistant general manager (marketing) of KWV, Mr Godfrey de Bruin, said last night the prospects in the United States were very exciting. Wine sales in only eight months had amounted to almost R0,5m, and the export potential for brandy and some South African liqueurs was also good.

Mr De Bruin added that in the long run it would be production which would limit the quantity of wine South Africa could export to the United States.

He pointed out that, despite the current recession, the huge American market of over two-hundred-million people was not a poor one, and could afford to pay for the imported product.

Against this background, an eventual annual market of R6m to R8m in sales of South African wines was not beyond the bounds of reality. — SAPA.

RDM 7/11/82

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Seifsa looks abroad

By PENNY CUMMINS

WITH a downswing in the economy looming, the Steel and Engineering Industries Federation of South Africa is pinning its hopes on South Africa's major trading partners experiencing a recovery by the end of the year.

Mr D L van Coller, director of Seifsa, believes that growth in the steel and engineering industry is likely to be inhibited by tightening financial conditions, strict discipline over Government infrastructure spending, constraints arising from an adverse balance of payments, and possible high interest rates.

He predicts that the expected slowdown in the economy and the high level of inflation will lead to further difficulties in industrial relations.

The outlook for steel and engineering is not particularly rosy.

He predicts that physical volumes of production will vary from a minimal growth rate for the non-electric machinery sector to 3% or 4% for some sub-sectors in the electrical machinery industry and metal products.

He describes this year as one of consolidation and adjustment for the basic metal, metal fabricating and engineering industries.

The domestic demand for steel products fell towards the end of last year, and export orders for steel ingots remain depressed. The ferroalloy industry operated at reduced capacity throughout 1981, and its hopes for partial recovery in export sales this year depend on a rise in steel consumption in the major industrialised countries.

Stainless steel has entered a phase of expansion, and the industry hopes for further import replacement and export demand.

The metal fabricating and engineering industries expect a slower performance in the agricultural and irrigation machinery and equipment sector, and a reduced output of motor vehicle components in the second quarter.

The heavy engineering industry is a bright spot. It has received stimulus from the expansionary phase in the mining and electricity-generating sectors, and from long-term contracts being implemented in the mining industry and by Iscor, Escom and the Railways.

Boiler manufacturers especially are experiencing an upturn from orders for power station equipment and industrial boilers.

The structural steel and reinforcing steelwork sectors have also benefited from the infrastructure developments in the mining and energy-generating sectors, but competition is severe and profit margins remain low. The industrial refrigeration and air-conditioning industries experienced buoyant conditions last year, which they expect will continue.

Shipbuilders have reasonably full order books in the short term, but no orders in the medium or long term. Severe competition from overseas yards and the availability of second-hand vessels are a source of major concern for this year.

The shiprepair industry continued to be erratic in 1981, with no significant improvement in demand.

But the continuing worldwide growth in the offshore oil industry causes South African shipyards to hope for further export orders for oil rigs.

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New trade treaty for SA, Zimbabwe

74

Star 7/1/82

Chief Reporter

South Africa and Zimbabwe are expected to hold talks later this month on a new trade agreement as the old preferential trade agreement lapses in March.

Dr Tjaart du Plessis, the Director-General of the Department of Industries, Commerce and Tourism, confirmed today that he had asked for the meeting to be held some time this month.

He said the new agreement would not necessarily be on the same lines as the old preferential agreement.

Dr Du Plessis said that Zimbabwe approached South Africa late last year for talks. South Africa replied that it was prepared to carry out normal trading relations with Zimbabwe and take part in talks.

'Unlikely'

Mr Brand Fourie, Director-General of Foreign Affairs, said South Africa gave notice nearly a year ago that the preferential trade agreement would lapse this March, adding that South Africa was prepared to discuss a new agreement.

A business report in The Herald published in Salisbury today, said South Africa had offered to renew the preferential trade agreement with Zimbabwe due to end in March.

But a South African spokesman said this is unlikely as the new agreement is expected to be different from the previous one.

According to the Salisbury report, officials of the two countries will meet in the transit lounge at Jan Smuts Airport.

South Africa is Zimbabwe's main trading partner and the announcement on the ending of the agreement was seen as an unfriendly act by Pretoria.

Zimbabwe 'will lose millions' without SA

74

Star 8/1/82

The Star's Africa News Service

SALISBURY — Zimbabwe could lose more than R65-million a year in foreign exchange earnings and up to 7 000 workers could lose their jobs if the preferential trade agreement with South Africa is not renewed.

In an analysis prepared for the Zimbabwe Government, the Confederation of Zimbabwe Industries warns that unless alternative trading partners are found quickly, industry also faces an 18 percent cut in foreign currency allocations.

It adds that it is improbable, at this stage, that alternative trading partners can be found in time.

Failure to renegotiate the pact will have the effect of adding an additional 7,5 percent to the prices of Zimbabwean exports.

When taken with the effective revaluation of the Zimbabwe dollar against the rand over the past year, this will considerably increase the cost of Zimbabwean manufactured goods covered by the pact.

Made in Taiwan men in massive export drive

77

Sunday Express 10/1/82

SA IS THEIR TARGET IN 1982

TAIWAN'S determined assault on the South African market enabled it to increase its exports to this country fourfold in the first 10 months of 1981, compared with the first 10 months of 1980, according to Taiwanese figures.

In the first 10 months of 1980 Taiwan exported goods to the value of $62,9-million to this country and increased its exports to $265-million in the first 10 months of last year.

Emboldened by that success, Taiwan exporters are to spend millions this year in an effort to further increase business with South Africa — to a point where they will be able to balance the two-way trade.

The trade balance is at the moment substantially in South Africa's favour.

By DAVID PINCUS

According to trade figures suppplied by Michael Ko-Ming Wei, Vice-Consul (commercial) of the Consulate-General of the Republic of China in Johannesburg, Taiwan's exports to South Africa amounted to $160,8-million for the whole of 1980. They increased by nearly $100-million in the last two months of the year.

In the first 10 months of 1980, South Africa's exports to Taiwan amounted to $162,5-million and increased by more than $100-million in the last two months of the year to enable it to boast of exports worth $266,1-million for the whole of 1980.

South Africa's exports to Taiwan shot up by $153,1-million in the January to October period of 1981, to $315,6-million, a highly satisfactory 94,2% increase over the same period the year before.

Wei told me his country was to send a number of trade missions to this country to sell into this market during this year.

Its industrialists will also exhibit at a number of specialised trade exhibitions.

"A number of firms from Taiwan will exhibit at the machine tool exhibition to be held in Johannesburg next month," Wei said.

"Unfortunately we woke up a little late and could get space for only 15 machine tools; but the next time it is held we will be here in force.

"There were many manufacturers who were bitterly disappointed that they could not get space to exhibit their products.

"We feel there is a great opening in this country for our machine tools.

"In March a big garment exhibition is to be held in Cape Town. Unfortunately our garment makers could not get space to exhibit there, but they will send a trade mission to visit the show and we have hired space in a hotel where we will hold our own exhibition.

"However, our fashion industry will be exhibiting at a big fashion show to be held in Johannesburg in July.

"We will naturally be exhibiting again at the Rand Show in April. In August a number of our industrialists will exhibit at Interbou.

"In September our Minister of Economic Affairs will come to South Africa to tie up an agreement on economic, technical and scientific co-operation.

"Many more trade missions are being organised to visit South Africa."

Wei said maize and a railways agreements between South Africa and Taiwan are due to expire during the year and will be renewed.

Dumping suit hits SA

74

Star 12/1/82

WASHINGTON — Seven major American steel producers yesterday formally filed unfair trade practice suits charging European Economic Community (EEC) and other foreign steel manufacturers, including South Africa, with illegally "dumping" their products on the US market.

The suits, filed with the Commerce Department, alleged that steel produced in Belgium, Brazil, Britain, France, Italy, Luxembourg, the Netherlands, Romania, South Africa, Spain, and West Germany was being sold in the United States at a price below the cost of production — a violation of US law.

362 74

Zimbabwe warned on trade pact

RDM 17/1/8

SALISBURY. — The Zimbabwean government should re-negotiate the preferential trade agreement with South Africa to avoid serious losses in foreign currency and jobs, a leading academic, Mr Roger Riddell, said in an interview published in The Herald, Zimbabwe's main daily newspaper, yesterday.

Mr Riddell, chief economist of the Confederation of Zimbabwe Industries (CZI) and a staunch opponent of apartheid, said that if the agreement ended Zimbabwe could lose more than R62-million in foreign exchange and about 6 500 workers would lose their jobs.

"It is also our assessment, from talking to manufacturers, that a substantial loss of exports will result if the agreement is not re-negotiated. And this will have serious effects on our economy," he said.

He said the CZI did not know whether goods currently exported to South Africa under the agreement would continue to be exported if the special tariff rates were withdrawn.

Exports

It also did not know what goods could be diverted from South Africa to the other markets. But the organisation believed there would be a substantial loss of exports if the agreement was ended.

"This is because many manufactured goods destined for South Africa will be priced out of the market and there is little hope of finding alternative markets in the short and medium term," Mr Riddell said.

Job losses could be most severe in the textile, clothing, footwear, general manufacturing, travel and tobacco industries, he said.

Mr Riddell is an outspoken critic of South Africa and an advocate of Zimbabwe's move to a socialist-style economy. — Sapa.

Huge build-up in SA's trade with Taiwan

(74) Star 14/1/82

The drive to build up bilateral trade between South Africa and Taiwan has been a huge success with the total value of two-way business bounding ahead to nearly R580-million for the January - October period of 1981.

And with another two months of trading figures still to be accounted for, there is little dobut that total value for last year will hit the R700-million peak.

This is a superb trading performance when it is remembered that SA-Taiwan trade was worth R276-million for 1980 and is a boost which puts South Africa the top customer for Taiwan in Africa in terms of total trade.

Nigeria is next, although still the top buyer of Taiwan goods (R307-million for January-October 1981) compared with R265-million from South Africa.

In the 10-month period, South Africa has sold goods to the value of R315-million to Taiwan compared with R167-million for the same span in 1980.

The trade growth is even more significant when taken over the eight years since 1972 when total trade was a mere R27-million.

Sales the other way during the January-October period of 1981 were just as healthy, netting Taiwan R116-million as against R53-million previously.

The trading prospects for both countries are also encouraging, particularly with the programme during 1982 for reciprocal missions for businessmen.

The main local thrust will come from the South African-Republic of China Chamber of Economic Relations which will send a mission in April, with Taiwan textile manufacturers scheduled for a visit here at the end of February.

South Africa could well have lessons to learn on the productivity front for it is on high worker-output levels that much of the Taiwan success in foreign trade is based.

The Saroc mission in April will include Manpower and Management Foundation of Southern Africa representatives who will take a hard look at productivity.

Mr Michael Wei, commercial attache of the Republic of China says: "Productivity in Taiwan as in other areas of the Far East is high and this is based on good management concepts which in many ways differ from Western standards. — Frank Jeans.

Star 15/1/82 (74)

SA's trading importance to Zimbabwe is 'critical'

By Robin Drew
The Star's Africa News Service

SALISBURY — The critical importance to Zimbabwe of South Africa as a trading partner has been emphasised by industrialists who are urging Mr Robert Mugabe's Government to try to renegotiate the trade agreement between the two countries.

Officials are expected to meet later this month to discuss the agreement, which is due to end in March.

South Africa last year gave 12 months' notice of termination. So far there has been no contact between the two Governments on the issue.

The chief economist of the Confederation of Zimbabwe Industries, Mr Roger Riddell, forecasts a bleak outlook if the preferential agreement is not renewed.

His estimate of the initial loss to Zimbabwe of having its goods priced out of the South African market is R70-million. The Government's estimate is about half this sum. But even at the lower figure, about 3 000 jobs would be lost and the clothing, footwear and furniture industries would be hard hit.

More than 90 percent of clothing and footwear exports go to South Africa. So does 85 percent of furniture exports and so do most leather and travel goods exports.

Overall, 40 percent of Zimbabwe's manufactured exports go to South Africa. In 1980 they earned R115-million in desperately needed foreign exchange.

The ability to switch exports to other parts of the world is severely limited, says Mr Riddell, because of the prolonged recession in the West, increased protection within industrialised countries and Zimbabwe's difficult geographical position which adds a high transport cost to total production costs.

He described opportunities in neighbouring countries as equally bleak in the short term.

The consequences of ending the agreement hinge on the ability of Zimbabwean exporters to continue exporting to South Africa under higher tariffs.

The confederation of industrialists believes the blow will be severe.

Said Mr Riddell: "Among textile, clothing, footwear, leather and travel goods and cigarette exporters, the view is expressed that their products will no longer be competitive and that their export trade to South Africa will cease."

Other officials in Salisbury say the ripple effect of a sharp cut in foreign exchange earnings will be even more severe than the initial loss.

They say the consequent drop in allocations for imported parts and machinery could result in an eventual loss to the country of between R200-million and R300-million.

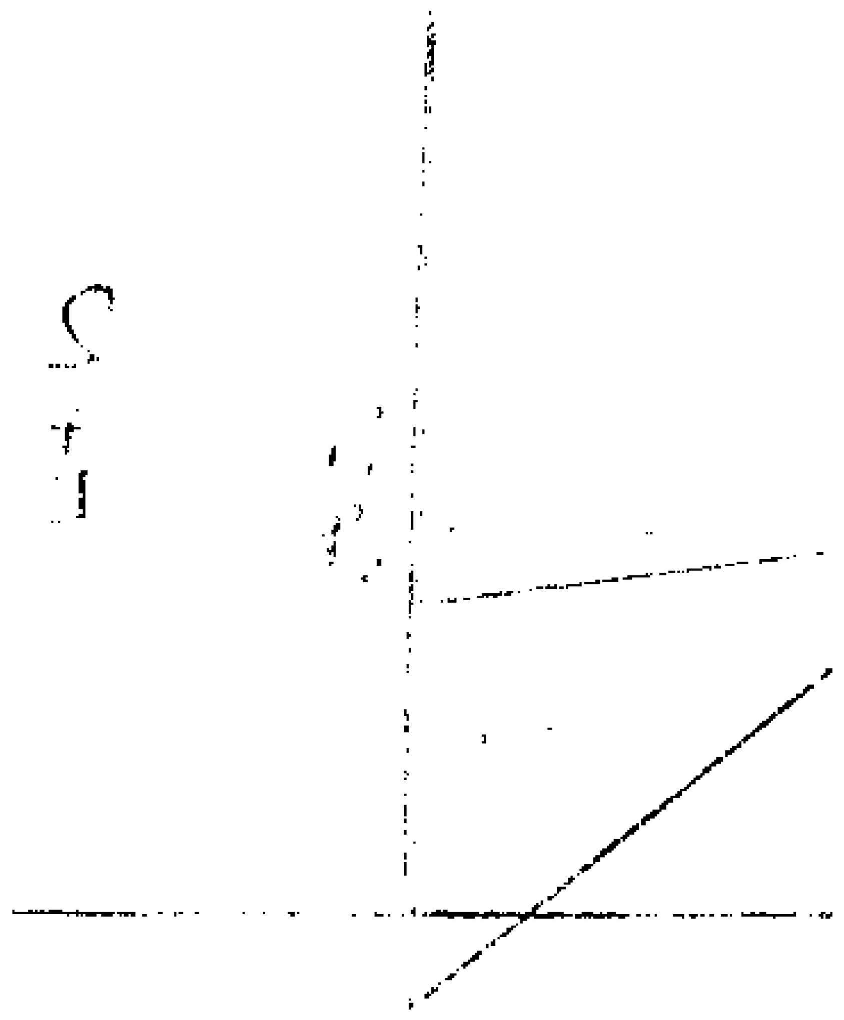
One of the difficulties in the way of a successful renegotiation of the trade agreement is the strained political climate.

The publicity already attracted by the reports of possible talks could create problems for both Governments from hardliners at either end of the political spectrum.

16/1/82

Exports of tobacco products suggested

(74) ~~3~~ Tobacco E. Post



PRETORIA — The tobacco industry should investigate the possiblity of exporting tobacco products, like cigarettes, instead of leaf tobacco, the Tobacco Board said here.

In a commodity group session at the Agrocon '82 conference, the board said the industry would aim to be self-sufficient in future because of its poor competitive position on the international export market.

During 1980 about R294 million was collected by the Government in the form of excise duties on tobacco products.

If, for any reason, this source of revenue should disappear it would mean that the Government would have to look for other sources to provide the necessary income, either by means of an increase in general sales tax or an increase in direct peronal income tax.

The board pointed out that over the long term, production of all classes of tobacco combined would have to be increased by about 25,69% in order to cope with the local and overseas demands.

Experiments were still being carried out overseas to make use of synthetic materials like cellulose as a substitute for leaf tobacco in the manufacture of cigarettes.

"The crux of the matter is to find a substitute for nicotine," the board said. — Sapa

The income shift of S to [illegible] increases from [illegible] investment rises from [illegible] [illegible] results in the [illegible] of income [illegible]

Clearly $\frac{G_0}{Y_0} > \frac{G_1}{Y_1}$, so although more income [illegible] this year into saving due to the [illegible] [illegible] to [illegible], there has been no real change in the ~~[illegible]~~ level of aggregate saving.

This paradox of saving relates to the fallacy of composition, which states that actions of individuals, when summed up, do not necessarily equal the aggregate [illegible]

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Cheap imports flood machine tool market

74 S. Express 17/1/82

Special report by DAVID PINCUS

ALLEGATIONS that machine tools made in Eastern European countries — notably Poland, Czechoslovakia and Yugoslavia — are being dumped in South Africa at prices far below the cost of raw material have been made by Jim Economedes, managing director of the Six Hundred Group.

Even the Government was buying them, he said.

There was nothing to stop their import as in many cases import permits are not required.

"So anyone can import machine tools and sell them. That includes your local butcher or pharmacist," Economedes said.

"A company in Natal has been importing large quantities of lathes from Eastern Europe, mainly from Czechoslovakia, and selling them by auction all around the country."

Economedes said it was not possible for South African machine tool manufacturers to compete in the market against machine tools imported from Eastern Europe.

"They sell their products for less than we pay for raw materials, merely to get foreign currency," he said.

He could not estimate what the importation of Eastern bloc machine tools was costing the local industry, but thought it must be many millions of rands a year.

He said if it were made more difficult to import from the East and if local merchants bought more from local manufacturers, there would be no need for protective tariffs.

Doug Sulen, president of the Machine Tool Merchants' Association, felt that it was not only cheap Eastern bloc machine tools that were causing problems.

Used machine tools "which are being sold at ridiculously cheap prices in Britain and Europe by bankrupt companies or companies that are in distress, and

LITTLE OR NO BACK-UP SERVICE FOR UNITS THAT CAN COST R500 000

being imported to this country, are also having a depressing effect on the market."

There were "many racketeers operating on the South African machine-tool market.

"It would not be possible for so many of these ultra-cheap machines to be sold in South Africa if people weren't so gullible," he said.

"They can be sweet-talked into buying them by skilled salesman and find out only later that, when they need it, there is no back-up service for them."

Frequently this proves to be a costly exercise, with machine tools costing anything up to R500 000.

"At those prices an afternoon of no production can mean real money.

"While it is easy to get machine tools from Eastern Europe, it is most difficult to get spare parts for them. It is not uncommon to have to wait two years for spares. So we are not talking about an afternoon's downtime anymore.

"We are talking about a machine that can cost anything up to a R500 000 being out of production for two years — because, say, a clutch is unobtainable — and the purchase of a more expensive replacement for which there is service.

There was, he said, nothing that could be done to stop the importation of machine tools from the East, or anywhere else, as long as the Government continued with its policy of allowing trade with any country prepared to trade with South Africa.

"The only way it can be controlled is if, due to a shortage of foreign currencies, as we experienced about 10 years ago, the Government decides to step in and make it necessary to get a permit for every machine tool imported."

Sulen did not quite agree with Economedes about the effect Eastern bloc machine tools were having on the local market and Economedes' contention that it was not possible for local manufacturers to compete against them.

"Jim managed to get a 30% protective tariff imposed on imported machine tools similar to those he manufactures. In addition, he has in some cases managed to get a weight-to-cost factor included in the duty imposed on imported machine tools.

"This can raise the price of some machine tools by anything between 60% and 70%," he said.

"If we import low-cost machine tools with a large weight factor the duty should more than take care of machines he is having problems with."

Sulen also felt that local manufacturers "will have to make their machines more competitive and they will have to make a big play on the fact that they give back-up service."

Industry grinds to a record turnover

THE machine-tool industry's turnover this year should equal the record turnover of more than R200-million achieved in 1980 and 1981, according to Doug Sulen, president of the South African Machine Tool Merchants Association.

But, because of inflation, it cannot reach the same number of unit sales, until about 1983 when he forsees another upturn in the industry's fortunes.

"The machine-tool industry is levelling out and consolidating. The graph's curve will flatten, but it will not dip. There will be no repetition of of the bad period between 1974 and 1976 when the industry nearly fell to its knees," he said.

"The growth planned for this country simply does not allow for that to happen.

"The chemical industry, the motor industry, Escom and the South African Railways, to name a few, have all indicated their intention of doubling capacity in the next 10 years, and it all depends upon and needs machine tools," he said.

Leyland blazes bus route

LEYLAND South Africa has become the country's first bus manufacturer to secure substantial orders for Atlantis ADE-engined buses.

United Transport Holdings and the Corporation for Economic Development placed orders, with a combined value of R5 100 000, for a total of 113 Leyland Victory Mark II buses equipped with the new Atlantis ADE 407 six-cylinder diesel engine.

United Transport is the first large bus operator in South Africa to place an order for Atlantis-engined buses.

During June and July this year the Corporation for Economic Development will take delivery of 41 Leyland-ADE buses, while United Transport will put 72 similar units into service.

For several months now prototype Leyland Victory buses with Atlantis ADE engines have completed thousands of trouble-free kilometres with the United Transport and Putco bus fleets.

The Germiston and Alberton municipalities have also placed orders for 17 Leyland Victory Mark II buses, worth nearly R750 000, fitted with the Gardner 6 diesel engine.

FOREIGNERS STEALING TOOL TRADE

Sunday Tribune

17/1/82

74

Finance Reporter

EASTERN European manufacturers of machine tools are harming local manufacturers by dumping their products in South Africa at unbelievably low prices, says Jim Economedes, managing director of the Six Hundred Group.

Economedes, whose company is the biggest South African manufacturer of lathes, says that Polish, Czechoslavakian and Yugoslavian lathes similar to those he makes, are being landed here for less than what he pays for raw materials.

There is no legislation to stop this practice, he says and cites another disturbing factor — the Govern- often buys them.

, import permits are required for machine tools that enjoy tariff proection.

Economedes says most machine tools from Eastern bloc countries find their way here through machine tool merchants.

"If the machine tool merchants bought all their requirements of that type of equipment from local manufacturers, we could get by without any protective tariffs" he says.

Doug Sulen, president of the South African Machine Tool Merchants' Association, agreed with Economedes that there was dumping of machines, on people who bought only on price and did not realise the importance of back up service until they needed it.

He felt, however, that the protective tariffs Economedes was able to get for his products should compensate him and make it possible for him to compete against machine tools similar to those his company makes that are imported from Eastern Europe.

"Jim managed to get a 30 percent protective tariff and a weight to cost factor in duty," Sulen adds.

"He has the answer in his own hands. He can make his machines more competitive and he can design his marketing strategy to lay emphasis on the fact that he gives good back-up service.

"With machine tools today costing R250 000 and as much as R500 000, back-up service is of vital importance. If a machine tool of that price stands idle for an afternoon it means big money."

He says the vast quantity of used machines available in Britain and Europe as a result of the recession there is also bedevilling the machine tool market in South Africa.

"Those machines are going at ridiculously cheap prices and, like machine tools from Eastern Europe, can in certain circumstances be imported without any import permits being demanded by the authorities," he says.

"That means that anyone can import them.

"The only way to stop it is for the authorities to make it necessary for an import permit to be obtained for every machine tool that is imported. But that will not happen unless our foreign reserves dip so low that they are forced into it.

"They had to in the early Seventies when we had foreign exchange problems. We had to get an import permit for every machine tool we imported then."

Optimistic forecasts downgraded

Exports linger on a sticky wicket

18/1/82 (74) RDM

By PAT SIDLEY

THERE is no bonanza around the corner for South African exporters even in the event of a recovery in the US and European economies.

There is consensus among economists that the end of the world recession will not signal a new boom for exports, but only a gradual increase in demand.

Forecasts for this year are for an improvement over last year's export performance, but they still suggest a growth in their value below the likely inflation rate, and an almost static trade volume.

Senbank economist Mr Louis Geldenhuys and Mr Andre Hamersma of Standard Bank agree that the economic recovery expected abroad in the second half of this year will be modest, and say there is little prospect of a dramatic improvement for exporters.

Last year, SA exports fell for the first time in a decade — they were 10% lower in value than in 1980. Prospects for this year are only marginally better.

Even if exports improve, Mr Geldenhuys warns, there will be no significant benefit for the economy as a whole.

On the bright side for exporters are the new export incentives, described as "substantial" by Mr Wim Holtes, chief executive of the South African Foreign Trade Organisation (Safto).

A further boost will be provided by the weak rand, which is assisting exporters in the fiercely competitive overseas markets.

Many South African exporters who ignored overseas markets temporarily to take advantage of the domestic boom may find great difficulty in re-establishing contact. Surplus manufacturing capacity resulting from a slowdown in the domestic economy will not easily find an export home.

While the rand's value is controlled by the Reserve Bank, and will probably harden this year, it is unlikely to appreciate to much higher than $1,10, compared with about $1,03 now and a peak of $1,35 in January last year.

However, the rand's role in the export scene should not be overplayed, and while it had a significant positive impact on rand receipts last year, the depreciated rand held no major advantage in competitiveness for SA goods.

Although the depreciating rand helps exporters, Mr Hamersma says its value is ultimately a policy decision, and export potential depends largely on what happens in the rest of the world.

Earnings from non-gold exports last year were about R10 000-million, and initial forecasts for growth of 12% this year now appear to be optimistic.

Mr Holtes says Safto is revising its forecast.

Economists believe the increase will be about 10% higher than in 1981.

In the light of recent experience with SA's major trading partners, Mr Holtes believes exporters should turn to the newly industrialised countries to expand their markets.

He points to the potential of Taiwan, Australia, Korea and Hong Kong, as well as the Opec nations and certain areas in South America.

Japan, which has largely escaped the ravages of the Western recession, has been neglected by South African exporters.

Mr Herbert Weicke, deputy manager of the South African German Chamber of Trade and Industries, does not expect a large increase in exports to West Germany.

Germany is one of SA's three major trading partners, along with the US and the UK.

An area of growing importance in SA-German trade is coal, and in the first nine months of 1981 SA's coal exports to Germany were 99,6% higher than for the corresponding period in 1980.

Exports are likely to increase this year, says Mr Weicke, especially if Polish coal supplies to Germany's power stations continue to be disrupted.

74

Sunday Tribune 17/11/82

TYRES IMPORT ROW

Finance Reporter

WHILE South African manufacturers are forced to pay up to 75 percent more than the average world price for some of their raw materials, the market is being swamped with imported new tyres and second-hand casings, says Dunlop's marketing manager, Lloyd Zaayman.

"It makes a mockery of the country's local industry," he says. "By buying these imported tyres we are providing jobs for people in foreign countries.

"South African tyre manufacturers have repeatedly called for a coherent tariff system which will promote equal protection against imported raw materials, as well as new and second-hand tyres," says Zaayman.

Two-way trade with Taiwan nearing the R600-m mark

74

RDM 19/1/82

By Frank Jeans

As South African-Taiwan trade gathers momentum — total two-way business is now close to the R600-million mark — maize from this country is a favourite buy with the Taiwanese.

A mission from Taiwan is expected in South Africa soon to conclude a three-year contract for maize sales, and over the period 600 000 tons a year will be exported at an average tender price acceptable to both countries.

Coal, iron ore and minerals are the other big South African sellers to Taiwan and although there are often uncertainties in regard to the coal price as well as cargo-movement snags, the Taiwanese are stockpiling South African coal.

Coal is a highly competitive market in the Far East for the South Africans with the Australians a major supplier, so that the inroads which the local coal producers are making in Taiwan is an achievement.

On the other side of the trade scale, the Taiwanese presence has spread beyond traditional crafts and into the highly sophisticated range of machine tools and machinery.

The country will be represented at next month's Machine Tools '82 exhibition at Milner Park when a range of 50 computer-controlled units will be on show.

Taiwan is also grasping at the opportunity of showing what she can do in the construction field, by taking eight stands at the forthcoming building exhibition, Interbou.

(74)

SA, Zimbabwe open talks on trade pact

Star 23/11/82

Chief Reporter

Discussions between South African and Zimbabwean officials on a new trade agreement began in Cape Town yesterday.

It has been estimated that Zimbabwe could lose more than R65-million yearly and up to 7 000 workers could lose their jobs if the preferential trade agreement with South Africa is not renewed.

The agreement lapses in March and the new agreement is being negotiated at Zimbabwe's request.

South African spokesmen have intimated that any new trade agreement is likely to differ from the old.

A new agreement could herald improved relations between the two countries.

Zimbabwe's main trading partner is South Africa, whose announcement that the agreement would end was seen as an unfriendly act. But relations improved recently with the use of South African locomotives in Zimbabwe.

(74) Star 25/1/82

Trade tilts in favour of Europe

By Charles Hodgson

BRUSSELS — Trade between South Africa and the 10-nation European Economic Community remained stable during 1981, although the trade balance continued to shift in the EEC's favour.

Latest figures released by the EEC's executive commission in Brussels show that the Community imported goods worth about R4 109-million from South Africa between January and September of last year.

The EEC exported about R3 430-million to South Africa during the same period.

The figures do not include trade with one of South Africa's biggest EEC trading partners, the UK where a strike by civil servants early last year has prevented publication of statistics.

The balance of trade between the EEC and South Africa, which reached a peak in the Republic's favour in 1977-78, has gradually evened out since then.

EEC exports have expanded rapidly while imports of South African goods have fallen off.

West Germany, Italy, the UK and the Benelux countries remain the major EEC buyers of South African goods, while the UK, East Germany — and latterly France — provide most of South Africa's EEC-based imports.

Peter Allen Frost reports from Jerusalem that trade between Israel and South Africa is flourishing and in an attempt to move the figures into even higher brackets, the bilateral chamber of commerce here is holding seminars in Tel Aviv with a number of business officials.

Dr P J Kieser, general manager of the South African Foreign Trade Organisation (Safto) has arrived specially for a seminar which will also be addressed by South Africa's Ambassador to Israel, Mr D S Franklin and the commercial attache, Mr W Saayman.

Taking part in the symposium will be company directors and businessmen who want to improve their trade relations with South Africa.

Trade figures for 1980 showed a serious increased over the normal inflation rates.

South African exports to Israel reached about R117-million compared with R80-million in 1978) while Israel's exports to South Africa were about R80-million in 1980, up from R38-million in 1978.

The 1981 figures which will be released shortly are expected to show even greater increases, primarily since South African coal exports have started to arrive, according to officials in Jerusalem.

The coal deal, about 1-million tons spread over a number of years, Dr Kieser said, is part of an Israeli move to change its electric power plants from oil to coal.

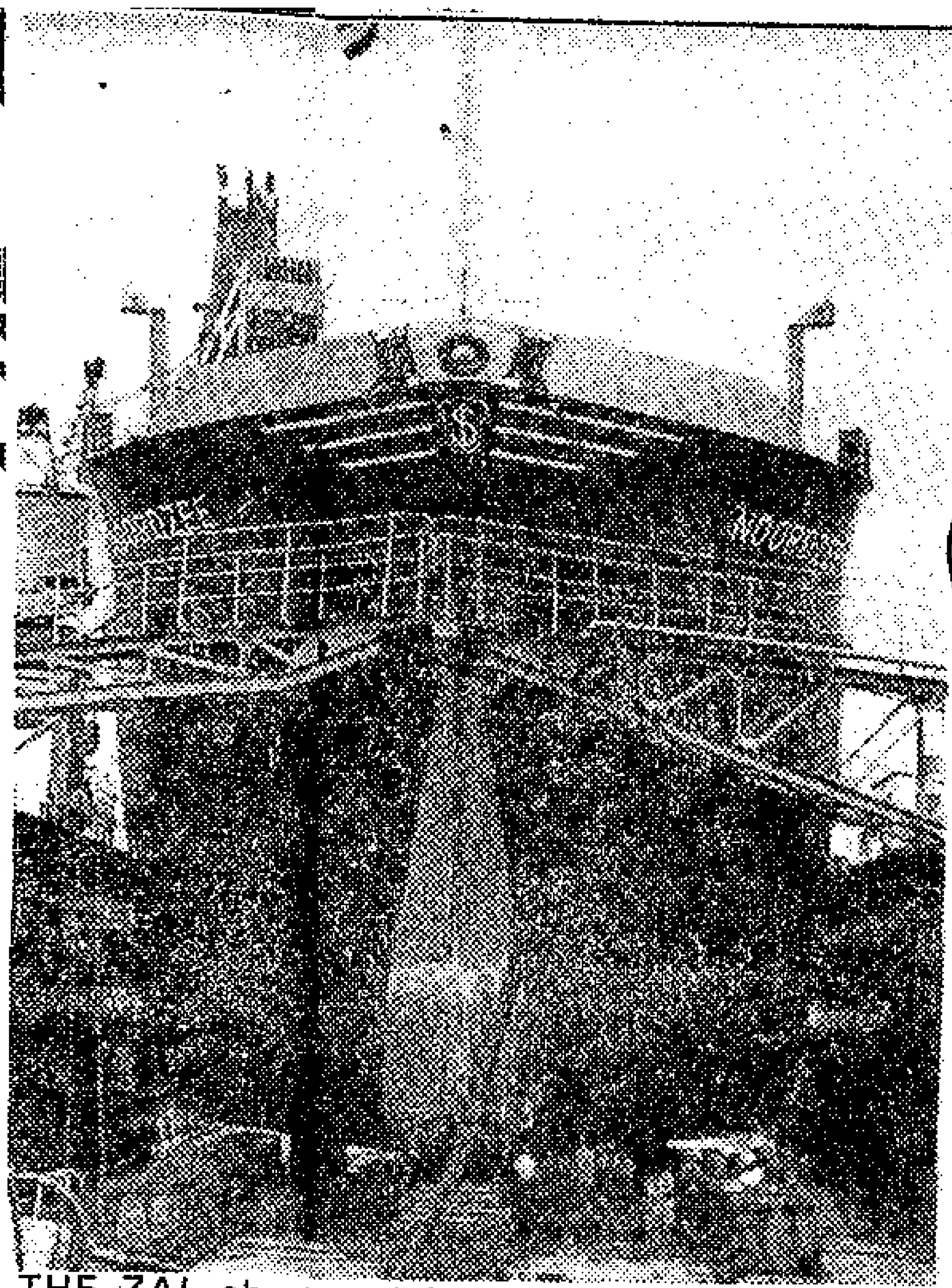
Shipping

Andy von Glehn

'Better by road' to Mozambique

74

Mercury 25/1/82



THE ZAL-chartered Noordzee, taken off the SA—Mozambique run recently, is being sub-let and will be plying European waters. A minor gash in her bulbous bow was repaired in Durban's floating dock last week. The 6 550-dwt vessel is one of the largest to have used the dock.

ROAD hauliers serving South Africa's northern neighbours are experiencing an upswing in business at the expense of the seaborne trade between this country and Mozambique.

Forwarding agents say the comparative ease and speed with which goods can be trucked, the congestion at Nacala and the re-opening of certain roads are the main reasons why a large volume of cargo has been diverted from the traditional sea route between Durban and Mozambique.

Six weeks

Cargo moved by sea from the Reef, for example, to Malawi and, to a certain extent Zambia, would first be railed to Durban and loaded on to a vessel for transhipment in Mozambique. It would then be railed.

While the voyage between Durban and Nacala takes only about three days the cargo may take six weeks to reach its destination because of delays in Mozambique due to either port congestion or severed rail links.

Goods moving by road, on the other hand, can reach Blantyre within at least six days after being despatched in from the Reef.

Downturn

The Zambezi Africa Line, which chartered the Noordzee to serve the route between South Africa and Mozambique, has sub-let the vessel and co-loads with Unicorn Lines on their chartered — and larger — Leo Tornado because of a downturn in the trade.

A spokesman for ZAL said the ship was sub-let on a temporary basis but the line would reintroduce a vessel at the end of the lull which he ascribed to the diversion of cargo overland.

Big potential

The rapid increase in road transport became apparent about 18 months ago and there seems to be no indication that it is slacking off. On the contrary, says one export manager in a large forwarding company, 'the potential of road transport is quite enourmous'.

Two years ago, he said, there were about 50 trucks moving between South Africa and Malawi every month. Now, he estimates, 150 vehicles pound the often back-breaking roads. Groupage services are also being widely used.

The sea route used to be workable until the efficiency of the Mozambique ports deteriorated. Shippers, he said, began to see that by sending their goods on trucks in break-bulk form they would cut the transit time, and consequently, receive payment for their goods much sooner.

No statistics

No statistics exist to illustrate the change in cargo movement with any accuracy but forwarders are definite about the success of road hauliers and consequent erosion of the coastal trade.

Unicorn's Mr Brian Davies accepts that there is a lull in the seaborne trade but says his line is doing its best to help alleviate congestion at Nacala. He attributes the downturn largely to economic conditions in Malawi.

Haulage out of South Africa, however, is not without its snags, the main bugbear being linked to permit allocation.

'It's really serious because you have to travel through two or three countries, each of which first has to issue a permit,' said Mr Alan Cowell, vice chairman of Assocom's transport committee.

The Department of Transport prefers cargo to be moved by government transport overland where rail links exist and discourages the use of private carriers.

'Problems are meant to be solved,' said Mr Cowell, 'and there has been some improvement as far as permits are concerned but the market isn't remotely free.'

Danger areas

Another problem hauliers have to overcome is ensuring the safe passage of their trucks through areas in which dissidents operate, like Tete in Mozambique. The stability of the areas has to be looked at on a daily basis and where there is danger of attacks the trucks have to be re-routed through Zambia, to clock up an extra 1 000 km.

Jan 29/1/82 74

Unions object to SA imports

The Star Bureau

LONDON — Ford of Britain's decision to import the one-ton Cortina pick-up from South Africa has run into union problems.

The 14 unions representing 54 000 Ford workers will today spell out their objections to this move at their regular meeting with the company management.

Mr Ron Todd, chairman of the union side of Ford's national joint negotiating committee, indicated that the mood was grim.

Mr Todd, who is national organiser of the Transport and General Workers' Union which has 34 000 men in Ford, said the unions would be looking closely at two aspects of the company's decision.

The first was whether Ford had the capacity in Britain to make the one-tonners. Second there was the anti-apartheid commitment by the unions, most of which support trade bans against South Africa.

A Ford management spokesman said the decision to buy the South African Cortinas was a purely commercial move.

SA-Taiwan maize deal

Finance Reporter

Maize S. Tribune 31/1/82

74

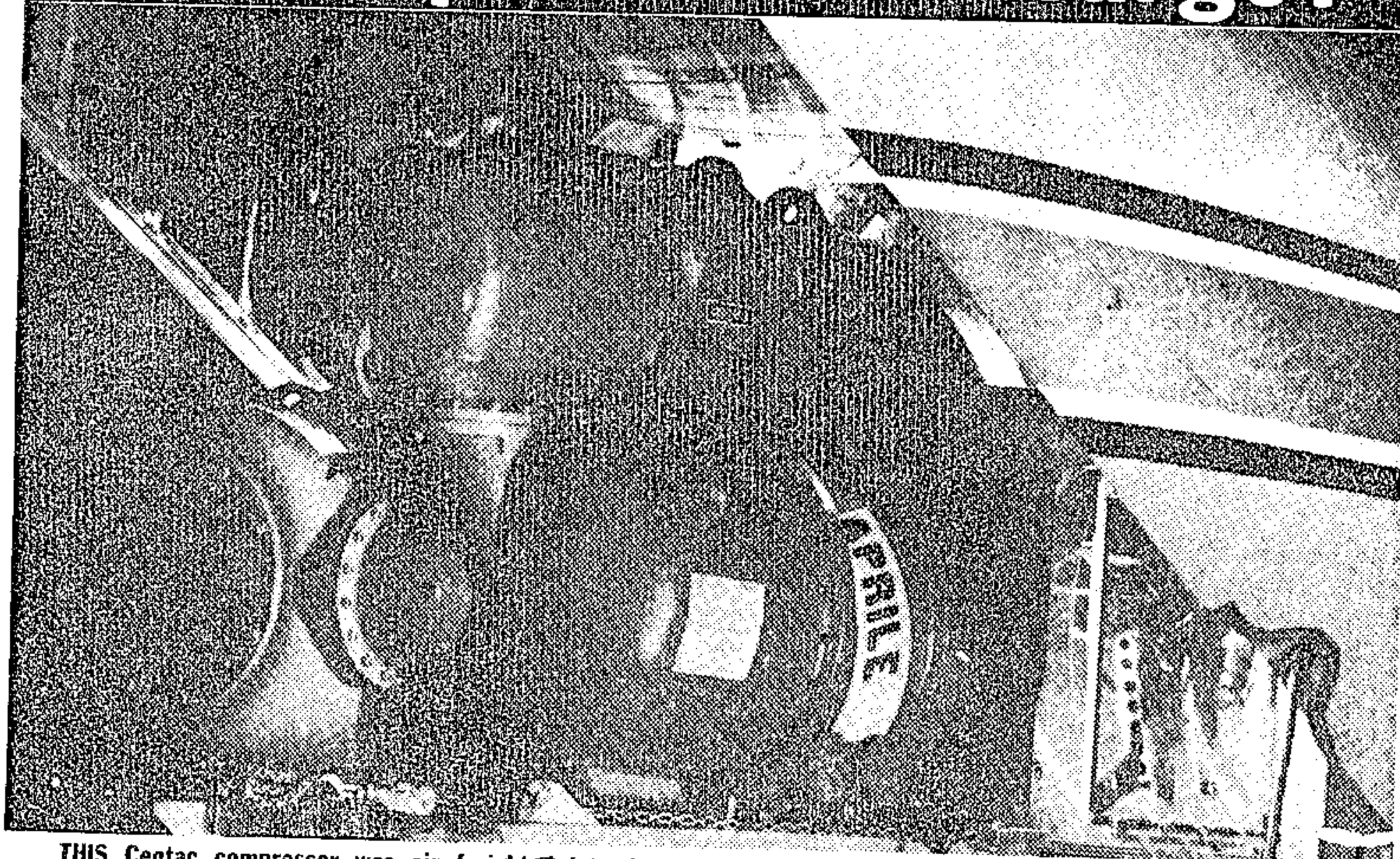
AS trade between South Africa and the Republic of China gathers momentum to a total of nearly R600-million a year a mission from Taipei is due here soon to conclude a three-year contract for maize deliveries.

Over the period some 600 000 tons is expected to be exported at an average tender price acceptable to both countries.

Coal, iron ore and minerals are the other big South African sellers to the Republic of China. Although there are often uncertainties in regard to the coal price as well as cargo movement snags, the Chinese are stockpiling coal.

The mineral has a highly competitive market in the Far East with the Australians being a major supplier.

A compressed air cargo?



THIS Centac compressor was air freighted into Jan Smuts and loaded onto a road haulier the same night en route to the Erfdeel goldmine where it was installed and commissioned in the record time of one month.

(74) Industrial Week 2/2/82

Closer trade ties with France

RECENTLY there has been a visible thaw in the initial hardline attitudes of the French Government towards SA.

When accepting the credentials of SA Ambassador Robert du Plooy in December last year, President Francois Mitterrand called for closer links between the two countries.

France has since pledged to continue to supply and equip Koeberg. Anti apartheid movements have failed to obtain official backing for sanctions against SA.

As External Affairs spokesman, Jean-Francois Lionnet said: France will never side with those who call for sanctions."

A well-informed source in Johannesburg pointed out that it was normal for a Socialist government to adopt a tough stance on human rights, but that it would not lose sight of economic realities.

"France has economic problems at the moment and so we have priorities like providing work for our unemployed. We are therefore interested in investments."

Although it is unlikely that another Koeberg type contract will be signed, he pointed out that an important contract had been signed with Escom for the building of a large power station — after Mitterrand came to power.

A spokesman for the French Chamber of Commerce and Industry said France could not afford to cut trade ties with SA.

"French trade links with SA are too important to sever and there is no likelihood of any embargoes being placed on normal commercial and industrial goods."

Referring to the machine tool industry he said that French companies have been awarded substantial contracts by Escom and SA Railways.

French industry planned to double their share of the market, which currently is below 10%.

"The fact that a number of companies have already begun manufacturing products locally, should end all doubts about future back-up service," he said.

The possibility of French trade embargoes against SA has been dismissed as malicious rumours by the French Chamber.

The rumours coincided with the French machine tool industry's push for a greater share of the local market.

Fears were expressed in certain quarters that because of possible trade embargoes in the future, French manufacturers would not be able to provide a back-up service for their products.

"There is absolutely no truth in these stories and I would like to know where they originated," a spokeman for the French Chamber in Johannesburg said.

What gave rise to these speculations were statements made by Mitterrand and Foreign Minister, Claude Cheysson prior to their electoral victory last year.

In July last year Cheysson described SA as "a totally insupportable totalitarian regime" and said that his country" stood ready to back measures to punish SA economically for its racial policies."

Mitterrand was reported to have said in May last year that he favoured economic sanctions and pledged a revision of French relations with this country.

The stated programme of his party was to halt all French investment, support UN boycotts, cut back or stop imports from SA and support Swapo and the ANC.

France was "to become a rallying point for actions against SA", the programme pointed out.

Cheysson attended the conference in Maputo in May last year when frontline states met to discuss means of breaking their economic dependence on SA.

And as EEC commissioner he refused to meet an SA trade delegation visiting Brussels because of "his personal repugnance of apartheid."

74

The farmers' view

~~General~~ FM 5/2/82

Sir — I, a farmer, have been a subscriber to your magazine for some time now and am most disturbed by your reporting on agriculture. Our industry has many troubles, like any other, and we receive no understanding mainly because the man-in-the-street is ignorant of our troubles. The way your articles are presented only aggravates the situation.

As an example, I wish to draw your attention to "Maize — government's folly" (*FM* January 15). While you attack the government policy on maize, you erroneously describe the bread subsidy as a wheat subsidy. You revel in the statement that wheat is produced cheaper overseas than locally. At the same time, you conveniently ignore the fact that the majority of wheat in SA is produced on ground with the lowest potential yields in the world in a climate which is subject to the most erratic rainfall.

We farmers are quite happy with the free enterprise system — on condition our production requirements are subject to that same system. Necessities such as fertiliser, fungicides, insecticides, PVC and polyethelene products, tyres, cardboard cartons and fuel are all either subject to tariff protection or are produced more cheaply overseas.

Why must the farmer pay for a strategic industry like Atlantis Diesel Engines? Do you know that certain tractors have increased in price by 50% during the past 12 months? In the past season, carton manufacturers and the freight carriers received more than the farmer for his export fruit. The fruit farmer alone bears the cost of a 24% surcharge on fruit exported. Is it not ridiculous that the tin in which canned fruit is packed is more expensive than the fruit inside it? Have you compared the producer price of fresh produce to the cost of that same produce in retail outlets? After all, fruit and vegetables are totally controlled by supply and demand and the farmer has the risks.

In a previous article on the maize surplus you asked the question: "Why should the maize farmer be the only beneficiary of the element weather?" I ask who is going to suffer with the maize farmer during the next drought? Any farmer needs those good years without being made the scapegoat for inflation; there are always fences to repair, stones to clear, stock watering schemes to be tackled, irrigation pipes to be laid, flood damage to be repaired and so on.

While so much is made of the fact that the private sector must help with the housing of its employees, you do not mention the fact that the agricultural sector has been housing its employees all along. Show me another sector where the effects of estate duty are felt more than in the agricultural sector. I know, because I experienced it when my father died. As a result, I think it is essential that life-insurance companies be forced to invest a certain percentage in government stocks. After all, if there was not estate duty, I would not need half the life insurance I have.

Your recommendation of removing the maize and bread subsidy, coupled with reducing the farmer's margins to ease the burden on the taxpayer, would certainly be an interesting experiment. I hope we are around to debate the "political dynamite" after the event.

Have you compared food subsidies in SA to those in the EEC countries? Do people honestly think there are still that many inefficient farmers who have managed to

stay in business? Finally, are the other sectors so efficient? If they are, why are they always screaming for import tariff protection?
W R Groenewald, Langkloof.

Not connected

Sir — I refer to an article about the liquidation of Group Editors in Johannesburg (*FM* January 22). You said that they had been in trouble for some time and that it was difficult to establish what was left of the GE group.

May I point out that my company, Group Editors Natal (Pty) is not connected in any way whatsoever with Group Editors in Johannesburg. We are alive and well and thriving in Durban. GE Natal, which also owns a printing works, was established by me 17 years ago and I am the sole owner of the business.
Peter Wrinch-Schulz, managing director, Group Editors Natal (Pty).

Trade potential

Sir — I refer to your article headlined "Kosher connection" (*FM* December 11) quoting me as having said that there is "no need to initiate further export drives." This is, of course, incorrect.

I am of the opinion that there is great potential for the increase of tra SA and Israel, and there is certa for a concentrated and continui initiate further export drives.

I am sure that the mistake wa one and would appreciate your of this important statement.
B Lanir, counsellor for Ec Commercial Affairs, State Trade & Tourism Centre.

Our apologies for the cross **Editor.**

Wishful thinking?

Sir — Following the letter "Lan sus retailers" (*FM* January 2 theme of the ending boom, wo nice if:

- The hypermarkets and superr aside some of their many tills fashioned, cash paying customer receive old-fashioned discount. the number of credit cards used. that these shops do not carry the it card charges.
- The building societies cond business in a better fashion b days grace on the payme houseowner's insurance premi present arrangement is to debit um and the interest on the outst mium on the same day. It wo

The FM reserves the right to

 (74)

Italy to the fore

THE ITALIAN machine tool industry is made up of more than 350 medium sized builders which have captured foreign markets by offering tailormade machine tools, reports David Wolstenholme, the American spokesman for the Italian Machine Tool Builders' Association (UCIMU).

UCIMU has organised the largest exhibit from a foreign country, which will feature 42 Italian manufacturers.

"With this policy, Italy has risen to the fifth largest producer of machine tools behind West Germany, the US, the USSR and Japan, and is now the world's fourth largest exporter, surpassed only by West Germany, Japan and Switzerland," reports UCIMU.

In 1980, Italian exports surged ahead and increased 26,2 percent over 1979. The Italian share of total world exports reached 7,6 percent — the highest level ever recorded.

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"One of the reasons for this upward growth is the highly technological level of Italian production and the fact that highly industrialised countries — such as Germany, the USSR, the USA and the UK — rank first in the classification of users of Italian machine tools," says UCIMU.

The association commissioned a survey of the local market about three years ago.

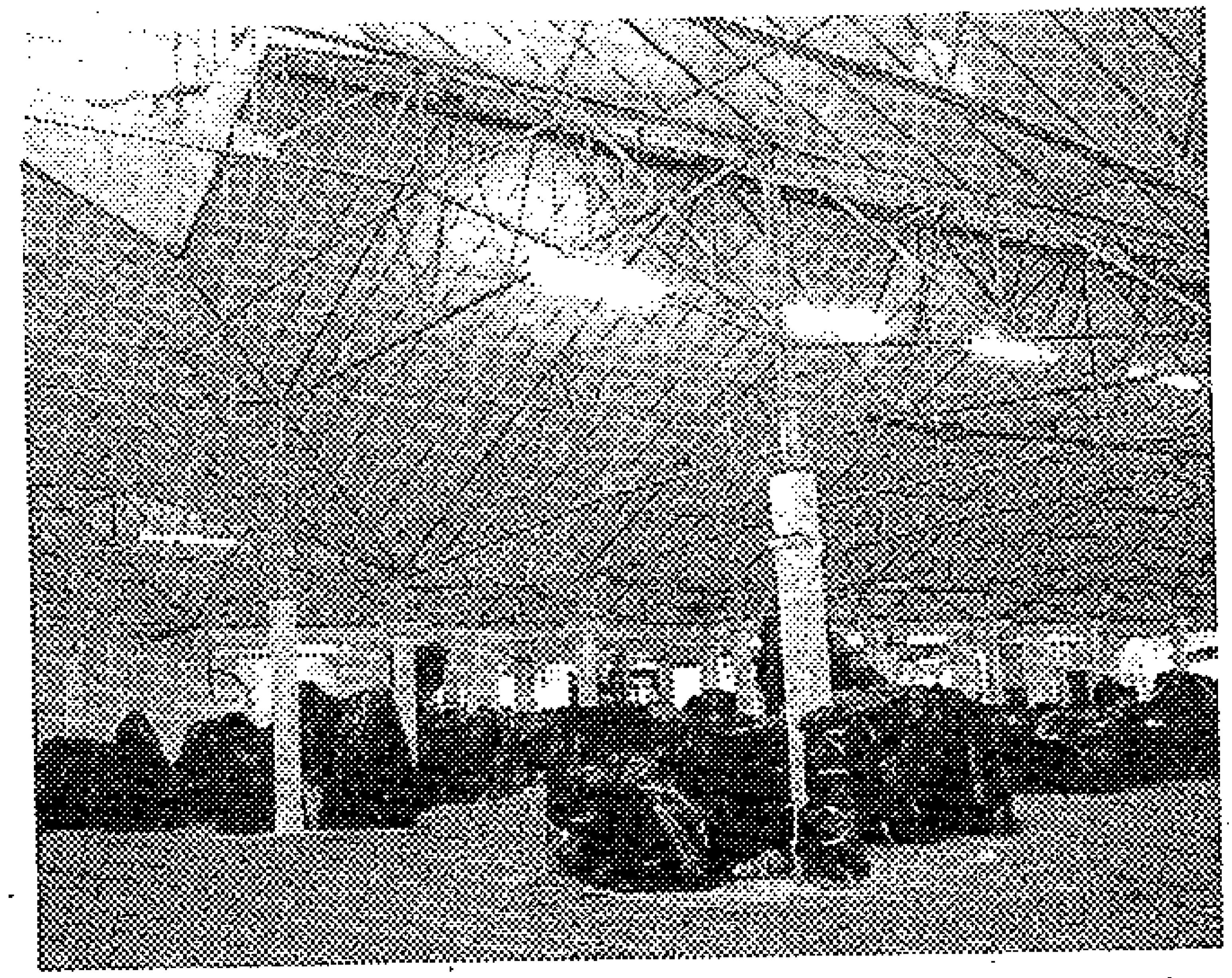
At the 1978 machine tool exhibition, 18 Italian firms took part and at that stage Italy had only about 3 percent of the local market.

"In 1978, South Africa was rated only 18th on the list of countries Italy exported machine tools to.

"Now South Africa is fourth, and almost a quarter of all machine tools imported here come from Italy," says Howard Pell, chief executive of Specialised Exhibitions, the organisers of Machine Tools '82.

"A reason for Italy's strong interest in the local machine tool market is that the survey showed that South African industrial development, particularly the motor and mining sectors, is now geared for widespread use of sophisticated CNC machines," says Mr Pell.

"In 1978, 200 CNC units were sold to South African industry. This year a single company has already recorded 120 sales."



The scene in Hall 6 a month ago. The opening of Machine Tools '82 on Thursday will reveal all!

WELCOME VISITORS

A 12-MAN mission from the French Machine Tool Federation arrives in South Africa on February 15, synchronising its visit with the vast Machine Tools '82 exhibition, which opens at Milner Park on February 11.

"South Africa is of growing importance to French exporters," says Pierre-Jerome Ullmann, president of the French Chamber of Commerce and Industries of Southern Africa.

FRANCE

"The upsurge of 510 percent over 1979 figures for South African importation of French machine tools should be seen against a 100 percent increase — from R97-million to R180-million — in the country's total import of machine tools for 1980."

The chamber is organising an independent exhibit at Machine Tools '82 of four French companies and the French Machine Tool Manufacturers' Association.

Mr Ullmann points out that the French Government recently injected FF2,5-billion (R500-million) for the overhaul of France's machine tool industry.

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"Coupled to this is a growing interest by the French in the export market," says Mr Ullmann.

"Although total annual exports to South Africa flutter about the one percent mark, South Africa is likely to move from 19th to 15th in trading position with France this year," says Mr Ullmann.

He stresses that the French manufacturing industry's growing interest in the South African market has in no way been modified, changed or affected by the election of Mr Mitterand's Socialist Government.

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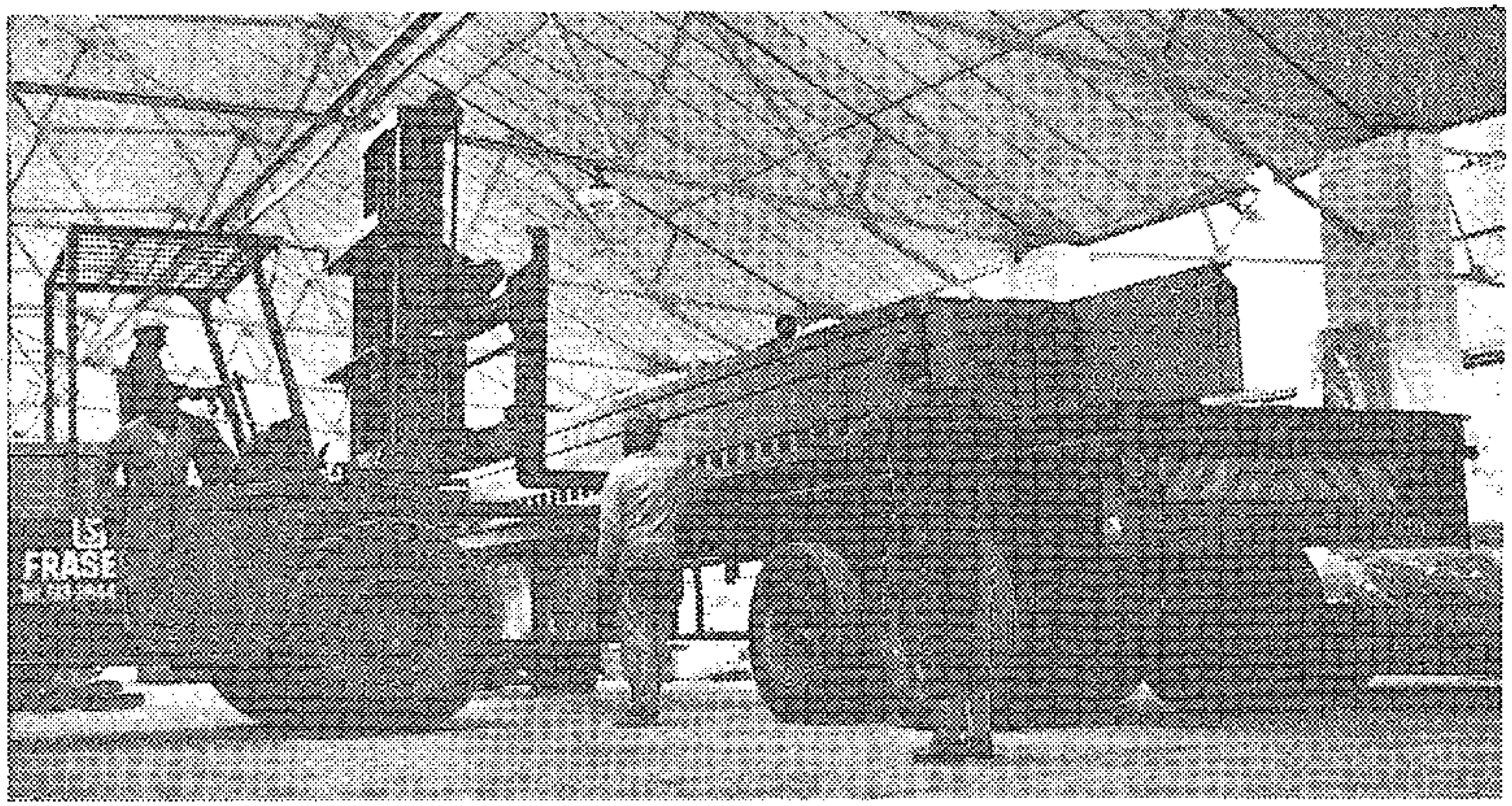
This becomes clear from a glance at the latest trading figures, which show a jump in French exports to South Africa from FF2,2-billion in 1979 to FF4-billion in 1980 to FF3,5-billion for the first six months of 1981.

In 1980, South Africa moved into 15th position of importance in the French machine tool industry with the year's 450-ton export order valued at FF44-million (R8-million).

In the main, the companies represented by the trade mission are not exhibiting on the group of French exhibitors' stand, nor do they yet have agents in South Africa.



IT LOOKS SO EASY ... but to off-load this 20t, 8m base to a 27t milling machine the riggers had to use a huge, 20t forklift, one of only three in the country. The largest machine tool to be transported to Milner Park in one piece was a 41t mechanical press

GREAT BRITAIN

By ERIC FORD, of the London Press Service

BRITAIN, which ranks sixth in the world as a manufacturer of machine tools, is also one of the leaders in the machine tool international trade field, having sold products worth £289,9-million in 1980.

This was some 30 percent more than the corresponding figure for 1979. During the same period, machine tool prices on ... rose be-

TAIWAN

FIFTEEN Taiwanese manufacturers will be exhibiting at the stand sponsored by the China External Trade Development Council.

Of these, seven will be seeking South African outlets.

This is the first time the Republic of China has taken part in a machine tool exhibition in South Africa.

"The production of NC machine tools in Taiwan was begun in 1975," explains Mr S C Chi, managing director of the country's Metal Industries Development Centre.

In 1979, total sales of NC machine tools — chiefly lathes and milling machines — manufactured in Taiwan were 65 units, a sharp rise of 60 percent over 1978.

The United States was the chief buyer.

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"The total export value of Taiwanese machinery has grown 20-fold in the decade to 1980," reports Mr K H Wu, secretary general of the China External Trade Development Council.

"Prior to 1976, half of Taiwan's machinery exports went to South-east Asia.

"However, 1979 statistics show that the top 15 export markets for Taiwanese machinery were the US, Thailand, Japan, Indonesia, Hong Kong, the Philippines, Singapore, West Germany, Australia, the UK, Canada, the Netherlands, Saudi Arabia, Malaysia and France.

"Since eight of these are industrially developed economies they account for 56 percent of Taiwan's total machinery exports, and seven are industrialising economies, accounting for 27 percent, this apparently reflects the degree of quality upgrading of Taiwan manufactured machinery," says Mr Wu.

SPAIN

IN 1980, Spain exported machine tools valued at more than R13-million to South Africa.

In the first six months of last year, this figure leapt to R10-million ... a trend Spanish manufacturers are anxious not to let slip.

As a result, 36 Spanish manufacturers will be exhibiting on a single stand under the banner of the Spanish Machine Tool Builders' Association (AFM).

"The South African market is extremely important to Spanish porducers," says Valentin Laiseca, commercial counsellor at the Spanish Embassy.

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He points out that Spain is the fifth largest supplier to the South African market, while South Africa is the sixth largest market worldwide for Spanish manufacture.

Some 66 percent of Spanish made machine tools are exported to 112 countries.

Of the 36 Spanish exhibitors, 15 will be looking for local representatives.

The Spanish Embassy is giving the manufacturers every support, and during the past three months has stepped up its advertising campaign in the trade Press.

"We have to educate industry into realising that Spain is not good only for castanets," says Mr Laiseca.

Cont. . . next Page.

7/2/82.

tween 15 and 20 percent, so British industry achieved a 10 percent improvement in export performance in real terms.

To maintain this performance, the industry undertakes a continual promotional effort in overseas markets through outward and inward trade missions and participation in overseas exhibitions.

Some 27 leading British manufacturers of machine tools and associated equipment, supported by the British Overseas Trade Board, the Machine Tool Trades Association and the Gauge & Tool Makers' Association, will be taking part in Machine Tools '82.

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At the same time, the Engineering Industries Association, Britain's largest engineering trade association with nearly 4 500 members, is mounting a trade mission to Johannesburg to visit the exhibition.

On show will be the replacement of the traditional cast iron for beds.

The Machine Tool Industry Research Association has pioneered the use of concrete and several manufacturers are now taking advantage of this research.

One British manufacturer recently launched a lathe with a conrete bed.

- Worldwide orders for British machine tools in September last year reached the highest level for 16 months.

The rising trend of new orders has strengthened over the past few months, and between July and September business volume was 17,5 percent higher than in the previous three months, according to figures published by the UK Department of Industry.

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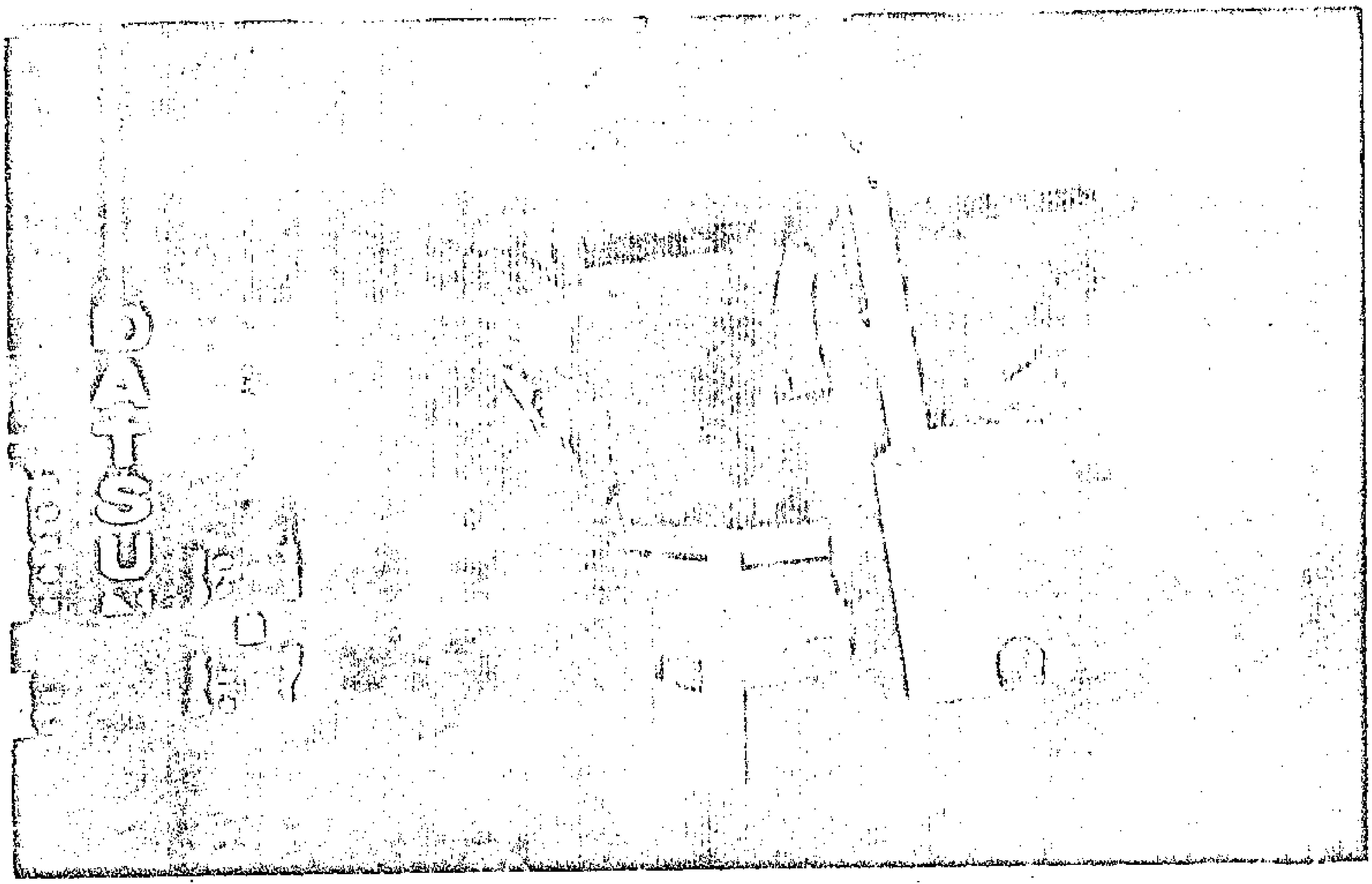


Peter Jenkinson, MD of Camec (seated) ... is one of the importers most vehement in his criticism of any new tariff increases. Kiichiro Tanaka (standing), MD of Datsun-Nissan, Japan discusses Camec's future strategy in the SA fork truck market.

Forklift fiasco

74 ~~187~~ Industrial Week 7/2/82

A SPLIT threatens the R50-million a year forklift industry, with end-users being faced with massive price increases arising from proposed further tariff protection.

By Priscilla Whyte

If an application by the newly formed SA Association of Fork Truck Manufacturers is approved by Government it will result in tariffs on new units and parts increasing from R1,30 per kg to R6,85 per kg for vehicle mass up to 8 000 kg.

Attacking the Association, leading suppliers and end-users have labelled the proposed increases as being "highly inflationary" and "prejudicial to the industry."

The issue has drawn recommendations to Government from the Federated Chamber of Industries but they are remaining tightlipped.

Peter Jenkinson, MD of Camec, a competing supplier says: "The increase in duty applied for by the so-called manufacturers is totally inflationary, designed to escalate profits by increased market share through means other than fair competition."

Jenkinson says the Association is forcing the remainder of the suppliers into local manufacture of components, which can only be made here uneconomically in relation to imported equivalents.

"The end-user will suffer. Everybody in this industry including Camec, who are part of Bonuskor, are committed to local manufacture, but only at an economic level," he adds.

Tony Yuill, MD of SA Container Depots of City Deep says:

"The increased duties will put up the capital cost of our forklifts plus maintenance and therefore the cost of cargo."

"The price of the original equipment is being used as a mechanism to price spares. A 2-ton unit purchased in 1977 for R12 000 now costs R25 000. Since 1977 we

To Page 2

News

Insider

Computers

Feature

Materials handling

Transport

P.T.O for cont.

R346m SA trade deficit in 1981

74

RDM 9/2/82

By HAROLD FRIDJHON

SOUTH Africa's balance of trade ended 1981 with a deficit of R346-million. Exports amounted to R18 094-million and imports totalled R18 440-million.

Imports surged in the past four years and particularly in 1980 and 1981 in response to the upturn in the economy. From an average of about R6 000-million a year between 1974 and 1977, imports went to R8 000-million in 1978, R9 739-million in 1979, and R14 381 in 1980.

While part of the increase is attributable to world inflationary pressures on prices, imports leapt as demand took off for plant, machinery, motor vehicles, raw materials and consumer goods. In addition imports of oil and military equipment had to be paid for.

Exports have fallen, largely because of the decline in metals prices. But merchandise exports have also fallen because of the recession in the economies of many of SA's trading partners.

But gains have been made. While base metal exports have declined, sales of coal have been increasing.

Against total exports of R19 915-million in 1980, last year's sales abroad dropped to R18 094-million.

Last year Europe sold to South Africa goods costing R7 551-million, followed by America with R3 095-million and Asia with R2 763-million.

Europe was South Africa's biggest customer. The Continental market bought goods costing R4 881-million last year against R5 176-million in 1980.

Asian buyers took R2 161-million exports last year (R2 003-million in 1980), America R1 978-million (R2 150-million) and R1 037-million goods were shipped to African countries compared with R1 094-million the previous year.

One of the biggest road-haulage jobs undertaken on the Highveld was recently completed when a new spray-drying plant, designed and built by Deochem of Johannesburg, was delivered to the Western Plats Mool Nool refinery near Rustenberg

7/2/82.

Breach in Iron Curtain?

By Colin Bower

(74) S. Times

DEOCHEM, a Johannesburg-based specialist engineering firm, has signed a technical know-how agreement with a West Berlin firm, Trocknungs Anlagen Gesellschaft mbH (TAG), which could result in South African platinum-refining technology being used behind the Iron Curtain.

Deochem specialises in the design and manufacture of industrial drying plant with particular application in the mineral, metal and mining industries.

It recently developed a new spray-drying system for platinum ore which dispenses with several stages in the conventional refining chain.

TAG markets to communist bloc countries as well as Europe and South America, and the know-how interchange will permit both companies to use each other's patents in their respective countries.

According to Deochem managing director Harry Traub, the West Germans have been impressed with the technical breakthroughs made by Deochem in the processing of minerals such as platinum, tungsten and manganese, and reciprocated information will allow Deochem to enter a number of areas of activity new to the company.

~~126~~ 74 Mercury 11/2/82

Tyre retreaders oppose rise in casings tariffs

Financial Editor

TYRE retreaders are to oppose strongly the application by tyre manufacturers for a substantial 600 percent rise in import tariffs for tyre casings.

Mr Stan Spinks, managing director of the retail division of Quinton Hazell Superite in Durban, said retreaders were forced to import about 500 000 casings a year because they could not get enough locally.

'We would be only too happy to get our casings in South Africa but there are not enough for our purposes. We think the price of retreads will double if this application goes through.'

Import duty

The tyre manufacturers have asked the Board of Trade to increase the import duty on casings from R18,35 per 100 kg to R108 per 100 kg.

The Motor Industries Federation is also opposing the move which was made, and failed, in 1975,1977 and 1979.

Mr Spinks said that while import duties on new tyres that could be made in South Africa was acceptable, the new tariffs on casings were not.

He said that only about one in four of every tyre bought to them for retreading could be used and the demand was far greater than this.

All major retreaders had written to the Board of Trade opposing the application.

Accidents

Mr Spinks said that even a lesser rate of import duty would threaten their existence and could lead to unemployment and an increase in the accident rate.

'We think that people tend to use their tires to the very last and that the one mm tread requirement is not enforced very strongly.

'A substantial retail price increase — possibly a doubling of the price — would mean that people would use their tires even longer and be a danger on the roads.'

Mr Spinks said the recent decline of the rand against the dollar had meant that imported tyre casings were becoming more costly and that they were hardly profitable. As it was, there were always a fair number of rejects in their casing imports.

Horwood pushes up GST by one percent

74 Star 11/2/82

Political Staff

The Assembly

General Sales Tax was increased by one percent and a new 10 percent surcharge slapped on certain imports by Finance Minister Mr Owen Horwood in a shock Mini-Budget today.

The increases come two months before the main Budget next month when further tax shocks are in store.

The new five percent GST comes into effect on March 1.

It is expected to give the Government an extra R600 million in the coming financial year.

The import surcharge takes immediate effect on all goods not cleared by Customs.

It is expected Government coffers will swell by R550 million over a year from the surcharge.

The surcharge, last levied in 1977, was seen as a temporary measure, the Minister said.

Most petroleum products, including petrol and crude and diesel oil, will be excluded with a "drawback" being given on goods imported for processing or manuby R550 million over a year from the surcharge.

The surcharge, last levied in 1977, was seen as a temporary measure, the Minister said.

Most petroleum products, including petrol and crude and diesel oil, will be excluded with a "drawback" being given on goods imported for processing or manufuture of exports.

Goods covered by the General Agreement on Tariffs and Trade are similarly excluded.

Subsidies

Mr Horwood said "insurmountable administrative difficulties" had made it impossible to introduce a differentiated GST which would bear more heavily on non-foods items.

But he had instructed his department to look again closely at the question of food subsidies within the constraints of the Budget.

Painting a bleak picture Mr Horwood said he believed the measures taken would demonstrate the Government's resolve to make adjustments required by adverse external developments.

Downturn

Mr Horwood gave three main reasons for the current downturn in the economy.

- The falling price of gold.
- The balance of payme s situation which was in the red by R4 000 million.
- The tight monetary policies and high interest rates in the main industrial countries.

The time had arrived to take stronger corrective action, particularly in the field of fiscal policy.

He said the new measures announced today could have been held over until the main Budget next month but he had judged it in the national interest to act promptly and decisively to avoid uncertainty and speculation.

Mr Horwood gave a strong warning that consumers should not be exploited with the introduction of the surcharge and the increase in GST.

Rumanian barter deal may take care of maize export losses

Star 11/2/82

(74)

By Hannes Fergusson

A giant barter transaction may largely wipe out South Africa's R300 million maize export losses.

The National Maize Producers' Organisation (NAMPO) scored a breakthrough in maize exports by selling most of the unsold maize surplus to Rumania, according to informed sources.

The price would be roughly on a par with the domestic levels.

Rumania is known to need maize urgently because Russia cannot supply its needs.

Russia has already bought up the entire Argentine maize export crop leaving South Africa the best potential supplier outside the United Sytates.

But there is a catch. Rumania wants to pay by selling fertiliser.

The sources said that the Rumanian product might be largely a modern type of phosphate and nitrogen not yet extensively manufactured in South Africa.

The price is said to be lower than what is sold here.

Fertiliser industry sources said it had been suggested that the two large South African manufacturers, Fedmis and Triomf, should form a consortium to market the Rumanian fertiliser through their combined sales organisations.

The two firms recently announced that they were considering a merger.

Generally however, the industry is known to take a dim view of the effect Rumanian fertiliser would have on the South African market.

Sentrachem, the owners of Fedmis, have already announced they would not proceed with a R400-million nitrogen project because prices were too low to make it pay.

Maize farmers pointed out a large part of South Africa's fertiliser requirements in any case were imported.

Accommodating Rumanian imports would to some extent only mean the switching of suppliers. They also say that importing Rumanian fertiliser would limit maize price increases and be anti-inflationary.

The last word will have to be with the Minister of Industries, Trade and Tourism, Dr Dawie de Villiers. He will decide whether to issue the necessary import permits.

2.14 The following extracts comes from AECI's 1977 report.

The following extract comes from AECI's 1977 report:

'To resolve that, whereas the share incentive scheme for employees provides that, in the event of the capital structure of the Company being altered by way of rights issue, the number of shares available in terms of the scheme and the maximum number of shares which may be issued to any one participant in the scheme shall be adjusted in such manner as the Company's auditors certify to be appropriate and whereas furthermore the auditors have certified that the number of shares available in terms of the scheme be increased from 1 000 000 to 1 550 000 ordinary shares and the maximum number of shares which may be issued to any one participant be increased from 50 000 to 77 500 and a further 550 000 ordinary shares have been placed under the control of the directors with specific power to allot and issue them in accordance with the terms and conditions of the share incentive scheme for senior employees.

Resolution No 2 passed at the general meeting of shareholders held on 19th June 1975 be amended to provide that the number of shares which the directors were authorised and instructed in terms of the aforesaid resolution to direct the share incentive scheme trustees to offer for sale by them to any person, who being a director has been or may be appointed a member of the Executive Committee, be adjusted from 50 000 to 77 500, or, in the event of the capital structure of the Company being altered by way of sub-division, consolidation, rights issue or capitalisation, to such other number as the Company's auditors certify to be appropriate; and the allotment and issue of the said 77 500 shares, or such other number which the Company's auditors may certify to be appropriate as aforesaid, to each such person is hereby specifically approved.

a) Do you think that the extract effectively communicates the facts to the shareholders? If you do

b)

c)

RAND DAILY MAIL, Friday, Febru

African trade with SA climbing

74 RDM 12/2/82

By GERALD REILLY
Pretoria Bureau

THE VALUE of South Africa's two-way trade with the rest of Africa totalled nearly R1 400-million last year in spite of the anti-apartheid hostility and boycotts.

Exports to African countries exceeded R1 000-million last year for the second year in a row — R1 037-million compared with R1 094-million in 1980.

Imports from African countries in 1981 increased by R29 800 000 to a record R317 400 000.

Government sources in Pretoria said yesterday that expanding trade with other African countries was part of the Botha Government's total strategy. It strengthened SA's diplomatic leverage.

The general manager of the SA Foreign Trade Association, Dr P J Kieser, said major exports included maize and processed foods, like tinned beef and fish, household goods, like soap and detergents, household equipment and machinery and spare parts for mines in Zambia, Zaire and Zimbabwe.

"We trade with 46 out of the continent's 51 countries. Only a handful have shut us out."

Most realised that in spite of their public posturing against apartheid, it made economic sense to trade with South Africa.

Dr Kieser said the potential for trade expansion with other African countries was virtually limitless.

The inhibiting factors were poor transport systems and a chronic lack of foreign exchange. This affected the trade of all African countries south of the Sahara.

ARGUS 12/2/82

74 ~~180~~ ~~320~~

SURCHARGE A DOUBLE BLOW

Consumer Reporter

THE 10 percent import surcharge which comes into effect today will hit industry's plans for expansion and badly needed job opportunities, according to the director of the Cape Chamber of Industries, Mr Jack Roos.

Others said the one percent rise in GST would be a serious blow to the consumer, particularly the poorest families who spent most of their incomes on food.

The tax puts up the price of every commodity sold over the counter and every service.

And together with the new import surcharge it will increase the price of food, textiles and other goods imported from overseas by 11 percent.

Mr Roos said the import surcharge would affect local industry's plans for expansion because it would increase the cost of new machinery which mostly came from overseas.

On the credit side, he said it would be beneficial to the clothing industry, among others, since it would make the price of imported clothes from Taiwan less competitive.

Mr John Barry, director of operations for Pick 'n' Pay in the Eastern and Western Cape, said he was disappointed the Minister of Finance had not exempted basic foods from GST since it would increase the burden on the poorest people.

The rise in GST comes just as manufacturers' price increases on a wide range of commodities — imposed in December and last month — are taking effect of this and the will now push up those prices even further.

Mr Barry said he thought the combined effect of this aid the import surcharge might price some imported goods beyond the reach of most people.

But an executive of Checkers said he thought there were already sufficient stocks of imported fish such as tuna in the country to satisfy consumer needs for some time.

When GST was first introduced a number of manufacturers and retailers increased prices further at the same time, hoping that the entire increase would be blamed on the new tax.

The Government has appealed for this not to

(Contd on Page 3, col 1)

ARGUS 12/2/82

Double blow from surcharge

(Continued from Page 1)

happen again. But Mrs Joy Hurwitz, national president of the Housewives' League, said she feared some retailers would charge higher prices for imported goods already in stock, on which the higher surcharge had not been paid.

Inflation

Dr Johan Cloete, chief economist of Barclay's Bank, said he expected the inflation rate to rise by at least one percent because of the increase in GST and the import surchage.

He thought it would have been better to exempt essential foodstuffs from GST and to increase it by two or three percent on everything else.

He did not think this would have been difficult to administer because similar systems worked in many countries overseas.

Mr Andre Hamersma, chief economist at Standard Bank, said the surcharge would not be a popular measure internationally.

'You can't expect our trading partners to be very happy. The surcharge will also discriminate against certain imports as not all good will be subjected to it,' he said.

Remedy

Mr Martin Spring, a financial consultant, said although the Governments financial problems were serious, the remedy was a bit sooner than expected.

It was possible the Minister had taken some of the sting out of the main budget, though it was still possible that extra income would be raised in the form of loan levies and increased company tax.

Mr Spring said the reintroduction of the import surcharge was obviously more acceptable politically than increasing GST by two percent.

Mr Rudolph Gouws, senior economist at Nedbank, said the increase in GST was appropriate. It was not a good idea to exempt foodstuffs as this caused imbalances in the system.

'The import surcharge is a very good method of raising revenue but it is a retrogressive step for the Government's free economy policy,' he said.

Minister warns on import control

74 Industrial Week 16/2/82

By Lynn Carlisle

ALARMED at the lack of productivity by certain South African industrial firms, the Minister of Industries and Commerce, Dr Dawie de Villiers warned that he will not give sympathetic treatment to certain requests for the maintenance or even extension of import control.

Opening Salcast's new R18-million foundry — a Stewart & Lloyds subsidiary — at Benoni last week, Dr de Villiers says the lack of productivity in industry and other sectors of the economy is "really alarming" according to reports reaching him.

"No wonder my Department and I are continuously being pressed for the maintenance and extension of import control, in some cases by industries which have done nothing to enhance the productivity of their labour and of their competitiveness through proper and organised training programmes."

Notwithstanding the efforts of Governments and other institutions in encouraging industrialists and businessmen to become more productivity conscious over the years, some had become complacent.

"To these industries I will say that I have a duty towards the country, to the economy as a whole, and in particular our export sectors. I will be loathe to comply with their (import control) requests," Dr de Villiers said.

He hoped Salcast's example would eventually permeate through the whole economy.

"Salcast is known for its deep involvement with the concept of improving productivity. It is interesting to see to what extent advanced principles of productivity are being applied in this plant," added Dr de Villiers.

the storage pond, but it would be feasible. You make some quick calculations.

Size of storage pond required: 120,000,000 gallons
Size of outfall sewer to river: 24 inch diameter

To evaluate the ideas so far you work up some cost estimates:

a. Cost of installing storm sewer system throughout Cayman Flats	$487,000
b. Cost of 96 inch diameter storm sewer along railway line from Cayman Flats to Wabagoon River	$672,000
c. Cost of 24 inch diameter storm sewer over same route	$427,000
d. Cost of purchasing zone S-17, excavating a 120 million gallon storage pond and fencing it, and building an automatic pumphouse and pump system	$321,500
e. Pumphouse annual maintenance and operating costs	$ 3,500

At this stage you feel your problem has been resolved and you have a reasonable proposal to offer Fairview Development Company. Your report is almost finished before another obvious and logical idea occurs to you: If you are going to control the flow of water into the outfall storm sewer, why not control it even further and pump the stored stormwater into the existing 24 inch storm sewers of zone S-5? You would have to wait until the stormwaters from S-5 had been fed into the river, but this would be no problem because you have planned an oversize storage pond that could hold the water from the heaviest storms recorded during the past 30 years. All you would have to do is obtain municipal approval and build a 24 inch sewer from the pumphouse beside the pond to one of the storm sewers in Zone S-5 (see sketch).

WRITE TO THE CITY ENGINEER, MR G. PATTON, ASKING FOR PERMISSION TO BUILD THE 24" SEWER.

After three weeks you receive permission from the City Engineer and then calculate one more cost:

f. Cost of building a 24 inch storm sewer from the pumphouse in zone S-17 to southeast tip of zone S-5, and connecting it to the storm sewer in zone S-5	$ 82,000

You are now ready to prepare your report for Fairview Development Company, and you ... end to use it. They will probably att... City of Montrose as evidence that the ... he stormwater disposal problem. ... owledge that although you are addressin... pany, the ultimate readers are likel... the City of Montrose.

WRITE THE REPORT

The City Council ... project but expresses concern a... for S-17. Fairview Development instru... onstruction companies for the following

D. Dispatch 19/2/82 (74) Maize

Romania denies SA maize deal

LONDON — The Romanian Government has strongly denied suggestions that it is negotiating a substantial ammonia-for-maize barter deal with South Africa.

Reports that such a deal was in the offing have appeared in South African newspapers, apparently in response to leaks from the South African Government.

In conformity with its politicial opposition to South Africa, "Romania has no political, diplomatic, economic, cultural or any other kind of relations with South Africa," the Romanian embassy here said in a communique.

Mr Hennie Nel, general manager of the Maize Board has confirmed, however, that a barter deal with an unnamed country is still under negotiation. — DDC.

EXPORTS (74)

Orient beckons

FM 19/2/82

Although SA exports declined sharply last year, 1982 should be a different story. In 1981, unprecedented local demand strained manufacturing capacity. Foreign earnings for the first 11 months dropped 6% to R3,04 billion from 1980's R3,22 billion. Furthermore, the decline in the external value of the rand masked the sharp volume drops to some extent.

But this year the levelling off expected in the local economy will force SA manufacturers to turn to exports to mop up big inventories. To fuel export enthusiasm the Johannesburg Chamber of Commerce (JCC) is arranging a 12-day trade mission to the Far East in April.

Dr Jerome 'Jerry' Brightman will direct one-day exporter seminars in Johannesburg and Cape Town this month. Brightman, vice-president and GM of a US-based corporation which focuses on representation, marketing and sales of US goods to China, is responsible for both long-term planning and day to day operations of offices in Boston, Hong Kong and Peking.

Brightman sees markets such as Hong Kong, Singapore and Taiwan as prime targets. Consumer patterns, he notes, have changed dramatically as disposable per capita income has increased.

South Africans, says Brightman, can drum up considerable interest in exporting process and quality control equipment, sophisticated electronic, communication and telex equipment. Demand for consumer goods is increasing apace as well.

He suggests South Africans take a serious look at exporting technology and management expertise. Opportunities exist, says Brightman, for expanding SA banking operations into the Far East. There's strong demand for offshore financing and lines of credit.

Convenor of the mission and seminars, P G de Sousa Costa, GM of Miller Weedon Travel Trade Development division, believes SA manufacturers have one major advantage: they are accustomed to producing and selling short-run products profitably. Overseas manufacturers, he says, rely on long production runs. They are not inclined to accept small orders. "These are the very orders smaller-to-medium size SA manufacturers can fill."

If transportation, pricing (high tariffs) or distribution appear to be insurmountable in a foreign market, he says, take a look at developing a joint venture with a local company. It could provide patented product design and manufacturing know-how to fill a gap in that market.

Licencing could make sense if the market is difficult to operate in. So could a piggyback operation where another company is used to sell the product abroad along with its own. Says De Sousa: "You get a whole lot of built-in expertise if their operation is successful."

But, he adds, don't go overseas and then try to develop introductions. "Go first to an overseas trade fair. That experience will convince you that in many cases you can make and market a similar product well below the best price overseas manufacturers can come down to."

Brightman points out there are certain difficulties attached to exporting to the East — language (only 5% of the population speaks English in Hong Kong); cultural and political differences. But, he adds, "trade does transcend politics. South Africans may overplay political restrictions."

As both Brightman and De Sousa emphasise, there are "ways and means of doing things. Nothing replaces a personal visit by a company executive." Brightman suggests the following ground rules:

If there's a complementary product in the export market, "a good starting rule is that your product must be better and at least 10% cheaper."

After sales services facilities must be investigated. To export successfully, he says, the key considerations are reliability on delivery dates and correct documentation.

Romania denies deal

(74) (3)
ROU 23/2/82

LONDON. — The Romanian Government has denied strongly suggestions that it is negotiating a substantial ammonia-for-maize barter deal with South Africa.

Reports that such a deal is in the offing have appeared in Afrikaans newspapers published in Johannesburg and Cape Town. The newspapers were apparently responding to leaks from the South African Government.

In conformity with its political opposition to South Africa, "Romania has no political, diplomatic, economic, cultural or any other kind of relations with South Africa", said the Romanian Embassy in London in a communique.

The communique, released after embassy consultations with Bucharest, says Romanian economic agencies have no business ties with South Africa and are not engaged on any import or export business with that country.

The denial comes against the background of South African speculation that Mr Hennie Nel, general manager of the Maize Board, has been in Romania and the established fact that South Africa has bought chemicals from Eastern bloc countries in the past. Mr Nel has confirmed, however, that a barter deal with an unnamed country is under negotiation.

Romanian officials said Mr Nel had never been to Romania and that there had been no negotiations for an ammonia-maize deal. Nor would there be, they said. — Financial Times.

Far East clothing imports 'threaten S A's industry'

74

Mercury 24/2/82

Financial Editor

VAST imports of clothing from the Far East are threatening the South African clothing industry, Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa, said yesterday.

'We employ 250 000 people and yet goods are being shipped to South Africa at prices below the cost of the cloth we buy. Our livelihood is being threatened.'

The Government has responded to the situation by appointing the Steenkamp Committee of Inquiry into the Textile and Clothing Industries, but it is only expected to report late this year.

Jobs at stake

Mr Yorke-Mitchell said that in 1980, 1 600 000 shirts were imported at a landed cost of R2,10 each. In the first five months of last year, 1 100 000 shirts at a cost of R2,27 were imported.

He said that while the South African clothing industry was highly competitive it could not hope to match these prices and the jobs of many workers were at stake.

The federation favoured a continuation of the present system of quantitative import barriers and tariffs, but they understood that the Government wished, for political reasons, to abolish import barriers and have only tariffs.

Imports permits were still being issued freely, despite the fall in the foreign reserves and the deficit on the current account of the balance of payments.

MR Yorke-Mitchell

The 10 percent import surcharge was not expected to have a great effect on clothing imports as retailers were selling the imported clothes at a handsome profit.

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe.

'The clothing industry was sacrificed in the interest of propping up the Rhodesian economy through the 1964 trade agreement and we hope that any new agreement will be more equitable and that government will consult with industry.'

Costing

Mr Yorke-Mitchell said that manufacturers could not afford to 'price' their goods — they had to be costed exactly because the competition was so fierce.

One of the possibilities now being explored by the federation was to export clothing. A trade mission was being mooted, as well as a sponsored visit by foreign buyers to South Africa.

Other points he made:

- The industry will spend more than R1 000 000 on training this year.
- The 1981 National Clothing Convention was a great success and will be followed by another in 1983.
- The industry is concerned at the growing economic power of clothing retailers and the recent spate of take-overs.

Solution to GL5 (Cont'd)

(2) Premiums Treated as an Asset - Cont'd:

Year 02 - same as year 01

03, Jan 1:	Life Policy Bank	300	300
Dec 31:	Income Statement Life Policy Policy written down to surrender value (See Note 1 below)	60	60
04, Jan 1:	Life Policy Bank	300	300
Jan 2:	Debtor (Insurance Company) Life Policy Income from Life Policy being accrual of proceeds receivable	24 000	540 23 460
Jan 2:	Income from Life Policy Income Statement being closing entry	23 460	23 460
Jan 31:	Bank Debtor being receipt of proceeds	24 000	24 000

Note 1:

At the end of year 03, the life policy would be reflected on the partnership balance sheet as a non-current asset at its surrender value of R240.

Note 2:

The death of a partner aut ... es the partnership as legal and accounting entities. For ... ership income statement would have to be drawn up for the per ... of death of the partner so as to ascertain the correct bala ... account. The proceeds from the life policy would be shown as i ... e statement and NOT credited direct to the partners' capital a

24/2/82

Fords made in PE will go to UK

E. Post

74

NEGOTIATIONS are under way to export Ford Cortinas to Britain from South Africa.

A public relations spokesman for Ford, Mr Harry Hill, said various parties were involved and a statement would be made when all had been consulted.

It is understood the cars will be crated and exported from Port Elizabeth harbour during April.

day, February 25, 1982

(74) Mercury 25/2/82

Grim problems face S A's payments balance account

Mercury Correspondent

JOHANNESBURG— Just how critical are South Africa's balance of payments problems? The Government's decision to impose a special 10 percent import surcharge suggests they are pretty grim.

The surcharge is a clumsy weapon which can encourage inefficiency and will certainly add to [illegible]nary pressu[illegible]

It is [illegible] sure th[illegible] appeal to [illegible]ood, the Minister of Finance, or to Dr Gerhard de Kock, the governor of the Reserve Bank.

Needs must, however. They have obviously decided that the balance of payments is in a state of at least potential crisis and that the surcharge is necessary as a direct way of curbing imports.

It will also, of course, pull in some R550-million a year for the Treasury.

Given the big difficulties Mr Horwood faces in balancing the State's books for 1982-83 — without a hefty rise in direct tax or another hike in the regressive GST — that is an important factor.

But for all that, the surcharge would surely not have been introduced unless there was considerable anxiety about the balance of payments.

How valid are the anxieties? What has gone wrong? What are the policy options now?

It is only a year ago that Dr De Kock was suggesting that a fundamental change had taken place in the structure of South Africa's balance of payments.

Argument

His argument, basically, was that the oil price shocks of the 1970s had changed the international economy.

A side effect, he said, was that it seemed to have greatly helped South Africa.

The oil revolution had created the conditions for a remarkable upsurge in the gold price.

Dr De Kock said it looked as though South Africa could expect shorter-running and less severe periods of deficit on the current account of the balance of payments than had bee[illegible] for the 30 yea[illegible]er 1945.

In the [illegible] that analysis still depended on the vagaries of the gold price and I urged at the time that Dr De Kock should not be taken too literally.

The Governor seemed, to some extent anyway, to be trying to head off any undue panic as the current account moved cyclically back into the red.

The fact is that South Africa remains deeply vulnerable to sharp downward movements in the gold price.

This vulnerability is accentuated by the country's high propensity to import in boom times.

The accompanying table shows this propensity.

	GDP (A)	Imports (B)	Imports/GDP B as % of A	Import Growth	(CPI) Inflation	Real Economic growth
1973	R19 918m	R3 550m	17,8%	—	9,9%	4,2%
1974	R24 472m	R5 768m	23,6%	62,5%	14,1%	7,6%
1975	R27 454m	R6 742m	24,6%	16,9%	11,7%	1,6%
1976	R30 908m	R7 443m	24,1%	10,4%	10,8%	1,4%
1977	R34 536m	R6 881m	19,9%	-7,6%	11,1%	0,0%
1978	R39 833m	R8 019m	20,1%	16,5%	11,6%	2,2%
1979	R47 590m	R9 739m	20,5%	21,4%	14,0%	3,9%
1980	R62 217m	R14 207m	22,8%	45,9%	15,8%	7,9%
1981	R74 000m‡	R17 700m‡	23,9%‡	24,6%‡	13,9%	4,5%‡

‡ Estimates

In 1974 imports soared by 62,5 percent as real growth bounded up to 7,6 percent and inflation reached 14,1 percent.

This general economic boom was partly natural and partly the product of the oil-aided gold price surge that year. (The oil price also had a hand in the quite exceptional leap in the value of imports).

A balance of payments crisis erupted, however, in 1975 and continued through 1976, in spite of a hefty rand devaluation, as gold went on the slide but the import momentum carried on.

It was only in 1977 as economic growth ground to a complete halt, devaluation was fully felt and a 15 percent import surcharge was introduced that the current account moved back into surplus — for the first time since 1972.

Imports even fell in [illegible]ney terms, meaning a [illegible]h sharper drop in real [illegible]ms.

In 1978 and 1979 the resumption of import growth was moderate — not much more than the growth of the overall economy.

But now the cycle ready to start over.

Gold exploded upwards and triggered another massive economic expansion.

Growth shot up to 7,9 percent in 1980 — and imports raced up by 45,9 percent.

The 1981 sequel was almost inevitable. Gold fell back heavily, economic growth eased but imports flowed on strongly.

A current account surplus of R2 830-million in 1980 was changed into a deficit of over R4 000-million in 1981.

With combined surpluses of some R7 500-million over 1977-80 that was not of itself cause for concern. Indeed, it was even welcome as a way of restraining inflation.

Dr Chris Stals, senior deputy governor of the Reserve Bank, pointed out last February: 'At this juncture the total of South Africa's net foreign liabilities amounts to only about R3 000-million, or less than 15 percent of last year's exports of merchandise and the value of gold production.'

In other words, South Africa was 'under-borrowed' and had a high international credit rating. A current deficit was no cause for alarm.

Gold, however, has crashed a long way since then — and who knows where the bottom is?

Most private sector economists were originally expecting a current account payments deficit of around R2 000-million this year.

But with gold still on the down, that figure could easily end up in the R3 000-million to R4 000-million range.

Add that to the 1981 deficit and South Africa certainly does face major financing problems on the balance of payments.

These can be met, but the menacing uncertainty in the gold market compels supportive action.

It is, in my opinion, unrealistic to suppose that the exchange rate depreciation of the rand and the natural downswing in the economy can do this alone.

These are essential factors, but the severity and swiftness of the adjustment required needs more.

The table shows just how savage a recession was endured over 1975-77. With gold falling heavily, however, that still had to be reinforced in 1977 with a surcharge on imports to help the balance of payments.

Thus, for all its unlovely qualities, I think the import surcharge is a sensible precaution at this stage.

It should, however, be removed as quickly as the balance of payments permits this.

Meanwhile, some thought should be given to the huge and ultimately excessive surges in imports that accompany booms in the South African economy.

Such periods of uncontrolled import flood may well not to the long-term interests of economic growth, efficiency or even, ironically, freer trade in South Africa.

NTING A

SOLUTION TO: GL5

(1) Premiums Trea ... se

01, Jan 1: Ir ... 300 | 300

Dec 31: ... 300 | 300

Years 02 and ...

04, Jan 1: ... 300

Jan 2: ... 24 000

Jan 2: ... 24 000

Jan 2: ... 300

Jan 31: ... Compan ... oceeds ... 24 000

(2) Premiums T

01, Jan 1: ... 300

Dec 31: ... Life Policy ... 300

(Surrender value of policy is zero - therefore no amount can be capitalised)

Continued/ ....

British find Cape fruit is best

Argus 26/2/86

Consumer Reporter

THE quality of Cape fruit is far above that exported by other countries, British retailers told The Argus at a symposium in Stellenbosch yesterday.

They were among the more than 100 members of the Retail Fruit Trade Federation of Great Britain who have come to this country with their wives to see the fruit-growing areas.

Yesterday the Deciduous Fruit Board took them to Stellenbosch Farmers' Winery to see wine being made and to lunch at the Oude Libertas Centre.

DEMAND

At a symposium afterwards some of the retailers complained that they could not get enough Cape apricots, peaches and nectarines to meet the demand.

Mr L B Kriel, general manager of the Deciduous Fruit Board, told them that exports of these fruits were increasing.

He said farmers were planting more nectarines and 'it will not be long before we are exporting one million cartons.'

Mr Peter Sheppard, president of the federation, told The Argus that the quality of Cape fruit was so good that it sold well even though prices were higher than that of fruit from European countries.

He said political considerations did not stop British housewives from buying.

HEALTHIER

Mr Sheppard said his federation was trying to make the British public realise that fruit was both healthier and cheaper than cakes and confectionery.

He and his members had been particularly impressed to see the care with which grapes were handled and packed for export.

In a speech at the start of the symposium Mr Sheppard said although apples were the backbone of the fruit trade between the Cape and Britain he thought grapes would shortly be among the top-selling fruit.

Mr Less Cannell, whose family have traded from a fruit stall in the historic British city of Salisbury for more than 100 years, told The Argus: 'I could not manage without Cape fruit.

QUALITY

'I can always rely on its quality. It is far above that of the French apples, for instance, although they are cheaper.'

Mr Ray Kennard, publicity manager for the Deciduous Fruit Board in London, said there was a demand for more fruit than South Africa could export.

But it was vital that the board continued to exercise strict control over the standard of fruit exported, because its reputation depended on its high quality.

Far East threat to SA clothing

74

~~184~~

RDM 26/2/82

HUGE imports of clothing from the Far East are threatening the South African clothing industry, says Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa.

"We employ 250 000 people — yet goods are being shipped to South Africa at prices below the cost of the cloth we buy. Our livelihood is threatened.'

The Government has responded by appointing the Steenkamp Committee of inquiry into the textile and clothing industries, but it is only expected to report late this year.

Mr Yorke-Mitchell said that in 1980 1 600 000 shirts were imported at a landed cost of R2,10 each, and in the first five months of last year 1 100 000 shirts at a cost of R2,27 were imported.

Although the South African clothing industry was highly competitive it could not hope to match these prices and the jobs of many workers were at stake.

The federation favoured a continuation of the present system of quantitative import barriers and tarrifs, but it believed that the Government wished for political reasons to abolish import barriers and have only tariffs.

Imports permits were still being issued freely in spite of the fall in SA's foreign reserves and the deficit on the current account of the balance of payments.

The 10% import surcharge was not expected to have a great effect on clothing imports as retailers were selling them at a handsome profit.

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe.

"The clothing industry was sacrificed in the interest of propping up the Rhodesian economy through the 1964 trade agreement and we hope that any new agreement will be more equitable and that the Government will consult industry."

Manufacturers could not afford to price their goods — they had to be costed exactly because the competition was so fierce.

One of the possibilities now being explored by the federation was to export clothing. A trade mission was suggested as well as a sponsored visit by foreign buyers to South Africa.

Other points:

- The industry will spend more than R1 000 000 on training this year.
- The 1981 national clothing convention was a great sucess and will be followed by another in 1983.
- The industry is concerned at the growing economic power of clothing retailers and the recent spate of takeovers.

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1: Insurance Expense 300
Bank 300
being payment of premium

Dec 31: Income Statement 300
Insurance Expense 300
being closing entry

Years 02 and 03

04, Jan 1: Insur... 300 300

(2) Premiums Treat...

Continued/ ....

E-Post 27/2/82

Export-hunting PE 'invasion'

74

PORT ELIZABETH will be "invaded" by export-seekers next month — marketing officers attached to various South African embassies and consulates.

The group will visit Port Elizabeth on March 30 and 31 and will comprise: Mrs J S G Roda, Madrid; Mrs M N Beato, Rome; Mr A M Baron, Paris; Mr M S P Teixeira, Lisbon; Mr R N Hales, Toronto; Mr P J Heath, New York; Mr and Mrs G Steen, New York; Mr A J Turner, Buenos Aires; Mr M W O Preuss, Hamburg; Mrs E P B Guerin, Stockholm; Mrs M G Guabella, Milan. The tour leader has still to be appointed.

"The marketing officers are recruited in the country where the mission is based," said Mr George Forssman, regional representative (export promotion) of the Department of Industries, Commerce and Tourism.

"Their main function is to help our trade councillors, consuls and commissioners find markets for our exports and to promote South African business as a whole.

"It was therefore thought necessary by my department to establish closer contact between the South African business community and our overseas marketing officers.

"A better knowledge of South Africa and its people can only make their task easier in their day-to-day contact with overseas businessmen.

"Their visit to Port Elizabeth is is an excellent opportunity for exporters to discuss the marketing possibilities of their products. It is planned the group should visit as many as possible of the factories involved in exports."

Companies interested in meeting the marketing officers should contact Mr Forssman at Port Elizabeth ☎ 52 1267 and make an appointment for discussions to be held with the visitors during the morning of March 30.

RUBBER DUTY 'IS TO PROTECT LOCALS'

74

Sunday Tribune 28/2/82

Finance Reporter

SENTRACHEM'S controversial application to the Board of Trade for a protective duty of up to 75 percent on imported rubbers is "designed as a protection against foreign manufacturers dumping rubber on the South African market" according to Alex Olivier, a Sentrachem director.

It will be applied only to rubbers imported at "disruptively low prices", and then on a variable scale — the lower the price, the higher the duty

Sentrachem's application for a 25 percent duty to be imposed on rubbers imported at normal Western prices, to bring them into line with its domestic prices, still stands.

All these applications for duties are designed to protect Sentrachem's massive investment in its new Karbochem rubber-producing plant, at Newcastle, which is due on stream this year.

Although the plant is one of the most modern plants in the world, Olivier says: "We have a 25 percent cost disadvantage against other manufacturers, normal Western competition and can prove it."

The main reason for the punitive duties Sentrachem is applying for is that the imposition of a straight 25 percent duty on dumped rubber would still enable importers to land it at substantially less than its domestic prices.

He mentioned natural rubber - polysioprene for which the current domestic price is R1 430 a ton as an example.

If an exporter who was prepared to sell it at R1 000 a ton could be found, the imposition of a 25 percent duty would enable the importer to land it at R1 250 a ton — well below the current domestic price.

Direct

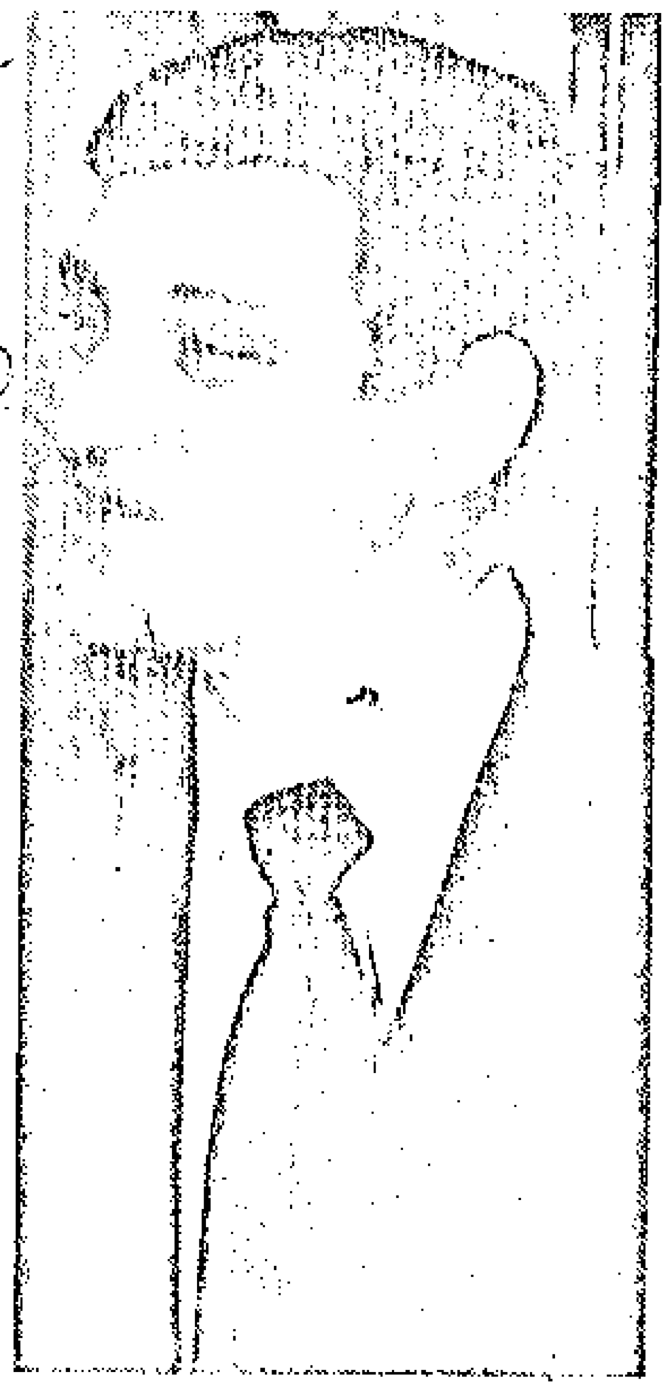
CAPE TIMES 4/3/82

SA a 'large' trader with US

(764) ~~227~~

Chief Reporter

MR Donald de Keiffer, a senior member of the Reagan administration, said in Cape Town yesterday that South Africa was one of the United States' largest trading partners, and that this country featured prominently in his government's recently-announced changes in international trading patterns.



Mr Donald de Keiffer

Mr De Keiffer, who during the Information affair several years ago was said to have received a salary of R150 000 a year from the South African Department of Information for lobbying on its behalf in Washington, is general counsel to the USA Trade Representative, who is a member of President Reagan's Cabinet.

Trade ties

Speaking at a lunch meeting of the Cape Town Press Club, he said the US was in a state of economic recession, with heavy unemployment, and it was in the country's interests to strengthen its international trade ties and "to get the economy moving again".

He said three of every five acres of farmland in the US were destined for the production of commodities for export, and this could be important for South Africa.

Fundamental change

Mr De Keiffer said he was in this country to explain what amounted to "a pretty fundamental change" in his government's international trade policy.

"What we are in effect suggesting in our talks in this and other countries is that we are all in the same boat; that we are all facing a common economic threat and that freer international trading patterns must be of benefit to everyone."

Payments problem mounting for SA

(74) RDM 4/3/82

By HOWARD PREECE

SOUTH Africa seems to have had a huge deficit of about R500-million on the current account of the balance of payments in January.

This would certainly tie in with the acute money squeeze in the economy.

According to preliminary figures from Customs and Excise, exports fell sharply in January to R1 224-million from R1 605-million in the same month in 1981.

Imports on the other hand were up to R1 453-million from R1 233-million in January 1981.

The result, according to Customs, was that a trade surplus of more than R370-million in January last year was turned into a deficit of R220-million in January this year — a turnaround of more than R590-million.

In addition to this, however, South Africa runs a large shortfall on so-called invisible items on the current account — dividends, interest payments, shipping, insurance, etc.

In the third quarter of last year, the latest figures available, the average monthly deficit from these factors was about R350-million.

From that, though, must be deducted a monthly surplus of about R35-million from net transfers.

Even so, that means at least R300-million must be added to the trade deficit to get the overall figure for the current account shortfall.

It is true that Customs figures are provisional and can be subject to cosnsiderable error compared with the later official figures from the Reserve Bank.

But when allowance is made for that it still looks as though the overall current account deficit in the first month of this year was R500-million.

A part of that will have been covered by a natural net capital inflow, but the rest will have been met either by special borrowing or out of the official gold and foreign exchange reserves.

The slump in the gold price is, of course, a critical factor in the balance of payments deterioration.

According to Customs, receipts in January from "other unclassified goods and balance of payments adjustments" — the category which includes gold — fell from R811-million in January 1981 to R534-million a year later.

There was also a sharp drop in the section which includes precious metals (notably platinum) from R292-million to R210-million.

One of the few areas to show an improvement, in money terms, was base metals which rose from R119-million to R132-million.

Although the rise in imports from R1 233-million to R1 453-million from January to January suggests a continuing rise in the flow of overseas goods this is misleading.

There has been a sharp fall in the overall value of the rand since the beginning of last year.

When that is taken into account plus normal inflation it is possible that the volume of goods could have fallen.

It is logical to suppose that as the economy moves into more and more of a downswing this will have a further restraining effect on imports.

However, as gold keeps sliding, there can be no denying that South Africa has some major balance of headaches again.

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1: Insurance Expense 300
Bank 300
being payment of premium

Dec 31: Income Statement 300
Insurance Expense 300
being closing entry

Years 02 and 03 - same as 01

04, Jan 1: Insurance Expense 300
Bank 300

Jan 2: Debtor (Insurance Company) 24 000
Income from Life Policy 24 000
being accrual of proceeds

(2)

Continued/.........

Tyre firm sees red

By Vera Beljakova

DUNLOP Tyres was wild when it heard that a Durban woman had found the stamp "Made in Russia" on the casing of a locally bought retread.

Managing director Lloyd Zaayman lashed out that "this incident typifies the situation that exists in this country".

"While South African manufacturers are forced to pay up to 75% more than the average world price for some of their raw materials, the market is swamped with imported new tyres and second-hand casings."

Last August alone R5,3-million worth of new tyres were imported, bringing the total for the period January-August to R23,2-million at FOB value.

"The situation is likely to worsen now that local manufacturers have been forced to increase the price of their tyres because of the high cost of local raw materials," says Mr Zaayman.

"South African tyre manufacturers have repeatedly called for a coherent tariff system which will promote equal protection.

'Monopoly' attack on SA machine tool makers

~~189~~ 74

S. Express 7/3/82

UPROAR OVER 'CHEAP' IMPORTS

By DAVID PINCUS

A BITTER fight has broken out in the R200-million-a-year South African machine tool industry.

This follows a recent report by the Sunday Express on allegations by Jim Economides, managing director of leading machine tool manufacturers the Six Hundred Group, that machine tools from eastern European countries were being 'dumped' in South Africa at less than the cost of the raw materials to make them here.

Economides said that if local merchants were to buy more from local manufacturers there would be no need for protective tariffs.

This amounts to 30% on imported machine tools similar to those the Six Hundred Group manufactures.

Now Robert Skok, managing director of leading merchants Robert Skok and Sons, has accused Economides, of creating "a virtual monopoly" on machine tools for the Six Hundred Group.

He further alleged that Economides himself had "imported very large quantities of Czechoslovakian machine tools into this country and sold them at very high profit margins", and that Economides's parent company in London was "probably the largest single importer of Czechoslovakian machine tools in Europe".

Skok also alleged that Economides sold Colchester lathes in South Africa for twice the price they sold for in Britain, where they are made, and said he had "no doubt that over the past 14 years the Six Hundred Group has made an absolute killing through this situation".

He said that because of the high profits Economides took on Colchester lathes, it was still possible to import lathes of the same capacities from eastern Europe — which Skok claims have similar FOB values — and sell them in South Africa at a profit.

This, he said, was in spite of the fact that Economides had been able to arrange that duties of up to 100% be imposed on imported machine tools.

Doug Sulen, president of the Machine Tools Merchants' Association, previously told the Sunday Express that a weight-to-cost factor had in some cases been included in the duty imposed on imported machine tools and that this could raise their prices by 60% to 70%.

Skok alleges that the Six Hundred Group's local manufacturing is "cosmetic", particularly in the case of lathes.

But, he said, when importers of eastern European machine tools "follow exactly the same tactics and add local content, in this way qualifying for preference and lower import duties, Mr Economides objects and calls for an investigation into their claim for preference for local manufacture".

"I would suggest, as I have done on many occasions in the past," says Skok, "that the activities of the Six Hundred Group in South Africa have cost this country something like R10-million during the past 14 years — and it is the poor engineering industry which has had to pay these excessive prices — to protect a so-called local industry."

Economides denied that he imported eastern European lathes, "only the big stuff, which has a better reputation, such as radial drills".

"It is wrong for Skok to say that we are among the biggest importers of eastern European machine tools in this country. In any one year we did not import more than R100 000 worth — that's peanuts".

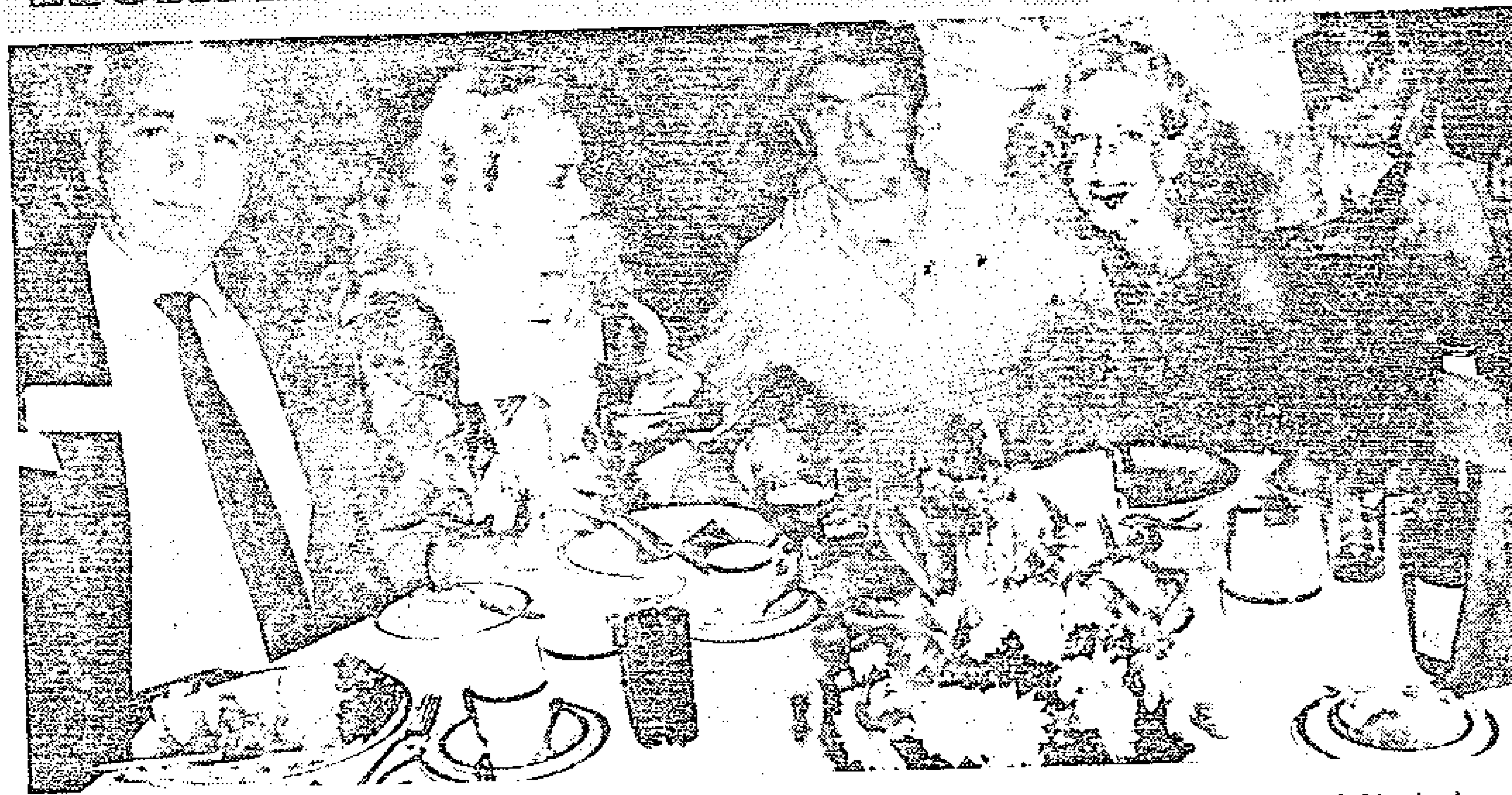
He also hotly denied that his group's manufacture of lathes was either "so-called" or "cosmetic".

"Our local lathe is cheaper than the imported lathe and it has 70% local content. All we import is the headstock.

"Skok should know that. His own co-director, Mr F Wallaberger, fought with me for preference for local manufacturers."

After alleging that Skok had been waging war against him for years because he (Economides) would not appoint him (Skok) an accredited dealer for Colchester lathes — and that "when he wants supplies of them he has to get them through the back door" — he repeated his claim that Czech lathes sold for 30% below our prices".

Homefinder hosts fun at Sun City



Helping to celebrate the continued success of **Homefinder** with glasses of Nederberg Cuvée Brut and Grand Mousseux at Sun City recently were estate agents — from left — John and Di Woods and Lew and Sandra Geffen. Sixty top advertisers attended the function hosted by Sunday Express Editor Ken Owen.

Machine tool industry fights to survive

Reds dump surplus in SA

74

By Madden Cole

IRON curtain countries are dumping machine tool products on the SA market causing untold damage to local manufacturers.

The result is that the local industry is finding itself in a virtual no-win situation both on the home and export markets.

"What we are faced with now is competition against European manufacturers who are fighting for survival and prepared to accept any price just to stay in business on the one hand, and the state-owned Communist industry which does not have to make a profit," Elga Engineering's MD G Röthel said.

"And to make matters worse, the local machine tool industry does not receive anything like the generous export inventives enjoyed by some foreign countries.

"We are really in an embattled position and are being squeezed from two sides."

The dumping of machine tools especially by Communist bloc countries at ridiculous prices has forced production cuts by local manufacturers which in turn has increased unit costs.

"The result is that we are unable to be as competitive on the export market even if we sell our products at marginal cost."

And to compound matters, SA exporters who received little government incentives have to compete on foreign markets against countries which received up to three years interest free credit facilities.

"The local exporter finds it difficult to be competitive. Not only has he to wait six months for his money, but he has to finance the deal as well."

SA too is one of the few countries which stick to GATT policies, a practice which has dealt another blow to exporters.

"Manufacturers in other countries enjoy better protection by way of tariffs than South Africans.

"That means that they can export to SA with relative ease and compete on the local market whereas our manufacturers have tariff barriers to contend with."

Another severe problem affecting the market is the large quantity of second-hand machine tools finding their way into the country, especially from the United Kingdom.

Many of these tools are practically new and further depress the market.

"These practices are causing us a great deal of harm and it has become a matter of great concern.

"If these conditions, which can be described as near chaotic, are allowed to continue indefinitely, local exporters will suffer irreparable damage," Röthel said.

Stock control 'vital'

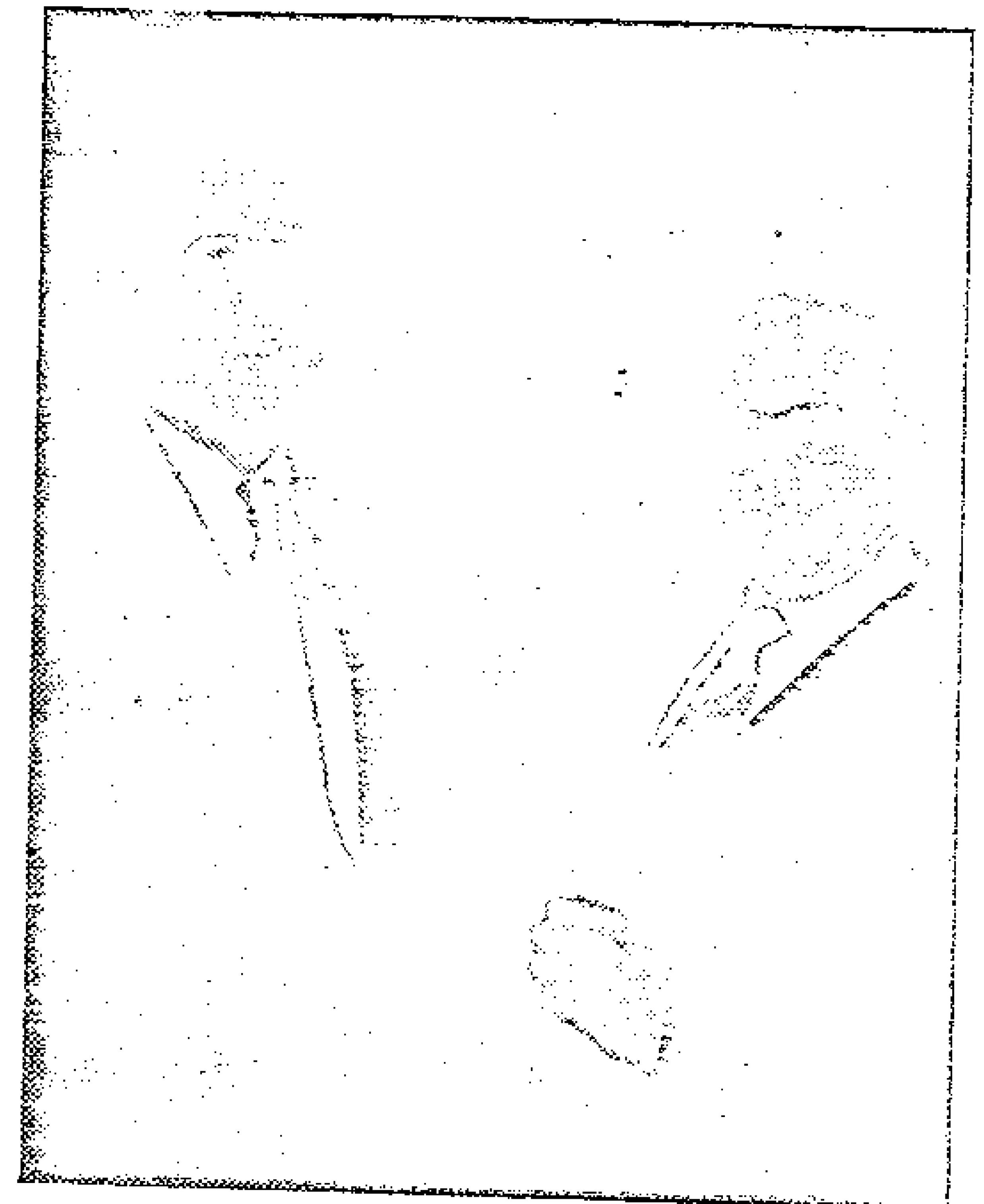
THE failure of the majority of SA companies to introduce sophisticated stock control systems is having a detrimental effect on the economy as a whole.

This is one of the findings of a study undertaken by the P-E Consulting Group.

The study included a representative sample of companies, mainly in the manufacturing sector where inefficient inventory controls have a serious effect on corporate profitability.

The report says: "It is unfortunately true that stock control and materials requirement planning is too frequently seen as of minor importance to the success of the organisation. As a result, junior, unskilled personnel are often put in charge."

The report points out that US economists are now convinced that the brevity of the 1980 recession in their country was almost entirely due to the unusually stable behaviour of inventories



South African Breweries' group managing director Dick Goss (left) hands the keys for a new mobile X-ray unit to Dr Athol McPhail, chairman of the SA National Tuberculosis Association. The unit was donated by the SAB Community Trust to aid SANTA in combatting TB among workers on the Reef.

Exporters to lose out as Govt scraps rail subsidy

(74) RDM 9/3/82

CAPE TOWN. — Reduced railway rates on export goods and the finance charges aid scheme are to be discontinued from April 1, the Minister of Industries, Commerce and Tourism Dr Dawie de Villiers announced yesterday.

He blamed the decision on the current financial situation.

"In the light of present financial conditions, the need to continue certain forms of export assistance has been re-examined against the background of the sharp depreciation of the rand against the US dollar by 22% and against a weighted basket of foreign currencies by about 14% during 1981, which benefits South Africa's exports to a considerable extent.

"Consequently, it has been decided to discontinue from April 1 the provision on the budget of the Department of Industries, Commerce and Tourism, for the granting to exporters of specially reduced railway rates and aid in respect of finance charges, known as the finance charges aid scheme.

"This decision has been taken after due consideration and intensive discussions with the Minister of Finance."

Dr De Villiers said the decision should not be misread as an underestimation by the Government of the importance of a continued export effort.

"In fact, exports continue to be of cardinal importance for the Republic's continued economic development and the Government will sustain its support within its financial means," he said. — Sapa.

Govt step threatens Natal firms

Mercury 10/3/82

(74)

Financial Editor

SEVERAL Natal firms could be forced to close as a result of the cumulative effects of recent Government steps which 'appear to discourage exports,' Mr Roland Freakes, executive director of the Natal Chamber of Industries, said yesterday.

He was reacting to the withdrawal, from April 1, of the rail rebate on exports and the finance charges aid scheme announced by Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism.

Dr de Villiers said it had been done because of the improvement, for exporters, in the dollar/rand rate.

Mr Freakes said one organisation had already asked the Chamber to take the issue up with Dr de Villiers, pointing out the dire results.

Surcharge

Exporters had been affected by:

- The 10 percent surcharge on imports — imported machinery was being held up in Customs while every item was carefully checked.
- The increase in shipping charges announced in the railway budget.
- The delays in announcing a comprehensive export incentive scheme.

Mr Freakes said some factories in Natal would be 'put out of business.'

They had managed to absorb rising costs by effecting efficiencies and increasing productivity but there was a limit to this.

He felt that the 'summary announcement' was very damaging to exporters' plans and on the exporting capability of the country as a whole.

Metals

Imports eating us out of house and home

74

RDM 11/3/82

Howard Preece

Economic Spotlight

SOUTH Africa's balance of payments problems have moved from difficult to critical.

The biggest and most urgent challenge now facing the country is this — how to curb imports to levels that can be securely afforded.

That overriding necessity must now regrettably take priority over growth and employment, long-term economic efficiency and in some ways short-term restraint of inflation.

This may sound alarmist and a little melodramatic, but the severe fall in the gold price is savagely factual.

It is true, of course, that the gold slide might be checked and even reversed quickly. But a significant and sustained recovery hardly looks likely over the next few months.

In any case the only sensible policy approach at this stage is to assume that gold will remain depressed, and perhaps drop further over the next six months or so.

To assume otherwise could be to court utter disaster.

However, once the assumption that gold will stay flat for some while is made the grim arithmetic of the balance of payments is readily apparent.

Let us start with the latest official figures — those for the first nine months of last year (the full 1981 statistics will be released either in the Budget on March 24 or shortly beforhand).

For January to the end of September this was the position.

Debit.
Imports R13 283-million.
Service payments R5 014m
Total (-) R18 297m.
Credit.
Exports R6 817m
Gold R6 121m
Service/transfer receipts R2 549m
Total (+) R15 487m.
Current deficit -R2 810m.

But those figures understate the extent of the deficit for the whole of 1981 because, in particular, the gold price had been steadily deteriorating.

Thus the shortfall in the first quarter was only R98-million, but it soared to R1 314-million and R1 398-million in the next two quarters.

The deficit for October to December was in line with the trend of the previous six months.

Overall then there was a deficit on the current account of the balance of payments of more than R4 000-million in 1981.

That, however, was with an average gold price of $458.

So far this year the average is $375 — and dropping daily.

There is, of course, the partly offsetting factor of the sharp decline in the foreign exchange value of the rand, dwon from $1,35 at the beginning of 1981 to less than $1 now.

But that depreciation has on the other side added heavily to the rand cost of imports.

So what are the balance of payments prospects for 1982?

The volume of imports will fall as the economy moves steadily into the downswing and indeed towards stagnation.

In physical terms imports are probably already at a standstill.

South Africa must presumably be also getting some price benefit from the general easing of oil prices even though there will still be a political premium.

But this country does have a high import propensity and there is still some growth momentum in the economy now.

Taking that into account and allowing for the higher rand costs from devaluation plus ordinary inflation there must be a strong possibility that imports could reach R20 000-million this year — without further direct and indirect measures to check them.

Service payments will be reduced by the heavy falls in dividends — De Beers tells the story — that will be paid to foreign shareholders this year.

The rand drop, however, will add to the costs of interest charges and to the prices of such factors as insurance.

Service receipts should show a healthy growth in rand terms.

But as things stand it is difficult to expect a net deficit on services and transfers of less than R2 750-million (and that could be optimistic).

That gives a combined debit with imports of R22 750-million.

Non-gold exports will largely be held back by the general low level of activity in the world economy.

From about R9 200-million last year they are unlikely to get above R11 000-million this year.

On these broad assumptions, and they are not intended as anything more than general guidelines, that would leave an overall deficit on the current account of R11 750-million — minus the contribution from gold.

With an output of 21-million ounces, an average exchange rate of R1 equals $1 and an average price of $375 gold would pull in R7 875-million.

There would then be an overall current payments shortfall of close to R4 000-million.

But that is on a basis of taking a rather rosy view on gold as it now looks and on taking favourable assumptions in the other calculations.

A gloomier projection of a deficit approaching R5 000 could easily be made.

Either way that kind of balance of payments outlook demands corrective measures.

After a R4 000-million and more deficit in 1981 and no way of knowing what gold will do in 1983 there is no choice.

In its latest economic review Volkskas sums up the position: "The most burning issue for which a solution will have to be found in the time immediately ahead is that of the large deficit on the current account of the balance of payments.

"The rising trend in the country's import bill must not only be halted — it must actually be brought down by exercising much stricter control over the increase in domestic spending.

"An evaluation of the international economic situation and the prospects for the gold price would inevitably lead to the conclusion that a lower import bill is imperative if the deficit on the current account of the balance of payments is to be handled properly."

A tough Budget is certain. Further direct measures to curb imports may well also be necessary. The rand could easily drop much further on the foreign exchange market.

(14) (~~1224~~) Hansard Q. 61.363-364 12/3/82

Import of clothing

*19. Mr. H. H. SCHWARZ asked the Minister of Industries, Commerce and Tourism:

(1) Whether the quantity of clothing imported into the Republic during the latest specified period of 12 months for which figures are available showed an increase over the quantity imported during the preceding period of 12 months; if so, what is the increase;

(2) whether any investigations have been instituted into the effects of these im-

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(1) Yes: I am, however, of the opinion that the marketing of a platinum coin, which will have to be declared legal tender, will not be in the best interest of the country. At any rate, not at this point.

(2) Falls away.

Mr H. H. SCHWARZ: Mr. Speaker, arising out of the reply of the hon. the Minister, could I ask him whether he is prepared to give any reasons why he considers it not to be in the best interests of the country to mint a platinum coin?

The MINISTER: Mr. Speaker, this is very much a matter for the Mint to decide about, and the view that the Mint takes is that we should concentrate on our gold coins, which have been an outstanding success, and postpone the possibility of others, such as platinum, until some later date. I also think that we should give the gold price a chance to rise.

Mr. H. E. J. VAN RENSBURG: We could even have a mini-platinum coin party.

The MINISTER: Yes, we could do that too. We could even give that hon. member one. [Interjections.]

Mr. SPEAKER: Order!

Hansard
Maize: export programme

(74) Q. Col. 358 12/3/82

12. Dr. W. D. KOTZÉ asked the Minister of Transport Affairs:†

(1) Whether the South African Transport Services has in every month since 1 November 1981 transported the maximum quantity of maize according to the normal export programme; if not, (a) why not and (b) how many of the proposed number of truckloads were not railed;

(2) whether the South African Transport Services foresees a backlog in the transportation of maize in the near future; if so, as a result of what factors?

The MINISTER OF COMMUNITY DEVELOPMENT (for the Minister of Transport Affairs):

(1) No.

(a) Because the Maize Board sold less maize than originally planned.

(b) From December 1981 to February 1982, 6 270 fewer truck loads were railed than were scheduled.

(2) Yes. Due to the inability of the Maize Board to tender maize for transport at the tempo agreed upon.

EXPORTS (74)

Removing incentives

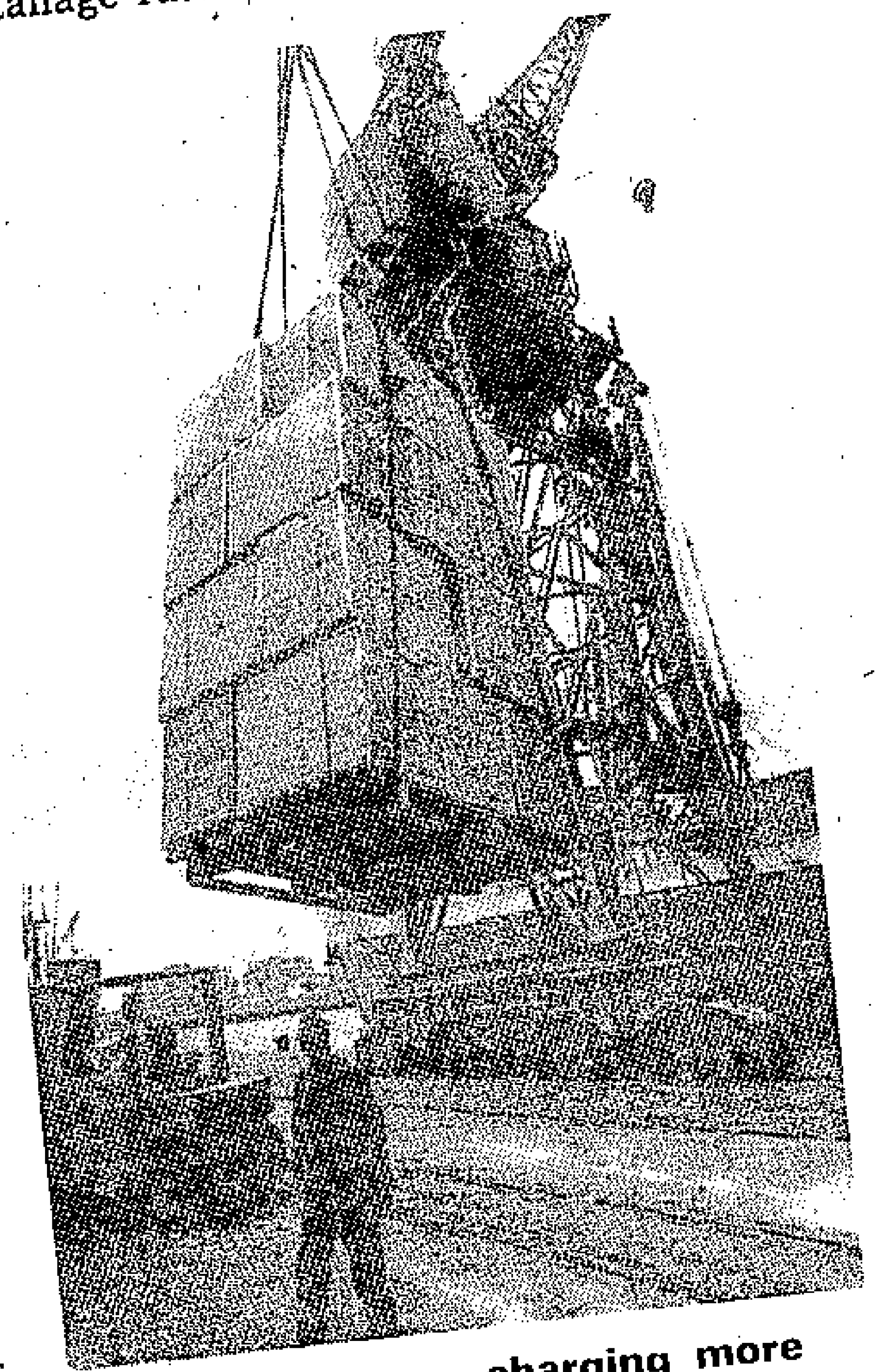
FM 12/3/82

Exporters will be hard hit by the latest rise in rail and harbour charges announced in the SA Transport Service's budget (SATS).

And government's subsequent decision to eliminate the two most attractive export incentives — finance charges aid and export freight rates subsidy — is causing fresh concern.

So says Wim Holtes chief executive of the SA Foreign Trade Organisation (Safto). He is, however, reluctant to commit himself on whether or not this will cause a decline in export volumes.

Railage rates on tariffed products have



SA harbour . . . charging more on exports

increased by between 16,8% and 20,7% — all above the projected inflation rate. Container transport increases also reflect the full 15% inflation rate.

Harbour charges are also up. Says Holtes: "For instance, an increase of 17% on wharfage, itself an ad valorem charge which will automatically increase with inflation, is unfair. It reflects a lack of thought on maritime policies. This is also reflected in the 22% increase on shipping dues and other harbour charges.

"One cannot have a long-term export policy without a concomitant maritime policy. Foreign ships entering SA's harbours will now be forced to pay the increased charges."

Holtes says government seems to be running out of cash and has rushed a decision on the incentives without consulting the private sector.

"The consultative machinery to discuss these matters exists, but has not been used," he says. "This is contrary to the spirit of Carlton and Good Hope."

Killing the export incentive

(74) S. Tribune 14/3/82

By MIKE PEIRSON
Finance Editor

CRISIS management by government is killing off the incentive to export, according to Hans Beier, chairman of the Natal Chamber of Industries' export trade committee and managing director of the major exporting Beier Group in Pinetown.

Speaking in the wake of the arbitrary withdrawal from April 1 of the finance charges aid scheme announced this week by Minister of Industries Dawie de Villiers, Beier told me.:

"It's a great pity that this was virtually withdrawn on a month's notice. I would imagine a lot of our exporters have based their contracts for the next six months or more on getting the money as part of the export incentive.

"I have a feeling that the Department of Commerce or the fiscal authorities are suddenly in chaos. They have come down to crisis management. As things come into their heads they suddenly make decisions without consulting with the export fraternity at all.

"It was promised to us that should they make any particular changes (and these we consider major) they would consult us. But as in so many cases these decisions are made on the spur of the moment and it is definitely not conducive to the South African export industry."

Beier went on: "As far as my group is concerned the withdrawal means a difference of hundreds of thousands of rands. This will just not be available now.

"The finance charges aid scheme was perhaps one of the few on the export incentive side that was really tangible. All the others are highly complicated to apply and you cannot really put it into your costing. It's just a bonsella.

"But this aid scheme could be measured. You knew exactly what benefits you would get out of it. And now with the high interest rates, obviously it would have given us bigger bentfits.

"The fiscal authorities are killing the goose that lays the golden egg, quite frankly. This is the last thing I would have expected them to do when we so desperately need exports."

Beier said the minister could argue the rand had got weaker against the dollar, but exports made in this country did not go that much to the United States. Raw materials did but not manufactured products.

"On the European currency side, the rand has depreciated 10 to 12 percent — but only in the last few days," he said. "The rand and the European currencies were running parallel and it is only in the past few days they have gone below parity.

"It is a ridiculous excuse if the Minister thinks we are going to get an advantage by the weakening of the rand.

"Exporting has become more and more difficult with the floating rand. We never know from one day to another where we are."

He said his export trade committee was in the process of making strong representations to the Minister on the matter, but it is understood initial reaction from government has not been encouraging.

"We will not sit down and just have these things withdrawn from us at a moment's notice," Beier went on. "It is going to kill the export incentive for a lot of small businesses.

"I am sure, however, that eventually they will have to come back and reintroduce it again and this is where our authorities make mugs of themselves because they are not considering what the consequences can be. Exports are by no means lucrative in this country."

Safto's chief executive Wim Holtes told me: "We realise that the rand is low and theoretically this should mean increased profits for exporters. But we are up against stiff competition from countries overseas who are desperate to export at any cost to gain valuable foreign exchange in a period of recession.

"It is a great pity this has been done so suddenly. It could have been phased out in consultation with the private sector."

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Exports Exports Exports Exports Exports

Horwood deeply concerned as SA exports slump

16/3/82 74 Industrial Week

Special Correspondent

WITH a falling gold price stripping SA of hundreds of millions of rands in export income, Owen Horwood, Minister of Finance, has urged the manufacturing sector to mount renewed export drives to avert a widening trade gap.

Horwood has given warning it is imperative that the export/import imbalance be corrected and that SA does not place undue reliance on earnings from bullion.

He was formally opening a new multi-million rand warehouse and Transvaal headquarters of Indo Atlantic at the City Deep container depot in Johannesburg.

The Minister told businessmen that total SA external trade — imports plus exports — rose 6% last year to hit R36 500 million, equal to more than 60% of gross domestic product.

What deeply concerned him, however, was that while imports bounded 26% higher, exports slumped 12%.

Whether it was intended as a hint of more encouragement in the Budget or not, Horwood said: "Everything possible must be done to stimulate exports".

The tremendous inflow of containerised imports of commodities last year had at times created serious bottlenecks at City Deep, he said.

SA Transport Services and the SA Container Depot had not always been able to cope effectively with the collosal strain caused by unexpectedly heavy volumes.

The City Deep complex alone had been called on to handle some 54 000 incoming and 40 617 outgoing containers on international trade routes — on top of still heavier domestic freight movements.

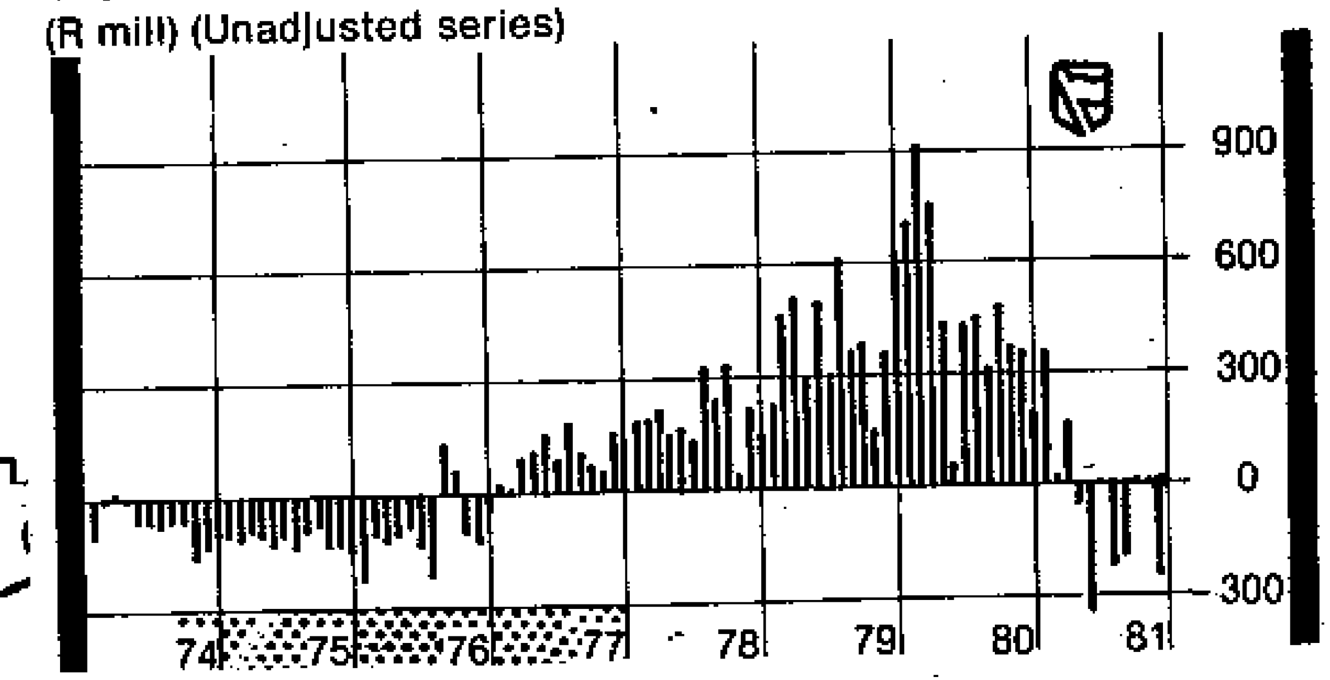
He hoped the new Indo Atlantic facility would at least in some measure alleviate the problems and pressures on the depot.

Horwood had already made plain his determination to close the trade gap when he announced the imposition of the new 10% surcharge on a wide range of imports.

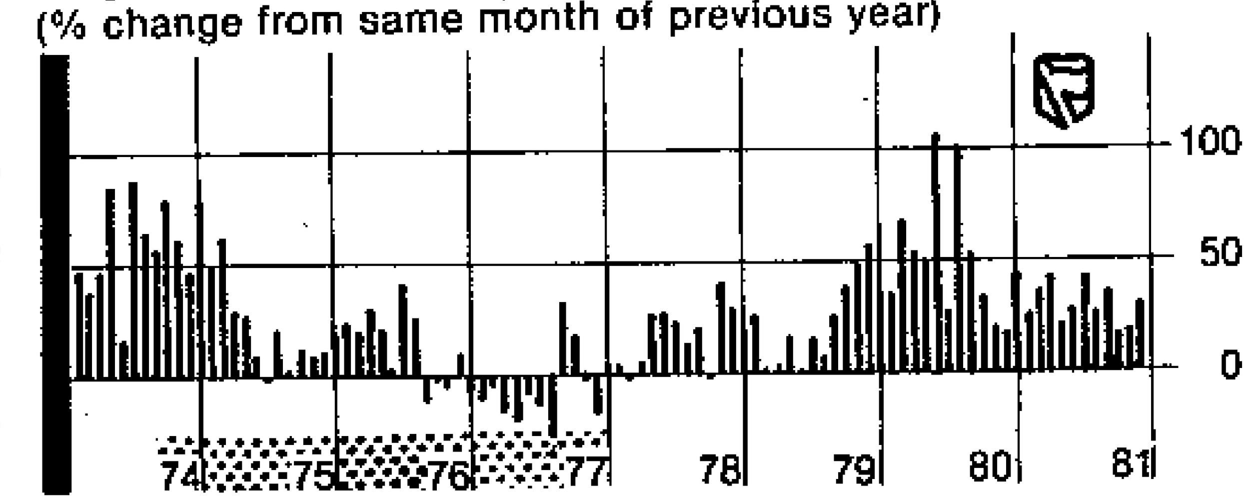
And he is clearly aware of the fact that the slow tempo of the economic recovery among SA's main overseas trading partners is a daunting scenario for exporters.

Even so, it can be expected that more and more pressure will be applied by the authorities to encourage the industrial sector to pull in more export earnings to balance the current account of the balance of payments.

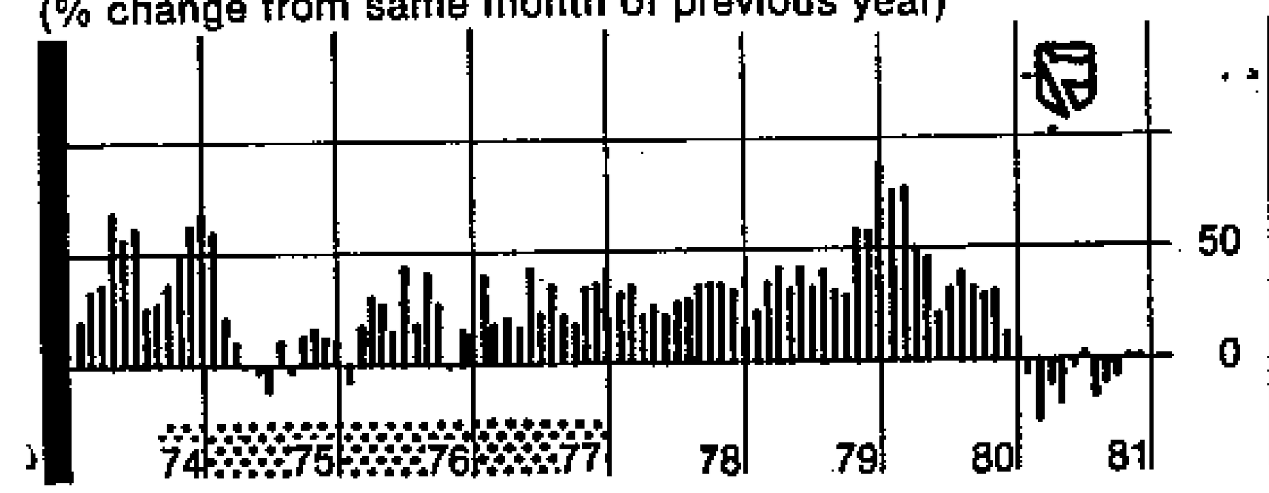
Trade balance
(R mill) (Unadjusted series)



Imports
(% change from same month of previous year)



Exports
(% change from same month of previous year)



A set of bar charts prepared by the Standard Bank spell out the problems facing the Minister of Finance as the foreign trade balance sinks back into the red, with imports still showing big gains while exports go into reverse.

WARNING

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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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Exami- ners' Initials

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74

Cheap imports hit local firms

Industrial week 16/3/82

By Priscilla Whyte and Lynn Carlisle

FOREIGN competition is threatening the R1 900-million clothing industry and firms in other industries report cut-backs in production because they cannot compete with "cheap imports".

The situation will worsen as aggressive foreign marketing here — often of products manufactured at a loss for the sake of earning them foreign currency hits local manufacturers, some allegedly not competitive because they are "protected industries".

Stanley Shlagman, executive director of the SA Textile Federation, attributes the competitive edge of the Far East to their labour costs, being as little as one-tenth of these here, and prices of imports, bearing little relationship to true production costs.

"Unless effective protection is imposed, exports from the East will flood SA at market prices we cannot match," said Shlagman.

And the GEC group's R5-million electric motor factory in kwaZulu has been working a four-day week since February 1 — due to competition from cheap United States, European and Far Eastern imports.

"In spite of the 30% tariff protection which local manufacturers have enjoyed up to now, imported electric motors are still coming in at prices which on average are 20 - 30% cheaper than locally-made products," says Robin Bullen-Smith, executive director of GEC South Africa.

"Many customers have switched to imports and the reduced demand has forced us to cut production at the kwaZulu factory, which we have just re-equipped at a cost of R2-million," he adds.

Realising the plight of the local industry, an investigation into the clothing and textile industry under Professor W F J Steenkamp is underway, and the Board of Trade and Industries is currently processing data on these industries, who combine to employ more about 16%, of South Africa's total labour force.

In addition, the agricultural sector employs about 150 000 in cotton production who are entirely dependent on textile and clothing industries to use that crop.

But if clothing and textile industries are worried that they will not get adequate protection from Government they should drift to more competitive lines, suggests Leon Louw, executive director of the Free Market Foundation.

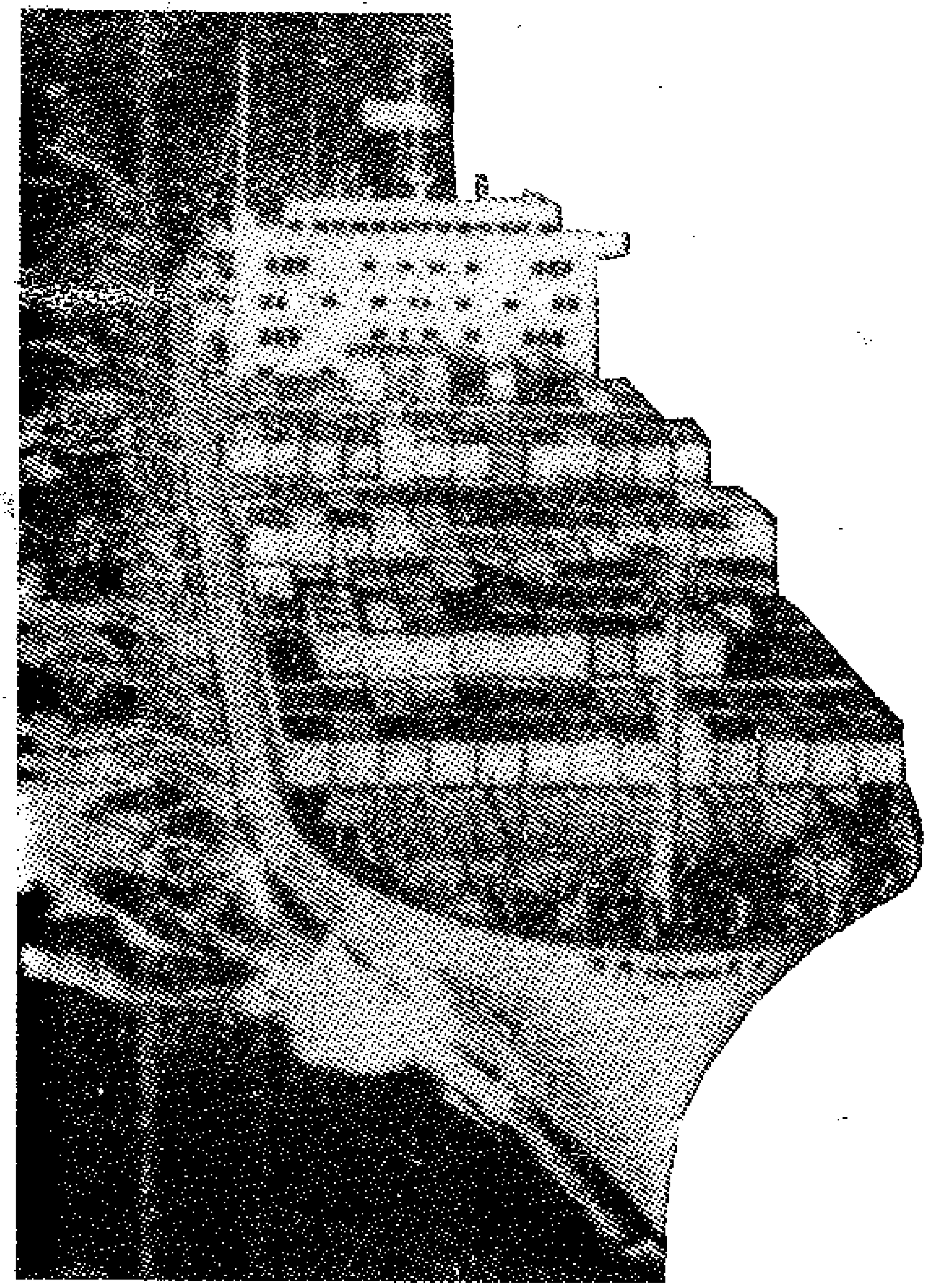
"There is a problem with existing protected industries that are not competitive. This is not their fault because they have been encouraged by protection to set up uneconomic ventures.

"We must see we do not create any more of these situations," says Louw.

Low blow by Govt dumps manufacturers

Export shock

74 Industrial Week 16/3/82



Stormy seas ahead for the men who brave the oceans?

By Lynn Carlisle

WITH EXPORTS taking on primary importance in the light of the economic slowdown, the R2 000-million a year manufacturing export industry has been thrown into disarray by Government's sudden and arbitrary abolition of two major incentives.

Major exporters are "seeing red" over the announced withdrawal on April 1 of the 12-year-old Finance Charges Aid Scheme and Government's R70-million annual exports rail rates subsidiary.

Top exporters, some of whom wished to keep a low profile, find the latest move "unacceptable" — in spite of Government facing serious financial constraints — as many companies will now have to fulfil export contracts at a financial loss.

Having budgeted for the financial benefits arising from these two incentives, manufacturers are also uncertain whether they stand to lose these perks if they claim after April 1, or only ship after that date.

"Government has panicked. They made this an arbitrary decision and should not play around with incentives. If they must, then surely they should consult the umbrella export organisations formed for this purpose," a top exporter says.

He expects top level representations to be made this month to Government. If no solution is forthcoming he foresees the possibility of some exporters taking Government to litigation on last week's shock move which has sent them reeling.

The export industry, having suffered a series of recent body blows arising from soaring interest rates and the increase by more than 20% of rail, harbour and wharfing fees, is "hopping mad" that Government did not use the normal consultative channels.

Roland Freakes, executive director of the Natal Chamber of Industries, questions why exporters have been singled out for such harsh treatment, and says that it is not a suitable argument that the rand-dollar exchange rate is operating more favourably for local exporters.

"Exporters are suffering very real hardships and some face real financial losses. We will make our views strongly felt and I think we'll be taking certain other action as well," he says.

"All exporters need stable and equitable incentives, and it is logical to set a base with reliable and understandable incentives.

"Sometimes the exchange rate favours exporters — often for short periods, and sometimes not, he adds.

Another source says his organisation is preparing a case against the abolition of two of the three major incentives.

"We realise that it has become a new ball game in view of the general economic changes. But we are most upset about being given such short notice and question whether it is necessary to cut out incentives altogether," he says.

Safto chief executive Wim Holtes concedes that while South Africa needs its exports more than ever, "we must accept there are other priority expenses."

"It's a pity Government did not consider the phasing out of these incentives," says Holtes.

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Agreement extended

3/74 Political Correspondent Star 18/3/82

CAPE TOWN — South Africa and Zimbabwe have agreed to extend the present trade agreement between them while negotiations on a new agreement continue.

The Minister of Industries, Commerce and Tourism, Dr D J de Villiers, announced this in Cape Town today. The old agreement was to have expired on March 24, after South Africa had given the required 12 months' notice of termination.

Clothing imports flooding S A

~~184~~ 74

Mercury 17/3/82

Mercury Correspondent

JOHANNESBURG— Clothing manufacturers have refuted claims that import permits for clothing have been slashed for 1982. If anything, imports continue unabated, and to the detriment of the local manufacturing industry.

The director of the National Clothing Federation of South Africa, Mr Frank Whitaker, made these claims in reply to an allegation by the chief executive of Progress Industries, Mr P D Jacobson in his company's annual report, that imports had been 'drastically curtailed'.

Mr Whitaker said imports appeared to have been curtailed over Christmas, when the Department of Imports had a staff shortage and a general rule was applied of allowing only 25 percent of importers' needs to avoid making decisions.

The official Government policy on clothing imports — of which Mr Whitaker and his Federation disapprove — is to allow full 'reasonable' import requirements.

'Reasonable' is not defined, and with the low gold price and South Africa's balance of payments problems, Mr Whitaker believes the policy is too lenient.

The recently-formed Steenkamp Committee, which is to investigate these aspects of the clothing and textile industry, is not expected to report back with recommendations before the end of the year.

Mr Whitaker believes, with the slowdown in the economy, that this may be too late. Although factories are working to full capacity at present, the downturn, together with cheap imports 'flooding' the market, may precipitate excess capacity.

Cotton yarn

This fear is preventing expansion in the local clothing and textile industries and could be allayed with stricter import controls, manufacturers claim.

In spite of evident sales of imported clothing — largely from the East — Mr Whitaker says the imports are not filling a gap in the market.

They are bought because they are cheaper, and they are cheaper because both South African synthetic and cotton yarn is more expensive here than elsewhere in the world, where prices are falling.

The S A clothing industry is nevertheless able to sell what it produces, but is fearful of a return to conditions similar to those of the 1977 slump.

'The knitters are in a particularly vulnerable position,' says Mr Whitaker. 'They have to invest more capital in machinery than the weavers.'

And although more woven garments are worn than knitted garments, imports run 50/50. Knitted imports form a disproportionately large percentage of locally knitted garmets compared to their woven counterparts.

FOREIGN TRADE (74)

Looking East

FM 19/3/82

Many SA manufacturers are scared off potentially lucrative markets in Japan by the belief that they are too difficult to tackle.

But Langeberg Co-operative has built up a business worth R5m/year in exports of deciduous canned fruit.

"The Japanese are among the most fastidious and particular buyers in the market," says deputy marketing manager Ian Robertson.

Since its initial exports of 300 cases of apricots in 1968, the co-op has spent R250 000 on market research and sales promotion.

Robertson says success is due to analysis of the Japanese market, which has the strictest quality specifications in the world.

Langeberg's analysis of the market led to sales to the catering and institutional markets. Since 1978, Langeberg has also sold retail gift packs which give strong competition to Australian products.

Some R4m of raisins are also sold to Japan but, unlike canned fruit, they are exported in bulk and packaged there.

Recent measures by EEC members to protect European industries are now forcing more SA manufacturers to look to other markets in the East and South America.

If they wish to cash in on the vast Japanese market, however, exporters will have to do their homework. Heinz Baur, executive director of Safto subsidiary Safmex, says that each product would need a consumer study. They would also have to contend with Japanese protection of its own local industry.

Imports of fruit juice-based concentrates, for example, are practically barred from Japan. And US company Heinz has been trying to enter the protected baby food market for nearly 30 years.

Exports of close on R1 200m during 1981 have put SA among Japan's top 15 trading partners. But scarcely 2% of this figure represents manufactured goods.

The bulk is raw materials such as coal, ferro-chrome, maize, unrefined sugar and woodpulp.

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Meryl Streep takes award

LONDON—Burt Lancaster was voted Best Film Actor by the British Academy of Film and Television Arts last night and Meryl Streep won the Best Film Actress award for *The French Lieutenant's Woman*.

'I'm terribly flattered and honoured,' said Lancaster, 68, who travelled from Rome for the British academy awards ceremony at The Talk of the Town in London's West End theatre district.

The veteran actor, who won an American Academy Award in 1960 for his starring role in *Elmer Gantry*, has won wide praise for his role as an ageing crook in *Atlantic City* directed by Louis Malle.

Miss Streep, who won a United States Best Supporting Actress Oscar in 1980 for *Kramer vs Kramer*, was presented her award in New York by actor Michael Caine.

The presentation was beamed live on television in the London nightspot.

The academy voted British actor Anthony Andrews as Best TV Actor for his performance as the effete and tortured Sebastian Flytte in the blockbuster *Brideshead Revisited*.

The series, faithfully based on Evelyn Waugh's book, also won the Best Drama series award.

Chariots of Fire was voted Best Film and won the best costume design and one of its stars, British actor Ian Holm, was voted Best Supporting Actor.

The Bafta Fellowship Award, given in the past to such movie pioneers as Charlie Chaplin and Alfred Hitchcock, was presented to exiled Polish director Andrzej Wajda who made the widely acclaimed *Man of Iron* and *Man of Marble*. — (Sapa-AP).

...a remark about the tie. — (Cablecast)

Trade pact decision welcomed

74

3654

Mercury 20/3/82

Salisbury Bureau

ZIMBABWEAN industrialists yesterday welcomed news that their country's preferential trade agreement with South Africa would be continued.

Most manufacturers were jubilant and relieved that the preferential trade pact would not be terminated next week in terms of the notice given by South Africa a year ago.

Zimbabwe stood to lose as much as R70 million annually as well as about 7 000 jobs if goods covered by the agreement were no longer exported to South Africa.

The decision to continue the preferential trade agreement follows hushed-up discussions between trade and commerce officials from both countries in recent months.

Further discussions are to be held on adjustments to tariffs and quotas for unspecified items.

Strained

The move to continue with the 18-year-old pact — which was inherited by Mr Robert Mugabe's administration from the former Rhodesian Government — could ease the strained relations between the two countries.

It also marks a significant trend towards continued economic co-operation between the two politically-opposed countries.

Last year, as trans-Limpopo relations soured, South Africa gave Zimbabwe one year's notice of its intention to terminate the trade pact, which provides for preferential treatment of a large number of Zimbabwean-manufactured exports to its southern neighbour, and *vice-versa*.

South Africa is Zimbabwe's largest trading partner, taking 41 percent of all Zimbabwe's manufactured exports in 1980. During that year, about 32 percent of Zimbabwe's imports came from its white-ruled neighbour.

Lucrative

Zimbabwe's exports to South Africa include furniture, clothing, textiles, footwear, radios, leather and travel goods, tobacco, coffee and tea.

In 1980 Zimbabwe's manufactured exports to the lucrative South African market amounted to about R116 million — 60 percent of which were covered by the preferential trade agreement.

Total Zimbabwean exports to South Africa came to about R247 million over the year ended last August, while imports from South Africa amounted to about R348 million.

Zimbabwean industrialists have had very little success in finding alternative export markets since South Africa announced its intention to end the preferential trade agreement.

Many of the Zimbabwean exports would have been priced out of the South African market if the trade agreement had been terminated.

Four students free after 10 days in jail

Mercury Correspondent

JOHANNESBURG—Four University of the Witwatersrand students were freed yesterday after serving an effective 10-day sentence under the Internal Security Act.

They are Elaine Mohamed, 20, Benjamin Greyling, 20, Michael O'Donovan, 21, and Leslie Lax, 23.

They were all detained for almost seven months before being sentenced by a Johannesburg Regional Magistrate 10 days ago to 360 days' imprisonment, 350 days' suspended for five years.

The three men were released about 6 a m yesterday — to the surprise of reporters and friends who gathered at 8 a m at the Fort where all four were being held, to await their release.

Miss Mohamed was released shortly before 9 a m.

Mr O'Donovan's mother, Mrs Mary O'Donovan, was told by prison authorities earlier this week that her son, an Irish citizen, would be deported as soon as he had served his sentence.

However, he was released with the others yesterday, and has not been issued with a deportation order.

Friends of the four held a party last night to celebrate their release.

Colo... swer... to av... hipp...

Crime Repo...

THE District C... dant for Eshowe... almost unhurt... car had rolled th... down an emba... after swerving to... hippos on the m... between Empang... Richards Bay, it... ported yesterday.

Lt-Col Johan ... was returning to ... racks at the Richa... Police Station, w... is currently on an... tion tour, on Th... when a hippo and... appeared in front...

'I came around ... about 6 km from ... lice station and t... hippos were alre... the road,' Lt-Col G... said from his E... home yesterday wh... was recovering fro... and bruises.

'They then began... ing in front of m... tried to by-pass the... the other side of the... but the road narr... and I had to drive th... the grass.

'The grass on the s... the road was long... didn't see the yellow... tance marker which... The car flipped and r... down an embankmen... said.

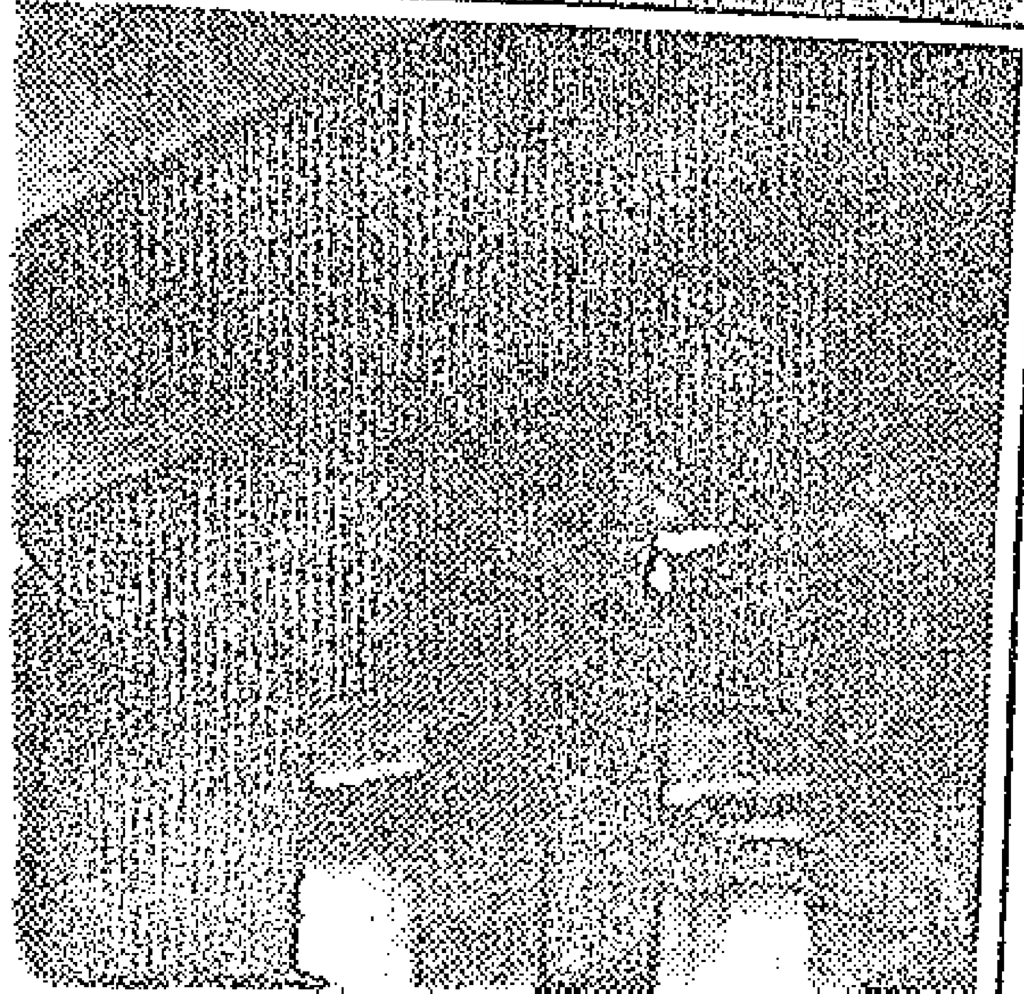
'When I managed t... out of the car through... windscreen gap, I saw... hippos going into d... bush and heading tow... the Msingazi Lake,' L... Gijsbers said.

He said he went to... roadside to try to get a...

'I had a lot of blood... my face but my neighb... Mr Rudi Kruger, who... the Town Clerk... Eshowe, was return... home and he recogni... me at the side of the ro... he said.

'He drove me to Ri... ards Bay and then I w... taken to hospital... Empangeni where I sp... the night,' he added.

...public auction



City warned about all-race beaches

283

Mercury 20/3/82

Municipal Reporter

DURBAN City Council could find itself in trouble with the Administrator if it applies for permission to desegregate the bea... vestigate alleged maladministration and malpractice on the part of the councillors and the tender question was very closely examined... taken four months to come up with nothing and that the Town Clerk or subcommittee chairman should have sat on the ... Opinion Survey, conducted by Prof Lawrence Schlemmer last year, it came through loud and clear that while ...

Salisbury relief at extension of accord

RDM 20/3/82 (74)

By DAVID FORRET
Mail Africa Bureau

SALISBURY. — Zimbabwe's industrialists yesterday welcomed the news that their country's preferential trade agreement with South Africa would be continued.

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Further discussions are to be held on adjustments to tariffs and quotas for unspecified items.

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Zimbabwe A-G has no 'spy ring' docket

Mail Africa Bureau

SASISBURY. — Zimbabwe's Attorney-General, Mr Godfrey Chidyausiku, said yesterday he had received no police docket which involves an alleged South African spy ring operating in Zimbabwe.

He was commenting on a report that two white Zimbabwe security officers were expected to be brought to trial in Zimbabwe next week for acting as double agents.

The two men, arrested on arms charges at the beginning of the year, were officers of Zimbabwe's Central Intelligence Organisation (CIO).

A reliable source yesterday confirmed that the two CIO men in detention might have admitted to being South African agents, but he could give no further details.

Mr Chidyausiku said he could not comment on the allegations because he had not received any police docket on the matter.

SA exports to Zambia through R152-m mark

Star 23/3/82

From the Financial Times

LUSAKA — South African exports to Zambia were worth R152.7 million in 1980, making the Republic the country's largest supplier after the United Kingdom, according to the latest statistical digest released in Lusaka.

South Africa's share of Zambian imports rose from 11 percent in 1979 to 16 percent in 1980 but Britain's proportion of the market fell from 26 percent to 22,2 percent.

Part of the South African upsurge in 1980 was because of Zambia's poor 1979-80 maize harvest, forcing imports of 2,3 million bags, much of which came from the Republic.

The 1980-81 crop met the domestic demand for marketed maize of about 8 million bags but there are fears that the poor rain this season in the maize-growing south of the country may once again force Zambia to import.

South African ports continue to provide an important outlet for landlocked Zambia.

tact Mr Lionel Spies at Johannesburg 643-0111.

on his right shoulder and a snake on his right thigh.

RDN 24/3/82 (74) (44) (4612)

Unionists angry over 'cheap' equipment to SA

By BRUCE STEPHENSON

LONDON. — Scottish trade unionists are angry that millions of rand worth of car assembly equipment has been sold off "on the cheap" to aid the car boom in South Africa.

The Industry Secretary, Mr Patrick Jenkins, is to be asked in the House of Commons how the "obsolete" equipment from the Linwood Talbot plant in Renfrewshire has ended up in Pretoria and Durban for production of Datsun and Toyota cars.

A Scottish MP, Mr Allan Adams, claims that 5 000 workers were laid off by Peugot-Citroen because they were told the equipment at the Linwood plant was obsolete, but that the same equipment was now being used in South Africa.

"There was about R288-million in tax-payers' money involved in the company," said Mr Adams.

Millions of rand worth of plant and equipment was sold at a "sale of the century" auction last November.

Mr Adams said the company had been extremely keen to exclude journalists and photographers from the auction.

"This was done presumably so that none of the buyers could be identified."

A Scottish Sunday newspaper has claimed that Messina, of Pretoria, which manufactures Datsuns under licence, paid R450 000 for press shop equipment that would have cost several millions on the open market.

It is also alleged that Steel-Mobile of Durban, which manufactures Toyotas, paid R90 000 for turning equipment that would have cost them at least 10 times more.

25/3/82 RDM

Gold exports fall 17%, all minerals 11%

74

By JOHN MULCAHY

THE value of gold exports in 1981 was R8 557-million — down 17,6% from the previous year's R10 370-million — and the value of all mineral exports last year fell 11,7% to R11 655-million from R13 204-million.

The Minerals Bureau commodity summary for 1981 shows that diamond production rose to 9 525 876 carats from 8 420 000 carats, but the collapse in the market over the past year reduced the value of these exports to R340-million from R560-million in 1980.

Minerals Bureau figures show 1981 gold production of 655,7 tons compared with 1980's 674 tons.

That 1981 was a difficult year for gold mines emerges from a Chamber of Mines survey last year in which total profit for the industry is given as R4 890-million — 33,3% dwon on the R7 335-million earned in 1980.

The chamber says 1981 was only the second year in the past 10 years — the other was 1976 — when the gold price dropped in nominal rand terms.

The gold price averaged R402,61 an ounce last year against R479,57 in 1980 — a fall of 16%.

The dollar price fell 25% to $462,15 an ounce from $615,89, highlighting the buffer of the rand's depreciation since the beginning of 1981.

The gold-mining industry's capacity expanded again last year, with tonnage milled 2,2% higher at 91 680-million compared with 89 915-million in 1980.

The capacity expansion was partially responsible for the 32,5% increase in capital expenditure by gold mines last year to R1 222-million from R922-million.

However, average grade slid by 5% to 6,92 g/t from 7,28 g/t, reflecting the increasing number of mines which now have only low-grade reserves, says the chamber.

It is also a result of the industry's policy of mining the lowest economically payable grades to extend the life of the mines and the "inevitable time lag before mining can be shifted to higher grades of ore to compensate for lower gold prices".

The upward trend in the gold price over the past 10 years has allowed the industry to switch from mining ores of an average grade of 13,11 g/t in 1971 to last year's 6,92 g/t.

According to the chamber this has significantly enhanced SA's most valuable resource, but the increased capacity last year was not enough to fully compensate for lower grades, and gold production fell by 17 tons.

The industry's working revenues fell to R8 301-million last year from R10 193-million in 1980, and the impact of the gold price plunge was compounded by a 17,9% increase in average working costs to R41,89 a ton milled from R35,53.

Inflation was the main contributor to the working cost increase, and the higher cost of mining lower grade ores and at greater depths added to overall costs.

Tax and State's share of profits in calendar 1981 plummeted 45% to R2 099-million from R3 838-million the year before, and the State's contribution to marginals in aid surged to R26 900 000 from R1 500 000.

Total outflows, through tax, capital expenditure and dividends amounted to R5 006-million, which resulted in a net depletion of R115-million in the industry's capital reserves.

State aid was claimed by five mines, and the total claimed represented 1,2% of the industry's tax bill. Mines claiming assistance produced 27 tons of gold worth R362-million.

Shareholders did not escape the effects of the gold-price decline, and dividends were 26,1% lower at R1 685-million compared with R2 279-million.

The Minerals Bureau says coal exports rose last year to R977-million from R688-million in 1980 — a 42% increase which partly offset the tumble in gold revenue.

Coal production rose to 130-million tons from 115-million tons, but exports were only marginally higher at 29 900 000 tons against 29 200 000 tons in 1980.

In a recent forecast for 1982 the Minerals Bureau estimated gold production of 670 tons this year and diamond production about 5% lower than last year.

Coal exports are set to exceed R1 000-million for the first time this year as unit exports are expected to increase by a million tons, and the small increase in negotiated contract prices, together with the lower rand, should add R150-million to the export value.

The Minerals Bureau estimates that the value of mineral exports will rise to R11 857-million, which indicates a real decline of around 12% if inflation continues at its present level.

EXPORTS

(74) FM 26/3/82

State of appeal

Seifsa, Assocom, FCI, and Safto will soon meet Industries and Commerce Minister Dr Dawie de Villiers to plead for a reconsideration of government's shock withdrawal of the two most important incentives to exporters. They are the finance charges aid — tax-free cash-assistance — and the export freight rate subsidy.

The interested parties believe naturally enough, that measures which deter exports are not in the national interest, particularly at this time.

One exporter describes the move by government as "an absolute disgrace." He says government should never have tampered with incentives. "Both the economy and exports are in a downturn. The next thing government expects is an export led economic revival. It will be increasingly difficult to get exports back on track with these measures. This move by government could cost the exporting community a lot of money."

An exporter of ferroalloys to the US remarks that with the current state of the balance of payments, "what has been done is the exact opposite of what is required. Our competitiveness will be severely affected at a time when already the US is thinking of introducing counterveiling duties to protect their domestic industry,." He believes that these moves could cost SA's ferroalloy industry "literally millions."

Exporters of steel and ferroalloys are likely to be hardest hit. Already demand world-wide for these commodities has plummeted. SA's competitive pricing edge will be severely affected by witholding subsidies, coupled with increased tariffs on rail and harbour services.

Highveld Steel general sales manager Robert Herbertson says the total effect has pushed up production costs by R10/t.

Safto points out that already exporters are handicapped in overseas markets because of SA's comparatively high inflation rate.

Interest rates in SA currently exceed those in most other countries, further adding to production costs. And "selling in very depressed world markets makes competitive pricing very important."

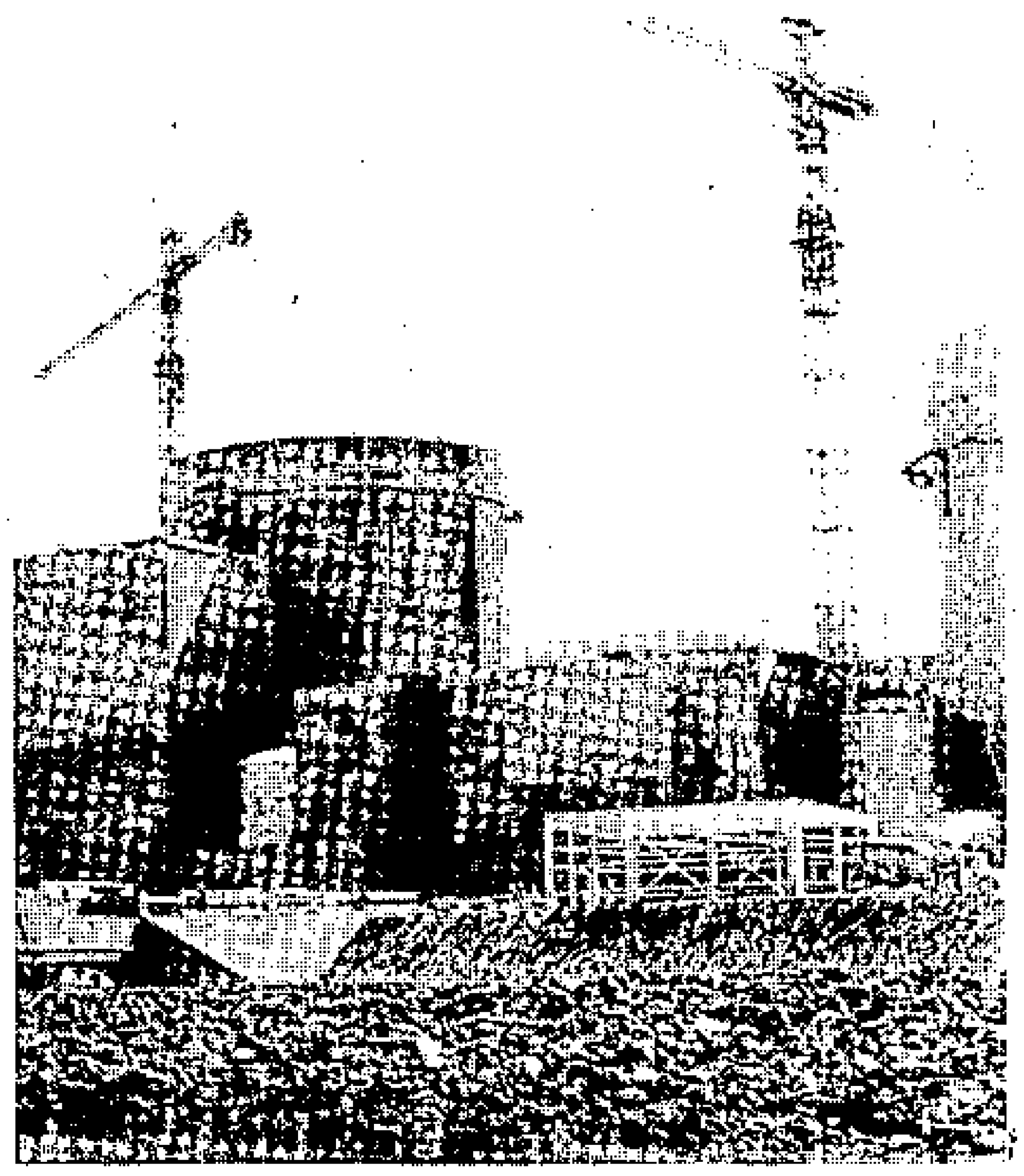
An FCI member remarks that manufacturers have negotiated long-term contracts on the assumption that government honours its subsidies. Obviously contracts have to be carried out but the cost to manufacturers will be considerable. "Many of these contracts were undertaken on this assumption. It becomes a question of integrity on the part of government not to let them down."

With government rightfully trying to pull the purse strings tighter, of course, it no doubt has a different view.

FRENCH TRADE 74 ~~75~~

A new revolution

FM 26/3/82



Escom's Koeberg ... fueled by France

French business with SA is booming. And it is happening despite France's allegedly anti-SA government and a call from Socialist party chairman Lionel Jospin during the French presidential elections last year for comprehensive trade sanctions against SA.

But after the elections, External Relations Minister Claude Cheysson said France would honour all undertakings by previous governments. This includes the controversial deal to complete the Koeberg nuclear power station and to supply it with fuel elements. The fuel supply was in serious doubt during the dying days of the d'Estaing administration.

A finance ministry spokesman has said that in view of France's "delicate economic situation, it will trade with any country which is solvent."

This commitment to free trade is no doubt seen as a necessary measure to maintain employment levels. The recent nationalisation of France's biggest producer of PVC and the subsequent reduction in its price from \$600/t to \$370/t — well below production costs — is another.

According to the latest official French statistics, France's exports to SA have increased 43,7% from R678m last year to R975m.

This increase is mainly due to lucrative contracts for power generating equipment for Escom's new Matimba station and the supply of nuclear fuel rods for the first stage of the Koeberg plant. Oil technology sales are also involved.

The hike of R297m in exports has eliminated the favourable balance of trade of R172m which SA enjoyed in 1980. The balance of trade has now swung in favour of France to the tune of R70m.

By contrast, SA's exports to France in 1981 increased by only R55m, or 6,5%, to R905m this year.

The French are clearly hoping to further expand their trade with what they call the increasingly sophisticated SA market. Trade missions selling goods ranging from perfume to electronics have recently visited here.

Further concern over textile imports

74 9/2/84 Mercury 30/3/82

Financial Editor

YET ANOTHER clothing company has expressed concern about the Government's policy on textile imports and the free issue of import permits allowing imports.

Mr M R A McElligott, chairman of Durban-based Ninian and Lester, says in the annual report that the excessive import of textile goods during 1981 and the continued free issue of permits is expected to 'have an adverse effect on the group's textile division in the coming year.'

He said that Government policy does not appear to be in the long-term interests of industry, and in particular, the textile and clothing manufacturers.

'If it continues, it must result in fewer employment opportunities at a time when a downturn in economic momentum is expected.

'Apart from the textile divisions, present expectations are that 1982 will prove a more difficult, but nevertheless a satisfactory, trading year and with the profits of the Safnit group of companies being included for a full year, it is expected that the group's profit for 1982 will show some improvement on 1981.'

Income after tax was R3 644 000 (compared with R2 700 000 in 1980) equal to a 36 percent improvement.

Earnings per share increased from 125 cents in 1980 to 141 cents in 1981 and if the Safnit profits had been included for a full year the eps would have been 150 cents.

A final dividend of 24 cents a share is being paid after an interim of 12 cents, which compares with 38 cents on a smaller issued share capital in 1980.

74 ~~84~~ ~~19~~ D. Despatch 30/3/82

Control cheap imports plea

BY TOM LOUW
Business Editor

EAST LONDON — Leaders in the textile and clothing industries say unfair competition from cheap imports is destroying their profitability.

They are asking for protection against such imports, which come from countries, mainly in the Far East, where wages paid are considerably lower than in South Africa.

They say that without protection there is a risk of recession in the industry in South Africa, with a consequent threat of retrenchment of labour.

A government-appointed committee of inquiry is making an investigation into the whole question, including the scope and nature of any possible protection.

Speaking at the national conference of the South African Dyers' and Finishers' Association in East London, Mr Stanley Schlagman, executive director of the Textile Federation, pointed to the promise of considerable growth in the industry as living standards in South Africa improve. He asked who was to be the beneficiary of this growth — the domestic producer or the foreign producer.

Mr Schlagman said the local clothing industry is especially vulnerable, because the developing countries are particularly keen to export clothing because of its high labour content. He said the greatest volume of disruptive competition comes from Hong Kong, Taiwan, South Korea and Macao. This is supplemented by Indonesia, Philippines, Mauritius, even the Maldives, and — through Hong Kong — Communist China as well.

The threat to the clothing industry and, by association the textile industry as well, is low-price imports arising from increasing capacities and the frustrations of more rigid quotas being applied by North America and the European Economic Community.

Mr Schlagman pointed out that the problem is not unique to South Africa. In Western Europe and North America it has become serious enough for special provision to be devised under the General Agreement on Tariffs and Trade (GATT) to control cheap clothing imports into member countries. This special provision allowed for quotas, which was contrary to all basic GATT principles.

The effect of this GATT action was to increase the efforts of the developing countries to find other markets. Unhappily, Mr Schlagman said, South Africa was a soft target because duty structures had deteriorated to a level where they were minimally effective and import control was being phased out.

He said what was needed for South Africa was a total system of import duty and quantitative control, designed to be flexible so as to allow for supplies from all sources based on real demand and local supply capability. The system, he said, must be reactive to changes in these capabilities and demand levels.

Mr Schlagman said submissions before the committee of inquiry into the textile and clothing industries would offer various options based on the two industries' belief that a dual system of import regulation is essential.

Step up exports, warns Safto chief

By Madden Cole

INDUSTRY will have to learn to live with the lower gold price and make a concerted effort to boost exports, says WB Holter, chief executive of the SA Foreign Trade Organisation (Safto).

Speaking in Johannesburg last week he said: "We are now in the twilight of the boom, and the home markets can no longer absorb industrial output so industry will just have to look for alternative markets overseas.

"But SA has the ability to expand internationally as can be seen from the fact that 75% of the economy today depends directly on the import and export industry.

"Ten years ago it was 63%.

"So we are not the inward looking country many overseas countries seem to think we are."

Holtes pointed out that only by means of exports would the country be able to provide employment for the millions of workseekers in the coming years.

Exports will have to be maximised as in the case of iron ore.

"It is better to sell steel than iron ore and finished products like oil rigs instead of steel. This pattern should be followed in as many cases as possible."

Diversification of overseas markets is another area in which SA has proved successful. Until 10 years ago 34% of SA's exports were absorbed by Britain, but today, in spite of increased trade between the two countries, Britain now only takes 10% of SA's total exports.

"Today we are exporting to 145 countries and 43 of them are in Africa. All this has been achieved in spite of boycotts."

Not only have these markets been maintained, but exporters have expanded agressively. Turkey now accounts for R40-million of export business and Egypt is being looked at as an potential market.

Gold

"On the whole we have products that the world wants, hence our rapid expansion. Exports now range from gold, diamonds and agricultural products to chemicals, steel, machinery and equipment."

This success has been achieved in spite of the overseas recession and threats of boycotts.

"But the country is still too dependent on gold as a foreign exchange earner and we will have to be careful here as this dependency could prove disastrous to the rest of the economy.

"As we cannot forecast the price of gold it is an unrelliable commodity on which to base economic policies," Holtes said.

74 (192) **Importation of tractors** 31/3/82
Hansard Q. 61 524–526

*17. Mr. P. A. MYBURGH asked the Minister of Industries, Commerce and Tourism:

(1) Whether he has received any representations in regard to the importation of tractors, details of which have been furnished to the Minister's Department for the purposes of his

reply; if so, (a) from whom were such representations received and (b) what was (i) the nature of and (ii) his response to the representations;

(2) whether he has instituted an investigation into the possibility of such tractors being imported into the Republic without the prescribed import duty having been paid; if so, what was the outcome of such investigation;

(3) whether any action is contemplated in consequence of such investigation; if so, what action;

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

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(1) Yes.

(a) South African Tractor Manufacturers' Association.

(b) (i) Concern was expressed over the importation of the relevant tractors.

(ii) The Customs Union, of which the country in question is also a member, has joint customs legislation. In terms of this legislation tractors, for example, can be imported duty free provided that they are imported as government stores. If such tractors were then to be sold by the relevant state institution to private owners, the import duties are, however, payable.

(2) No. An investigation is not considered necessary as we have no reason to believe that Governments in the Customs Union will contravene the existing legislation. If any complaint is received in this connection the matter can be pursued through the correct channels.

(3) Falls away.

(4) No.

Tea Hansard (74) Q.Col. 513 - 514

*2. Mr. P. A. MYBURGH asked the Minister of Industries, Commerce and Tourism:

Whether tea manufactures have been instructed to include a certain quantity of locally grown tea in their blends; if so, (a) on whose authority was the decision taken and (b) what was the reason for taking such decision?

†The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

Yes.

(a) The Cabinet.

(b) The decision is based on recommendations by a Committee consisting of representatives of the private and public sectors of South Africa, Transkei and Venda and is founded on the following considerations:

(i) the exceptionally large difference which arose between international tea prices and the prices of tea produced in Southern Africa. This difference arose particularly as a result of a slump in the international tea market;

(ii) the need for the production of tea in Southern Africa because of the large development potential which exists in this field as well as the labour intensity of the industry; and

(iii) the necessity to rationalize tea production in Southern Africa and to synchronize with local marketing conditions. The tea packers encountered difficulties to include in their blends large quantities of local tea at higher prices than those on the international market. Accordingly, the committee to which I have already referred, made recommendations which were accepted by the producers as well as the packers. The recommendations are aimed at promoting the orderly production and marketing of tea. As it was necessary to control and limit the expansion of local tea production it was agreed that the tea packers should on a *pro rata* basis first take up locally produced tea before further quantities may be imported

†Mr. P. A. MYBURGH: Mr. Speaker, arising out of the hon. the Minister's reply, can he tell us whether the local price of tea will be lower or higher as a result of this arrangement than it would be otherwise?

†The MINISTER: Mr. Speaker, it is obvious from the reply which I have given that the international price of tea is much lower. The price of the blend will therefore be higher than if all the tea were imported.

Banking institution: curator

*3. Mr. D. J. N. MALCOMESS asked the Minister of Finance:

(1) Whether he appointed or caused to be appointed a curator for a banking institution the name of which has been furnished to the Minister's Department for the purposes of his reply; if so,

(2) whether such curator has submitted any reports; if so, (a) how many and (b) when;

(3) whether matters requiring further investigation were raised in such reports; if so,

(4) whether such further investigations are being carried out;

(5) whether he will lay such reports upon the Table; if not, why not?

The MINISTER OF FINANCE:

(1) A curator was appointed on 29 November 1976.

Star 31/3/82

(74)

Taiwan expands trade with SA

A vigorous expansion of trade exchanges between South Africa and Taiwan was pressing ahead and was unlikely to be affected by cholera warnings, the Republic of China embassy in Johannesburg said today.

An embassy spokesman said many South African exporters had been unnecessarily alarmed by newspaper reports of a Taiwanese ban on South African goods because of cholera risks.

Only two items were affected in the trade flow from South Africa —dried fish and ostrich feathers.

This was only a fraction of the export total.

CONFUSION

He blamed the confusion on the misinterpretation of a list of items compiled by the Republic of China as temporarily banned.

"On the last count, the value of SA exports to the Republic of China amounted to R71 million. Maize accounted for R58 million and only last month we signed an agreement to import 1 800 000 tons of maize from South Africa."

ARGUS 1/4/82

Export move may 'harm' W Cape

Consumer Reporter

THE economy of the Western Cape may be harmed seriously by the withdrawal of export incentives from today, the Cape Chamber of Industries points out.

It has sent messages to the Minister of Finance and of Industries, Commerce and Tourism telling them it is 'seriously perturbed at the implications for the Western Cape of the withdrawal of the Finance Charges Aid scheme', as a result of last week's Budget.

The messages pointed out that the local fruit canning industry alone exported about 85 percent of its output, worth about R100-million, and about R25-million worth of vegetable oils were exported.

A number of other Cape industries were highly dependent on exports.

VERY TOUGH

'Conditions in the export market are very tough because of the recession in our main markets,' Mr Jack Roos, director of the chamber, told The Argus.

'We have repeatedly been advised by Government experts to export more, but the removal of these incentives is not exactly helping us.'

It was important that local industry should not only keep its share of the export market but increase it if growth was to be maintained.

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, has told the chamber that all the factors mentioned had been taken into account before the decision to withdraw the export incentives had been made.

Veka hits at cheap imports

104 74

Financial Reporter

SOME sales by overseas clothing manufacturers in SA border on dumping, says the chairman of Veka, Mr Jan de Necker, in the annual report.

The growth in SA's economy has resulted in greater interest than before being shown by overseas textile companies.

Some imports have a crippling effect on SA industries and affect employment. In some cases, it is possible to import a garment at a cheaper price than it would to import cloth for manufacture.

The situation arises because the import of some finished articles attracts a lower rate of duty than the raw material.

As a result protection of SA industry is not achieved.

Mr De Necker hopes that the recommendations of the commission of inquiry into the textile and clothing industries will result in greater employment not only for SA production but for the export market.

Veka's budgeted unit sales for 1982 allow for a smaller increase than in the previous year, but product ranges have been adapted to obtain improved profit margins.

"It is expected that there will not be a marked decrease in consumer demand for non-durable goods such as clothing in 1982."

Veka's exports to America should benefit from the lower rand value against the dollar and "this opportunity is being exploited by the company".

However, higher interest rates will limit increased profitability.

Given a continuation of reasonable consumer demand and interest rates which will not rise further, "Veka should maintain its turnover and profit levels during 1982".

In the year to December the company raised the dividend 1c to 4c on a 39,7% higher taxed profit of R1 041 000.

74 S. Tribune 4/4/82

TEXTILE AND CLOTHING INDUSTRIES CALL FOR HELP

AN URGENT call for some system of import quotas for textiles and clothing to save the industries from a damaging recession ,was made this week by Ernest Wilson, president of the South African Textile Federation.

The demand came at the federation's annual meeting in Johannesburg in the light of a 28 percent increase in the issue of import permits in January and February this year compared with the same period last year. The total issued in 1981 was 55 percent up on 1980.

Finance Editor

Wilson told me in an exclusive interview in Durban that what was troubling the industry was the dual situation of a turn-down in business allied to the high import allocations.

"The request from the industry — and here clothing and textile interests are co-ordinated — is for a double barrelled protection system which is effective," he said.

"The Board of Trade say the tariff should be sufficient and we say that over many years we have noticed that exporters from overseas who are well versed in finding loopholes in tariff positions have consistently found a new fabric, by changing blend or weight, that can be exempt from a particular tariff.

"We therefore need not just tariffs, but some form of quota control. This is borne out by the situation in North America and Europe where they have had their industries decimated by this kind of competition.

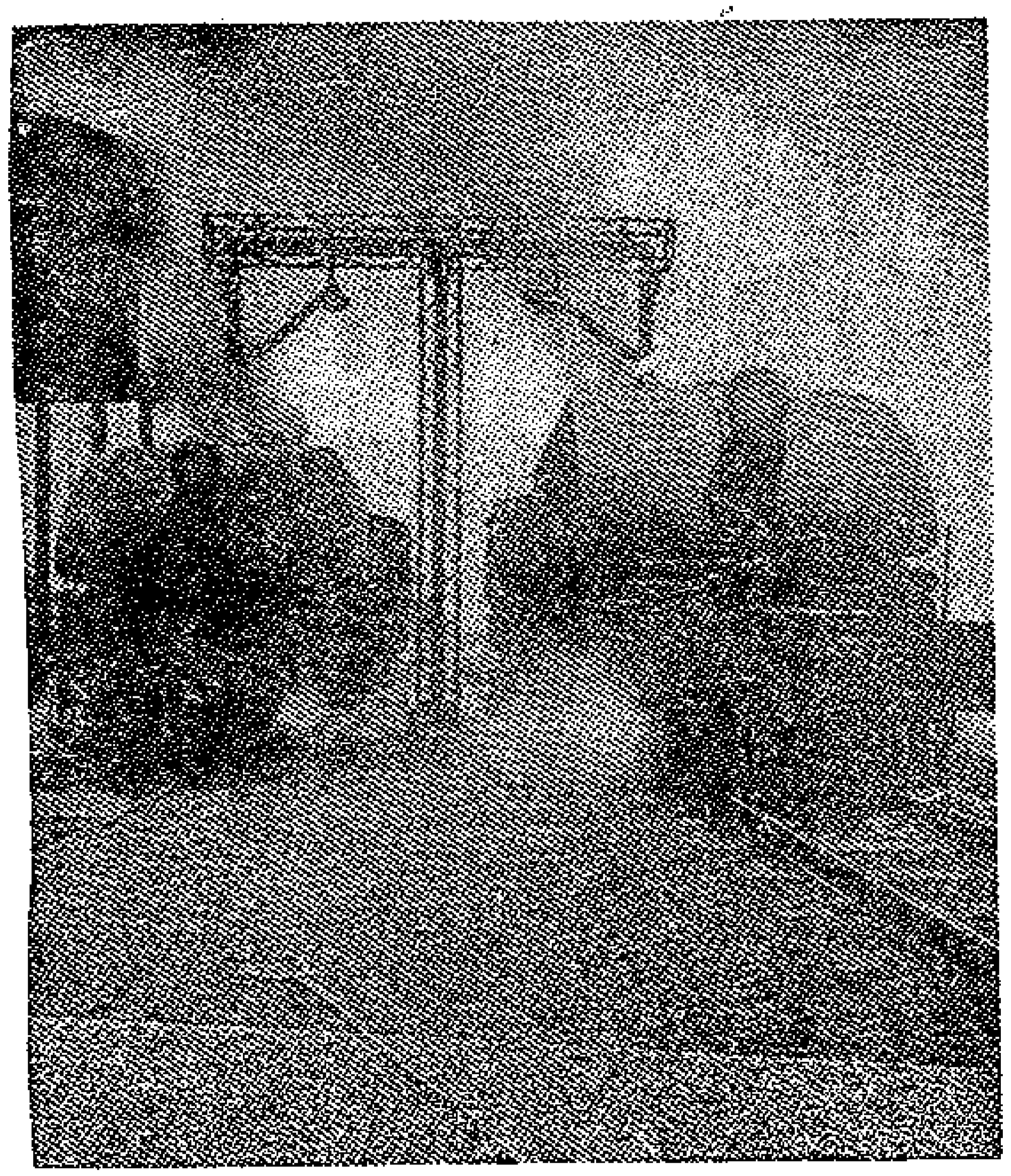
"Now they have a new approach to it through multi-fribres agreements (MFA). MFA one and two were a bit of a fiasco. They were originally implemented by the developed countries to give a quota of textile imports to the under-developed nations and this was to go up six percent annually.

"As soon as this arrangement was made the recession began to set in and they had to fulfil these quotas. So they found themselves completely eroded.

"With the new MFA three which has just been settled under the auspices of the General Agreement on Tariffs and Trade (GATT) they are going to close the doors on many countries with whom they previously had bilateral arrangements.

"Our fear is that, for instance, when a ship arrives in New York with a load of textiles and the US authorities say it can't be landed because the quota has been exceeded the guys who have sent that out look around and say: 'Let's dump it in South Africa'.

"We have had several examples of this kind of dumping here beacuse of the MFA regulations."



Shot in arm for ailing economy

Smiles as SA renews Zimbabwe pact

74 Industrial Week 6/4/82

A LAST MINUTE decision by SA to extend the 18-year-old Preferential Trade Agreement with Zimbabwe has brought considerable relief to manufacturers here.

The agreement, signed by Ian Smith's Rhodesian Government now gives Zimbabwe a preference to trade with SA which is a shot in the arm to this Black state's ailing economy.

A delighted Keith Nicholson, chief executive of the Associated Chambers of Commerce of Zimbabwe, says they are extremely pleased the agreement will continue.

Chairman of Zimbabwe Stock Exchange, Bill Burdett-Coutts, tells Industrial Week: "This will be of tremendous assistance to all industrialists trading with SA."

"We have already lost 95% of our market," a spokesman for David Whitehead, the largest Zimbabwean textile manufacturer, tells Industrial Week.

But for other manufacturers of footware, clothing and furniture the decision could have saved the day, as it has allayed fears that factories supplying SA in these fields could have gone bankrupt, throwing up to 7 000 people out of jobs.

"This is the best news we have had in years," Furniture Manufacturers Association Chairman, Ben Balneaves says.

Disastrous

Competitive

"However I think the point needs to be made that the rand is very weak now and that export incentives will be needed if we are to make our goods competitive on the SA market," says Burdett-Coutts.

The extension of the agreement is expected to give manufacturers breathing space to step up government-urged efforts to shift trade away from SA to Black-ruled states.

But for some manufacturers the news came too late as traditional customers had already found new suppliers.

"At least one third of our production is sold in SA and without this market the consequences could be disastrous for the furniture industry."

In 1980, when manufacturing contributed 25,8% of the gross domestic product and provided 43% of the country's total foreign exchange earnings, exports to SA covered by the agreement comprised 24% of all manufactured export income.

Biggest

SA remains Zimbabwe's biggest trading partner. In the first 10 months of last year SA sales to Zimbabwe topped Zim $200-million, while the Republic bought Zim $169-million of Zimbabwean goods.

In an interview with Industrial Week's Hugh Poulter, Dr Pieter Kieser, general manager of Safto, welcomed the extension of the agreement.

"The more trade we have with our neighbours the more dependant they are on us and the easier it will be to diffuse any situation that arises," says Kieser.

"If the agreement is the same as the old one, then only Zimbabwe will benefit. The agreement was originally formed to help Ian Smith to get in-

If the agreement was stopped, Zimbabwe would look pretty silly as they, as with the rest of Southern Africa, are dependant on us."

Preference

"The agreement gives Zimbabwe great preference with trade into SA.

"We trade with 46 African countries and the total imports from these countries were about R306-million last year, and exports totalled about R1 000-million, but this figure is lower than it could be as the African countries don't have the money to pay for goods," says Kieser.

Sapa-Reuter

Lesotho hit by decline in customs revenue

174 E. Post 7/4/82

MASERU — The Lesotho Minister of Finance, Mr K T J Rakhetla, presented a R269 million "austerity budget" in Maseru's National Assembly yesterday. He announced a deficit of R63,3 million for the last financial year.

Although recurrent revenue grew in money terms from R96,1 million in 1979-80 to an estimated R107,6 million in 1981-82, in real terms this represented a decline of 16% the two-year period, Mr Rakhetla said.

Even with measures in the budget for the new financial year aimed at stimulating revenue from domestic sources, budgeted recurrent revenue for 1982-83 would be 14% lower in real terms than the level in 1979-80.

The Minister said the main factor in the slump in revenue had been a very sharp decline in customs revenue. The primary source of Lesotho's revenue for many years had been the country's share of the customs pool in the Southern African Customs Union with Botswana, Swaziland and South Africa. This had been estimated at R76,4 million, or 60% of the total budgeted recurrent revenue.

Mr Rakhetla complained that the South African Government had unilaterally rejected all the recommendations of the Customs Union Commission. Its major recommendation was for a change in the formula to minimise fluctuations and serious underpayment in revenues for Botswana, Lesotho and Swaziland.

Presenting a development budget of R104 million for the coming year, Mr Rakhetla said it was in line with the country's third five-year development plan aimed at a reduction of Lesotho's dependence on South Africa, increased domestic employment, improved social welfare and justice, the exploitation of the country's domestic resources and the increased participation of the Basotho nation in the development programme.

Mr Rakhetla said West Germany remained the largest donor of development aid with more than R17 million, followed by the United States Agency for International Development with more than R10 million and Britain with more than R7 million.

The South African Wool Board had contributed R6 000 and the South African Mohair Board R10 000 to help in the improvement of Lesotho's wool and mohair clips, he added. — Sapa

80

Rail subsidies withdrawn

R32m export aid abolished

74

By PAT SIDLEY

THE Department of Commerce expects to pay R32 691 000 this year to the SA Transport Services — which controls the railways — for special raw material and export tariffs.

These two export incentives will fall away in the coming year.

The R32-million is the amount the department estimates will be claimed by exporters until March 31, 1982 — the latest date for outstanding claims.

This amount, budgeted for 1982-83, is down by about R10-million on 1981-82 when R33 600 000 was spent on special export rail tariffs and R9-million on special raw material rail tariffs.

The figure is contained in the printed estimates by the Treasury for State spending for 1982-83.

The rail subsidies to exporters have been dropped along with the finance charges aid scheme for exporters. Finance charges aid amounted to R32 556 000 last year.

The total amount budgeted by the department on foreign trade relations and export promotion has dropped from R136 655 000 in 1981-82 to R93 687 000 for 1982-83.

Exporters have reacted strongly to the removal of the aid schemes and it is believed that representations are being made to the Government to review the matter.

The South African Foreign Trade Organisation (Safto) estimates that the abolition of the incentives will cost exporters about R70-million a year.

Safto — which represents exporters — summarises its views on the the removal of the subsidies:

- Export incentives are badly needed now because of the low gold price.
- Exports should be diversified to minimise the reliance on gold.
- Exporting carries uncertain elements and the removal of incentives introduces more uncertainty.
- It raises the question that other export incentives could be removed "at the last moment".
- The finance charges aid scheme was cash assistance given to certain exporting manufacturers and its removal will affect them adversely.
- To provide incentives to manufacturing would provide more jobs.
- The incentives brought an immediate cash benefit to the exporting company.
- The realisation of tax benefits is delayed and often not fruitful for companies with an assessed tax loss.

Safto is "obviously very perturbed about the situation and is doing everthing possible to have this rectified", says Dr Piet Kieser, its general manager.

Although both Safto and the Federated Chamber of Industries have objected to the removal of these export incentives, others remain and are worth several hundred million rands, according to Mrs Ann Moore, Safto's intelligence manager.

Apart from incentives the rand's fall against the dollar has been beneficial to exporters, especially for sales to the US, and this may have contributed to the Government's decision to do away with some incentives.

Many of the remaining incentives are regarded as politically sensitive — particularly those involving iron and steel and which contribute to charges in the US that SA steel has been dumped on its market.

The remaining export incentives are divided into quasi-Government-private sector grants and Government grants and include:

- Cash rebates on the cost of certain iron or steel used in an export product or its container. This comes from a fund administered by Iscor.
- The Credit Guarantee Insurance Corporation, which is paralleled in most exporting coutries, and which insures credit and certain political risks.
- Export credit for foreign buyers of South African capital goods, allowing for extended credit and cheap interest rates, also common to most exporting countries.
- Low-interest loans to companies from the Industrial Development Corporation which intend to export.
- Tax incentives which include export marketing expenses, a 50% rebate on the duty payable on tariff-protected items used to manufacture goods for export and an effective subsidy of 10% of the value added on goods made for export which would have been protected if they were imported.

(74) Hansard Q. Col. 611 15/4/82

Food export contracts

514. Dr. M. S. BARNARD asked the Minister of Agriculture and Fisheries:

(1) Whether any South African food export contracts have been cancelled recently; if so, (a) by which countries, (b) for what reasons and (c) which (i) contracts and (ii) products are involved;

(2) what is the estimated annual loss of revenue caused by the cancellation of these contracts?

The MINISTER OF AGRICULTURE AND FISHERIES:

(1) Neither I nor my Department has knowledge of the recent cancellation of such contracts.

(1)(a), (1)(b), (1)(c)(i), (1)(c)(ii) en (2) fall away.

(74) Star 15/4/82

Rich rewards in Far East for lively exporters

By Frank Jeans

Much has been said about the apparent lack of initiative among South African businessmen in the field of exporting.

The export-oriented businessman must know with whom he is going to do business.

He might well have an excellent product to sell and the opportunity is there, but the key link in the chain is market identity.

One local textile manufacturer who went to an American trade fair with a particular product drew 250 000 inquiries over the 18-day duration of the show.

Ill-prepared

Good for him, you might say. The fact is though, that this businessman was ill-prepared for such a deluge of potential business and did not have the capacity to meet so many orders.

He had aimed too big and was operating in a market beyond his capability. Instead, he should have got into regional trading and established contacts which would have ensured market supply in correct scale.

Pathfinders

It is on the basis of detailed analysis of the marketplace that the Johannesburg Chamber of Commerce has promoted its Far East 12-day trade mission which leaves South Africa tomorrow.

Pathfinders for the mission has been Miller Weedon Trade Development, which along with the JCC has spent the past year in creating the opportunities in Hong Kong and Taipei for the 14-member mission — all of whom are representatives with hard-sell end products to take to the Far East.

The emphasis of the JCC mission is away from the approach based on the wealth of South Africa's raw materials.

Mr A de Sousa Costa, general manager of Miller Weedon Trade Development, says: "We are committing national suicide through our lack of promotion and education at all levels to transform thinking about trade from raw materials to end-products."

Miller Weedon Trade Development, acting as the catalyst between South African businessmen and Far East buyer, is looking at an estimated initial market for the mission of about R10-million with even more long orders later.

Mr de Sousa Costa believes the small to medium-size local manufacturer can make big inroads with high-quality products in overseas markets, even in the United States, in areas where high volume companies can't afford to participate.

"Market identity is vitally important, though," says Mr de Sousa Costa. "Failure in marketing often comes about because companies identify the market needs, but fail to identify their own.

"The greatest secret of success is to know when to say no."

The Far East market has no fears for one mission member who is hoping for a killing act in the computer technology (software) market, which is dominated there by the Americans and the Germans.

And another member took a ticket to the Bergbau Fair and came away with orders totalling R9.5 million.

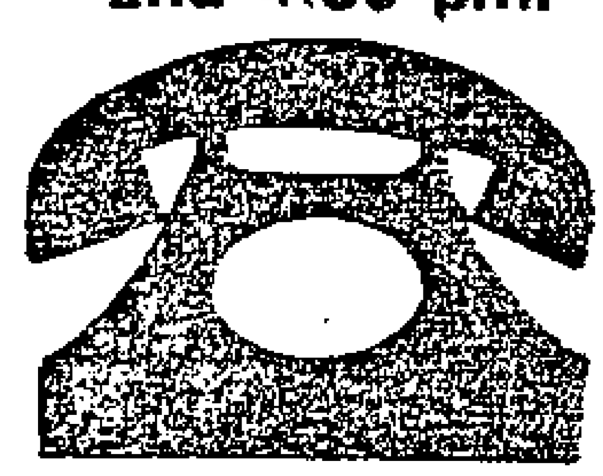
How did he do it? He stood beside stands at the fair selling his products and grabbed likely prospects. Then he clinched his deals in his hotel room.

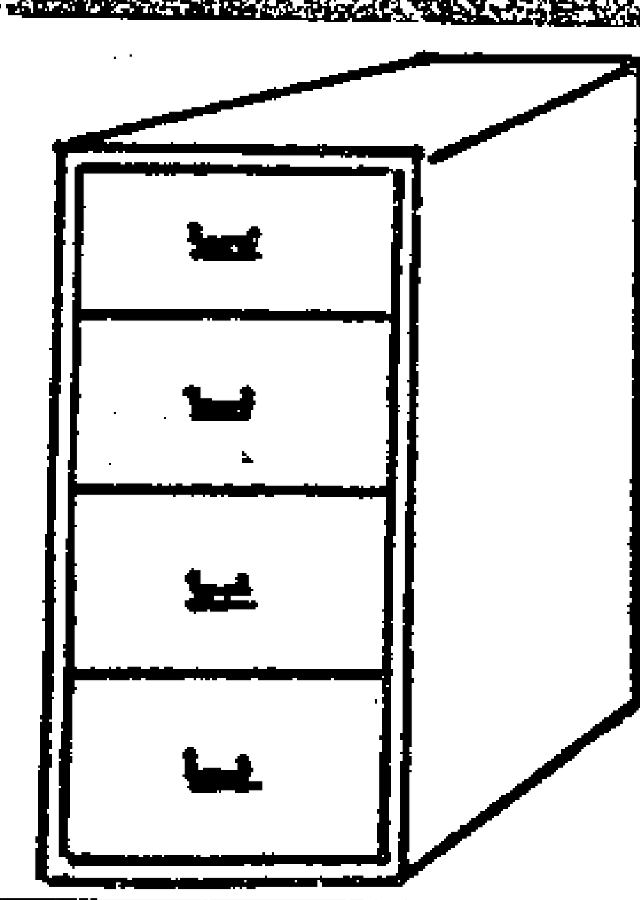
Missions

Miller Weedon Trade Development is also behind the following missions to come

- Portugal (in association with Safto) in October
- West Germany (foreign investment drive) in November with SA/German Chamber of Trade.
- South America (on same basis as Far East mission) in February next year.

Portugal is another definite target area for South African traders. Madeira is now a free port and, according to Mr de Sousa Costa, is products nad grabbed Japanese."





(74) Daily News C. Times 16/4/82

Warning on imported dairy products if . . .

Staff Reporter

BUTTER, cheese and other milk products may soon have to be imported at higher prices if dairy farmers do not receive added support from the government encouraging them to stay in the industry, according to a former member of the Dairy Board, Mr R W Hardingham.

Speaking at an Institute of Citizenship lunchtime meeting yesterday, Mr Hardingham, one of the largest dairy farmers in Natal, said: "The trend over the past two years has been a greater movement away from the dairy industry rather than towards it."

He said the two major factors causing dairy farmers to turn away from the milk industry were inflation, with ever-increasing production costs, and the excessive demands made on the dairy industry.

"Input costs have to be kept to a minimum and this is where the government must make a positive attempt to help the farmer."

Time devoted to production

The dairy farmer's time was devoted to production and not marketing the product. The Dairy Board, he said, took care of marketing.

"They are there to provide a stable form of production and to bring the final food product to the consumer in the cheapest possible form."

Mr Hardingham said the Dairy Board introduced increases in milk prices only after consultation with the consumer and the producers, because "it is realized that milk and milk products are essential foods".

"Production of industrial milk, used for cheese, butter and milk powder, is controlled throughout the country, while fresh milk is controlled only in seven areas in South Africa."

To regulate the quality and supply of milk, all producers and distributers have to register with the Dairy Board.

Mr Hardingham also told the meeting that manufacturers who produced milk substitutes sold their products as dairy products, which they were not.

He quoted a booklet distributed by the South African Milk Distributors' Union which gave the ingredients of artificial milk substitutes.

"In artificial milk you are consuming corn syrup, vegetable fats, sodium caseinate, di-potassium phosphate, emulsifiers, stabilizer, anti-caking agents, colourants, anti-oxidants and flavouring agents.

"Whereas in pure, natural milk, there are proteins, fat, lactose, Vitamins A, B1, B2, B6, B12, C, D, Niacin, calcium and phosphorus."

Third rise since June

● Our Correspondent reports from Pretoria that a substantial increase in the price of dairy products, including fresh milk, is expected to be announced late next month.

This would be the third rise authorized by the government since June last year. Then the price was raised from 40 cents to 46 cents for home deliveries (a 15 percent increase) and in November by another two cents to 48 cents (a four percent rise). The prices of cheese and butter were raised at the same time.

Pretoria sources said the Minister of Agriculture, Mr P T du Plessis, would wait till the new maize price was fixed — it is expected to be announced before the end of the month — before submitting his recommendation to the cabinet food committee.

Maize constitutes between 25 and 30 percent of dairy farmers' total production costs. A demand by dairy farmers that the increase should be introduced from April 1 was rejected by the minister.

EXPORTS (74) FM 16/4/82

The axe falls

The total amount involved in the withdrawal of two major export incentive schemes (*FM March 26, Exports — State of appeal*) is about R70m.

The finance charges aid scheme allowed a bona fide exporter to obtain up to a 25% rebate on his finance charges. It was intended to "ease the adverse effects of the commercial banks' present high lending rates, and to enable exporters to retain their competitive position in world markets." Its withdrawal comes at a time when such assistance would be most needed.

The rebate scheme for railage costs was two-fold. It comprised aid from central government through the concessionary rates charged by SAR, and that from the Department of Industries for certain raw material shipments.

While the cuts are part of the government's overall budget-cutting, they also contribute toward the growing emphasis the authorities are placing on private enterprise. The abolition of these schemes will affect not only the successful company but also the uncompetitive one, which will no longer be cushioned from the rigours of the open market. Against this, the effective devaluation of the rand will offset to a certain degree some of the expected losses to the exporter's cash flow.

However, the SA Foreign Trade Organisation (SAFTO) points out that the schemes offered insufficient assistance to support uncompetitive companies. Neither did they intrude on the free enterprise system, but rather provided some small compensation for the cost of dealing with the vast amounts of paperwork experienced in exporting. Although the devaluation of the rand had some benefits for exporters, they still had to operate in an area facing higher inflation than the major competitors abroad. And the effects will not be universal. Manufacturers, for instance, will continue to benefit in other ways through tax incentives, while merchants and traders will lose cash benefits.

What is coming and going!

74 S. Times 18/4/82

By Elizabeth Rouse

IMPORTS of textiles and machinery are still running at astonishingly high levels considering the downturn in the economy and the slowdown in capital expansion.

Value of textile imports in the first two months of 1982 was 59% higher than in January and February 1981. This leap must be much to the indignation of South Africa's textile manufacturers.

Total textile imports for January and February were R171,3-million compared with R107,7-million in the first two months of 1981.

Allowing for inflation and probably better-quality imports, the volume increase must be significant as well.

Value of machinery imports showed a 30% advance on the same period last year — up at R849,5-million from R653-million.

Major developments at semi-State organisations like Escom and big mining and industrial groups are obviously keeping the capital goods imports rolling.

Imports of vehicles, aircraft, vessels and transport equipment remained high at R376,4-million against R355,8-million in early 1981.

On the export side, value of South African mineral products was up at R308,3-million from R249,4-million, while the value of base metals and base metal articles increased to R251,4-million from R219,7-million.

Vegetable-product exports — a reasonably large sector — were up at R136,5-million from R125,1-million.

The biggest export category — unclassified goods, which includes metals such as platinum — reflected a downturn to R1 180,4-million from R1 550,3-million.

South Africa's imports from Europe, the US, Asia and Africa continued to grow. Exports to Europe, the US and Africa were down because of the slump in commodities. However, exports to Asia are on the uptrend, thanks to ore exports to Japan and Taiwan.

SUNDAY EXPRESS April 18, 1982

74

RUMANIANS IN SA GRAIN-FOR-FERTILISER SWOP

By GORDON EDDEY

A TOP-LEVEL delegation is to meet Cabinet Ministers on Tuesday to finalise the barter of South African maize for 208 000 tons of Rumanian urea, a fertiliser component.

However, major fertiliser producers are said to be unhappy about the planned trade, which has been organised by the Maize Board.

And the deal has caused disagreement in the Cabinet, according to an informed source.

Maize and fertiliser producers will be represented at Tuesday's meeting.

The Fertiliser Society, representing 15 manufacturers including Triomf and Fedmis, have publicly said they are approaching the deal in a positive and helpful manner.

But fertiliser manufacturers say privately the deal is short-sighted.

However, they are over a barrel because maize farmers use about 75% of all fertiliser manufactured, according to one source.

And this source says the deal will go through because maize farmers have powerful political clout. Maize is shipped to African states hostile to South African Government policy but who keep the doors open because they need to feed their citizens.

In terms of the Rumanian agreement the Maize Board will import 208 000 tons of urea.

Urea is a nitrate crystal. Phosphates, potash and urea are the components used in fertiliser. Urea is also used as a maize top-dressing.

Fertiliser Society members have undertaken to buy 60 000 tons of their 1982 urea needs from the Maize Board this year.

The Maize Board will be responsible for the remaining 148 000 tons — and will bear the costs of its importation, storage and distribution.

Urea needs controlled storage. It can be volatile. Nitrate is a component of nitro-glycerine.

And because of its crystalline nature it is subject to changes because of moisture, in the same way that salt suffers during temperature changes.

The Fertiliser Society estimates the 208 000 ton urea import will cost the Maize Board R18-million.

While the board will maintain the cash benefits from selling the urea, one source said he was not certain the board would profit from the deal because of high administration and storage costs.

Another major point of concern for fertiliser manufacturers is that the import of urea from Rumania will affect goodwill with suppliers in North and South America.

Some local manufacturers have had to cancel orders — which they had already paid for — with urea suppliers because of the Rumanian deal, according to a source.

"Fertiliser manufacturers have got the short end of the stick," he said.

A Fertiliser Society spokesman refused to comment on the information presented to him by the Sunday Express. He said he would first have to find out the opinions of the other members.

But he did say the fertiliser industry would continue to help the Maize Board "draw up a workable solution to a major problem . . . the immediate importation of an exceptionally large tonnage of urea, which will have to be stored for a considerable period after 1982".

MONDAY, 19 APRIL 1982

†Indicates translated version.

For ~~written reply~~ 74 Hansard Q. Col. 625 19/4/82

Bricks

294. Mr. G. S. BARTLETT asked the Minister of Industries, Commerce and Tourism:

What (a) were the quantities, (b)(i) were the values per 1 000 and (ii) was the total value, and (c) were the countries of origin and destination, of face and common bricks, respectively, (aa) imported into and (bb) exported from the Republic in respect of each of the latest specified five years for which statistics are available?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(a) (aa) 5 million bricks in 1981.

(b) (i) (aa) 4 million at R320 per 1 000 (selling price).
1 million at R220 per 1 000 (selling price).

(ii) (aa) R1 500 000

(c) (aa) 4 million face bricks from Britain.
1 million stock bricks from Zimbabwe.

(a) (bb)
(b) (bb)
(c) (bb)
} The particulars are either not published or are not readily available. Exports of bricks were in any case negligible during recent years.

Note: The particulars relate to the Core Group—see reply to question 291.

World wine congress in city

ARGUS 20/4/82

1/82

74

THE 31st congress of the International Federation of Wines and Spirits (FIVS) was 'probably one of the most important international conventions ever held in South Africa,' the Vice State President, Mr A Schlebusch, said today.

Opening the convention at the Mount Nelson Hotel, Mr Schlebusch said it was fitting that the first meeting of FIVS in Africa should take place in Cape Town, the Mother City of South Africa and cradle of its 300-year-old wine industry.

The five-day convention, which will include high intensity working periods to discuss production and trade problems, the social and health problems associated with alcohol use and the technological advancements made around the world in liquor production, is being attended by FIVS officials from all over the world.

President

The president of the Federation, Count Luigi Rossi di Montelera, said at a Press conference last night that it was vital that these problems be discussed in an international, and not a national framework.

'International trade is a living element of our world today, and as we share trade, so we share problems, and so we must share the solutions to those problems,' he said.

Mountain

Yesterday the officials of FIVS, most of whom arrived in Cape Town at the weekend, went to the top of Table Mountain and then drove to Paarl, where they were hosted to lunch at the KWV wine cellars, and last night they attended a dinner at the President Hotel, hosted by Safmarine.

The real business of the congress began today, and will end with another dinner, hosted this time by Stellenbosch Farmers Winery in Stellenbosch.

The official banquet of the congress, hosted by the Cape Wine and Spirit Exporters' Association, will be held in the Mount Nelson ballroom tomorrow evening.

The congress will conclude with a tour of the Peninsula on Friday.

74 ~~193~~ Hansard Cement 21/4/82
Q. 61. 664

293. Mr. G. S. BARTLETT asked the Minister of Industries, Commerce and Tourism:

What (a) were the quantities, (b) (i) were the values per ton and (ii) was the total value, and (c) were the countries of origin and destination, of cement (aa) imported into and (bb) exported from the Republic in respect of each of the latest specified five years for which statistics are available?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(a) (aa) 29 174 ton in 1981

(b) (i) (aa) R93,34 per ton

(ii) (aa) R2 723 119

(c) (aa) Republic of China (Taiwan).

(a) (bb)
(b) (bb)
(c) (bb)
Although limited quantities of cement were, in fact, exported during periods when the local supply exceeded the demand, the particulars are either not published or are not readily available.

WORCESTER MUNISIPALE WERKNEMERSVERENIGING

Address: Private Bag X963
Worcester
6850

Telephone:

Officials:

Area of Operation: Worcester

Founded:

Registration:

Bamboo Curtain goods on sale

74

78

Mercury 22/4/82

Mercury Reporter

DID YOU know that 'communist' shoes, jeans and other articles of clothing are freely available in Durban stores, and if you check the manufacturers' label on your own clothes or shoes you may find that you are wearing something made behind the bamboo curtain?

It is well known that South Africa imports goods from Taiwan and Hong Kong, but certain articles from the People's Republic of China have also been entering the country and are being sold in local stores.

There are no objections to importing Red Chinese goods from the South African side, either from Government departments or retailers. The People's Republic of China, however, is vigorously opposed to this country's policies and almost certainly would not permit open trade with South Africa.

But Red Chinese goods do get through to the country, and this is achieved by using Hong Kong as a middle-man.

Agents

Mr John Dobbin, president of Game Discount World which receives a 'small precentage' of goods made in Red China, said yesterday that this could only be done by agents or buyers in Hong Kong.

'There are trade fairs held in Hong Kong and particularly in the outlying town of Kwangchowan were Red Chinese articles are freely available for anybody to buy,' Mr Dobbin said.

'Game obtains some Red Chinese articles at these fairs, although we mainly buy goods made in Taiwan and Hong Kong.'

Scotts Stores recently held a sale at which Red Chinese *Golden Horse* denim jeans were on sale. The chain of stores also stocks shoes and other items of clothing made in the People's Republic of China.

A spokesman for Scotts said the company had been receiving these goods for the past few years.

Jeans

'In the past,' he said, 'we have received embroidery, shoes, jeans, and cloth and linen clothing made in Red China. These normally come from foreign export agents, although our own buyers sometimes get them directly from Hong Kong.

'When Kung Fu shoes were popular we received large stocks made in Red China. These were as good as and cheaper than the shoes made in Taiwan.'

Mr Peter Barnard, the Department of Industry, Commerce and Tourism's deputy-director of import control, said yesterday that there was no objection from his department to goods entering the South African market from a communist country.

74 (28) Hansard Q. Col. 701–704
Export coal
23/9/82

547. Mr. G. S. BARTLETT asked the Minister of Transport Affairs:

(1) How many tons of export coal were loaded monthly from (a) Durban and (b) Richards Bay harbour during the latest specified period of five years for which figures are available;

(2) whether prospective coal exporters have to comply with certain requirements in order to be issued with permits for using the loading facilities at (a) Durban and (b) Richards Bay harbour; if so, what requirements in respect of each?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) *Durban*

Month	*1977-'78*	*1978-'79*	*1979-'80*	*1980-'81*	*1981-'82*
April	69 004	86 917	138 297	170 451	110 376
May	83 491	159 150	118 525	307 592	71 018
June	66 601	144 895	106 233	263 234	183 468
July	73 022	115 021	186 378	112 852	123 816
August	89 391	106 318	335 135	111 744	111 728
September	99 025	106 050	144 550	143 745	170 746
October	119 425	152 539	194 832	249 056	74 512
November	134 913	173 409	201 346	110 024	115 400
December	134 056	102 628	80 815	209 509	155 817
January	103 258	159 265	303 217	114 533	133 478
February	147 482	140 248	199 948	5 326	94 928
March	129 278	132 745	94 734	327 599	Figures not yet available.

NEWS

(74) Industrial Week

SA exporters fair well in Hong Kong

27/4/82

From Wren Mast-Ingle

HONG KONG is gearing itself up for its trade fair in November.

Last year the fair attracted 200 exhibitors from 20 countries, more than 150 000 companies were invited to attend and 30 000 buyers from 50 countries passed through the gates.

MD of the fair, Derek Dickins tells me that many millions of dollars worth of business was concluded and that almost without exception exhibitors developed useful contracts.

"Two exhibitors who last year only mounted small publicity stands have taken 500^2 each this year.

The 6000m^2 site is filling up fast as people view Hong Kong as the springboard to trade in the east," says Dickins.

The fair alternates between industrial and consumer themes and this year it will be the latter.

Products and services which will be accepted in 1982 include textiles, electronics, household goods, furniture and sports goods.

Also represented will be service industries including financial institutions, transportation organisations, insurance and business efficiency.

Dickins points out that as the leading centre for communications in Asia, the highly efficient Hong Kong infrastructure continues to attract a wide variety of investors.

It is almost entirely dependent on imported resources to meet the needs of its 5 million people and in 1981 goods valued at HKD 14000-million (approximately R3000-million) were imported.

The South African trade mission to the far east left Hong Kong at the end of last week with many of the delegates excited over business potential of two-way trade in this area.

At this stage there is a reluctance to reveal business — a quick survey showed this to be running into millions of rands — until the party returns to SA and individuals finalise contracts.

There is no doubt that the six day visit which included a weekend and a public holiday produced results, in some cases unexectedly.

FLASH

TAIPEI: The majority of delegates on the SA Trade Mission to the Far East have complained that lack of ground work has seriously hampered successful two-way trade.

Businessmen on the tour have said there is a noticeable lack of Press coverage — a pre-requisite for this type of delegation.

Delegates also point out that at a briefing before departure they were told that: "Hundreds of businessmen will line up to see each visitor and wait their turn to do business." It appears they are still waiting!

NATIONAL UNION OF CIGARETTE AND TOBACCO WORKERS

Year	Membership			
	African	Asian and Coloured	White	Total
1970		..	..	600
1971		..	..	600
1972		..	..	600
1973		380	160	540
1974		..	..	530
1975		377	208	585
1976		321	215	536
1977		251	290	541
1978		312	288	600
1979		296	372	668

NEWS

industrial week 27/4/82

(24)

Local fibres cut imports

By Hugh Poulter

A RANGE of ceramic fibres that have been imported to SA for the past 12 years are now being locally manufactured by a Johannesburg company called Didier.

Didier sales manager, Neil Badger, says the fibres, called Pyrostop which are used for insulating heat treatment furnaces, should be appearing on the market in May after extensive tests in Europe and SA.

"We started off our trial runs at the end of last year and I feel we have perfected the fibres. They are made from the local raw materials of alumina and silica and can withstand temperatures of up to 1 600°C," says Badger.

Badger says the locally produced fibres will be cheaper than the imported version, "especially after the surcharge that has been added to imported ceramic fibres. We are not sure of the exact cost yet as we have been producing a limited amount, and we will only be going into full production in May."

Addre

Teleph

Officia

Area of ... Klerksdorp

Founded: 1979

Registration: No (1)

(1) Applied for registration but objections raised by other registered unions.

Agency plan to reopen Iran trade

27/4/82

Mercury

74

A CLEARING and forwarding company which recently opened an office in Durban, hopes to open an agency and develop trade between Southern Africa and Iran.

Adriko, which got off the ground with an office in Johannesburg about three years ago, is researching the possibilities of filling modern ships with cargo from Durban and Maputo for the Iranian gulf ports of Bandar Abbas, Bushire and Bandar Khomeini.

Managing director for the company, Mr John Koenraads, said the potential had to be good for trade between Southern Africa and Iran as it was not long ago that the Middle Eastern country was a big partner of South Africa. He said he was also looking at the possibilities of cargo from Zimbabwe.

Not yet named

Adriko was also considering at the possibilities of calling at Bahrain and Abu Dhabi but the line, which they have not yet named, would be calling at the ports only subject to inducement. The line would also call at Port Elizabeth and Cape Town if there was cargo to be picked up there.

The line would carry as few containers as possible as box loading facilities at the ports were limited.

Adriko now has offices in Johannesburg and one in Durban — which was opened at the beginning of last month — and associated offices in Cape Town and Manzini in Swaziland.

Black states ban South Africa from airport projects

SA SNUB JUST A BIG FACADE

74

By Hugh Poulter

Industrial Week 27/4/82

BLACK neighbouring states are spending hundreds of millions of rands in an effort to by-pass SA's international airports.

In recent months Botswana, Lesotho, Bophuthatswana and Swaziland have invited tenders for the construction of international airports worth approximately R60-million, R40-million, R27-million and R30-million respectively.

Backed by Arabian, Japanese and European finance in conjunction with the Southern African Development Economic Committee, the Black states have deliberately cold-shouldered South African companies by tendering exclusively overseas.

But behind the scenes companies from SA have been jumping on this lucrative bandwagon and a heavy cloak of secrecy surrounds SA's involvement in the projects.

McAlpine International were awarded a R21-million slice of the total R60-million Botswana airport contract. A spokesman for McAlpine SA however denies any involvement with the project.

"McAlpine SA is a public company and independant of McAlpine International and McAlpine Botswana. We are only involved with mining in SA and in no way with civil engineering contracts," says the spokesman.

Although no formal prohibition existed against South African companies tendering for the Botswana project, the Botswana government ordered a prequalification questionnaire to be sent to interested companies short listed as possible contract winners.

All South African companies were "knocked out" despite the economic advantages of using SA materials, plant and expertise.

In the tender for R30-million improvements to their existing airport, the Swaziland government ordered a proviso to be included preventing SA companies from tendering.

A leading SA expert on international projects, who asked not to be named, says it is not economically viable to completely prohibit SA's involvement in contracts of this size and nature.

"Certain materials, equipment and expertise have to come from SA as it would be too expensive to import them. Contractors get around this by setting up offices in the country in which they are to work and deal with SA through their head offices abroad."

Contractors approached in Botswana refused to comment, saying this must come from the Department of Aviation.

A Botswana Department of Aviation spokesman, Mr Stafford-Smith, would only comment on technical matters and referred Industrial Week to the Ministry of Works and Communications for information of a "political nature".

At the time of going to Press the Ministry of Works and Communications could not be contacted for comment.

SECONDARY INDUSTRY FM 30.4.82 (74)

Let's look at exports

There is cause for concern when a leading exporter of manufactured goods says it is now cheaper to import some of his lines than to make them in his own plant. It is even more disquieting to hear this after a 12-month period when the rand fell substantially against most currencies and 23% against the US dollar.

For if ever there was a time for SA manufactured goods to gain overseas markets, it should be now.

The cooling in local demand and the resulting spare capacities should be spurring manufacturers to greater efforts in foreign markets, and the lower rand has made their prices more competitive.

The lower rand is already saving some of the weaker gold mines from insolvency. Last year it boosted total gold mining revenues R928m higher than they would have been had the rand maintained its average value for 1980; it pushed up coal export revenues R106m.

But manufacturers, who can also enjoy these exchange rate windfalls, foresee no export boom. The reasons have less to do with depressed markets abroad than with conditions at home.

The exporter referred to above is actually laying off production staff and restructuring his business for more emphasis on trading and less on manufacture.

Inflation of 15% a year against the average of about 10% in other countries is his main problem. And wages, which are for him a major cost, have risen even faster, at 20% a year.

"We are obliged to pay wage rates of the steel and heavy industries," he says. "They can afford to make generous wage settlements, because they are protected by tariffs and import controls against foreign competition. We have to fight this competition overseas and are battling to hold prices in spite of the devaluation."

Another rising cost is that of transport — generally paid for in increasingly more expensive foreign currencies, usually the dollar. A big exporter of tools, for example, calculates that transport now accounts for about 25% of the total costs of filling foreign orders.

Mainly because of these two factors, few manufacturers are risking investment in new plant to produce for markets abroad. What makes them more reluctant is the fear that the rand could possibly regain its 1979 levels, should gold rebound.

A more basic reason why manufacturers find it difficult to break into export markets is that many in secondary industry were originally geared for import replacement in the relatively small local market rather than for large scale export. In many cases their marketing strategies used exports merely as a means of clearing surplus stocks — often at prices well below domestic levels.

This is in sharp contrast to the philosophy which has made the mining industry a major world minerals supplier, selling only a fraction of its output locally. It also differs from the designs of manufacturers in the Far East, which specifically aim at domination of world markets.

The drive towards import replacement rather than export orientation was encouraged by government and, by its own standards, has been highly successful. SA now produces about 90% of its consumer goods and an increasing proportion of its industrial requirements.

Yet much of its diversified and sophisticated industry cannot compete on world markets. Some of this industry fails to benefit from economies of scale which would have come had it been built to produce for more than local requirements. Some is tied to currently uneconomical technologies employed for strategic rather than commercial reasons. Some appears to have been established purely for reasons of national pride, and some for the purposes of job creation.

These are hardly the bases on which to found a secondary industry which can make profits in the cut-throat international market. Even on its home ground, much of SA industry exists by grace of government decree.

Most local manufacturers sit comfortably behind tariff barriers against foreign competition and many also benefit from import control. Steelmakers, for example, lose no sleep over cheaper imports, which generally come in only if they cannot produce the required goods themselves. Plastics producers have the privilege of supplementing their own production shortfalls by buying abroad — often at far lower than their own production costs. They use the bigger margins on the cheap imports to subsidise prices of their own products.

Car makers are protected by duties of more than 100%. But even this does not kill demand for foreign vehicles, as far more would be bought if the authorities freely granted import permits.

SA's manufactured goods exports have developed haphazardly and many have come about more by aggressive marketing and good service than by price or technical advantage. A tool manufacturer, for example, says he picked up his lucrative business in the UK by visiting it with a spade over his shoulder.

Other markets are penetrated with small orders which traditional overseas suppliers cannot be bothered to produce. This covers many items in the automotive industry, including exhaust systems, shock absorbers and pistons and even fully built up vehicles. The R60m Ford bakkie export deal to the UK has doubled Ford SA's local

Local manufacture . . . more export effort needed

pickup production: but the volumes involved are considered too small to justify production in the UK.

Some exports do indeed have technical advantages over foreign products. They include items developed for the mining, transport and heavy industries such as cables, earthmoving equipment, railway bogies, conveyor systems, steel castings, electrical insulators, furnace linings and industrial electronics.

Another growing export sector is armaments, many of which have also been developed for local conditions.

One wag comments on the growth of Armscor, which trebled its sales in three years: "The United Nations arms embargo against SA was better for the industry than any tariff protection."

Manufactured goods still account for only 23% of SA's total exports. If economic development is to proceed, this figure will have to rise considerably, because local factories are already producing most of our own needs and investment in mining is approaching optimum levels. What is more, manufacturing is far more labour-intensive than mining, and this will also have social benefits.

Growth on the agenda

SA has the abundant raw materials and cheap energy needed by secondary industry, so it seems logical that a growth in the manufacturing export sector is the next item on the country's development agenda.

But to compete with Far East competition, for example, plants large and small will have to work 24 hours a day to extract the maximum return from invested capital. Staff will have to be similarly efficient and the technical expertise of management much greater.

With quotas that set at least 30% of university enrolment in engineering faculties and a prime minister who is himself an electrical engineer, it is hardly surprising that the Republic of China beats SA as an exporter of manufactured goods.

The move towards exports will not begin in earnest while industry is still protected by tariffs. The time has now come to examine each protected industry and, wherever possible, to abolish or reduce tariffs to give manufacturers a taste of the real competition they should be facing in the hard world outside.

FM 7/5/82

IMPORT SURCHARGE

About face

74

Weaknesses are appearing in the Government's 10% import surcharge measures, intended to offset the worrying deficit on the current account of the balance of payments.

Word has it that there has been an avalanche of applications for exemptions to the surcharge which has put a wide spectrum of manufacturing industry in an uncompetitive position.

Most applications have so far been refused; one of the most notable has been the application by Gencor's truck axle and gearbox manufacturing subsidiaries which were set up for strategic necessity. This put them at a disadvantage to imports of finished products which were exempt from the surcharge under Gatt provisions.

But the Department of Industries now concedes that the import surcharge is sometimes counterproductive: Atlantis Diesel Engines (ADE) which was granted immediate exemption, is a case in point. It has now also granted exemption to Gencor on its second application this week.

Minister of Industry, Commerce and Tourism, Dr Dawie de Villiers, says: "Provision has been made for the granting of rebates if the burden of the surcharge on imports, and or materials, affects the competitive nature of the local product."

"The surcharge is a fiscal measure and should be seen as forming no part of protection for local industry."

Duty on chemicals runs at a flat 10% of the fob value. Very few are bound in Gatt and carry the 10% surcharge, representing an additional cost burden for manufacturers and their captive markets.

Another anomaly of the original surcharge directive is that toiletries and cosmetics do not pay the 10% surcharge when imported as finished commodities. However, local manufacturers pay on materials they import to make the same products.

Importers of strategic materials are among those suffering heavy additional costs. They point out that the stock which

RDM 7/5/82 74

ys

on continued to
high level of de-
assisted by the
contribution
:ks, this division
profits material-
than those
the same period

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tions during the
of the year to
982, but (we) be-
income before
tems for the full
l exceed that
he previous 15-
g period to Sep-
(R13-million)

Mr P R du Toit has been appointed a general manager of Senbank.

Blow to SA sugar exports

By PENNY CUMMINS

SOUTH African sugar exports to the US this year will be slashed.

The US has imposed quotas on imports for six weeks from May 11. South African will get 2,3% of the total of 220 000 tons.

The size of the cut facing SA sugar can be gauged from its 4 350 metric ton quota against a contract to supply 100 000 tons of sugar annually to one client in the US.

South Africa exports up to a million tons of sugar a year.

The miniscule quota for the US will cause a shipping problem as sugar is usually shipped in bulk. It is believed that the consignment for the US will be parcelled into a Canadian order.

The next US quota will be announced on June 15.

Mr Peter Sale, chairman of the Sugar Association, expects South Africa's allocation for the year will not exceed 56 000 tons.

US sugar refiners have been taking advantage of the low world sugar price, which has undercut the domestic suppliers. But the producers have a long-standing Government undertaking to buy in their surplus.

President Reagan says the quota allocation will be applied without discrimination on the basis of the historical share of imports from each country over the past five years.

Mr Sale says this might exclude the highest and lowest figure over the period. South Africa has only recently established a regular contract in the US, and previous shipments have been sporadic.

Chemical & Chemical Products, Coal, Rubber & Plastic Products

Black Allied Workers Union
Cape Explosives Industrial Workers Union
Chemical and Allied Workers Union
Chemical Workers Industrial Union
Chemical Workers Union
Durban Rubber Industrial Union
Engineering and Allied Workers Union
Engineering Industrial Workers Union of S.A.
Federated Mining, Explosives and Chemical Employees Union
Industrial Salaried Staff Association
General Workers Union
Metal and Allied Workers Union
National Union of Engineering, Industrial & Allied Workers
National Union of Motor Assembly & Rubber Workers of South Africa
S.A. Chemical Workers Union
South African Allied Workers Union (SAAWU)
Steel, Engineering and Allied Workers Union
Umbogintwini Industrial Workers Union
Weskaapse Plofstof & Chemiese Operateursvakbond

Non-Metallic Mineral Products

Building, Construction and Allied Workers Union
Glass & Allied Workers Union
Glass Workers Union
National Cement Employees Union
National Union of Brick and Allied Workers
Transport & General Workers Union

Base Metal Industries and Manufacture of Fabricated Metal Products
Machinery a

Amalgamate
Amalgamate
Black Alli
Electrical
Electrical
Engineerir
Engineerir
General W
General W
Iron Moul
Metal and
Motor Ass
Motor Ind
Motor Ind
Motor Ind
National
National
Radio Tel
S.A. Boil
S.A. Elec
S.A. Iron
S.A. Tin
South Afr
Steel, En
Transvaal
United African Motor and Allied Workers Union

(74) S. Times 9/5/82

Exemption for Astas

By Geoffrey Berridge

THE Department of Industry has relented by granting Gencor's axle and gearbox company, Astas, exemption from the 10% import surcharge — on its second asking.

This is the second major local content concession in the strategically vital transport industry and follows a similar exemption granted to Atlantis Diesel Engines (ADE).

Both companies fell foul of Gatt, which allowed truck manufacturers to import engines, axles and gearboxes free of surcharge as part of CKD packs.

ADE and Astas, importing the same components as individual items, had to pay the surcharge and were at a price disadvantage.

Although the Department of Industry acted rapidly by granting exemption to ADE, it refused the first application by Astas.

The Minister of Industry, Commerce and Tourism, Dr Dawie de Villiers, told Business Times that the surcharge was not directly involved with protection levies, and was a fiscal measure to offset the worrying balance-of-payments deficit.

"Provision is made for the granting of rebates if the burden of the surcharge on imports and/or materials affects the competitive nature of the product.

"Gearboxes and axles fall into this category, and both have been exempted from the surcharge.

"It could be that when the balance of payments reach a more satisfactory level — and we hope that this may be soon — this levy would be removed.

"We at the Board of Trade would like to see this, and I would caution local manufacturers not to see this as an additional form of protection."

It is expected that a wide range of other industries, ranging from chemicals, textiles and general manufacturing, will follow Astas's example and renew their motivations for exemption with the department.

If they fail again, they can always drown their sorrows with a shot of whisky. That is bound by Gatt and carries no surcharge.

Exporters hit out at Govt-induced 'chaos'

74 . S. Times . 9/5/82

Business Times Reporter

EXPORTERS are astonished by the Government's decision to abolish two key forms of aid to South African businessmen battling to sell goods in overseas markets.

They say that even if the Government wholly or partly changes its mind it will still show an alarming lack of appreciation of the key priority which export promotion should have.

From April 1, the Department of Commerce withdrew aid to exporters under the Finance Charges Aid Scheme.

This was basically an interest-rate subsidy, which could lop 2% to 2,5% or more off interest rates.

Also removed was the export freight subsidy paid by the Department of Commerce to the Railways to help exports in selected cases.

Together the two export aids were costing the Exchequer about R70-million a year.

Hans Beier, chairman of the Natal Chamber of Industries export trade committee, comments: "I have a feeling that the Department of Commerce or the fiscal authorities are suddenly in chaos.

"They have come down to crisis management. We were promised that should they make any particular changes they would consult us.

"But, as in so many cases, these decisions are made on the spur of the moment, and it is definitely not conducive to the South African export industry."

Mr Beier says: "The finance charges aid scheme was perhaps one of the few on the export incentive side that was really tangible.

"All the others are highly complicated to apply, and you cannot really put it into your costs.

"But this aid scheme could be measured. You knew exactly what benefits you would get out of it. And now, with the high interest rates, it would have given us bigger benefits.

"The fiscal authorities are killing the goose that lays the golden egg. This is the last thing I would have expected them to do when we so desperately need exports."

So why did the Government stamp on the two schemes?

One theory held by some businessmen is that the decision was heavily influenced by pressures variously from Gatt (the General Agreement on Tariffs and Trade, the monitoring authority of world trade), the International Monetary Fund and the United States Administration.

The argument runs this way. Export subsidies, however defined, are a form of interference with the free workings of international trade. They distort, so it is said, comparative prices.

South Africa has already imposed a 10% surcharge on a sweeping range of imports — a trade-distorting measure.

Gatt could not prevent this because the items affected were all ones not covered by South Africa's obligations under its Gatt commitments. Nevertheless, the claim goes on, Gatt would be strongly opposed to the South African action.

At the same time, South Africa had already arranged credits of just over R200-million from the International Monetary Fund, and will certainly be seeking much more from the IMF this year.

One of the IMF conditions in these kinds of circumstance is that borrowers agree not to take trade-restricting actions except on a short-term emergency basis.

On top of that, the US has been getting steadily more critical of other countries' trade barriers — particularly Japan — and has been threatening to take strong measures to stop imports of such items as steel where it believes its own industry is being hit by unfair competition.

Exporters generally concede that the South African Government may have been under some pressure from these various sources, especially from the US, in relation to certain products such as ferro-alloys, where the rail rebates were of great importance.

But the overall belief of the private-sector Export Advisory Committee and of the South African foreign trade organisation, Safto, is that the decision on rail rebates and on finance charges aid was taken for budgetary reasons.

One leading exporter told me: "I think what happened is that when Mr Horwood decided on severe restraint in Government spending for 1982-83 this put all the departments into a crisis.

"In some cases they reacted by cutting spending almost at random. I think this is what happened at the Department of Commerce."

Exporters are still hoping, however, that Dr Dawie de Villiers, Minister of Industries and Commerce, will be able to ease their new plight.

On the Government side it is argued that the position of the exporters is not as serious as is made out.

It is pointed out that there are still all kinds of spending for export purposes that can be offset against tax.

These concessions will be worth more with the rise in company tax from 42% to 46,2%.

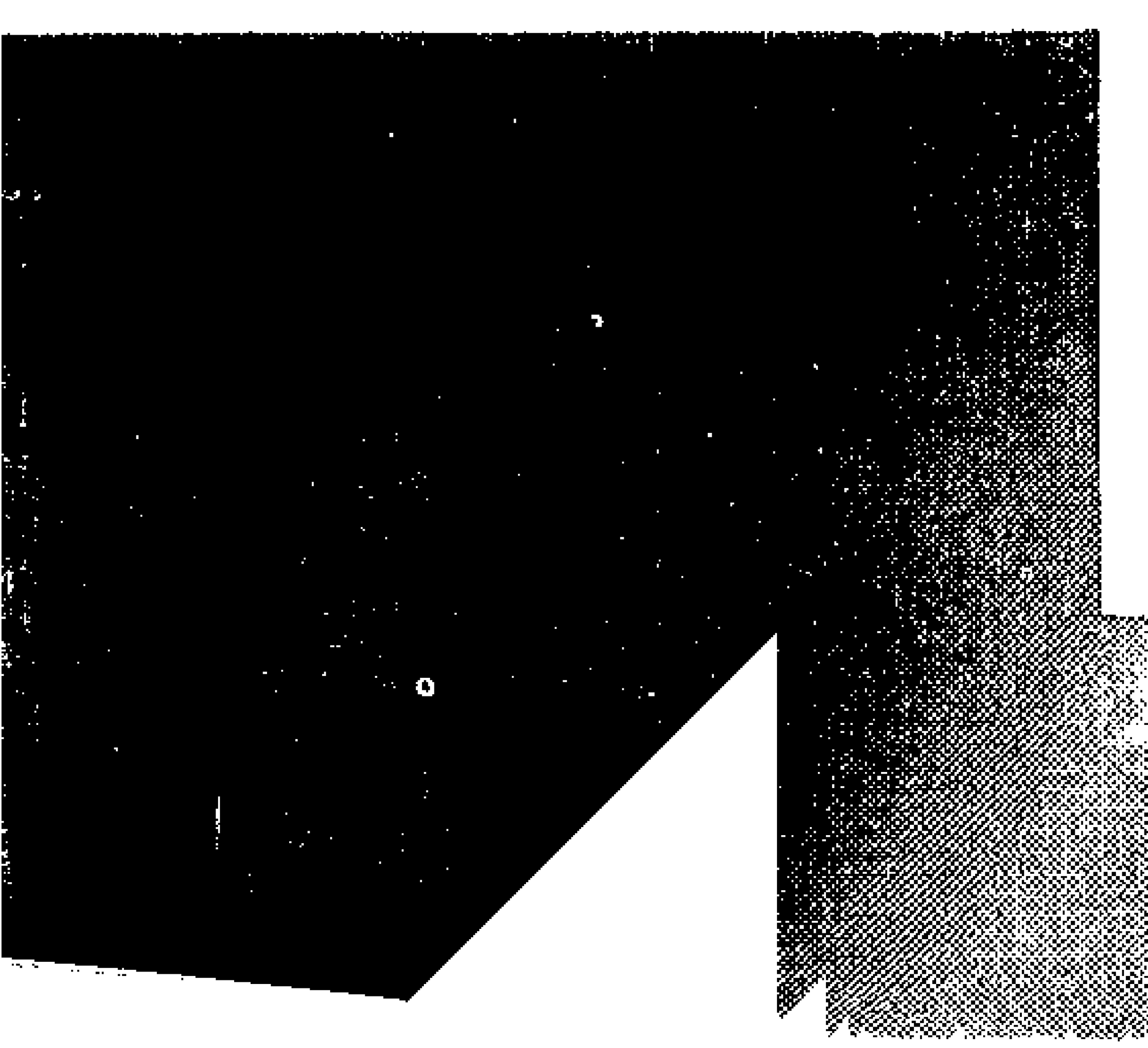
Most important, it is said that the sharp fall in the value of the rand over the past 15 months has given a huge boost to the rand earnings of exporters.

In the case of the United States the rand has fallen from $1,35 to well under $1.

Exporters are not satisfied with this reply, however. They say that the finance charges aid scheme was the only tax-free cash grant that exporters could get.

This meant that companies with assessed tax losses could still get the full benefit. The direct cash-in-hand nature was much appreciated.

Exporters also say that although they still enjoy special basic rail tariffs, the additional benefit that was available — in select circumstances — of further transport subsidies could sometimes make the difference between profit and loss on a contract.



Pacific Basin's SA potential

(74) S. Times 9/5/82

By Andrew McNulty

WHILE Western industrial nations — South Africa's traditional trading partners — appear to be sliding more deeply into recession and unemployment caused by structural changes in their economies, the Far East region is fast emerging as the centre of economic growth in the next two decades (see page 3).

The area, known as the Pacific Basin if Japan is included, offers huge potential for South Africa's international trade — if the opportunities are seized.

This was the abiding impression gained by Business Times from a visit to the region — a view strengthened by interviews in South Africa with businessmen and others who are studying the potential for trade.

First, SA businessmen will have to develop a greater awareness of the action in this region.

They will also have to become more adept at producing and marketing goods for these countries.

They will have to develop a new image of the area, parts of which were for years centres of political and social unrest.

The main reasons for the positive view are the large and growing populations, the relative stability in most parts and the scintillating economic performances achieved in recent years.

While it is essential to avoid over-generalisation, it must be recognised that the 1980s will be "the decade of Asia".

Growing competition and protectionism worldwide is slowing but not discouraging the region's structural economic growth.

A 1980s-style industrial revolution is kicking Third World and NICs (newly industrialised countries) into the electronic age at a breathtaking pace.

The result is a range of markets from the highly advanced Japanese economy to such NICs as Taiwan, Hong Kong and Singapore, and awakening although lagging areas such as Malaysia, the Philippines and Thailand — all developing fast.

Labour and capital intensive industries and technologies are booming.

Activity has been further stimulated by the entry in the middle of the decade of the Asian slumbering giant, mainland China.

Although political relationships between nations in the area are frequently cool to icy, trade links are rarely shunned with anybody if the appropriate channels — which often means doing business through a "middle-man country" — are prudently adopted.

As a senior South African diplomat told Business Times: "International trade knows no barriers anywhere in the world — even in the Far East."

Between 1970 and 1980, a period when the oil crisis and the recession of the late 1970s dragged growth rates in EEC countries and North America to negative and barely positive levels, the average rates of GNP growth in Taiwan, Singapore, Hong Kong, South Korea, Malaysia, Indonesia, Thailand and the Philippines was 8,6%.

(74) S. Times 9/5/82

Far East closing SA trade gap

By Andrew McNulty

TRADE between South Africa and the Far East has risen dramatically, much of it in South Africa's favour — but the gap is closing fast in some areas.

Most startling has been the growth in trade with Taiwan, South Africa's ally in the region.

Taiwan has been diversifying its sources of imports and its export markets since the mid-1970s, when the United States improved its relationship with mainland China.

For South Africa, trade links with Taiwan were stimulated by the political toenadering between the two countries, which led to the visit by the Prime Minister, Mr P W Botha, to Taiwan in 1980.

Since 1975, the total value of two-way trade between SA and Taiwan has leapt by 480%, from R112-million in 1975 to R651-million in 1981.

In 1981 alone, the figure jumped by 58% from R412-million in 1980.

The 1981 figures show that a trade surplus formerly strongly in South Africa's favour is closing rapidly.

Until 1979, the balance of trade with Taiwan remained roughly 2:1 in SA's favour.

In that year the value of imports from Taiwan was R73-million against exports to that country worth R204-million.

In 1980, imports rose to R153-million and exports to R259-million, and in 1981 imports were R300-million with exports of R351-million.

From the negligible levels of 1974, SA is now Taiwan's 12th-biggest trading partner, and in 1982 is expected either to equal or overtake Nigeria to become Taiwan's most important trade partner in Africa.

Raw materials, primary manufacturing goods and agricultural products are the main items SA exports to Taiwan, while main import items are consumer goods — textiles, electronics — and tooling and manufacturing equipment.

Hong Kong — frequently described as the "gateway to Asia" — is another area where South Africa's trade has grown recently.

Although SA exports to Hong Kong declined by 8% to R198-million in 1981, imports rose by 64% to R220-million, with the result that total trade between the two countries increased last year by 19%, from R351-million in 1980 to R419-million.

Notably, this figure is boosted by a sharp increase in re-exports by Hong Kong to South Africa.

● "Pacific Basin's SA potential" — Page 7.

UNIONS OPERATING IN 1981 GROUPED ACCORDING TO INDUSTRIAL CLASSIFICATION

Unions have been classified according to the Standard Industrial Classification of All Economic Activities. The full extent of the operation of the following general workers unions has not been established:

National Federation of Workers
Orange-Vaal General Workers Union
General and Allied Workers Union

AGRICULTURE, FORESTRY AND FISHING

Black Allied Workers Union
Farmworkers Union
Food and Canning Workers Union
National Certified Fishing Officers Association
Orange-Vaal General Workers Union
Trawler and Line Fishermen's Union

MINING AND QUARRYING

Amalgamated Engineering Union of S.A.
Amalgamated Union of Building Trade Workers
Amalgamated Society of Woodworkers of S.A.
Black Allied Workers Union
Black Mineworkers Union
Federated Mining Explosives and Chemical Employees Union
Iron Moulders Society of S.A.
Mine Coloured Staff Association of South Africa
Mine Surface Officials Association of South Africa
Mine Workers Union
S.A. Boilermakers, Iron and Steel Workers Shipbuilders and Welders Society
S.A. Electrical Workers Association
S.A. Engine Drivers, Firemens and Operators Association
S.A. Technical Officials Association
Underground Officials Association of S.A.

MANUFACTURING

Food & B
African
Amalgama
Bakery I
Black A.
Boland
Brewery
Cadbury
East Lo
Food an
Food, B
General
General
Natal B
Natal S
Nationa
Nationa
Nationa
Nationa
National
Operati
Pretoria

Safto sees R11bn total in 1982

18% non-gold export rise

(74) RDM 10/5/82

By HOWARD PREECE

A FORECAST of an 18% rise in non-gold exports to about R11 000-million this year is made by the South African Foreign Trade Organisation.

Safto also predicts a 3% increase in imports — they were R18 171-million in 1981.

Overall it expects a deficit of about R3 600-million on the current account of the balance of payments in 1982 — it was R3 947-million last year, according to the Reserve Bank, although Safto describes it as R4 300-million.

That 1982 deficit is on the assumption that the value of gold output is much the same this year as the approximate R8 400-million in 1981.

Safto says, however, that the expected increase in exports "will be mainly due to the lower exchange values of the rand. Higher export volumes are likely to occur in relatively few product groups".

"Among those forecast for a real increase are maize, deciduous and dried fruit, vegetable oils, sugar, mohair, ferroalloys, aluminium and machine castings.

"Major revival in exports is expected only when the United States economy picks up, leading a general upturn in world markets."

It points out, however, that Japan is already buoyant and that Opec countries should increase their demand for goods in the period to mid-1983.

"Although the downturn in the South African economy will bring about lower import volumes the effective rand devaluation is forecast to result in a slight increase to 3% in the value of imports."

At this stage the Safto estimate on imports looks as if it could turn out to be too small.

According to Customs, imports in the first three months of this year were R4 818-million.

In the January to March period in 1981 Customs put them at R3 870-million.

On that basis, therefore, imports were up by roughly 25% in the first quarter.

Customs figures are, of course, provisional and can vary considerably from the later official figures from the Reserve Bank.

There may also have been special factors involved in the imposition of the 10% import surcharge that distorted the figures.

On top of that is the possibility of special purchases, such as oil or military equipment, that could give a misleading short-term impression.

But after all those allowances are made, it is clear that imports are going to have to decline drastically in real terms over the rest of the year if they are to show a money rise of only 3%.

Should imports decline to that extent it will also mean that the economy will probably be close to zero growth.

The Safto estimates certainly indicate the pressures South Africa faces on the balance of payments at present.

Star 11/5/82 (74)

Ford SA ships Pickups to Britain

The first shipment of 200 units of the 10 000 Ford one-ton pickups to be exported to Britain during the next 12 months has left Port Elizabeth for Southampton aboard the container ship SA Winterberg.

The vehicles, which will be marketed by Ford of Britain in two models, the basic P-100 and the more luxurious P-100 L, have been designed and developed by Ford South Africa and assembled in Port Elizabeth. They are to be exported fully built-up, in terms of an agreement worth more than R60 million a year to the company.

Total shipments in May will amount to 500 units and thereafter Ford expects to ship about 200 units a week.

The engine, transmission and certain sheet metal and electrical components are imported from Britain but the export pickup will have a three-quarter South African content.

All pickups in Britain are sold in long wheelbase configuration and the export version has been changed to include an extended chassis frame to take a longer loadbox.

At the same time the depth of frame was reduced, to lower the seats for more cab headroom.

RDM 14/5/82 (74)

SA dominates Zimbabwe trade

Financial Reporter

SOUTH Africa maintained its position in 1981 as Zimbabwe's dominant trading partner, providing 25% of imports and taking 21,6% of exports.

But Zimbabwe's balance of payments slid into a Zd140-million deficit in 1981, the first loss recorded in 13 years, according to the latest monthly Digest of Statistics.

Exports accounted for Zd888-million of foreign earnings, while imports cost the country Zd1 028-million.

Tobacco was again the principle source of foreign revenue, earning Zd218-million during a year which saw prices reach record levels.

Chrome accounted for Zd80-million, asbestos Zd76-million, cotton Zd60-million, nickel Zd47-million, raw sugar Zd46-million and maize Zd35-million.

The import bill was dominated as usual by the petroleum bill, up 14,3% at Zd199-million during a year which saw the consumption rise while international prices fell.

The motor industry, through new cars, buses, lorries and spare parts, cost Zd20-million.

Textile piece goods accounted for a further Zd37-million, steel plates and sheets Zd29-million, resins Zd26-million, medicinal and pharmaceutical goods Zd16-million, nitrogenous fertilisers Zd14-million as were both aircraft and spares and power machinery and switchgear.

After South Africa in exports to Zimbabwe came West Germany (8,2%), United States (7,9%) and the United Kingdom (6,9%).

Sentrachem waits for import decision

74 S. Express 16/5/82

By DAVID PINCUS

THE Board of Trade is expected to announce soon what level, if any, of import protection it has granted Sentrachem for the products of its new R350-million Karbochem rubber-from-coal plant in Newcastle.

The plant is said to be the biggest of its type in the world.

According to Alex Olivier, a Sentrachem director, there is a gut feeling in his organisation that this information could be announced in a few days.

When Sentrachem applied for protection it was not needed as desperately as it is now because natural rubber can be bought for between R1 100 and R1 200 a ton "which is rock bottom".

Sentrachem applied to the Board of Trade for a two-element protective duty on imported natural rubber composed of a straight 25% ad valorem duty on two rubbers, plus a reference price duty.

This second element is designed to make it impossible for foreign exporters to dump natural rubber on the South African market.

If the full 25% duty were added to the upper price of R1 200 it would add R300 a ton to the imported price. If the estimated R110 a ton handling charge were added, imported rubber would still cost R190 a ton less than the R1 800 a ton Karbochem says it will have to charge for its poly-isoprene rubber to remain viable.

This price difference must be making it extremely difficult for Sentrachem to persuade tyre manufacturers to swing away from using natural rubbers to its synthetic alternatives.

Sentrachem's problem is that the Karbochem plant, built at a cost of R350-million, is due to come on stream next month. Commissioning of vital systems started at the beginning of the year and there can be no turning back or mothballing.

The plant will have a yearly capacity of 45 000 tons of PIR, 36 000 tons of styrene-butadene rubber (SBR) and poly-butadyne rubber (PBR), and 45 000 tons of isoprene.

very different.

SA Breweries for the year to the end of March boosted its turnover by 28,7% to just over R3 000-million with beer sales volumes rising by 21%.

While beer volume growth has slowed in recent months it still helped Breweries send its attributable profits up 38% to R167-million.

This allowed the dividend to be raised 3,5c to 24c a share to give a total for the year of 34c compared to 27c last year.

Barlows pushed its six months sales forward by 19% from R2 100-million to R2 500-million but at the attributable profit level the rise was a miniscule 1,8% to R110,4-million.

For the first time in years South Africa's industrial giant is not raising the dividend — it stays at 21c.

With both companies the common denominator was rising interest charges.

Protea throws the switch on two of its electronics subsidiaries

Business Reporter

THE Protea group is to wind up two of its electronic subsidiaries, L'Electron and Desselss, which employ a total of 100 workers.

Protea executive director Tony Alty said on Friday: "We are negotiating to take out the profitable agencies and distribute them to other companies in the group such as Deevers, Protea PNI and Globe Electrical".

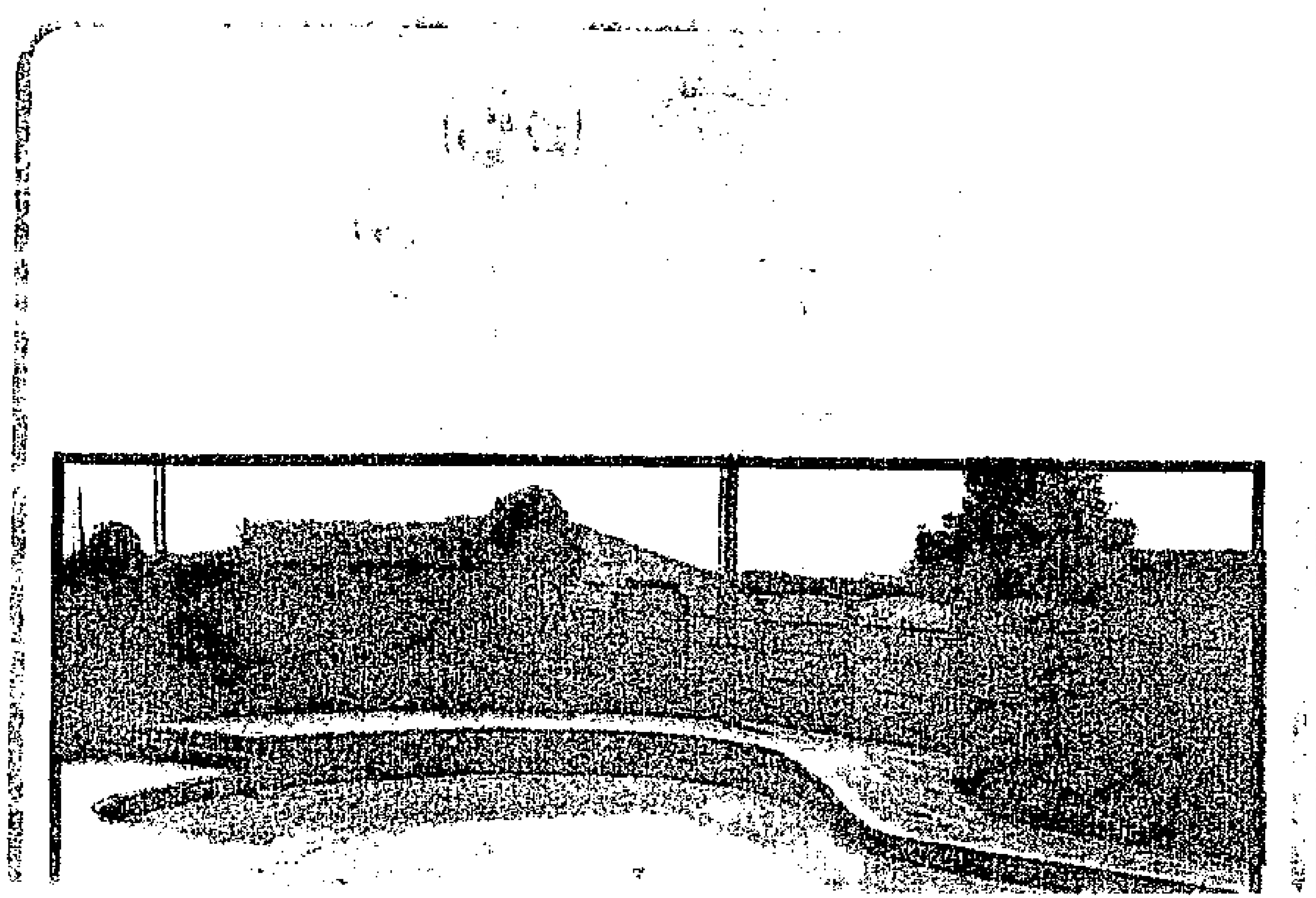
"Basically Deselss is not our type of business," said Alty. "Closure of Deselss with a turnover of around R2-million makes sense as the bulk of its business is small, over-the-counter sales where a 30c item can cost R5 to invoice.

"L'Electron, with a R5-million turnover, was a slightly different matter and we persisted with it for a long time. But even our potential recovery plans did not look attractive. We feel the profitable agencies will will grow far more satisfactorily in our other electronic and electrical subsidiaries," he said.

It is hoped that the staff will be absorbed into other divisions of the Protea group. "Forty-five people are closely linked to agencies we will move to other companies," said Alty. "While we are likely to dismiss 60 others many of them will be offered jobs within the group. We hope to place most of them, including present managing director Keith Brighton."

In the fiercely competitive electronics business, Protea is likely to lose some of its agencies to other electronics companies.

Protea's closure of the two companies looks to be the of an overall rationalisation in the electronics industry which, during the next 18 months, is likely to see an increasing number of closures and mergers.



NEWS

74

Massive tariff hike on the cards

192 Industrial Week 18/5/82

By Hugh Poulter

RUMOURS are rife that the Board of Trade has recommended a massive 523% per kg increase in protection tariff to the newly formed Forktruck Manufacturers Association on imported fork-trucks and parts.

Sources, who asked not to be named, tell Industrial Week that the tariff on new units and parts is expected to increase from R1,30 to R6,80/kg for vehicle mass up to 8 000kg.

But Grant Gore, SA Association of Forktruck Manufacturers chairman, says he is unaware that any decision had been made on the controversial tariff.

"The Board of Trade has made their recommendations but I don't know what they are, nor the timing of a decision," says Gore.

Mike Evans, national sales manager of Besco, says the R50-million forktruck industry is divided over the increase which is to be gazetted next month.

When approached later Evans said he was not sure the tariff would be gazetted next month as this was "speculation from a competitor".

"Extra duty would bring imported vehicles in line with locally manufactured machines.

"Prices of imports from the Far East have been decreasing for six years, it is now necessary to protect the local industry so it can compete on equal terms with imports," says Evans

Peter Jenkinson, MD of Camec, feels the additional tariff is totally inflationary and designed to escalate profits through means other than fair competition.

"The association is forcing the remainder of the suppliers into the uneconomic manufacture of components".

"The end user will suffer. Everybody in this industry, including Camec, is committed to local manufacture, but only at an economic level," says Jenkinson.

Tony Yuill, MD of SA Container Depots at City Deep says: "This tariff increase will have a dramatic impact on forktruck suppliers and users.

"The capital cost of forktrucks will rise as will maintenance costs and local manufacturers will be able to increase their prices to just below the level of imported forktrucks."

Dr de Beer of the Board of Trade says the forktruck tariff is still under discussion and is not sure when recommendations would be made to the Minister.

"The matter is still in the pipeline and is sub judice," he adds.

Africa's trade with SA tops R1 000m

(74) ROM 21/5/82

By GERALD REILLY

SOUTH Africa's trade with other African countries is flourishing, according to figures released in Pretoria yesterday by the Department of Customs and Excise.

The figures show, according to the South African Foreign Trade Association (Safto), that — in spite of boycotts and hostile rhetoric — most African countries buy on the best and cheapest market.

And this for many happens to be South Africa.

Last year for the second time South Africa's exports to other African countries exceeded R1 000-million.

At R1 037 500 000 the figure for 1981 is only fractionally less than the record figure for 1980.

Imports from African countries increased in 1981 from R287 800 000 to R317 400 000.

The general manager of Safto, Dr P J Keiser, said the figure reflected only the direct African imports of South African goods.

The indirect figure could be anything up to another R500-million.

The factors limiting further significant trade expansion were financial difficulties and transport inadequacies.

South African manufacturers, Dr Keiser said were trading with more than 40 other African states.

Their products covered a wide field and included bulk and processed food, clothing, spare parts and machinery, he said.

Economists said the consumer goods needs of African countries were boundless.

And the high quality of this country's goods, in addition to the shorter distances to be covered, made South Africa a favourite market when competing with other countries.

● See Page 2

SECTION R

BALANCE OF PAYMENTS (74) FM 21/5/82

Making the same mistakes

The running deficit on the current account of the balance of payments has quietly ousted inflation as SA's premier policy priority.

In his 1981-82 Budget speech, Finance Minister Owen Horwood characterised the policy implications of his view of the economy as: "In the first place, inflation remains a major problem."

The same characteristion in the 1982-83 Budget speech took this form: "In the short term, priority must be given to further consolidation of the domestic economy and adjustment of the balance of payments."

The concern is understandable. In March this year, final official figures had determined that the BoP current account had swung into a R4 billion deficit in 1981. In 1980, it was in surplus to the tune of R3 billion. The R7 billion turn around in only 12 months must have wonderfully sharpened the minds of the country's policy-makers.

As Attie de Vries, director of the Bureau for Economic Research at the University of Stellenbosch recently commented: "Economic growth takes priority over inflation from a policy point of view. But the balance of payments in turn takes priority over growth."

Ironically or luckily, apart from specific measures aimed at foreign trade itself, the domestic fiscal and monetary policy instruments designed to handle the BoP situation tie in neatly with those aimed at inflation. Stringent demand management, in short, is the lever the authorities have chosen to turn around the large deficit on the BoP current account.

Ironically, too, there appears to be wider agreement among both economists and critical commentators on the necessity of dealing firmly with the BoP, than there is on inflation. Some, like Santambank economist Frank Shostak, throw the inflation/growth debate altogether out of court. "The argument about the trade-off between inflation and employment, the political focus of growth, is old-fashioned," he says. "There is no trade-off between the two. The argument has long since lost its intellectual relevance."

To others, like Sanlam MD Fred du Plessis, the argument is still very much alive, and a point of difference between him and certain policy-makers. But the BoP question calls forth a more unified response. A large BoP current account deficit has unparalleled international visibility. Worse, it suggests a national inability to live within given means. Worse still, it generates collective insecurity in a country passionately involved with the notion of strategic independence. Current account deficits must be filled by foreign borrowings, and foreign borrowings mean dependency, or worse, indebtedness.

The latest trade figures released by the Department of Customs and Excise have once again thrown the spotlight onto the BoP current account. The trade imbalance for March alone was R362m, higher than it had been for several months. If this were to constitute a trend, the trade imbalance for the whole of 1982 would be about R4,5 billion. Add to this, say, last year's net bill for invisibles (dividends, service fees, etc) and a BoP deficit of about R8 billion would result.

However, the March figures appear to be the exception, rather than the rule. They were inflated by an extraordinary bill for strategic imports of over R500m. The trend, if numerous analysts are to be believed, is the opposite.

According to Standard Bank, imports in value terms have declined slightly in recent months. Given the smaller purchasing power of the rand, this implies a sharper drop in terms of volume.

"Accompanying the decline in total real domestic spending in the fourth quarter (of 1981) was the first significant quarterly decline in the volume of imports since 1979," says the latest Nedbank economic roundup. This seems to represent a cyclical turning point — the figures for the first quarter of this year indicate that the fourth quarter trend has continued."

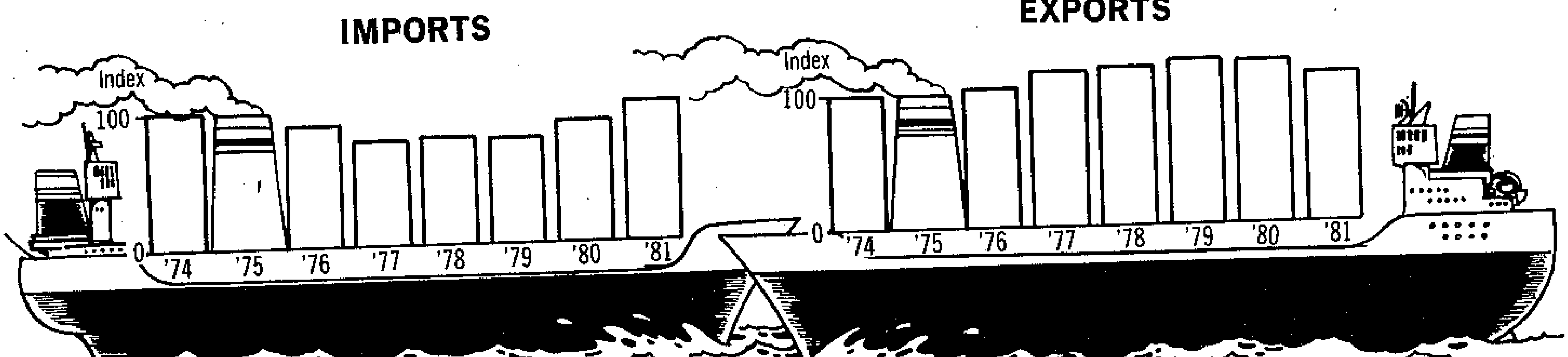
Domestic demand is not, of course, the only term in the equation. But there are good reasons for believing that international factors are now more conducive to halting the trend. Export markets are expected to recover, though not dramatically, some time this year. Most economists expect a modest real rise in exports in 1982, and a larger real decline in the volume of imports. And Senbank economist Hans Falkena makes the point that strategic stockpiling will have a less urgent flavour in 1982. The international oil market is in surplus, and some OPEC members have said that real oil prices are unlikely to rise at all during this decade. In addition, heavy expenditure on arms in recent years by the SA government suggests a tailing-off, at least in the short-term. And on top of that, large strategic capital projects, like Sasol and the Koeberg nuclear power station, are nearing completion.

At the same time, however, the weaker rand will maintain the nominal costs of importing at a high level. Conversely, it will also inflate the rand value of exports. Nonetheless, the deficit on the BoP current

IMPORT SUBSTITUTION

The diagram shows that the physical volume of imports was, in 1981, little more than 4% higher than it was in 1975. It was also marginally higher than the previous peak year of 1974. Given the increased size of the economy in 1981, it suggests significant headway has been made in import replacement since 1974.

Conversely, the volume of exports was almost 22% higher at the 1979 peak than it was in 1975 and has shown steady growth. Without the inclusion of gold, with its unusual volume/value ratio, the growth was greater. Non-gold exports in 1980 were 34% higher than in 1975.



Index: 1975 = 100

Source: SA Reserve Bank

account is expected to be about R4 billion this year, much the same as it was in 1981. But the point to remember is that, on the currency factor, a deficit of the same size will mean a sharp drop in real imports.

Pretoria has admitted more or less explicitly that it must bear part of the blame for the large BoP deficit — specifically because of a failure of demand management in 1981. The rand was allowed to slide substantially against the dollar, inflating export earnings and further fuelling an economy already stimulated. The Stabilisation Account was monetised, and the Reserve Bank called on to bankroll strategic purchases. The fiscal measures contained in the 1981-82 budget were, at best, neutral.

At the same time, Pretoria bore the weight of financing the growing BoP deficit. Central government foreign borrowing rose by almost 50% in 1981, well below the 1977 peak, but nonetheless a reversal of a four-year trend. In March, Reserve Bank senior deputy governor Chris Stals disclosed that the country's foreign borrowings had risen to R4,5 billion by the end of the first quarter of this year. "At that level," he added, "it takes a lot of nerve to go on borrowing."

The question is: at what point does the BoP current account deficit become too large? The question has no absolute meaning in terms of the classic view of the BoP adjustment process. Here, current account deficits drain domestic liquidity and place upward pressure on interest rates. These in turn induce capital inflows, a compensating factor which could leave the exchange rate virtually untouched.

CURRENT ACCOUNT

	R billion	% of gdp
1974	−0,05	0,3
1975	−1	4,3
1976	−1,8	6,9
1977	−1,7	5,9
1978	+0,4	1,0
1979	+3	6,8
1980	+3	5,0
1981	−4	6,0

Source: SA Reserve Bank

However, SA is not an appropriate subject for the classic view. The classic view does not assume SA's international political profile, nor its rigid foreign exchange control regulations. Capital does not flow into SA — it is wooed, at a cost, to cushion the net foreign exchange reserves in the short-term. Or it is filtered through the financial rand sieve, without any effect on the commercial rand.

Reserve Bank governor Gerhard de Kock believes that a BoP deficit of 7% of gross domestic product is too large. This has not been seen since 1976, as the table shows, although 1981 came close to it at 6%.

De Kock's is a view that reflects the practical problems of working within restraints peculiar to this country. But it should not be forgotten that the restraints are not only structural. They are also the immediate consequences of a political obsession with growth, and an over-reliance on the volatile price of gold. And they embody self-imposed, self-fulfilling fears of international isolation.

Little more than a year ago, the country's economic authorities were claiming with breezy confidence that the sharp economic cycles of SA's post-war period were a thing of the past. No longer would the fortunes of the domestic economy swing at the end of the rope of the BoP in general, and the gold price in particular. No longer would the same mistakes be made. To be blunt, the same mistakes were made. If experience is the best teacher, perhaps we can now expect better performance from those in authority.

21/5/82

EXPORT TRAFFIC (74)

Holding steady

FM 21/5/82

Exports of all minerals excluding coal have dropped 20% to 20,8 Mt over the two years between 1979/1980 and 1981/1982. But, thanks to a slight increase in agricultural and coal exports and more copper carried for Zambia and Zaire, total tonnages handled by the Railways and ports increased by 1% in this period.

TOTAL CARGO (TONS) EXPORTED FROM SA HARBOURS
(Excluding classified commodities)

Harbour	1979/80	1980/81	Preliminary 1981/82	% change 1981/82 : 1979/80
Saldanha Bay	17 034 013	13 907 227	13 819 856	−19
Table Bay	2 668 334	2 085 583	2 990 345	+12
Mossel Bay	2 956	2 741	3 996	+35
Port Elizabeth	5 724 917	4 783 176	4 988 770	−13
East London	2 402 186	3 122 673	4 287 568	+78
Durban	14 210 392	12 818 798	11 041 146	−22
Richards Bay	25 166 563	27 255 767	30 656 322	+22
Total	67 209 361	63 975 965	67 788 003	+1

The Sishen-Saldanha line, which handles iron ore almost exclusively, has been the hardest hit. Iron ore exports in 1980/81 fell nearly 30% to 12,8 Mt from 17,7 Mt in the previous year. The bulk of the ore is produced by Iscor (about 13 Mt in 1981/82) with Assomang contributing about 1 - 1½ Mt.

The line is operated on the basis of costs paid by Iscor and Railways is therefore not responsible for losses due to declining volumes. But it has cut power consumption by reducing the number of trucks per ore-train from the designed figure of 200 to 140 and the number of locomotives from three to two.

Virtually all SA manganese ore exports move along the Sishen-Port Elizabeth line. Manganese ore exports in 1980/81 dropped by 20% to 3,3 Mt, resulting in considerable spare port capacity at PE. Railways switched trucks from manganese ore to other commodities, including ferro-alloys and mineral exports from Zimbabwe.

Due to the congestion resulting from Durban's popularity as a port for both imports and exports and from construction on the Johannesburg-Durban line, Railways has encouraged exporters to use other ports. Durban is being developed for exports of small consignments in contrast to Richards Bay, which is now SA's major port for bulk mineral exports.

However, minerals are still exported through Durban. These include 2½ Mt of coal/year, SA's total exports of fluorspar (about 400 000t/year), andalusite, chrome ore and ferro-alloys. Coal exports through Durban should stop by 1986.

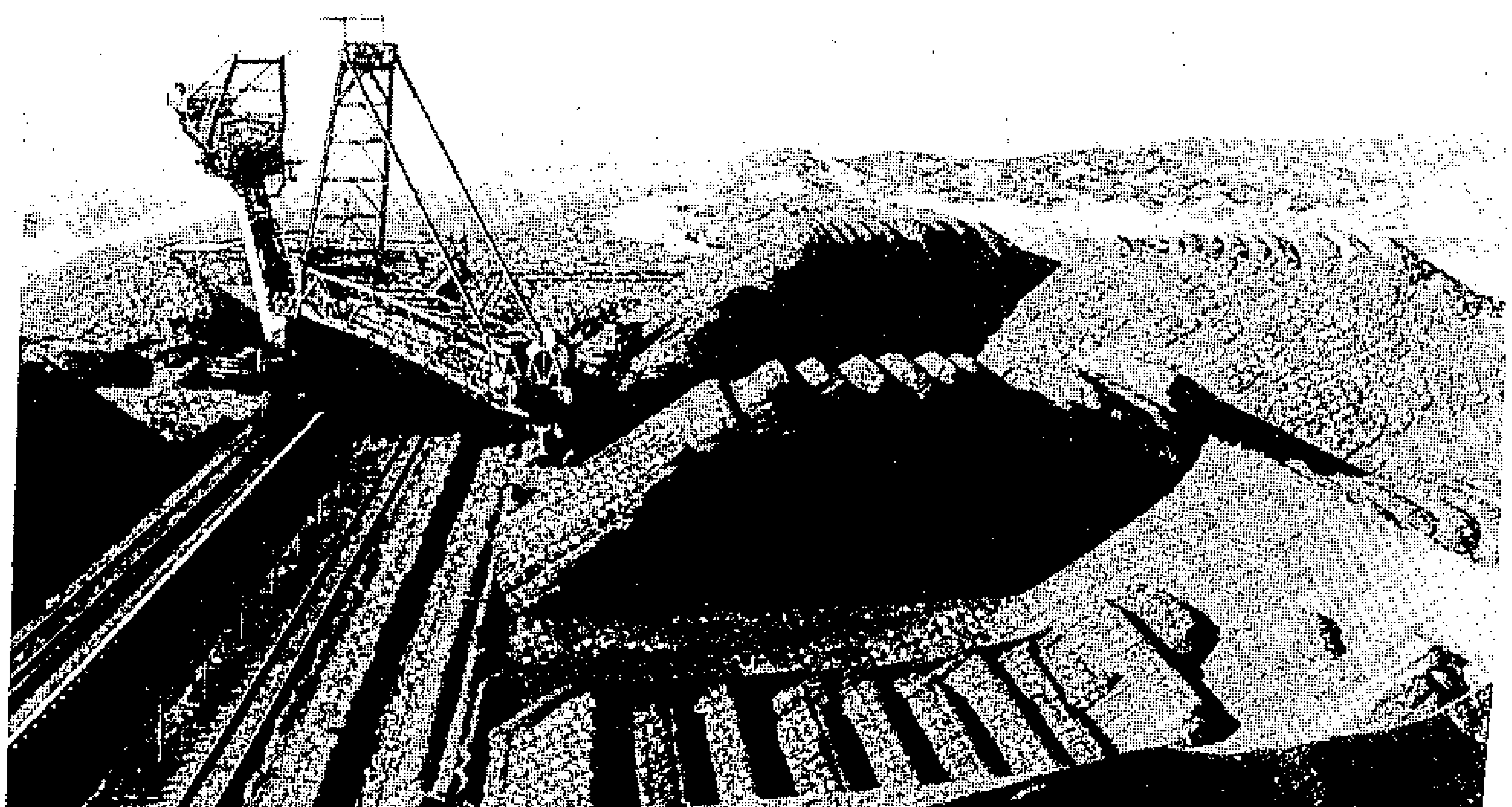
Growing tonnages of copper from Zaire and Zambia routed through East London, have brought a major increase in cargo shipped through this port since 1979.

Richards Bay now handles the biggest export tonnages with coal providing most of the volume at the current rate of 27 Mt/year. Coal loading capacity should reach 37 Mt/year next year as part of the coal export programme which should eventually hit 80 Mt/year.

Other raw and processed minerals exported through Richards Bay include chrome ore, ferro-alloys, titanium minerals, aluminium and phosphoric acid.

Maputo has performed poorly in terms of efficiency and reliability in recent years, causing mineral producers to turn to other ports. However, it still handles some chrome ore, vermiculite and about 500 000 t/year of coal. Smaller shipments of ferro-alloys destined for countries which do not openly accept SA products also go through Maputo.

Exports of iron and manganese ore should remain at around 1981 levels but there should be a decline in exports of several other minerals including chrome ore and fluorspar.



SA iron ore . . . exports in the dumps

Founder's Monument Committee

*11. Mr. K. M. ANDREW asked the Minister of Internal Affairs:

(1) Whether his Department is concerned in (a) the Founder's Monument Committee or (b) a monument or memorial to be erected in Cape Town to commemorate the arrival of Jan van Riebeeck; if so, what is the nature of its concern;

(2) whether any money for this purpose has been (a) donated or (b) loaned by the State; if so, (i) what amount and (ii) when?

The DEPUTY MINISTER OF INTERNAL AFFAIRS:

(1) (a) Yes, a former Minister of the Interior appointed a committee to complete the "Gateway to Africa" monument, which committee was later changed to the Founders' Monument Committee.

(b) Yes, in so far that the recommendations of the Committee in connection with the monument must be referred to the Government for its final consideration and that the Department merely acts as a link between the province of the Cape of Good Hope and the Government.

(2) (a) Yes.

(i) A maximum amount of R250 000.

(ii) Funds must still be voted.

(b) Falls away.

Founder's Monument Competition

*12. Mr. K. M. ANDREW asked the Minister of Internal Affairs:

(1) Whether his Department is concerned in the Founder's Monument Competition; if so, what is the nature of its concern;

(2) what is the Government's attitude in regard to the manner in which the competition was (a) organized and (b) advertised;

(3) whether the winning entry has been selected: if not, (a) when and (b) by whom will it be selected; if so, (i) when and (ii) by whom was it selected?

†The DEPUTY MINISTER OF INTERNAL AFFAIRS:

(1) No.

(2) and (3) Fall away. 183

74 Hansard Q 61. 908 - 910 26/5/82
3 ~~Maize~~ 3 ~~Control~~ Boards

Importation of urea

*13. Mr. D. J. N. MALCOMESS asked the Minister of Industries, Commerce and Tourism:

Whether he has given a ruling relating to the importation of urea by the Maize Board; if so, (a) what is the purport of the ruling and (b) what will be the effect of the ruling on the (i) price to the fertilizer distributors, (ii) price to the farmer and (iii) profits of the organizations who will be importing the urea?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

Yes.

(a) The Maize Board was permitted to import 208 000 tons of fertilizer during 1982 in exchange for maize on the following conditions:

That the shortfall of 60 000 tons of fertilizer which was foreseen for 1982 and in respect of which import permits had already been granted to the fertilizer industry, be made available for importation by the Maize Board. This fertilizer will be taken up by the industry at the same price which was taken into account when the domestic price was determined. Cancellation fees in respect of the import contracts which the industry had already concluded, as well as all quality and other risks, are to be borne by the Maize Board.

The allegation that the fertilizer industry would make a profit of several million rand from the imports is not correct. The benefit of cheaper imports has already been set off when calculating the domestic price for 1982. The benefit or so-called profit has already been passed on to the consumer.

That a further 148 000 tons of fertilizer which represents the projected shortfall for 1983, may already this year be imported by the Maize Board. The fertilizer industry will be responsible for the handling and distribution of this fertilizer and will, after the fertilizer has been sold remit the nett return to the Maize Board for paying into the stabilization fund. However, it will not be possible in 1983 to pass on this benefit to the maize industry to other agricultural sectors on the form of a lower domestic price. The 148 000 tons of fertilizer will be sold in 1983 and possibly 1984 at the prices determined for those years. Costs and risks of storage will be borne by the Maize Board.

(b) (i) In the case of the 60 000 tons of fertilizer the benefit of the cheaper fertilizer has already been taken up in the final price determination to the benefit of all farmers.

In respect of the 148 000 tons of fertilizer which will be marketed in 1983 the benefit of a lower import price after all costs have been taken into account will be passed on to the Maize Board.

(ii) As has been explained in (b)(i) the price of fertilizer to the farmer will not be affected directly by the import transactions.

(iii) According to information supplied by the Maize Board, any profits realized by the Board on the imported fertilizer, will be paid into the Board's stabilization fund.

260
55 Hansard Q 61. 910 - 911 26/5/82

Koeberg nuclear power station

*14. Mr. D. J. N. MALCOMESS asked the Minister of Mineral and Energy Affairs:

(1) Whether the security measures at the Koeberg nuclear power station were recently breached by intruders; if so, (a) in what manner, (b) by how many persons and (c) on how many occasions;

(2) whether security arrangements have since been altered;

(3) what is his attitude in regard to the standard of the security measures in force at the Koeberg nuclear power station at present?

†The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM (for the Minister of Mineral and Energy Affairs):

(1) Yes

(a) and (b) On 16 May 1982 an attempt was made by three persons to gain access to a safe in the offices of one of the contractors at the Koeberg power station. This contractor's site office is outside the high security zone of the Koeberg plant. Two of the persons involved in the attempted theft were employees of the contractor and had permits to be in the contractor's area. The third was in possession of a permit belonging to a worker who at that time was apparently on sick leave. The attempted theft was foiled by security guards.

(c) There has been no previous breach of security.

(2) The incident is being fully investigated and improvements will be made if necessary.

(Continued)

YOU ARE REQUIRED

To prepare in draft form

(a) a schedule of apportionment

(b) the liquidation account

(c) the encumbered asset accounts

(d) the distribution account.

(Note: You need not apportion the concurrent dividend (if any) over the concurrent creditors)

(35 marks)

SA exported maize at loss of R267,3m

(74) (2) Maize

RDM 28/5/82

Political Staff

THE ASSEMBLY. — South Africa exported 5-million tons of maize during 1981, selling it at a loss of R267,3-million.

The Minister of Agriculture, Mr P T C du Plessis, said in reply to questions by Mr P A Myburgh, chief Opposition spokesman on agriculture, that the average local price of maize last year was R134,15 a ton while the export price, free alongside coastal elevator, was R122 per ton.

State funds were used to finance a R72,2-million maize subsidy and a further R14,6-million consumer subsidy.

About 12% of the current crop will probably be exported at a price still to be determined, he said.

Maize production was also expected to produce a surplus.

The usual 900 000 tons would be carried over to next season, after export and domestic consumption.

Falklands war gives boost to South African export trade

(74) E.Post 1/6/82

By GEORGE YOUNG

THE ill winds afflicting the Falklands are sending helpful zephyrs to the South African export trade, which is securing business formerly enjoyed by Argentina.

Apple farmers in this country, who had been warned of a poor export year because of the intense competition in the market place from Argentine, French and other deliveries, have suddenly found a formidable demand for their products.

Instead of the R7 a case which they expected, farmers are said to be obtaining R11,50, and it is all because of the EEC's shutting down on Argentine imports.

The sell-out of South African apples this year has been so intense that the local market may demand imports from France in the next few months, because there are few apples left in cold storage in this country.

Apart from the effects of the sanctions against Argentine products, shipowners have been less disposed to allowing their ships to sail down the coast from Brazil, and it is really only the grain cargoes to Russia which keep the ports busy now.

About 2,7 million tons of grain sailed out of Argentina to the Soviet Union last month, and it is widely believed this traffic will continue because of the acute shortage of cereals in the USSR.

Because of the British blockade of Argentine ports, freight rates have increased markedly in recent weeks and it is consequently proving more advantageous for both the Russians and other purchasers to ship their cereal cargoes out of the US Gulf.

The blockade, while referring only to Argentine ships, has upset insurers in case the vessels of other nations also become involved, and rates for covering are affected.

The Americans are actually wooing the Russian grain buyers, and stand to benefit from almost interminable industrial disputes in Australia, where big export cargoes have come to a halt and the Russians, among other purchasers, have preferred to buy in countries where delivery is assured.

South Africa could see bigger than expected citrus shipments too, this year.

These are just beginning through Port Elizabeth and it is likely that specially chartered fruit carriers will supplement the weekly container liners which fill their insulated spaces aft with fruit.

One authority suggests that by October there will be a surplus of about 40% space to demand on the weekly Conference lines operations, and some ships could be pulled off the route.

Although the Republic has never been a keen competitor in Argentina's meat exports, there is likelihood of inquiries for South African cargoes in the foreseeable future.

Cessation of perishable exports by Argentina must inevitably materially affect the already unhappy economic situation of the country, and reduce imports

Mine Surface Officials Association of South Africa
Mine Workers Union
S.A. Boilermakers, Iron and Steel Workers Shipbuilders and Welders Society
S.A. Electrical Workers Association
S.A. Engine Drivers, Firemens and Operators Association
S.A. Technical Officials Association
Underground Officials Association of S.A.

MANUFACTURING

Food & Beverages

African Food and Canning Workers Union
Amalgamated Engineering Union of South Africa
Bakery Employees Industrial Union
Black Allied Workers Union
Boland Inmaakwerkersvereniging (Paarl)
Brewery Employees Union (Cape Peninsula)
Cadbury In-Company Union
East London Meat Trade Union
Food and Cannning Workers Union
Food, Beverage & Allied Workers Union
General Workers Union
General Workers Union of South Africa
Natal Baking Industry Employees Union
Natal Sugar Industry Employees Union
National Milling Workers Industrial Union
National Union of Dairy Employees
National Union of Operative Biscuit Makers & Packers
National Union of Sugar Manufacturing and Refining Employees
National Union of Wine, Spirits and Allied Workers
Operative Bakers, Confectioners & Conductors Union (Cape)
Pretoriase Baknywerheidsvereniging

Hansard Q. Col. 966 - 967 3/6/82

74

Coal exporters: permits

548. Mr. G. S. BARTLETT asked the Minister of Mineral and Energy Affairs:

(1) To whom were export permits in respect of the coal exported from (a) Durban and (b) Richards Bay harbour granted during the latest specified period of five years for which figures are available;

(2) whether prospective coal exporters have to comply with certain requirements in order to be issued with permits for exporting coal from (a) Durban and (b) Richards Bay harbour; if so, what requirements in respect of each?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Period 1978 to 1982.

(a) Anthracite Producers Association (Pty.) Ltd.
Rand London Corporation Ltd. (Aloe Minerals).
Savage and Lovemore Mining (Pty.) Ltd. (Makateeskop).
H.N.S. Jacksons Anthracite (Pty.) Ltd.
Coal Reclaimers (Pty.) Ltd.
Tselentes Bros. Mining (Pty.) Ltd.

Desert Spar (Pty.) Ltd.
Natal Associated Collieries (Pty.) Ltd.

(b) The Transvaal Coal Owners Association (1923) (Pty.) Ltd.
Natal Associated Collieries (Pty.) Ltd. (Spitzkop).
Shell S.A. (Pty.) Ltd.
Transvaal Consolidated Land and Exploration (Pty.) Ltd.
B.P. Southern Africa (Pty.) Ltd. (Ermelo Mine).
Total Exploration S.A. (Pty.) Ltd. (Ermelo Mine).
Anglo American Coal Corporation Ltd.
General Mining Union Corporation Ltd. (Ermelo Mine).
Anthracite Producers Association (Pty.) Ltd.

(2) (a) and (b) Yes. The requirements are concerned with amongst other, the following aspects and exporters could be requested to comply with them depending on the circumstances:

- —the exploitation and beneficiation of coal;
- —co-ordination with the South African Transport Services and financial assistance in respect of rail and loading facilities;
- —the orderly marketing of export coal;
- —contributions towards satisfying the domestic demand for coal; and
- —restrictions on the quality (metallurgical and coking coal) of export coal.

74 Star 3/6/82

SA gets a Kentucky connection

Own Correspondent

LOUISVILLE (Kentucky) — The Kentucky State Government is working to expand trade and investment with South Africa as part of a major new initiative in promoting overseas commerce.

Mr Gene Smith, deputy secretary of the Kentucky Commerce Cabinet, will spend two weeks in South Africa early next month as part of a trade mission and Kentucky Governor, Mr John Y Brown jnr, says he will visit South Africa at a later date.

The Kentucky State Government regards the initiative as a major step in expanding the sale of Kentucky-related products in what state officials consider a promising market.

But the major thrust of the mission appears to be an attempt to attract South African investment in Kentucky.

"We've already had substanial talks concerning trade agreements and reciprocal trade," Mr Smith said. "Also, several South African companies are interested in investing some of their capital in this country and we've had initial talks with them."

Mr Smith is due to arrive in Johannesburg on July 1

A union spokesman said ... their positions and full-time Naawu officials would arrange to meet with VW management representatives to discuss the issue.

VW's manager of public affairs, Mr Ruben Els, said no approach for a meeting to discuss Mr Kondile's dismissal had yet been made by the union.

VW experienced several work stoppages last month after 316 workers were retrenched.

METAL AND ALLIED WORKERS UNION

Area of

Official:

Address: 1 Central Court

...e: (031) 69215

Year	Membership				
	African	Asian and Coloured	White	Total	
1970					
1971					
1972					
1973					
1974	3 900			3 900	+
1975	3 900			3 900	x
1976	6 700			6 700	x
1977	7 000			7 000	x
1978				..	
1979				..	
1980				8 400	Fosatu Annual Report Nov. 1980/81

SA hit by Mauritian import cut

(74) Industrial Week 8/6/82

SOUTH African exports to Mauritius have been seriously affected by the restrictive legislation imposed recently by the Mauritian Government.

In the face of forthcoming elections next month, the Government has drastically cut import permit allocations to the barest essentials.

Industrial Week reliably learns that established importers first have to apply for an import permit followed six weeks later by the application for an import licence.

When the latter is granted, they have to pay 5% of the CIF value of the goods to be imported.

With current high interest rates, the exercise is costing them considerably more than the normal prevailing prices.

The new conditions were proposed last October and put into operation in January this year.

Irrespective of which party is returned to power it is generally believed that two way trade between SA and Mauritius will continue.

SA's industrial availability and proximity to the holiday island makes it the logical supplier despite threats to sever trade between the two.

Big demand for Red wines

9/6/82 D. Dispatch (74)

EAST LONDON — Red white wines and even Red red wines have shown their "legal labels" in the city recently.

The bottles, "Produce of Hungary", have found their way into local bottle stores and have been more popular and "often cheaper" than home-grown Cape wines.

For many years a Johannesburg-based company has been importing not only 600 cases a year of Hungarian wines, but also vodka from Poland, liqueurs and spirits from other Eastern-bloc countries and is presently negotiating with Russia for its much-sought-after vodka.

"People are crying out for these drinks and there are a lot of Polish and Hungarian people in the Transvaal now — this is top quality stuff," Mr Ian Sinclair, of the distributing company, said.

"The chap who deals with these countries travels on a Dutch passport and if they ask where the company is based we say Swaziland — who are they to know," Mr Sinclair said.

"It's as easy as anything trading with them, it just takes a long time to get here, but the big problems start when it gets here," he said.

Mr Sinclair said that once the bottles arrived in South Africa by ship they had to be labelled with the name and address of the importers in letters not smaller than 2 mm and the corners of the label had to meet.

They also had to be stamped by customs, tested for sugar and alcohol content, sent to Stellenbosch for quality control and re-submitted if they didn't make the grade.

Mr Sinclair said the South African Government had no qualms about importing drinks from communist countries as it knew how great the demand was. — DDR.

74 Hansard Q. col. 1027–1028 9/6/82

Customs and excise duties

738. Mr. R. W. HARDINGHAM asked the Minister of Finance:

What was the (a) actual and (b) estimated amount collected in customs and excise duties in respect of (i) medicines for veterinary use, (ii) agricultural machinery and (iii) fertilizers in 1980 and 1981, respectively?

The MINISTER OF FINANCE:

Customs Duty

(a) (i) Separate statistics in connection with revenue in respect of medicines for veterinary use are not available. Revenue in respect of medicines for human and veterinary use is as follows:

1980	*1981*
R3 814 657	R4 789 446

(ii) Agricultural machinery:

1980	*1981*
R 115 492	R 220 234

The figures which are furnished are in respect of agricultural machinery classifiable in tariff headings 84.24, 84.25, 84.26, 84.27 and 84.28 of Part 1 of Schedule No. 1 to the Customs and Excise Act.

It should be noted that during these periods agricultural machinery was in most cases free of customs duty or subject to a relatively low rate of customs duty.

(iii) Fertilizers:

1980	*1981*
R12 307	R330 946

During the years here concerned most fertilizers were free of customs duty. The increase of the figure during 1981 is partly attributable to the fact that the customs duty on certain fertilizers was increased on 17 July 1981 on the recommendation of the Board of Trade and Industries from free to 15%.

(b) Estimates of customs duty in respect of separate goods are not available.

Excise Duty

The above-mentioned goods are not subject to the payment of excise duty.

US Bills may hit SA trade

(74) Star 17/6/82

The Star Bureau

WASHINGTON — A congressional subcommittee yesterday passed three Bills aimed at restricting trade with South Africa and at imposing fair employment principles on American corporations operating in South Africa.

The Bills were passed at a session of the House of Representatives Africa Subcommittee and will now move on to the House Foreign Affairs Committee for possible discussion on the floor of the American lower legislative chamber.

Involved were:

● The Bill submitted by Representative William Gray, a Liberal Democrat from Pennsylvania, which would amend the President's emergency powers to prohibit investments in South Africa.

● The more moderate Bill submitted by Representative Stephen Solarz, a Liberal Democrat from New York, which would require all United States firms operating in south Africa to apply specified employment practices and would prohibit any loan to South Africa unless for "specified facilities available on a non-discriminatory basis." It would also prohibit the importation of any gold coin minted or sold by South Africa.

● Legislation submitted by Representative Jonathan Bingham, a Liberal Democrat from New York, which would prohibit the export of any United States commodity which could be sold to the South African Police or Defence Force.

PVC import ruling hits the local cable manufacturers

S. Express 13/6/82 74

THE electrical cable industry in South Africa has been hit hard by the lack of a clear-cut Government policy on the import of PVC.

Cable manufacturers have had to pay above the odds for raw material to make PVC coatings for electrical cables.

The policy of not allowing the import of raw material for making the coatings, while allowing finished cables to be come in without restriction, has had a serious effect on the industry's profitability.

Peter Muller, managing director of African Cables Ltd, told the Sunday Express that prices for PVC overseas were considerably lower than locally.

In November 1981, the cost for PVC black in South Africa was R1 530 a ton, compared with R906 a ton in Britain and about R500 a ton in the Far East.

The result has been that the price of cable in South Africa has been considerably higher than need be.

FAR EAST PRODUCT CAUSES CONCERN

But Mr Muller added: "From a cold-blooded business and profit viewpoint, I would be happy with a single local secure source of supply of the raw material to make the coatings for the cable, and would be prepared to pay the extra price as long as we remain competitive. I will not be happy if some people make use of a cheaper source of supply for the finished overseas product".

By Business Editor TONY HUDSON

That is just what happened recently.

The Government has decreed that AECI is the sole supplier of PVC in South Africa — to protect its investment in the plant for this plastic. But the Government allows products using the plastic in completed form to be imported.

The result has been that countries such as Taiwan have been exporting cable to South Africa and selling it below producer prices.

Hasty applications were made to the Board of Trade for protection.

But only 70% of the protection sought was granted — leaving the industry sitting on a knife's edge. However, it seems that the protection granted, and the 10% import surcharge, have had an effect for the present.

Muller said: "We have agreed to wait six months and see how it goes."

However, he did not sound optimistic about the eventual outcome. He felt that manufacturers should either be allowed to buy their raw materials from the cheapest possible source, or that the importation of finished cable with PVC insulation should be banned.

An AECI spokesman said it was policy to keep the price as stable as possible. Where imports using PVC were seriously affecting a manufacturer's profitability, concessions could include lower raw material prices.

'Survival kit' plan for top black businessmen

Business Editor

THE Black Management Forum has started a major project for the business training of all economically active blacks in the form of what it calls a basic 'business survival kit'.

BMF president Eric Mafuna said this week the BMF considered its survival kit "to be something of a breakthrough for our organisation".

"We intend to produce a course which will be a definitive guide to senior black management, but have first turned our attention to the needs of people less fortunate than ourselves."

The main aim was to help people starting out on the long road to top management.

The course, which comes in six booklets, is sponsored by Incorporated General Insurance and will be produced over 18 months.

Subjects will include business organisation, the skill of personal money management and investment, understanding basic economics, tax, inflation and basic business cycles. All subject matter is designed from the individual viewpoint.

The main target area is lower and middle-income blacks with a Std 8 level of education who are employed in commerce and industry or are running their own businesses.

Manpower and Management Foundation's Morris Cowley said at the launch of the course this week: "While it is impossible to forecast the exact number of managers South Africa will need by the year 2 000, the white population can supply no more than a small percentage of this figure.

"The number of effective and trained black managers will have to increase by an astronomical percentage," he said.

● BMF president Eric Mafuna considers the project's survival kit to be a big break for black executives.

Locals 'knock' opposition

74

Industrial Week 15/6/82

By Priscilla Whyte

THE CUSTOM duties being levied on pneumatic cylinders and CKD kits (completely knocked down kits) are making local manufacture a viable proposition, says Ron Hancox, MD of Sperry Vickers.

Hancox explains: "Local volumes are small in comparison to international production, but this is not so critical with the 20% duty on imported cylinders and CKD kits as well as the 10% imports surcharge."

"Hopefully we will be able to offer locally machined cylinders at the same price as we can import them".

Hancox says Sperry Vickers is already partially manufacturing and totally assembling pneumatic cylinders in SA. It will probably achieve a local manufacturing content of 100% within the next six months.

Hancox estimates that the pneumatic market in which he is involved (cylinder, valves, actuators, air filters) to be worth R25-million to R30-million a year.

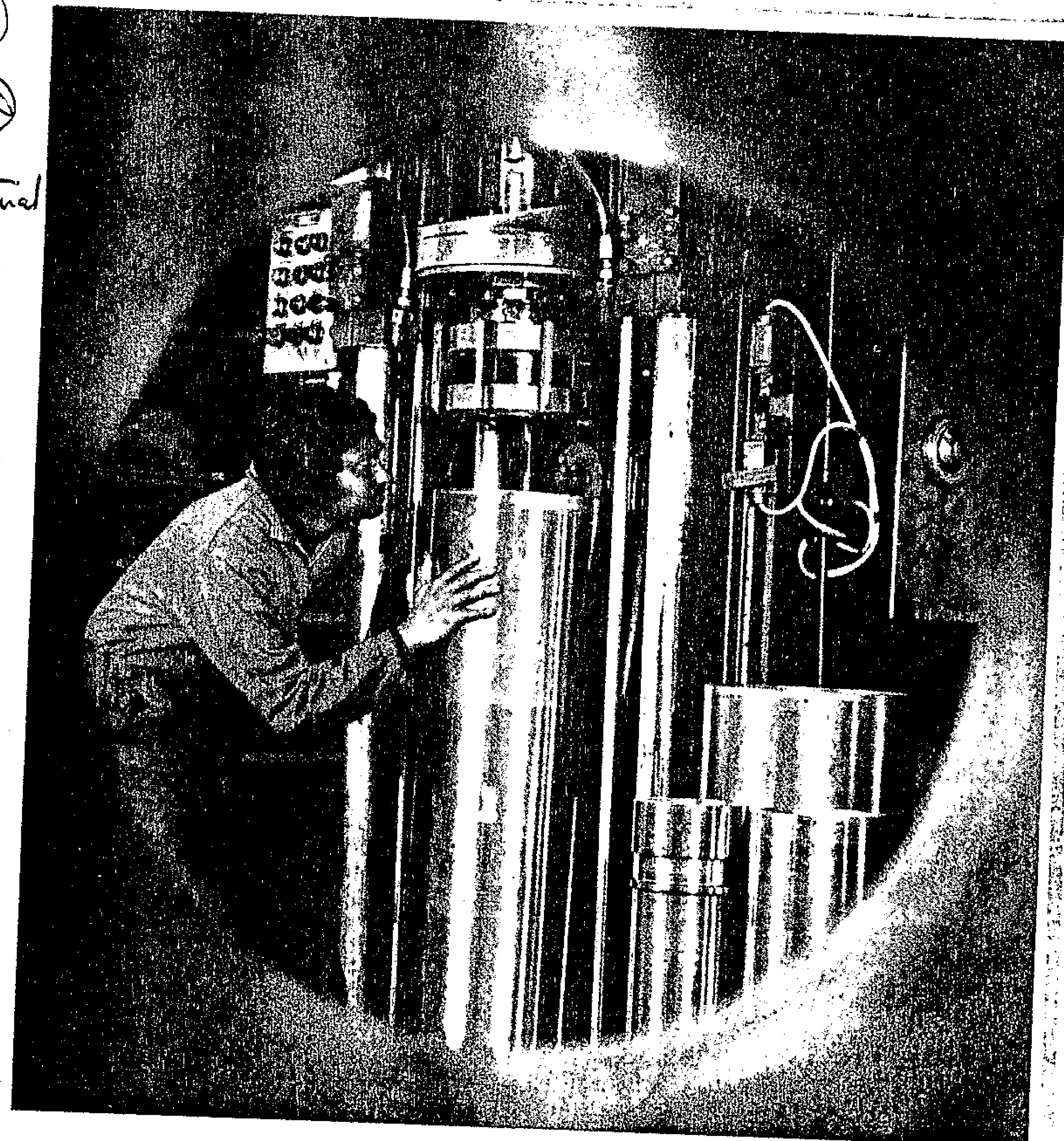
He says the total fluid power industry is moving into a slower growth period with a possible growth of 20% in the pneumatics industry.

Sperry Vickers increased its pneumatic turnover by 37% in 1981 and is aiming at a 20% market share.

Kurt Auf der Heyde, MD of Festo sets the growth of the pneumatic market segment in which he is involved between 10 and 15% for 1982 — local manufacture of pneumatic cylinders, electronic controls and training equipment and service for fluid power.

He says: "If I go by the development of the training market only in fluid power, the market is growing between 150% and 250% annually in terms of training equipment sales and the number of trainees participating in seminars".

Honing facilities at Vickers Engineering for the local production of R12-million worth of hydraulic and pneumatic cylinders, power packs and systems. ►



Jobless US steel men: SA cited

Star, 18/6/82

74 189

By John D'Oliveira

WASHINGTON — An American Congressman has claimed that "subsidised" South African steel exports to the United States cost America 1 420 jobs.

Mr Joseph M Gaydos, a Democrat from Pennsylvania and a member of the so-called Congressional "steel caucus," strongly supported moves by the Reagan administration to penalise importers of allegedly subsidised steel.

CASH DEPOSITS

The Department of Commerce recently issued a preliminary finding that a number of countries — including South Africa — effectively subsidised their steel exports to the United States.

Mr Gaydos told his colleagues that American steelmakers were still capable of producing steel at less than the unsubsidised price of certain steel products imported from Belgium, France, Italy, Britain, South Africa, Germany, the Netherlands, Luxembourg and Brazil.

He said that one million tons of imported steel meant the effective "export" of 5 000 American steelmaking jobs.

This at a time when the United States steel industry was operating at 42,5 percent of capacity, when 106 000 steelworkers were out of jobs and when 28 500 were on short time.

He said (according to the Department of Commerce findings) South Africa subsidised one of its steel producers by 9,9 percent and the other by 16,3 percent.

The two South African companies exported a total of 284 000 tons of steel to the United States and thus deprived 1 420 Americans of jobs.

The American steel caucus would not stand by and allow this to happen, he said.

● The Departmet of Commerce found — on a preliminary basis — that the nine countries had subsidised steel exports by up to 40 percent. The department claimed South Africa subsidised the South African Iron and Steel Corporation by 12,5 to 16,3 percent and Highveld Steel and Venadium Corporation by about 9,75 percent.

US objects to subsidised SA steel

184

74

Star 14/6/82

By John D'Oliveira

WASHINGTON — The United States Department of Commerce took action at the weekend which could seriously affect the South African steel industry's R140 million US market.

Reacting to complaints from the beleaguered US steel industry, the department announced a preliminary finding that nine countries were subsidising their steel exports to the United States: South Africa, Brazil, Germany, France, Italy, Luxembourg, the Netherlands, Great Britain and Belgium.

The department will make its final subsidy determinations by August 24. By October 8, the International Trade Commission must determine whether subsidised imports injure or threaten to injure the US steel industry.

If such a finding is made, countervailing duties (equal to the degree of subsidy) will be imposed before October 15.

Because South Africa is not a signatory to the United States export subsidy code, it does not receive the "injury test" and countervailing duties will be imposed if the Commerce Department's final determination confirms the weekend announcement — as most observers expect it will.

Importers of the offending steel products must lodge — immediately — cash or bonds with the Department of Commerce equal to the estimated subsidy to assure payment of the countervailing duties when the final findings are made.

This means the importers of South African steel products will have to lodge anything up to R15-million if they want to continue importing the affected products.

The Departure of Commerce ruling affects exports to the US from the South African Iron and Steel Corporation and from the Highveld Steel and Vanadium Corporation.

It estimated that a subsidy of from 12,5 percent to 16,3 percent was built into the price of Iscor's exports of structural steel, plate, hot-rolled carbon and alloy steel bars, cold-formed carbon steel bars, hot- and cold-roled sheet and galvanised sheet.

ELEMENTS

Highveld Steel's exports of structural steel and steel plate were estimated to contain a subsidy of from 9,6 percent to 9,9 percent.

The elements of the subsidy were not specified but the department took into account a number of factors including taxation advantages, transportation subsidies, export subsidies, low-interest government loans and a string of other factors.

The department said that South Africa exported a total of 371 000 tons of steel products to the US in 1981 worth an estimated R138 million.

Of these exports, 284 000 tons valued at about R102-million appeared to have been subsidised.

Why local clothing industry needs protecting

S. Tribune 27/6/82

74

By MIKE PEIRSON
Finance Editor

LIBERALISM on the part of the Government in allowing unlimited imports of textiles and clothing into the country would be fatal to the industry and bring about massive unemployment.

Pushing the case for more protection to stave off the disasters which occurred in the European markets in recent years was George Brunn who is department head of the Hohenstein Institute in Germany responsible for research consultation and training within the clothing and textile industries. He spent 26 years in South Africa before returning to Germany in 1981.

"It is quite right that local manufacturers should ask for further protection when one looks at what happened in Germany, for instance," he told me in Durban this week.

"In the mid-Sixties that clothing industry flourished with jobs for 460 000 people. Today, because of dumping of goods from cheap areas, the industry has been ruined. Latest figures suggest that there are only now 220 000 employed in that industry and the position is getting worse.

George Brunn . . . 26 years in SA

"I am sure you would not want that to happen to the South African clothing and textile industry which I understand employs at present some 250 000 wrokers. Therefore you have to be very selective in what you allow into the country."

Brunn added that the United States, while pushing the idea of free trade in the public eye has been quietly, over the years, protecting its local textile and clothing industry.

The president of the American Apparel Manufacturers Association Stewart Boswell, is due in this country this week to help further the protection argument. He will be speaking to manufacturers in Cape Town and Durban and also to members of the Steenkamp Commission of Inquiry into the industries in Pretoria.

"It is being regretted by the liberal elements in Europe at the moment that they did not cushion their industries against dumping," said Brunn. "In Germany now, even the unions are co-operating with the managements to help put across the case for more protectionism."

He added that in Burssels, now, thanks to grants from various clothing and textile federations, research is being undertaken into design and manufacturing techniques to help the industry survive future overseas competition.

And this is likely to be quite severe. Japan as an example announced recently that it is to spend R50-million on robotisation in the clothing industry.

Brunn, who is in this country at the invitation of Arwa, our leading pantihose manufacturer, pointed out that the quality of clothing and textile products had improved over the years in South Africa to the extent that they were on a par with Europe.

The "contour knit" product that Arwa were producing in Parys had been tested by his institute and found to match anything similar on the international market, thanks to the advanced technology being used.

Some quarters (like Cape Town Chamber of Commerce) complain that tariff protection results in higher prices to the consumer as, they claim, will be the case with the new duties on imported clothing imposed on June 11.

The National Clothing Federation of SA disagrees and says the basic duty on clothing remains 35 percent as it has been on most garments since 1974 and normally priced items will continue to pay this duty.

The latest changes were in the alternative formula duties which affect only abnormally low priced importations and have the effect of fixing a floor price related to the normal price.

The federation says what is important at this time of declining business activity is that unemployment should be avoided. Importations of clothing doubled in 1980 on the previous year and doubled against last year. It was essential, therefore, that this trend be halted before it led to serious retrenchments.

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to fall due. Interest payable on the new loans is likely to be 16,5% to 17%."

In the annual report, Dr Human says "the business environment in which (the group) will operate in the next few years will differ considerably from that of the recent past".

It will not only be more difficult from an economic point of view, but the rates of change in other areas (such as labour and political policies) continue to accelerate.

"The ability to adjust to its environment is the basic requirement for any company, in the first instance for its survival and, in the second instance for success."

The divisional review says that the lack of satisfactory growth in profit by the 51%-owned SA Druggists subsidiary is attributable to losses incurred by certain companies in the medical services division.

The forecast that Druggists "should show a reasonable growth" this year is unfortunately little different from projections made in the past — projections that have rarely come about.

At March 31, current assets totalled R940 012 000 (1981, R413 951 000) and current liabilities R372 521 000 (R297 565 000). The quick assets, or liquidity, ratio improved from 0,74:1 to 0,84:1.

US interest rates is achieved. Most of the increase in new fund raising is likely to be concentrated on the bond markets.

Not all the fund raising is likely to be straight balance of payments financing as international financial markets will be called on to supplement domestic sources of funds.

Currency fluctuations will also play a predominant role in shaping developments on individual bond market compartments.

Total fund raising in the first five months of this year has been running at an annual rate of more than $175 000-million. — Reuter.

Sage pays record 18,5c

Financial Reporter

SAGE Fund is making an income distribution of 18.5c a unit for the six months to June — the highest distribution in the fund's history. It compares with the 14,9c distribution declared in June last year.

The managers say the continued rise in income in the past six months reflects growth in company dividends and in particular significantly higher income earned on increased liquid resources.

manager had told him before the meeting that shoals of good size had been found in the past two days.

"In fishing one good month can make all the difference in the world," Mr Du Preez said.

The company had the factory capacity and the boats, so that if the fish were found, the season would be successful. The main problem was the short duration of the season — to the end of August.

The pilchard quota had been achieved, with a high percentage canned. Good shoals of maasbanker, which were free of quota, had been found in the north.

Replying to questions, Mr Du Preez agreed that the net asset value of the share was R5.

He said that the group's cash assets of about R10-million were invested at favourable market rates, averaging 18%.

The company had bought a beachfront site in Summerstrand in Port Elizabeth for R750 000. It planned to build 200 luxury houses in the next five years. The development trict. The subsidiary property company would build holiday houses alongside a beach next to the reserve.

RDM 1/7/82

SA trucks for UK

74

LONDON Bureau

FORD UK intends importing 6 000 South African-made one-ton pick-up trucks for sale in Britain.

The company aims to capture at least a third of the UK pick-up market with the South African trucks. The initial sales launch comprises 1 500 South African vehicles and the introduction has been timed to take advantage of the peak selling month of August.

Ford expects that 4 000 of the South African vehicles will be registered in a year. Sales of one-tonners rose from 7 171 in 1980 to 9 906 last year. This was the only section of the car or commercial-vehicle market to advance.

Row rages over customs duties

CAPE TIMES 2/7/82 (74)

By GORDON KLING

A MAJOR ROW has broken out between organized commerce and industry in Cape Town over the new customs duties imposed on imported clothing.

Local manufacturers, who want still higher duties, and retailers are blaming each other for the high prices facing the consumer and of disregard for the region's economy.

"You could certainly say we are at loggerheads," said the director of the 2 000 member Cape Town Chamber of Commerce (CTCC), Mr Brian MacLeod.

He disagreed with most of the arguments advanced by the 1 200-member Cape Chamber of Industries (CCI) in favour of the recently-increased duties, which have more than doubled the prices of some items.

He said a CTCC delegation would meet the Board of Trade in Pretoria today in an attempt to have the duties reduced.

'Worried'

The director of the CCI, Mr Jack Roos, said in a statement yesterday that his organization was following the controversy with concern.

"We who are worried about the economic future of the Western Cape, have a particularly important stake in this issue. It is a known fact that the economy of this region is lagging behind the rest of the country and that we may expect some very serious unemployment problems in the future if we do not expand industrially to create job opportunities for our growing population. How much more serious would our position be if something were to cause a permanent contraction in a major Cape industry?

Mr Brian MacLeod

Mr Simon Jocum

"One wonders whether the critics realize how important it is for this region to ensure that the clothing and textile industries are adequately safeguarded against disruptive competition from abroad? These industries employ no less than one in every three of the employees working in Western Cape manufacturing industry."

Total economy

Mr MacLeod replied that his Chamber was also concerned about the interests of the Western Cape, but said it was also important to consider the total economy, and this demanded keeping the cost structure and rate of inflation as low as possible.

He said the clothing industry had not been hard hit by the previous recession in the late seventies and had been unable to meet demands, so he doubted whether it was on the verge of laying off workers.

"Our members simply could not get supplies at all, let alone on time."

He emphasized that the Chamber was not opposed to a measure of protection and protection against dumping, "but can they give us proof that dumping is taking place? They have 90 percent of the market."

'Protection'

He said the clothing industry already enjoyed substantial natural protection from its proximity to the market and the depreciated rand. The higher level of customs duties would simply be used as a reason to boost prices of the local goods.

A past president of the National Clothing Federation of South Africa, Mr Simon Jocum, disputes this.

"Intense competition by 1 200 factories has always helped to keep prices well below the cost of living index," he said yesterday.

"The recent devaluation of the rand does not give added protection to the local industry. The Chamber of Commerce is well aware of formula duties — the higher the f.o.b. price of clothing, the lower the duty."

'Cheaper'

Mr Jocum said it was still cheaper to import clothing, even with the new duties which were still not sufficient in many categories. "All that will happen is that importers will find it less attractive to import those items that are made in South Africa."

Mr MacLeod, however, maintained that some items protected by the new duties were not made in the Republic.

Said Mr Jocum: "The Chamber of Commerce and its spokesmen have selected a few items which have been hit rather harder and really do not affect the market as a whole. They have made a mountain out of a molehill and are misleading the consumer into believing that price hikes will take place because of protection for the clothing industry. These duties are totally inadequate and are merely a stop-gap."

Experience had shown that importation of low-priced clothing had not led to lower prices for consumers, he said, and there was plenty of low-priced clothing available in South Africa and the border areas.

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though it would seem that the authorities do not want to see rates fall now.

If, however, demand for credit starts to ease later and rates soften, it is possible that open-market operations will be intensified to maintain the present levels.

There is a possibility that the demand for credit will ease. The present high demand for banking facilities, even at prevailing high rates, stems from the need to fi-

DOM 3/7/82

28

74

Mineral exports drop 14%

First-quarter earnings R2,6bn

THE worldwide economic recession is reflected in the performance of South Africa's mineral exports in the first quarter of 1982.

The Minerals Bureau of the Department of Mineral and Energy Affairs says first-quarter earnings totalled R2 615-million against the previous quarter's R3 065-million — a decline of 14,7%.

The drop is attributable largely to depressed prices and lower sales for gold, as well as substantially weaker markets for other minerals, especially the platinum group metals, uranium and vanadium.

However, income from mineral exports would have been much less were it not for the cushioning effect of a weak rand against the dollar and currencies of major customers in Europe and the Far East.

The bureau says first-quarter gold sales fell 8,4% from the previous quarter, and this, with the lower price, resulted in a reduction to 70,7% in gold's contribution to mineral export earnings. Gold's share in the quarter to last December was 74,4%.

Expressed in total receipts covering both domestic and export mineral sales, the quarter showed earnings of R3 150-million — 12,6% down on the December quarter's total.

The situation would have been worse were it not for improved domestic sales, especially of coal.

Coal: Sales totalled R575-million, constituting 18,3% of the value of total mineral sales in the first quarter. Although 30% more than in the first quarter of 1981, the earnings were 14% down on the December quarter because of a drop in coal export volume.

Recession and the oil surplus weakened demand coal. Figures for anthracite, used for heating and in steel production, also fell.

Platinum group metals: World markets were depressed by production cuts in the US motor industry and low industrial consumption.

Diamonds: There was a 50% increase in the export value of diamonds (R84-million) compared with the December quarter, partly because of an increase in the quantity and a higher average price. However, this does not necessarily indicate a recovery in the diamond market as the performance is well below that of the first quarter of 1981.

Uranium oxide: Although world prices are weak because of curtailment of nuclear energy programmes, South African producers have been protected by long-term contracts.

Iron ore: Of the non-precious mineral commodities, iron ore made the largest contribution to sales after coal, providing 3% of the total. The value of exports improved on the first and final quarters of 1981.

Copper: Export earnings of R32 300 000 increased by 15,7% on the December quarter, but declined by 22,7% compared to the first quarter of last year. An increase in SA demand for electrical applications resulted in a substantial increase in the value of sales (35,2%) compared with the first quarter of 1981. Production levels have remained relatively constant.

Manganese ore: exports improved — against expectations — on the first and final quarters of 1981. The decline in the rand contributed.

Asbestos: Export earnings of R19 100 000 fell by nearly 30% from the December quarter.

Silver: Sales value fell by about 20% from the first and final quarters of 1981.

Lead: Exports and earnings of R10 600 000 were well above those of the first quarter of 1981, but fell hevaily from December.

Vanadium: Exports have been affected by the world steel recession. Because of low production costs South Africa has been able to weather the recession better than most of its competitors.

Nickel: Domestic and export sales were erratic although production remained uniform. SA sales and exports were low in the December quarter, but recovered in the first quarter of this year to about the same as inthe first quarter of 1981.

Chrome ore and sand: Chrome exports showed little change relative to both the first and final quarters of last year. Although tonnages exported declined, there was an increase in the average rand price obtained. Overseas markets remain weak.

ast at a
oad news

By STEVE ELLIS

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ers to brace themselves for a reversal in earnings.

After Monday, the disappointing news continued unabated:

- Genrec passed its final dividend on a R1 983 466 loss in the year to February.
- The chairman of Federale Volksbeleggings, Dr Cornelis Human, said he expected earnings growth to stagnate this year.
- Barbican fell well short of its 30c earnings forecast in the year to February — the return was little more than 15c and Barbican is paying a final dividend in bonus shares.
- Plate Glass has shelved plans to list its glass and non-glass operations seperately, and says earnings should fall at least 20% in 1982-83.
- Theron may be placed in provisional liquidition after an associate raised questions about its ability to repay a debt.
- Unlisted Cape Town property developer Hebor Investments was placed in provisional liquidation.
- The chairman of Volkskas, Dr A J de Toit, said in the annual report that SA was about to enter more difficult times than those in the past year — with even worse to come next year.

The gold market was not unaffected. The chairman of Ergo, Mr Harry Oppenheimer, said in the annual report that although the long-term prospects for gold were good, "the recovery will probably be slow".

Prices on the gold board fluctuated during the week, but closed slightly higher after gold's resistance to $300.

The bearish reports were peppered with a few interesting off-market happenings. The R3 300 000 offer for the rarely-traded Dias Min and Ind Dias diamond companies engineered some big prices for the two stocks although market values closed well down on the offers.

Industrial Investments R7-million purchase of a Durban-based floor coverings had a few tongues wagging because the offer price appeared to be much too high (19 times tax earnings).

Standard Bank Investment Corporation's purchase of

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A concrete footing is with horizontal an cal reinforcements foot of each side structure, and a ch formed in the top footing to receive th structural units. Co is poured to join the ing panels to the f The footing is const by the customer to Span's specification

US jobles
still 9,5%

WASHINGTON. — T unemployment rate steady at 9,5% in Ju changed from May and highest in more th years, says the L Department.

Unemployment ha been this high since when 9,9% of the labour was out of work.

Other economic sta released by the Gover. this week have shown i improvement, indicatin the lengthy US recessio have run its course.

MARKETS AT A GLANCE

Trade volume

A TOTAL of 1 226 875 shares were traded on the Johannesburg Stock Exchange yesterday, valued at R4 145 068 compared with 1 420 203 shares (R4 371 826) on Thursday and 1 074 355 shares (R3 544 185) on Friday last week.

Money market

THE shortage as measured by the Reserve Bank's accommodation to discount houses, narrowed unexpectedly on Thursday to R586-million from the June month-end deficit of R654-million.

The reason for the R68-million cash inflow is not clear.

The average yield on this week's issue of Treasury bills rose ten points to 16,36%, as did the National Finance Corporation call rate to 14,86%.

Other rates were steady in quiet trading, with small demand for August assets.

Discount houses fixed the

New high

Dias Min	110	(75)

New lows

Share name	Price	Prov
Modder	160	(165)
Vaal Reef	5000	(5100)
Zandpan	710	(725)
St Helena	2235	(2400)
Deelkrl	245	(255)
Dooms	1225	(1250)
Gefco	180	(195)
Com Fund	480	(480)
Sinclair	73	(75)
Everite	445	(450)
Elcentr	52	(55)
Acrow	150	(175)
Dundee PP	43	(45)
Quincor	76	(79)
Solarsh	34	(36)
Stew Lloyd	315	(325)
Prem Grp	1025	(1030)
Amrel	440	(445)
Curries	550	(560)
Cokloor	90	(97)
Edgars	7500	(7650)
Sterns	140	(150)

High and lows since January 4, 1982, based on closing prices.

JSE actuaries

Index	Yester-day	Pre-vious
All market	447	446,9
Mining Producers	463,8	463,3
Mining Finance	466,6	463,9
Industrial/Finance.	576,6	577,9
All gold	340,6	339,7
Metals/Minerals	187,1	187,2
Financial	399,9	400,0
Industrial	480	481,4

Foreign exchange

THE RAND closed slightly easier at 8725/32 US cents in Johannesburg yesterday compared with Thursday's 8733/40c close. It opened at 8730/37c.

Trading ahead was quiet, but some dollar selling appeared towards the close, probably because of an oversupply.

The rand firmed against other currencies in the basket.

Other closing rates: sterling 1,9830/80; mark 2,1550/80; Swiss 1,8320/50; Dutch florin 2,3815/55; French 5,9760/810 and yen 223,30/80. — Reuter.

Short sales

TRANS NATAL 790c; Metro 1 850c.

Metal prices

YESTERDAY'S London Metal Exchange prices, a metric ton and quoted by Sapa-Reuter (with previous prices in parentheses)

Krugerrand

SA Gold Coin Exchange ers, sellers): 1 oz R423 (R425 (R424). ½ oz (R209). R215 (R215). R105 (R106). R112 (R112, oz R43 (R43). R46 (R46). tigold R421 (R420). (R422).

Bank selling prices toda Monday: 1 oz R430,41; R220,59; ¼ oz R112,98; 1/ R46,63.

JSE Krugerrand rates: sale R425 (R420). H price paid R425 (R420). est R420 (R418).

London: Buyers $322 (. Sellers $323 ($321).

Exchange ra

BARCLAYS BANK exchange r the order of selling, telegraphic fer buying, airmail buying, a face mail buying.
US 0,8703 0,8763 0,8860 0,85
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Canadian 1,1170 1,1355 1 1,1695
Belgian com 40,5500 41, 41,7500 42,1500
Belgian fin 44,4000 45,1500 4, 48,1500

(74) S. Times 4/7/82

Icodev leaps into limelight

THE little-known International Coal Development (Icodev) has leapt into prominence among significant coal exporters with its provisional allocation this week of 2-million tons a year for Richards Bay phase 4.

Alan Tew, formerly MD of the Transvaal Coal Owners Assocation and leading personality in the SA coal industry, arrives in Johannesburg this week to head the operation.

Icodev, formed in 1979 to acquire substantial steam coal reserves in the Belfast, Carolina and Breyten areas of the Eastern Transvaal, is to produce steam coal for export primarily to the Italian market.

By Andrew McNulty

Its main beneficiary shareholder is Agip Coal of Milan, part of ENI, the Italian state energy company and among the largest groups in Europe.

In a new expansion of SA institutional interests in the coal industry, a significant minority participation in Icodev is being acquired by Bankorp, the Sanlam-controlled listed company which controls Senbank, Trust Bank and Mercabank.

Most of Icodev's production will be by opencast methods, the total capital required to bring the mine to production being estimated at R50 an annual ton or a total of about R100-million in today's money.

The fact that the mine will play a significant role in stimulating the Carolina area and also that the coal will largely be tied to the Italian market, providing some stability and security in the now-uncertain international coal markets, appear to have been the main reasons for the company's success in getting its relatively high allocation.

R1 500-m giants in huge takeover

S. Times 7/4/82

SOUTH Africa's two largest private-sector, independent steel trading and exporting groups, with a combined (all-products) turnover recently near R1 500-million, have "reached agreement in principle" to a wedding with far-reaching domestic and international implications.

The directors of both groups told Business Times exclusively this week that the marriage will also involve Iscor and is expected to lead to "the combining of the steel-export activities" of the private-sector parties.

By STEPHEN ORPEN

In a deal worth "deep into eight figures", Macsteel Holdings is poised to acquire control of Leo Raphaely and Sons.

The Macsteel group enjoys sales thought to be near R500-million and assets confirmed at "well over R100-million".

Turnover of all the companies and divisions in the Leo Raphaely group, including Raphaely International Holdings, was comfortably above R1 000-million before the recent contraction in world steel markets.

Macsteel will now be responsible for a much enlarged steel trading and exporting empire, for which still more expansion is expected to be announced soon.

Leo Raphaely has for some years enjoyed the lion's share of steel exports from South Africa via the private sector, primarily to the East.

Macsteel, on the other hand, has been expanding at a prodigious pace, concentrating especially on South American markets, and will now become by far the largest exporter of mild steels.

Iscor has served as the supplier of the basic steel for a number of the overseas markets.

Exports into the depressed world steel market are currently running at about 1,6-million tons, of which a relatively small 120 000 tons has been going to the US, according to Iscor's divisional GM for steel marketing, Nols Olivier.

A director of Macsteel, Jack Gerber, comments: "There are various options for packaging the deal. I cannot reveal these, as each carries implications that still have to be weighed.

"However, I can say that our export sales will be boosted dramatically.

"Also, considering that we are making good profits despite the recession overseas, and that we are going ahead with multi-million expansion plans decided before the latest developments, prospects should be pleasing when the world steel market recovers."

Mr Gerber will not disclose Macsteel's profits. But these are known to exceed R10-million a year — and a mooted further takeover could take them higher.

I asked Rudolf Raphaely, the remarkable septuagenerian entrepreneur who carried the family business (launched in 1913) into the big league, why he and his board had decided to go in with Macsteel.

"As you know, they have been talking to us for at least two years. They have strengths which complement ours.

● To Page 3

Steel giants in takeover

S-Times 74 7/4/82

● From Page 1

"Also, you will be hearing of further developments which will clarify our reasons for getting together. We want to move in certain new directions....

"Raphaely International Holdings, falling under Leo Raphaely and Sons, will continue its export trade and investment activities under the existing management."

Raphaely's overseas operations are known to turn over several hundred million rands — with the London office an important foreign base.

Macsteel's inspirational chairman, Eric Samson, says he is delighted with the deal.

Raphaely's main steel activity is linked to its joint venture with Iscor for that corporation's sales to the Far East.

It also sells on behalf of Tosa, Southern Cross, Brollo Africa and most other major SA integrated steel mills as well as Zisco in Zimbabwe.

Macsteel has been selling not only to the west coast of South America. The group's international activities have also involved North America, Britain, Africa and the Middle East.

Under the contemplated agreement, Rudi Raphaely will be president of Leo Raphaely and Sons, Eric Samson will be executive chairman and Jack Gerber deputy chairman.

Henry Kahn will remain a director and Allan Levin will become managing director for the company's steel-export operations.

Prospect of stricter controls on imports

74

E. Post 9/6/82

JOHANNESBURG — Should the gold price continue to weaken, sterner measures would have to be taken to reduce import volumes to keep the current account shortfall within reasonable limits, according to the latest issue of the Standard Bank Review.

A crisis situation would really arise only if the gold price were to drop to $250 or less for some time, the review says.

Under such a scenario a further significant depreciation of the rand would become necessary, and measures such as an import deposit scheme, the re-introduction of import controls over a broad front, as well as a drastic further tightening of monetary policies could not be ruled out.

The extent to which the South African economy has moved out of line with conditions in the rest of the world was vividly illustrated by the emergence in the first quarter of 1982 of a deficit on the current account of the balance of payments of no less than R6 700 million, at a seasonally adjusted annual rate.

To date, financing the current account shortfall has not presented a serious problem. For this to continue to be the case, however, policy makers must be seen to be taking firm and consistent measures to cool down the economy in order to reduce import requirements.

The progressive deterioration of the current account to a now very high deficit has been the result of both unexpectedly protracted recessionary conditions abroad, and the inability of the domestic economy to rapidly adjust downward imports which reached excessive levels during the gold boom.

Monetary and economic policies now being pursued in virtually all major industrial countries continue to be orientated towards reducing inflation in the short-term and bringing about healthier growth in the long-term.

There is a strong likelihood that, for the time being at least, these policies will continue to be applied consistently, even in the face of relatively high unemployment.

"This rules out the return to a world scenario characterised by rapid increases in industrial production, accompanied by a re-emergence of inflationary pressures, price surges in commodity markets and a rapid up-turn for gold and other inflation hedges.

"These had been features of recent recovery and expansion periods in the major industrial countries because inflationary stimulation was usually resorted to in order to end recessions."

While the new world growth scenario does not rule out any recovery of the commodity or gold markets, upward price movements are likely to be slower, based on improvements in demand from final users rather than being the result of pressures from speculative transactions.

South African policy-makers can do nothing to influence the course of international events and a fundamental improvement of the country's external trade position and internal growth potential still requires a turnaround in the terms of trade. This will only occur when commodity markets reflect the resumption of faster world growth.

For the time being, however, the continued relatively poor short-term world outlook makes it essential for domestic economic activity and import demand to be adjusted to minimise the size of the current account shortfall.

Some progress has been made in this direction and deflationary policies are being applied fairly firmly and consistently now. However, because economic activity has remained at a high level until recently, and because the gold price has continued to weaken, the trade deficit is still uncomfortably high.

According to latest provisional trade figures, South Africa's overall trade deficit in the first five months of this year totalled no less than R1 000 500 000.

Taking account of the services deficit, indications are that a shortfall of at least R2 000 000 000 is likely to have already accumulated on the current account in the first five months of this year.

Fortunately the outlook is not all bleak. That deflationary domestic policies have already had a positive effect is reflected by the behaviour of total merchandise imports in the first five months of this year.

They totalled some R8 061 200 000 — 15,4% more than in the corresponding period last year, but only some 6,2% higher (seasonally adjusted) than in the last five months of 1981.

A detailed breakdown of imports moreover reveals that it was oil and arms imports which made a substantially larger contribution to growth in the overall import bill so far this year than in 1981.

Latest data reflect a substantial slowdown in the rate of growth of non-oil and arms imports in the first five months of this year.

The behaviour of total export revenue (including bullion) clearly reflects the weakness of external demand for most primary commodities.

In the first five months of this year merchandise exports earned R7 061 600 000 — 1,9% less than in the comparable period of 1981. This decline is attributable entirely to a sharp drop in bullion earnings.

Non-bullion export revenue was in fact still considerably higher in the five months to May this year than in the corresponding period of 1981.

Export revenue from the mineral products category (which excludes platinum, uranium and diamonds) was 29% higher in the first five months of this year compared with the same period of 1981.

Although detailed data are not yet available, indications are that export earnings from diamonds were only about 5% higher in the first five months of this year than in the comparable period of 1981.

In view of the rand's decline of almost 22% against the dollar over the two periods in question it appears that export volumes are still substantially down on last year's depressed levels. — Sapa

SA 'keeping mum' on food sales to black Africa

74

Star 13/7/82

The Star Bureau

NEW YORK — South Africa's food exports to black Africa had joined energy and defence as areas in which the South African Government was disclosing less and less information, the Christian Science Monitor said yesterday.

The newspaper quotes South African diplomatic sources as saying the reluctance to spell out where maize and other exports were destined, was linked to Pretoria's growing awareness of the diplomatic leverage food gave South Africa over black African states on the receiving end.

"The gains South Africa makes by refusing to disclose this data are unclear, but the Government evidently believes that secrecy is worth the price," said the Monitor in an article by its South Africa correspondent, Paul van Slambrouck.

Most of South Africa's maize exports, which came to nearly five million metric tons in 1981-82, went to Japan, he said. But second place belonged to a "destinations unknown" category, and amounted to 30 percent of South Africa's maize exports.

LUMPED

"Sales to African states are lumped under that heading to avoid disclosing the names of the importers," the paper said.

It quoted an expert on South Africa's farming industry as saying that there was more movement of food to black Africa than was generally suspected.

Making deductions from known needs of African states and available supply from other exporters, Professor Jan Groenewald of the University of Pretoria reckoned Botswana, Lesotho, Zambia, Zaire, Mozambique and Kenya had bought South African maize in recent years.

He suspected Tanzania, Ivory Coast and Senegal had imported from South Africa as well.

The newspaper said a maize industry official had conceded: "We sell maize to people who have taken a political posture against us. If we publicly say to whom we are selling, it puts them in a rather embarrassing position while we're keeping their populations alive."

MOTIVES

But, said the Monitor, South Africa's motives were not principally humanitarian.

A "high government source" said the strategic value of food was increasingly recognised in Pretoria. The prevailing view, said the source, was not to use food "aggressively as a weapon" to extract short-term political concessions from black African states.

"The real potential is long-term. If you have an on-going programme like this, it tends to undermine efforts to fragment the subcontinent," the source said, referring to the efforts of Southern African states to reduce their dependence on South Africa.

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

SA silent on food exports to black states

(14) (74) July 1982

Argus Bureau

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The newspaper quotes South African diplomatic sources as saying the reluctance to spell out where maize and other exports are destined is linked to Pretoria's "growing awareness" of diplomatic leverage food gives the Republic over black African states on the receiving end.

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STRATEGIC

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"The real potential is long-term. If you have an on-going programme like this, it tends to undermine efforts to fragment the sub-continent," the source says referring to the efforts of Southern African states to reduce their dependence on South Africa.

SA-US maize link on the cards

Stcw 15/7/82

Pretoria Bureau

South Africa and the United States might co-operate in developing maize-export markets.

The president of the American Corn Growers' Association, Mr Bill Mullins is in South Africa as the guest of the National Maize Producers' Organisation (Nampo).

The general manager of Nampo, Dr Piet Gouws, said that discussions would aim at the establishment of an informal maize exporters' club with South Africa the US, Argentina and France as members.

Many countries could still be developed as maize - export markets and a good understanding among exporting countries could prevent disruptive competition.

Joint market development did certainly not mean any kind of cartel. It would be a constructive effort to foster international grain trade, Dr Gouws said.

Mr Mullins said that the American maize market was in a bad shape and about 10 percent of maize farmers could go bankrupt this year.

Exports were already 36 percent of the crop, Mr Mullins said.

A better export realisation would immensely help American maize farmers and his talks with Nampo and the Maize Board could pave the way for more orderly grain-export efforts.

74

Australian attacks SA-Japan trade

By Geoffrey Murray

TOKYO — A senior Australian diplomat in Tokyo has made a startling attack on South Africa in an apparent bid to stop Japan increasing its buying of raw materials for making steel from South Africa.

Among the controversial remarks made by Mr Don Fitch, Minister (Commercial) of the Australian Embassy, is that "we may have strikes (in Australia) but we don't shoot our workers" — a reference to recent gold mine disturbances in South Africa.

TRANSCRIPT SOUGHT

South African officials in Tokyo are now trying to obtain a transcript of the diplomat's remarks before considering whether to take any further diplomatic action.

Mr Fitch was speaking to several hundred members, largely businessmen, of the Australia-Japan society.

TAPE RECORDED

His remarks were basically off-the-cuff, but a tape recording was made and a transcript will eventually be distributed to all the society's members.

The Australian diplomat spoke about South Africa in the context of Japan's current attempts to cut back on its buying of coking coal and iron ore because of rapidly mounting inventories as crude-steel production is steadily reduced.

One reason for Japan's oversupply of coal, said Mr Fitch, was excessive buying in anticipation of prolonged Australian strikes which didn't materialise.

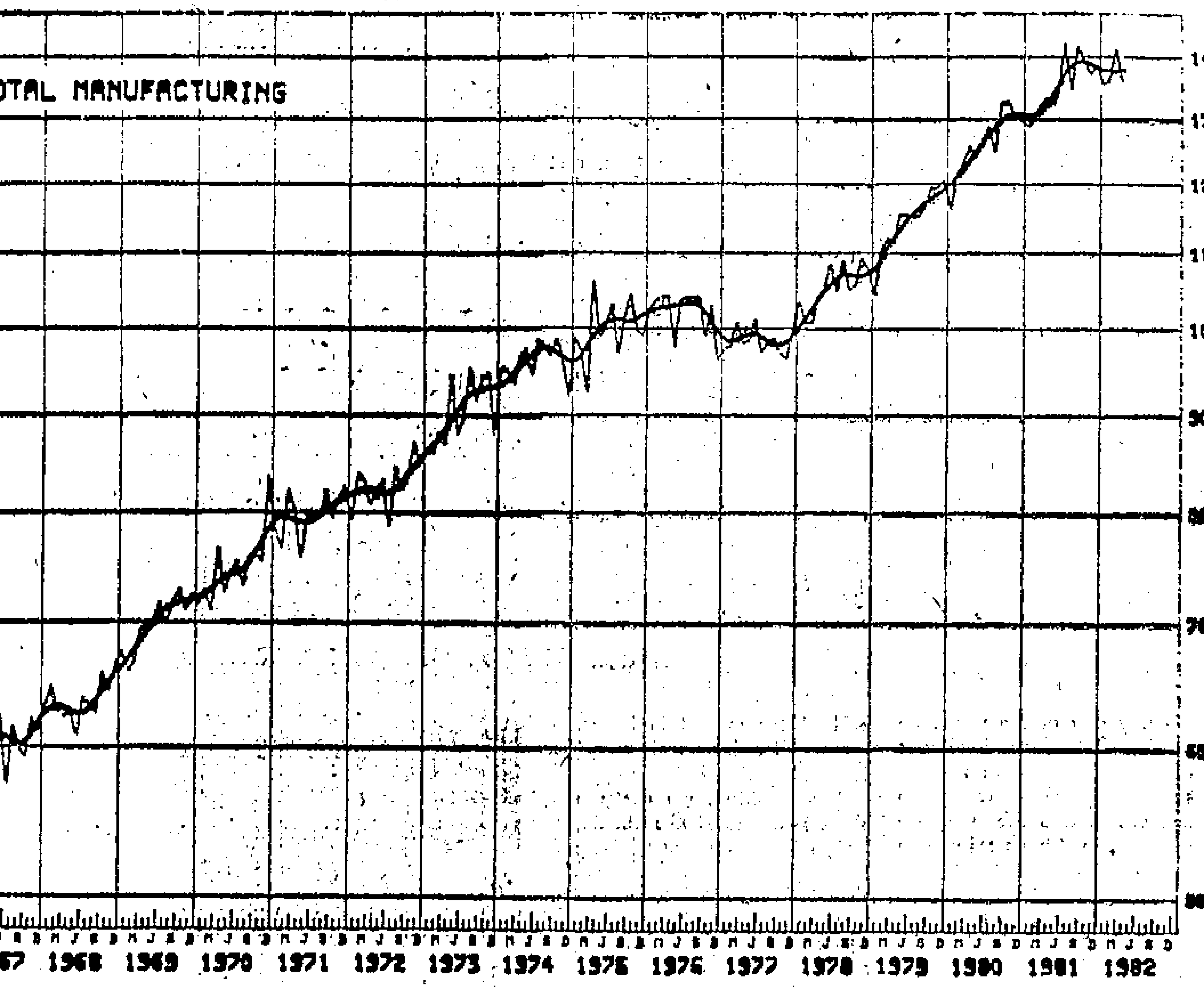
Japanese should be aware that strikes were a safety valve in Australia, which enjoyed great political and social stability, he said.

He noted reports that Japan wanted to diversify its sources of coal supply, for example, by buying more from South Africa.

He warned against this move, adding that, having read about the gold mine riots, "Japanese should be aware that we have strikes in Australia but we don't shoot our workers."

Informed sources said his remarks apparently stemmed from growing Australian anxiety about its premier position as a raw materials supplier to Japan.

The United States is putting tremendous pressure on Japan, for example, to buy more coal and beef to cut a massive trade gap.



RIAL output began levelling off in the first half of this year, as this Central l Services graph shows. The bold line is the trend cycle while the dotted esents monthly output figures seasonally adjusted. However, in spite of the rowth of manufacturing in this period, output was still running almost 5 percent higher than a year earlier.

SANS ~~777~~ 74 EXPORTS TO TOP R6-MILLION

MGus 21/7/82

SOUTH AFRICAN Nylon Spinners, one of the country's major textile organisations, expects its foreign sales this year to top R6-million, the managing director, Mr Justin E Schaffer, says.

Finance

Because of the downturn in the local economy — and traditionally the textile, clothing and fibre industries are among the first to feel its effects — SANS has been actively developing export markets.

Mr Schaffer says the textile industry has reached a stage of the business cycle similar to that experienced in the mid 1970s.

After experiencing high economic growth and heavy consumer demand, met partly by imports, it is now experiencing the effects of the economic downturn and a reduction in consumer demand.

HIGH RATES

The high interest rates are an additional incentive for retailers and clothing manufacturers to de-stock and reduce inventories.

When the downturn takes place local manufacturers are hurt most as orders placed six or nine months ago overseas cannot be cancelled, while local supplies can.

"The commissioning of our R40-million extension at our Bellville works late last year, came at just the right time. Although fibre producers and textile manufacturers, particularly in Europe, are depressed, the new generation of fine filament high quality yarns we are producing are in demand.

COMPETITIVE

While we have found the export market highly competitive in terms of price and service, we have been successful in terms of quality and service — not just price."

While exports may assist in the short term, a long term, Government-backed policy on the future of the fibre, textile, garment and distributive sectors is essential if profitability is to be achieved, and re-investment and increased employment opportunities raelised.

Recently representation was made to the Government by the Textile and Clothing Advisory Council with a request that a study group be formed to investigate all facets of the textile pipeline so that a policy can be formulated that can be beneficial to all.

A 14-man committee, appointed by the Minister of Industries, Commerce and Tourism, was later set up to produce recommendations on a number of factors.

These include the level of development and the structure of the industry, including the extent of local competition, the development potential within the framework of a healthy economy — particularly with a view to the provision of employment — the competitive ability of the industries in relation to foreign competition and whether there is a need for protection or not and what form that should take.

It is hoped that the study group, which is accepting evidence from interested parties now, will complete its finding by the end of the year.

EXPORT SUBSIDIES 74

SA goes Gatt?

FM 23/7/82

There is a strong likelihood that SA will become a signatory to the Gatt subsidy code.

Industries Minister Dr Dawie de Villiers, back in Pretoria after talks with US Commerce Secretary Malcolm Baldridge in Washington, appears to have been convinced that it would be in the Republic's best interests to join the code.

In talks with Baldridge and other top US trade officials on allegedly unfairly priced SA steel exports it was intimated that, without the protection of the code, retaliatory action in the form of quotas and countervailing duties could be taken against just about any SA exports, including steel, if in the opinion of importing countries such products were "unfairly" priced because of government subsidy.

Preliminary findings by the US Commerce Department held that Iscor exports of plate, steel bars, sheet and steel plate were subsidised 12,5% - 16,3%, while Highveld Steel and Vanadium was accused of subsidies ranging between 9,6% and 9,9%.

British Steel was found to have subsidised its exports of special steel by as much as 40% and has been penalised by provisional duties at that level.

Subject to a final determination by the US Commerce Department in August, SA steel could be subjected to similar measures.

According to Pretoria trade officials, De Villiers and his aides made full disclosure of government export policy to their American counterparts and may well have averted strong retaliatory action. De Villiers' visit is said to have eliminated possible misunderstanding and ensured that the Republic's steel exporters get a sympathetic hearing when the matter is considered. It's a fair bet that Washington's "new" understanding of SA trade policies were influenced by last year's substantial trade figures. Two-way trade between SA and the US was $5,3 billion with the US holding a favourable balance of $456m.

Even so, De Villiers' personal involvement seems to have paid off. It now seems unlikely that the US will take arbitrary action against SA traders without prior consultation. It may not have been like that before.

To consolidate the new understanding it seems certain that De Villiers will recommend to the Cabinet that SA should accede to the agreement on the interpretation and application of articles 6, 16 and 23 of Gatt, commonly known as the subsidy code.

The Cabinet's decision will not be easy as some local companies could suffer if export assistance were reduced.

Minister De Villiers . . . new links with US?

The code recognises that governments sometimes use subsidies to promote their social or economic objectives and that this may have harmful effects on trade. In addition to bringing more transparency into the practice of granting subsidies, the code sets out detailed procedures for countervailing duty investigations. The subsidised imports have to be shown to be responsible for causing injury to the domestic industry which lodged the complaint. The code gives a precise definition of material injury and casualty. It also provides for consultation between the countries concerned and if agreement is not reached the dispute may be referred to a committee of Gatt signatories.

Offending exporting countries which are not signatories to the code are vulnerable to arbitrary retaliation which could be applied against a wide range of "suspect" export products which qualify for export assistance from government. The tough treatment meted out to SA ferrochrome exporters by the Carter administration in 1975/76 is an example of the kind of action that can be taken against non-signatories.

The problem with the current dispute, which is really with EEC steel producers, is what kinds of subsidies are covered by the code and how their impact on export prices should be assessed. The Europeans, with 50 Mt of excess capacity in their industry, claim that assistance is aimed at increasing mill throughputs and manning levels — not to cut export prices.

In this case, the relatively modest levels of export assistance given to SA traders (and the recent withdrawal of R40m worth of export aids) will doubtless stand up to the closest international scrutiny.

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AFRICAN TRADE (74)

Served by Silence

FM 23/7/82

There will be more cause for sobriety than celebration this week when the nine members of the Southern African Development Co-ordination Conference (SADCC) gather in Gaborone (See *Current Affairs*). As they review their two-year-old programme for decreasing their economic dependence on SA, they may find some small satisfaction in the *reduction of northbound trade* across the Limpopo River over the past 18 months. They will more probably be concerned, however, that SA's falling African exports are due to the deepening distress of the frontline economies rather than to any successes in SADCC's concerted efforts.

The sub-Saharan economies continue to be troubled by burgeoning foreign debt, low commodity prices, droughts and transport inefficiencies. Yet despite their political objections to SA's racial policies, they continue to trade actively with SA whenever need demands and finances permit.

Determining the precise scope and depth of that trade, however, is difficult because of its political sensitivity. Exporters and government officials alike are reluctant to detail trading arrangements with African nations for fear of embarrassing the politically outspoken. Maize Board director Hendrik Nel says, "Silence serves us all very well, indeed, thank you." They do report, though, that SA is currently trading with all the sub-Saharan nations.

Recently released trade statistics indicate that SA exports to Africa during the first five months of 1982 were R371m, a decrease of nearly 8% from 1981. Exporters and government officials agree that these figures accurately reveal the trend, but understate the size of the trade by one third. "These figures account only for direct trade," says one Safto official, "and do not include trans-shipped exports. Of this total trade 80% is with the sub-Saharan countries, and this includes all the boycotting countries."

With these adjustments, the estimated value of SA exports to African nations below the Equator is R395m for the first five months of 1982. Annualised, it suggests that this year's exports to sub-Saharan nations should total R948m. By contrast, estimated exports to the region were R1,1 billion, or about 11% of SA's total exports excluding gold. Using these estimates, SA exports to southern Africa could fall as much as 14%. Adjusted for inflation, however, the *real* projected decrease is more striking: Real exports could fall by 29%.

Exporters report that any decrease in northbound trade is the result of a diminishing ability to pay rather than a reduction in need. Foreign currency is in short supply, as are import licences, because of the chronic balance of payments deficits of African economies. "Africa has been burning up its net worth," says one trade official, "ever since the oil price increases of 1973. If anyone is to blame for the economic disasters around Africa, it's OPEC."

Safto's MD, Wim Holtes, is not hopeful about future SA-African trade. "It's of no benefit to SA to have poor neighbours, yet even though SA could help through more open trading, I don't see potential for increasing trade."

It is, however, beneficial to African nations to have a wealthy neighbour. Despite SA's current economic slowdown, imports from Africa increased in the first five months by 9%, following a 10% increase in 1981.

Whatever the changing fortunes of trade may be, the SADCC's continuing campaign to reduce its reliance on SA stands in increasing opposition to Pretoria's Africa policy. Pretoria is striving to knit together the countries of the sub-continent into a pattern of interdependent trade relationships. Sasol reports that it is prepared to export its coal mining expertise and hopes to develop markets for its oil products to reduce excess capacity in its fuel refineries. And Dr Kit le Clus, head of the National Maize Producer's Organisation's Development Foundation, says he is eager "to continue expanding exports in politically sensitive areas, given that it's SA's natural trading area, but only so long as the money and the prices are right."

SADCC, however, is not eager to align itself to the orbits of PW Botha's constellation of states. The frontline states appear determined to establish their own community of mutual co-operation. Since its establishment in 1979, SADCC has detailed over one hundred programmes designed to create alternatives to the trade opportunities and transport facilities provided by SA. Its chief concerns are communications, transport, manpower training, food, energy and industry.

Holtes . . . not hopeful

SADCC's major difficulty, however, is funding. Its transport and telecommunication programmes alone are projected to cost R2,2 billion. At last reckoning, it has secured less than half its needs. However, whether or not SADCC can approach lenders and aid agencies as a stable community possessed with a potential for wealth, rather than a collection of cash poor and debt burdened nations, however, remains to be seen.

With plans so grand and needs so vast, SADCC cautions that their goal of independence from SA's economic dominance in Africa is years away. Looking 30 years ahead, though, the SADCC's nine members envision themselves as an economic community with a total population of 150m and a gross community product of perhaps R100 billion. With the success of SADCC's programmes, each member individually could enjoy better trained labour forces along with greater freedom of choice in trade strategies.

Observers in SA, however, wonder whether SADCC's ambitious programmes might lead to a socialisation of enduring poverty rather than a community of growing prosperity. "Thirty years ago these countries had surplus crops," says one exporter. "Now they're importing South African maize. Only when they're able to feed themselves will they be able to begin thinking about how well off they could be. But I can't see this happening in the next 30 years."

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Huge swing soon in SA prosperity

74 S. Times 25/7/82

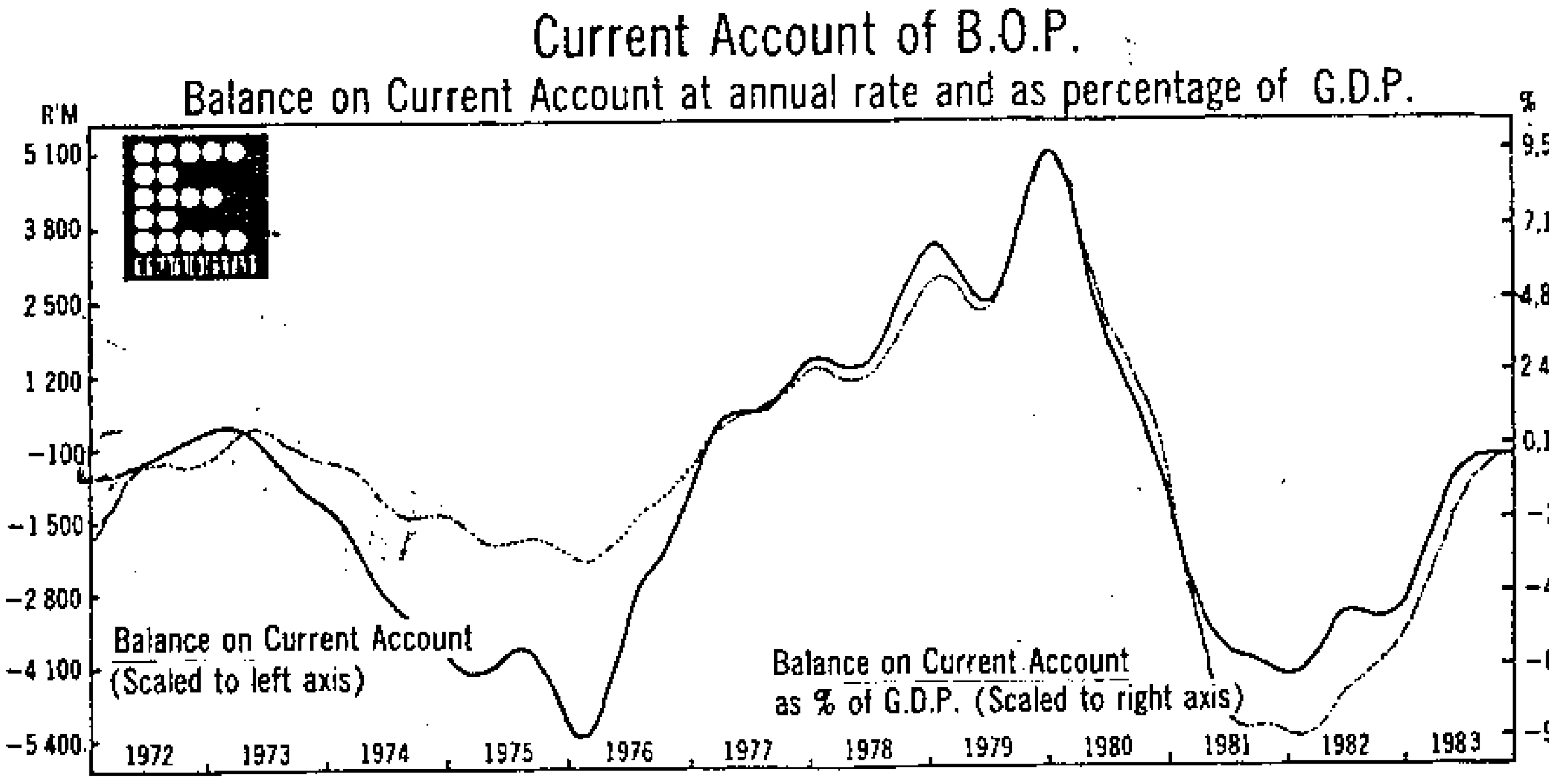
THE current account of South Africa's balance of payments — a horrendous annualised R6 700-million in deficit in the first quarter of this year — should move into surplus by the middle of 1983.

This is the encouraging conclusion reached in an in-depth survey of the country's current account ("the Achilles heel of the South African economy") by Econostat, the applied economics research unit.

The prediction is all the more encouraging because the current account of South Africa's balance of payments (including gold) has been in deficit for 21 of the past 31 years.

Going back to 1951, there has been an average deficit of 1,4% of gross domestic product (GDP), with a variation from minus 8,9% of GDP in 1951 to a 6,2% surplus in 1979 (see graph).

The chief culprit has been the deficit on services, prompting Econostat to comment: "While the trade balance has become more volatile due to the instability of the gold price, it has not shown a secular rise sufficient to compensate for the long-term increase in the deficit on services."



By John Spira

Thus, the trade balance, including gold (that is, the current account excluding services), has been in deficit for only six years since 1952.

And, during the past decade, the typical composition of a R100-million current-account deficit comprised a R1 100-million trade surplus, a R190-million non-factor services deficit, a R1 100-million factor services deficit and a R90-million transfers surplus.

The current account is, of course, of considerable importance to the open South African economy because the current balance varies markedly over a relatively short period.

For example, the current balance as a percentage of GDP increased from a negative 6,6% in 1976 (a substantial deficit) to a positive 6,2% (a substantial surplus) only three years later.

So, according to Econostat: "The current account is a highly sensitive transmitter of impulses from the international to the South African economy and vice versa."

Ever since the local business cycle peaked in the third quarter of 1981, the economy has been adjusting to the world recession which has been in progress since the first half of 1979.

Although the global economic recovery which has been foreseen for the second half of 1982 may still be hesitant, "the simultaneous decline of the South African growth rate implies that the trade balance should show a trough during the second half of 1982".

The balance on services is expected to remain in deficit but to move in sympathy with the trade balance, "especially as gold-mining profits decline and the dividends of foreign shareholders are reduced".

As the deseasonalised deficit, expressed at an annual rate, was R6 700-million during the first quarter of this year, the survey says it is likely that the deficit for 1982 will exceed R4 500-million.

"The increasing momentum of the domestic recession will result in a considerably reduced deficit of about R1 000-million in 1983. The current account is expected to move into surplus by the middle of next year.

"A consideration which supports this conclusion is the possibility of exports responding quickly to improved international conditions (because of low metal inventories) and of imports declining fairly steeply as a delayed reaction to high internal interest rates."

The following additional points of interest emerge from the survey:

- When gold is excluded, the trade balance has always been negative.
- Over the past decade, non-gold goods exports averaged 72% of goods imports.
- The dependence on gold and a few other primary commodities, coupled with the tendency of the trade balance to deteriorate during years of high growth, highlights the developing nature of the economy and its constant need for expanding imports to facilitate growth.
- Although South Africa has a well-developed services sector, it is basically a net importer of freight, insurance, banking and tourist services (non-factor services).
- Largely because foreign investment in South Africa is more than double the size of South African investments overseas, the balance on factor services (capital and labour) has always been negative.
- South Africa is a net recipient of legacies, migrants' funds and grants.

Mercury

S A steel deal with Thyssen's

74 ~~189~~

27/7/82

Financial Editor

A MAJOR benefit of the deal signed with West Germany's massive steel-makers, Thyssen's, would be their 'tied' imports of ferrochrome from South Africa, a spokesman for Middleburg Steel & Alloys said yesterday, announcing the signing of a know-how agreement with the company for the 3CR12 steel.

Middelburg expects that international demand for the new steel which has a high chrome content and is corrosion-resistant, could reach 1 000 000 tons a year by 1990.

Local mills could not cope with this demand and it had been decided to license the process and link it with ferrochrome exports from Middelburg's mills.

Research

Interest has been shown by other steel-makers, with Middelburg regarding the Thyssen deal as a 'breakthrough' achieved after a year's research at Thyssen's laboratories.

Sales in South Africa of 3CR12 are expected to reach 16 000 tons next year with a wide range of applications from mining to the sugar industry.

However, the spokesman declined to reveal details of expected earnings or exports of chrome. The profitable part of the deal is likely to be exports of the metal.

Raw chrome was exported (nearly 3m tons) last year at about R45 a ton but once it has been upgraded to ferrochrome it gets a much better price. In 1977 the refined metal was being quoted at £2 830 to £3 060 a ton in London.

Minister defends protection of industry

ARGUS 29/7/82 ~~36~~ 74

THE Minister of Commerce and Industry, Dr Dawie de Villiers, told farmers today that the Government would continue with its policy of protecting local industry because it was "in the interests of the country".

Replying to a motion adopted by the Western Province Farmers Union which criticised the policy, Dr de Villiers said it was misleading to say certain products could be imported at lower prices, because these were "dumping prices".

He said textiles, shoes, television sets, motor cars, tea, and cotton and tobacco "to mention but a few" could be imported at lower prices but this was not the answer to the problem.

South Africa had become an "industrial giant" in Southern Africa because of the Government's protection policy over the years.

Without this policy South Africa would still only be a mining and agricultural country.

He added that the Government was selective and moderate in its application of the policy and urged that farmers view the matter in its correct perspective.

Middelburg's new steel scores major success on world market

(74) Star 4/8/82

A South African product making a big impact in international markets is the low-cost corrosion-resistant steel, 3CR12, developed and manufactured by Southern Cross.

Launched commercially in South Africa two years ago, it has made major inroads in all sectors of industry.

Sales have increased by 300 percent a year and projections are that demand will reach 16 000 tons next year.

This impressive success on the domestic market spurred Southern Cross to seek outlets overseas years earlier than planned.

"The results have been outstanding," said marketing director Mr Leo Melvill.

"In Australia, the United Kingdom and West Germany in particular, we have seen a response which indicates a potential too big to quantify at this stage."

The most notable endorsement of 3CR12 to date has come with the signing of a reciprocal technical know-how agreement with the prestigious West German steel firm, TEW.

Demand could reach a million tons by 1990

This is the first significant step towards the manufacture of the steel on a world-wide basis, with the know-how and ferrochromium being supplied by Southern Cross' parent company, Middelburg Steel and Alloys.

Mr Melvill said: "The fact that a firm with the reputation that TEW enjoys has seen enough potential in 3CR12 to jointly promote the product with us is a tremendous compliment to South Africa.

"It puts our steel firmly on the international map as a product worth considering by steel producers everywhere.

"The signing of similar agreements in other countries is in line with our marketing strategy. Local production facilities will simply be unable to cope with the expected world-wide demand, that could reach a million tons by 1990."

By comparison, the Southern Cross mill in Middelburg, which recently expanded at a cost of R150 million, has a total capacity of 200 000 tons a year.

The steel is making rapid progress in Australia with marked success in the mining and sugar industries. More than 100 applications of varying tonnages are currently being tested, and favourable reports are coming in all the time.

Mr Melvill said these are being backed by further orders as the companies involved discover more suitable applications.

British industies are reacting in the same way. The petrochemical industry is finding the steel particularly suitable, he said, while the mining and sugar industry are also turning to 3CR12.

"British Rail has expressed an interest for a number of applications and this could develop into a big, future market.

"Its use in Britain is also generating interest in Europe, notably Belgium, Italy, France, Finland and Luxembourg," said Mr Melvill.

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Paper No ....
(to be copied from the heading on the Examination Paper)

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, noti rial may be br unless candida
2. Candidates ar candidates or gilator.
3. No part of an a
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

(74)

R1 100m adverse balance in first half

By HAROLD FRIDJHON

JOHANNESBURG. — With imports of R9 708m and exports at R8 608m South Africa has an adverse balance of trade amounting to R1 100m for the first half of this year.

For the comparable period of last year the trade balance was running at a surplus of just under R236m.

The deficit at the end of the March quarter was R647m which appears to suggest that there was a little shrinkage in the deficit as a result of a slow decline in the value of imports, an inference which seems to be borne out by the June figures.

Imports in June were R1 650m compared with R1 720m in May. If one takes into account the deterioration in the rand's value which makes imports more costly, it is obvious that there has been a decline in the volume of imports.

And this is even more apparent when June 1982 imports are compared with those of a year ago. In June 1981 imports amounted to R1 530m. If current money values are discounted to last year's value of the rand, this June's imports amount to R1 435m in 1981 rands.

Exports in June at R1 550m, were marginally ahead of those for May when R1 520m worth of goods, including gold bullion and Kruger rands, were sold abroad but this figure could be misleading because of the depreciation in the value of the rand which results in more rands being earned from exports, many of which are dollar denominated.

This position is made clearer when June's exports are compared with those of the same month last year when R1 550m was earned from abroad. This would be equivalent to R1 435m of today's rands.

So the balance of trade is reflecting both a falling off of import volumes as well as a real drop in exports. Export volumes might be holding up but prices abroad are softening. We are only earning more rands because of the weakness of the South African currency.

This was borne out most graphically by the last quarter's reports from the gold mines whose earnings — in rand terms — were boosted by the weaker rand.

At the end of the first quarter the current account of the balance of payments amounted to R1 413m which amounts to a rate of R6 700m a year on a seasonally adjusted basis.

One can only estimate what the current account deficit was at the half year because there are considerable difference in the figures issued by the Department of Customs and Excise and those prepared by the Reserve Bank for balance of payments purposes.

Service charges

In the balance of payments calculations provision is made for the service charges both paid for and earned by South Africa. These include shipping insurance and freight, tourism, dividends and interest. In the March quarter South Africa paid R854m net on these service charges.

If one were to apply this figure adjusted for six months to the current half-year's trade deficit of R1 100m this would make the half year's balance of payments deficit about R2 800m or R5 600 million at the annual rate — an apparent improvement on the first quarter's numbers.

But the figures are not accurate because of the diference in the two methods of compilation. If my gross estimates are anywhere nearly correct, we have picked up a little leeway in the second quarter. But one must wait for the official numbers from the Reserve Bank.

Looking at the breakdown of the trade statistics, imports — distorted by the value of the rand — have been rising from Asia, no doubt boosted by the booming car industry, with imports from Europe also higher, possibly because of capital goods from the Common Market countries.

Exports to Africa appear to be declining, possibly because of the inabilioty of some of our trading partners to pay for goods. And exports to the Americas are also lower.

A probable reason is the decline in the prices of metals and minerals. Exports to Asia appear to have increased in real terms, possibly because of higher sales of coal, as well as of metals and grains.

Exporters are upset by loss of incentives

(74) E. Post 9/8/82

THE furore over the dropping in March of the export incentives worth more than R70 million continues, according to Financial Mail.

Background to the news

In a trade survey this month the magazine reported that the Private Sector Export Advisory Committee (PSEAC), chaired by David Lewis of Cereal & General Exports, was drafting a memorandum to the Government.

This follows meetings that PSEAC delegations have had, first with the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, and then with Dr De Villiers and Finance Minister Mr Owen Horwood together.

Mr Lewis says the PSEAC — "it's the most representative private sector body in the country" — is unanimous in asking the Government to restore the finance charges aid scheme and rail rate concessions (details in accompanying story).

"I've got a stack of telexes and correspondence as tall as I am," he declares.

Members of the PSEAC argue that exporters now need incentives more than ever. So, in view of the low gold price, does the country.

Shippers, they say, have not benefited as much from the rand/dollar exchange rate shift as might be expected.

For one thing, many transactions are not conducted in dollars.

And South African interest rates, transport charges and inflation are all running appreciably higher than in most competitor countries.

The PSEAC also complains that the Government should have consulted it before acting.

(One exporter claims that even the Standing Committee on Export Incentives, on which Government and the private sector are more or less equally represented, was not consulted.)

Furthermore, the PSEAC subscribes to a view that is gathering momentum — that South Africa urgently needs a cohesive long-term export strategy.

This is particularly necessary for the development of secondary industry, on which the country will increasingly have to depend in future to balance its trade as the role of gold gradually diminishes.

"All this chopping and changing is bad for confidence," reasons Mr Lewis.

It's also bad for earnings, chorus exporters across a wide spectrum.

With port charges up in tandem with railway rates, the competitiveness of hundreds of SA products is severely weakened.

Steel and ferro-alloy makers are particularly upset.

Highveld Steel's general sales manager, Mr Robert Herbertson, has estimated the overall impact on prices is R10 a ton.

A ferro-alloy maker states flatly that the withdrawals will cost the industry many millions.

Furniture manufacturers have also been rocked back on their heels.

Mr John Bailey, chairman of the Timber Products Exporters Association, reckons that dumping of the finance charges aid scheme will virtually halve his own company's profit this year.

Other manufacturers have had to shelve expansion plans.

Exports of timber products that topped R30 million a few years ago are now creaking along at R15 million to R18 million.

Mr Bailey is particularly critical of the lack of adequate warning.

Furniture makers would need at least 12 months' — and preferably two years' — advance notice.

Theirs is the kind of business where long lead times are unavoidable.

Companies that have negotiated fixed contracts have been permitted to claim on the dropped incentives up to March 31 next year, provided the contracts were negotiated before announcement of the withdrawals.

But, says Safto intelligence manager Ann Moore, they are required to show that without the incentives they would incur a loss on the transaction.

"The question is: 'What is a loss?' she asks. "Is it a loss when you marginal-cost? When you full-cost . . .?"

Nobody, it seems, has yet come up with a satisfactory definition.

The private sector would also like to see a broadening of surviving State incentives, worth several hundred million rands. Mr Lewis points to two major weaknesses.

Firstly, Category B incentives, operating on a value added formula, are not having the desired ef,fect.

As prices abroad drop and competition hots up, the value added this end falls. So incentive benefits decrease just when the exporter needs them most.

Secondly, the benefits of the tax-geared incentives are reduced because they are received as tax allowances a long time after the claim is filled.

Exporters to fight for restoration of their incentives

(74)

E. Post 10/8/82

By LOUIS BECKERLING
Business Editor

EXPORTERS smarting at the scrapping of incentives in April may take heart from the fighting talk from Mr David Lewis, chairman of the Private Sector Export Advisory Committee (PSEAC).

"We're not giving up with a fight to have the incentives restored. We'll fight the Government until we succeed," vowed Mr Lewis in an interview with BUSINESS POST yesterday.

Mr Lewis's comments come after urgent meetings between his committee and the Ministers of Finance (Senator Owen Horwood), and Commerce and Industries (Mr Dawid de Villiers). The meetings were held some six weeks ago at the request of the PSEAC, which wished to protest against the unilateral decision by Government to summarily scrap the incentives. (Background in yesterday's BUSINESS POST.)

"The Minister of Finance asked for a memorandum on the effects of currency fluctuations on exports and we presented this at the end of last month. We do not know when a reply will be forthcoming, but we are hopeful that the Government will react favourably. However, in the event they do not respond positively we shall continue fighting. We don't intend giving up," Mr Lewis said.

Mr Lewis, managing director of Cereal and General Exports (Pty) in Johannesburg, said the Government's explanation for removing the incentives in the first place was that the substantial devaluation of the rand against the dollar had given SA exporters adequate incentives.

"The basis of the Government's attitude is that the drop in the parity value of the rand against the dollar is the absolute alpha and omega which has helped our exporters to do wonderful things. They can't understand that we are still left with a problem."

"Our continuing problem arises from three issues:

- "The rand devaluation can reverse itself. You don't go into export markets on the short-term. We talk long-term, and the current situation of the rand-dollar exchange rate is not guaranteed in the long-term.
- "Secondly, we feel that because the inflation and interest rates in South Africa are higher than the rates ruling in the economies of our trading partners, our exports remain uncompetitive, despite the devaluation of the rand."
- "And finally, escalations in ocean freight rates and rail tariffs have also had a negative impact on the competitiveness of our exports."

Mr Lewis says the PSEAC did an economic study to underline this problem, and added case studies of the negative impact the scrapping of the incentives had on the fortunes of certain companies

"We concluded our memorandum with a request that the incentives be restored immediately and that thereafter a study be conducted on the whole question of export incentives — with the proviso that Government make a long-term commitment towards supporting exports."

The incentives to which Mr Lewis is referring relate to the former finances charges aid scheme, whereby the cost of financing exports was subsidised in order to equalise finance charges with those ruling in the money markets of trading partners; and a rail rebate scheme which had the same effect on rail tariffs.

Coal spurs trade with W Germany

(74) Star 10/8/82

By Frank Jeans

Coal has been the booster in trade with West Germany — a healthy each-way performance which has pushed values to new peaks.

Exports jumped by 20.5 percent during the January-May period this year. Sales amounted to R555.2 million compared with R460.7 million for the corresponding time last year.

FLUCTUATIONS

While the surge was largely the result of fluctuations in the exchange rate between the mark and the rand (17.5 percent) real growth was 3 percent.

The bulk of exports to Germany was in raw materials (R190.4 million compared with R143 million last year), with coal leading the sector — a trend which is certain to continue because coal from national open-cast mines is much cheaper than German coal.

Coal exports alone during the five months of 1982 advanced to R60 million from the 1981 figure of R22.4 million.

At the other side of the trade scale, German exports to this country moved ahead even further by 43.2 percent in rand terms or 21.9 percent if the difference in exchange rates is taken into account.

German export values were R1 231.5 million as against R859.7 million in the five-month period of 1981.

The latest figures disclose a national trade deficit for the five months of R676.3 mililon — a figure which German trade circles believe could be drastically changed.

The South African-German Chamber of Trade and Industry suggests that the deficit could be cut back if South African exporters adopted a "more long-term export strategy" instead of dropping exports when demand for their products improves locally.

(74)

8/82

Egg heads to discuss exports to Taiwan

By GEOFFREY ALLEN

THE Egg Control Board and members of the Egg Producers Co-operative are meeting in Pretoria this week to discuss developments in the market.

It is understood that one aspect they will discuss is the export of brown eggs to Taiwan as pulp and egg powder.

The meeting comes amid consumer controversy over the high price of eggs when the board has confirmed it is holding a surplus of more than 1 000 000 eggs against possible market fluctuations.

A spokesman for the Consumer Council said yesterday neither the export of eggs nor the surplus held by the board would affect current high prices.

He said it was producers, not the Egg Board, who set the price.

"The eggs being produced at present are small and there is little demand for them in South Africa, so the board is considering exporting them in various forms to Taiwan. But that would not push up the price to the local consumer," he said.

Because the board was bound to buy all eggs produced, it would be obliged to buy and hold the eggs which it now intended to export.

"It doesn't make sense to buy in vast quantities and just hold them," the Consumer Council spokesman said.

Mrs Yvonne Foreshaw, of the Housewives League in Johannesburg, said her organisation accepted that the board usually held up to 8 000 000 eggs — about 4% of total production — to hedge against violent market fluctuations.

"Our argument, however, is that there is such a surplus because eggs are either over-produced or over-priced," she said.

"We say that they should cut down the price and reduce the surplus."

883 (74) RDM 18/8/82

AECI warns on protection

Mail Correspondent

NEWCASTLE. — If the Government altered protection terms for the chemical industry or changed the system of import tariffs for these products, chemical companies would have to take a close look at expansion plans, said Mr Denys Marvin, managing director of AECI, yesterday.

He was opening a R30-million carbide furnace at Ballengeich. It was built by an AECI subsidiary, Holland Electro Chemical Industries. The 45 000 ton a year plant will bring HECI's carbide production capacity to 150 000 tons.

He said there were a flood of "distress-priced chemical products seeking a home from the United States, Europe and the Pacific Basin" and if the government's policies allowed them into SA at "very least the question of building high capital cost chemical plants in South Africa will receive more than usual scrutiny".

The suggestion that to allow imports of 10% by volume of any chemical indicated a "lack of understanding of the economics of chemical manufacture".

Mr Marvin said that frequently the last 10% of production provided the profits to reward shareholders and provide for investment.

He believed that it was in the long-term interests of South Africa to have a profitable chemical industry, but "uncertainty as to the Government's policy towards it must be removed".

The Government's failure to award the fertiliser industry the price increase recommended by one of its own departments was an example. The decision "will undoubtedly lessen the prospects of the necessary capacity being installed".

Mr Marvin said SA was short of ammonia which was imported at distressed prices — but what would happen when the imported price went up?

"Is it desirable to use foreign currency unnecessarily with the current adverse balance of payments situation?"

He was optimistic that the Government would, against this background, encourage an attitude to assure the chemical industry of its wisdom in investing in major capital projects.

Mr Marvin stressed that import control had been an important factor behind the rapid expansion of the chemical industry in the past 20 years. It had been necessary because the domestic market was small by world standards and did not benefit from economies of scale.

Unit costs were much higher than those for equivalent plants in America, Europe and the Pacific Basin

74 FM 20/8/82

EXPORT INCENTIVES

The Director General of the Department of Industries, Commerce and Tourism, Dr Tjaart Du Plessis, has reacted with "considerable concern" to an article in last week's *FM* dealing on possible withdrawal of some export incentives.

In a telex to the *FM* the DG says: "Without committing future decisions by the financial authorities, it can be stated emphatically that the withdrawal of the export benefits under categories A and B have never been discussed in the forum of the Standing Committee on Export Incentives (SCEI). The department fears that the contents of the article could estrange the relations between the public sector and the exporters' community, and it would accordingly be appreciated if a suitable correction could be published in the next edition of the *FM*."

● For the record, it should be noted that the *FM* report referred only to category B incentives and suggested that the matter would -- and not had -- come under scrutiny by the committee.

Import duties add millions of rands to price of maize

~~Maize~~ 74 S. Express 22/8/82

By CHARLENE BELTRAMO

CONSUMERS could save R150-million to R200-million a year — if the Government eased import duties to maize farmers on three major products.

A leading economist said this week that if the three major maize inputs — tractors, fertiliser and insecticides — were imported from abroad it could reduce the cost of production by about 33% and save at least 20% in the final price.

Maize accounts for 80% of the price of red meat and poultry. It is also the major cost in dairy products, eggs, cooking oil, most canned foods and spreads.

If the duties on the essential products for maize production were eased, it would slow down the inflation rate of food which at 25%, are among the highest in the world.

These calculations are based on the current maize price of R155 a ton, and local consumption of 6-million tons a year. The retail price is about R275 a ton.

Dr Kit le Clus, an economist for the National Maize Producers Organisation (Nampo), said fertiliser would be far cheaper if imported.

Tractors would cost between 25% and 40% less than the local product.

Mr Johan Willemse, senior economist of the SA Agricultural Union, said local agricultural products could not compete on world markets because input costs were so high.

"However, one cannot ignore the strategic benefits of protecting local industry. If boycotts against South Africa are introduced we need to be self-sufficient."

Nampo members suggested to the Government earlier this year that they be exempted from import duty on certain goods. This was turned down.

Nampo said if costs were reduced they could restrain maize price increases and improve the balance of payments by having competitively priced exports.

These arguments were supported in a report released this week by SA Farm Consultants for the Association of Chambers of Commerce (Assocom).

The Assocom report said: "There is no justification for the maize farmer (or any other sector of the community) to bear the cost of boosting local production of industrial products, whether this be for strategic or higher employment reasons."

South Africa stands to lose about R600-million this year through maize export losses. Local maize is the costliest in the world, with South Africa offering international buyers maize at R120 a ton — a loss of R35 a ton on the local price.

However, this does not take into account R45 a ton for costs of storage, handling and transport, and R17 a ton for shipping — making the landed price about R182.

The hub of world grain merchants is the Chicago Futures Market, where international sellers are offering maize at R109,20 a ton delivered up to September. The December price is R112,42 a ton delivered.

Adding to South Africa's problems, the US Commodity Credit Corporation is offering African nations credit at extremely favourable terms to buy its maize. This has created a situation where South Africa now has 4 500 000 tons of maize in silos — not including the 8 800 000 ton crop this year — and few buyers.

The Minister of Finance, Mr Owen Horwood, recently told a Durban conference that R1 554-million would be needed to finance maize stocks during 1981/82 — compared to R758-million during 1979/80.

Economists warn that the situation could worsen because of the recent increase in Land Bank interest rates from 10% to 20%.

And they say many problems lie in insufficient long-term planning by the Government in the total agriculture industry.

They claim:

- The Government has no definite agricultural policy.
- Few agricultural control boards have economists.
- The most recent agricultural census was in 1976. Although surveys are carried out regularly, an expert claimed the Department of Statistics did not have the manpower to evaluate statistics.

South Africa, therefore, cannot plan for agriculture — because no one is sure how many farmers there are, how much land they are farming, how efficient they are, and what is happening with their produce.

- The East London harbour, which handles maize shipments, can cope with only 5 300 000 tons a year, and the Richards Bay harbour will be ready to handle the bulk of export maize only later this decade.

The Assocom report projected an average maize crop of 16-million tons a year by 1995.

"Because of harbour restrictions a maximum of only 30 000 tons of maize per vessel can be loaded in South African ports compared with cargoes double this size for US exports.

"The value of maize exports — about 4-million tons a year — has risen from R370-million in 1977/78 to R540-million in 1979/80.

"If the whole crop could have been moved by the railways and handled at the ports, it would have amounted to more than R900-million for the 1980/81 crop. Unfortunately, neither Railways nor ports were able to handle this quantity of maize."

Some agriculturalists say maize farmers are reaping more than they claim. Local maize farmers claim a miserable yield of 2,5 tons a hectare, compared to an average of 16 tons a hectare in the United States in almost identical farming circumstance.

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£10-million in 1982-83. But world orders have begun to ease after a short-lived upturn.

The Brazilian order follows a £6-million deal for another British Shipbuilders yard — Ferguson-Ailsa at Troon in Scotland — to build a gas carrier for a New Zealand consortium.

The UK group has won the order of £40-million to build the replacement for Cunard's Atlantic Conveyor container ship, destroyed by an Exocet missile in the Falklands. — Financial Times.

Exports — the way to prosperity

(74) RDM 24/8/82

By HAROLD FRIDJHON

EXPORT promotion measures are necessary and the authorities will have to ensure that a favourable climate is maintained to give prospective exporters the maximum incentives, says the August Economic Spotlight issued by Volkskas.

Not only should export promotion measures be clear and easy to apply but exporters should be able to count on these incentives in planning their strategy in the longer term. Consistency and stability are necessary in any export-incentive programme.

Highest priority should be given to export assistance and Volkskas urges the authorities to reconsider as soon as possible their recent decision to abolish certain export incentives.

The poor showing of the current account of the balance of payments has triggered off the this view about export stimulation.

Although the annualised deficit at the end of the first quarter of this year — R6 700-million — was high in monetary terms, when measured as a percentage of gross domestic product, the 9% increase this year compares with 11% in the first quarter of 1971.

This does not minimise the gravity of the situation. South Africa has been in a similarly grave position before when remedial action helped to rectify the position.

Present policies should bring about an adjustment earlier than in the previous two critical periods. Interest rates have been allowed to rise to more market-related levels and adjustments in the exchange rate have been made earlier than previously.

An analysis of foreign trade statistics show there are indications that things are moving in the right direction. In the second quarter there was a sharp decline in the rate of increase in the value of imports. Export value rose marginally in the second quarter, indicating that they have not yet become a significant factor in the promotion of economic growth.

"On the contrary, the modest improvement can probably be attributed to the decline in the external value of the rand."

In the first quarter of 1982, South Africa exported merchandise worth 47,6c for every rand's worth of goods imported. Last year export earnings were 51,3% of merchandise imports — the lowest since 1970.

The reason for this was the sharp rise in the value of imports which increased by 603% in 1970-1981. Volume rose by 32%. In the past three years value of imports rose by 127% with volume 34% higher.

In 1970-1981 the value of exports rose by 547% and volume by 73%, showing that export performance has not been as bad as seems generally thought.

In terms of prices, imports rose more rapidly than exports largely the result of high prices for oil and the reduced value of the rand. But the volume of exports increased at a rate double that of imports.

In the past three years when imports increased sharply both in volume and value, exports rose by 25% in money terms with volume down by 6%.

Recessionary conditions abroad were responsible for the poor export performance of the past three years.

An increase in exports is vital to restore a balance in the current account of the balance of payments and to arrest the declining growth rate, says Volkskas.

The authorities and the private sector should do all that they can to increase exports, the private sector by taking advantage of the weaker rand and surplus capacity, and the authorities by giving exporters maximum incentives.

Gold m
hold ri
in cost

By JOHN MULCAHY

APART from a few exceptions, gold mines controlled costs in the June quarter, with the average unit costs virtually static at R45,77 a ton milled compared with R45,49 in the March quarter.

A Chamber of Mines quarterly analysis of working results shows that the average grade for the 33 member gold mines rose to 7,02 g/t from 6,90 g/t the previous quarter.

Among the highest increases were those at Free State Geduld — to R68,00 a ton milled from R62,73 and Doornfontein where costs climbed to R54,63 a ton from R51,02.

According to the Minerals Bureau the recovery grade was raised for the first time

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e figures for the previous year:

	1982	1981
	R000	R000
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SA cleared in steel probe

74 20H 26/8/82

WASHINGTON. — The Commerce Department yesterday announced findings that six European countries had been subsidizing steel exports to the United States.

The countries are Belgium, West Germany, France, Italy, Luxembourg and The United Kingdom.

The department ruled that the Netherlands and South Africa, which had also been included in subsidy complaints by US steel manufacturers, had not in fact subsidised these products.

Similar allegations against another country, Brazil, were suspended because Brazil had agreed to impose an import tax completely offsetting a subsidy of steel plate exports to the United States.

Yesterday's ruling modifies preliminary subsidy findings that had been announced on June 10.

The next step in the complex case is for the US International Trade Commission to make a final ruling on whether the US steel industry has been injured by the subsidies.

The Commerce Department said the subsidies it found ranged up to 26% — somewhat lower than its preliminary findings indicated. These had ranged up to 40%.

Importers of these products had already been required to post cash or bonds with each import to cover punitive duties which may be imposed. These deposits will now be reduced. — UPI.

74

SA clean in steel exports probe by US

Star 26/8/82

By John D'Oliveira

WASHINGTON — In a development of major importance to the South African steel industry, the United States Department of Commerce yesterday announced that the Pretoria Government was not subsidising steel exports to the United States.

The announcement follows an eight-month Department of Commerce investigation tiggered by complaints from the United States steel industry that South Africa, the Netherlands, Germany, France, Italy, Belgium, the United Kingdom and Brazil were subsidising the export of certain steel products to the United States.

DEPOSITS

The Department of Commerce announced in June a preliminary finding, setting out its assessment of these subsidies and calling on importers to lodge cash or bond deposits with the department to cover any countervailing duties which might be imposed following a "final determination" on August 24.

The department announced yesterday that certain steel manufacturers in Belgium, Luxembourg, France, Italy and the United Kingdom were exporting subsidised steel products to the United States — although it conceded that Germany and Luxembourg were minor exporters and that neither country offered subsidies of more than two percent.

Countervailing duty orders will be announced in October.

The department found that the Netherlands and South Africa were not exporting subsidised steel products to the United States.

And it said that the investigation into Brazilian exports had been stopped when Brazil agreed to levy an export tax completely off-setting the subsidy on exports to the United States.

ISCOR

In June the department found that exports of structural steel bars, hot-rolled carbon steel bars, hot-rolled alloy steel bars, cold-formed carbon steel bars, hotorolled sheet, cold-rolled sheet and galvanised sheet from Iscor were subsidised by between 12,5 and 16,3 percent.

It found that structural steel and plate from the Highveld Steel and Vanadium Corporation were subsidised by between 9,6 and 9,9 percent.

These alleged subsidies affected 284 000 tons (valued at R120 million) of the 371 000 tons (valued at R151 million) of the steel mill products South Africa exported to the United States.

MINISTER

Following this finding representatives of the South African Government — including the Minister of Industries Dr Dawie de Villiers — and the steel manufacturers visited the United States to confer with the department's senior officials.

Senior Department of Commerce officials in turn visited South Africa to examine the corporations' books and South African Government records for the financial year July 1, 1980 to June 30, 1981.

TAX REBATE

As a result of this investigation, the department concluded that South Africa had not exported hot-rolled alloy steel bars or cold-formed carbon steel bars to the United States.

It also found that certain South African Government programmes which subsidised the country's steel industry — preferential railway rates, a specfiic tax rebate and a central government rebate on railway charges for export — had been terminated on April 1, 1982.

As a result, these programmes were ignored for the purposes of calculating the "subsidy" on the exports of the steel products in question.

However, the department's investigators found that Highveld Steel benefited (to the tune of 0,16 percent ad volorem) from the South African Government's export incentive programme while Iscor benefited (to the extent of 0,35 percent ad volorem) from the Government's 1978 decision to assume R70 million of Iscor's finance charges.

INSIGNIFICANT

Both these subsidies were insignificant in terms of United States legislation and, in effect, the finding is that there is no current subsidy on the export from South Africa to the United States of the steel products involved in the investigation.

But, the department said, a significant subsidy existed for products manufactured before April 1 1982 and duties might still be assessed on any of these products arriving in the United States.

INCOME TAX

In addition, it was possible that tax concessions by the South African Government to the two steel-makers might constitute a subsidy which could lead to the imposition of countervailing duties later in this year.

At a Press conference yesterday a spokesman for the Department of Commerce said that a determination could not be made until the income tax returns for the year had been submitted.

However, in the meanwhile, no deposits would be required in anticipation of any such determination.

Imports force GEC to sack workers

74

Star 27/8/82

The flood of imported electric motors has forced GEC Machines of Benoni to put most of its hourly-paid workers on a four-day week.

The situation is so bad that 33 members of the salaried staff are to be retrenched at the end of next month and overtime has been discontinued indefinitely.

Mr Mike Sullivan, director and general manager, said in a statement yesterday that most of the administrative and supervisory staff affected by the retrenchment would be given offers to go elsewhere in the GEC group.

The company, a member of the GECSA group, employs 1 350 at the Benoni factory.

Mr Sullivan said his company was not the only manufacturer of electric motors forced into cutbacks.

"While part of the cause can be blamed on the economic downturn, by far the biggest reason is the wholesale importation of electric motors."

He said workers had been told that factory loading had been reduced to such a level that the company, the biggest manufacturer of electric motors in South Africa, could not maintain the existing workforce on a five-day week.

"While management has made application to the Board of Trade to restrict the rate of imports, the exercise has taken longer than was hoped," said Mr Sullivan.

The company could not wait any longer, but should the Board of Trade give favourable consideration to its application, it may return to its former working hours.

C

UNIVERSITY OF CAPE TOWN

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R400m turnaround from June deficit

Surprise SA trade surplus

74

28/8/82 RDM

External

(3)

By HOWARD PREECE

A REMARKABLE surge in exports and a fall in imports carried South Africa to a trade surplus of R299-million in July, according to preliminary figures from Customs and Excise.

This meant a turnaround of nearly R400-million from June when there was a deficit of R100-million.

According to Customs, exports were exceptionally buoyant last month at R1 890-million.

That compares with R1 550-million in June and R1 520-million in May.

Imports, however, are said to have dipped to R1 592-million in July from R1 650-million in June and R1 720-million in May.

I treat figures from Customs with considerable reservation because they can often be misleading, at least in the short term.

However, I was assured last night that there were no statistical traps in the July data — and in that case they must be regarded as extremely cheering news as far as the balance of payments position is concerned.

It does seem though that exports were boosted by some special factors — such as the inclusion of large sales of ore and diamonds.

The July figures should not necessarily, therefore, be taken as a reliable guide to the larger underlying trend in SA's trade position.

Customs now includes sales of gold bullion and Krugerrands and imports of oil and military equipment in its monthly statistics.

It is not really surprising that imports are showing a downward trend.

Indeed, Dr Gerhard de Kock, the Governor of the Reserve Bank, said this week that in the second quarter of this year they were running 11,5% down on volume compared with the same period in 1981.

The fact that they have shown a drop in money terms over the last two months' figures reinforces this.

Given the severe downward pressures that are now becoming more readily apparent in the economy and given the slump in the foreign-exchange value of the rand and 10% import surcharge it was inevitable that imports would be considerably curbed.

It is worth recalling that in the last South African recession — roughly from 1975 to the beginning of 1978 — imports fell to R6 881-million in 1977 from R7 443-million in 1976.

Even so, the balance of payments remains a matter of major concern.

Dr De Kock estimated in his annual report to the Reserve Bank this week that the current account could be in deficit by about R5 000-million in 1982.

Obviously that figure would be reduced if gold were to stay around $400 over the rest of the year against the current running average of $347.

South Africa's exports for the first half of this year totalled R10 498-million and imports were R11 300-million, according to Customs.

In the first six months of 1981 exports were R10 292-million and imports R10 253-million.

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Paper No .....2.....

(to be copied from the heading on the Examination Paper)

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AUGUST 29, 1982

S. Tribune 29/8/82

74

TRADE FIGURES SHOW REPUBLIC IS GAINING HANDSOMELY

SA scores off Zimbabwe

Finance Correspondent

HARARE: South Africa is gaining handsomely in its trade relations with Zimbabwe, official figures showed this week.

Exports to Zimbabwe have zoomed while imports have declined, mainly because of the lopsided exchange rate.

In the first four months of this year South African exports climbed by 25 percent while imports dropped by 22 percent.

Sadly for Zimbabwe, its overall trade with the rest of the world has also deteriorated, though not to the same extent.

For the four months to the end of April South Africa exported goods worth R136 million which was 26 percent of the total. However, if oil is not counted the proportion rises to 30 percent — a more realistic figure.

Last year the proportion, on the same basis, was 34 percent.

Zimbabwe exported R78 million to South Africa in the same period, 19 percent of overall exports as against 25 percent in the same period last year.

The overall balance of trade shows a deficit of R138 million compared with a deficit of only R20 million for the period to April last year.

The country's real trouble lies in increasing imports. These have risen by 18 percent while exports have gone up by less than one percent. And the terms of trade have worsened by 16 percent in the last year.

Some manufacturers are holding on for details of the R8-million export incentive scheme to be announced. But hopes are not as high as they were because so little money has been set aside.

The mining industry continues to stagnate. The volume of production has dropped by six percent over last year while the value has fallen by a similar amount.

It is easy to blame the disparity in exchange rates for the diminishing exports to South Africa. But that is not the whole story, as a look at earnings of different sectors shows.

Overall, the 1,03 million people employed in 1981 earned an average of R3 400 during the year. This was an increase of 28 percent.

As at March this year the average wage of non agricultural workers was R1 200 for the three months. This was a 22 percent increase over last year.

Agricultural workers have to be excluded because information about them is only available at the end of each year. However, their average wage in 1981 rose by 63 percent.

The greatest increase in employment has come in public administration, not a sector counted as being particularly productive. Agriculture has undoubtedly become more productive — in 1981 the amount of crops produced rose although employment dropped.

Manufacturing, formerly the biggest growth sector, has begun to feel the bite of economic difficulties. Earnings have dropped in the first quarter of this year, the first time in three years.

TRANSPORT

Naamsa joins fight against new clutch tariffs

74

Industrial Week 31/8/82

Staff Reporter

THE National Association of Automobile Manufacturers of SA (Naamsa) is backing the National Motor Parts and Equipment Association (NMPEA) against a 25 % tariff protection on locally produced truck clutch assemblies.

The application was made by Automotive Component Manufacturers (ACM) which says it is not seeking special protection but wants Government to bring truck clutches into line with similar protection given to manufacturers of passenger car clutches.

Naamsa is concerned about the inflationary implications of increasing the duty on various types of motor vehicle components.

"In the final analysis, the application of tariff protection measures reduces the need or incentive to maximise efficiency in order to remain competitive.

"It is Naamsa's considered view that protective duties should only be imposed once a fully locally produced component of an approved standard, can be supplied by a manufacturer in sufficient production quantities, and at a price, which is competitive," said Nico Vermeulen, director of Naamsa.

Oscar Taub, national chairman of the NMPEA said: "The effect of tariff protection is to remove competition from imported products that are too competitive in price for the local company intending to produce them.

"If you study the effects of such tariff protection, the results are nothing short of frightening.

"We accept that local industry needs encouragement, but they should be exposed to sufficient competition to make them operate efficiently."

Naamsa's hint that too many tariff applications are surfacing these days represents a poser for the authorities.

Government wants to encourage local manufacture of components without jeopardising some form of healthy competition.

This has produced a recent about-face on protection for gearboxes, and lukewarm measures for protection on drive axles from the beginning of October.

In the case of the application by the ACM there is a 3 % tariff on clutch thrust bearings, which would be raised to 25 % if the application was accepted.

Although the company says it will be in production by October, industry sources say that clutch bearings will not be available until 1984.

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.

Mercury 31/8/82

S A may lose another order

Mercury Reporter (74)

TRANSKEI was looking to the international market again, and a minister warned last night that South African companies were in danger of losing another multi-million-rand order.

South African concerns would have to wake up if they wanted to deal with Transkei, the country's Minister of Agriculture, Mr E Z Booi, declared.

His Government had already placed an R80 million order in Austria for tractors and was now considering a 'huge order' for solar heating units from Switzerland.

The country was looking overseas to get the best deal, Mr Booi said.

Approaches to local suppliers for solar heating equipment had been 'ignored or laughed off'.

Hot water was a commodity the Government intended to provide for hostels and other housing complexes throughout Transkei where electricity was not available.

Although several leading suppliers had been approached nothing had developed, he said.

'Another reason we wanted foreign tractors, apart from the South African industry being so inefficient, is because they were a lot cheaper.'

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Examiners' Initials		

Date 1.11.78

Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.) B.Com.

Subject Economics II
(to be copied from the heading on the Examination Paper)

Paper No Paper 2.
(to be copied from the heading on the Examination Paper)

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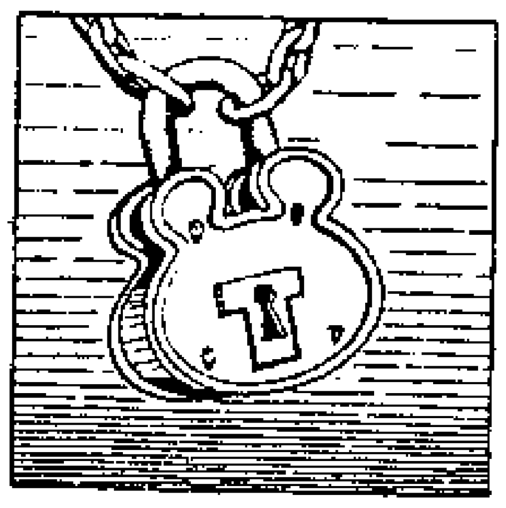
PROTECTIONISM 74 FM 3/9/82

Time to count hidden costs



"World trade based on the operations of free markets and on the personal enterprise of free men fosters the cause of international understanding, while trade straitjacketed by government controls and subject to authoritarian dictation from the top becomes a servant of nationalism and an abundant source of ill will, friction, and conflict" — Michael Heilperin, *The Trade of Nations.*

If consumers should ever doubt the high price they pay to protect some industries, let them arrive at Jan Smuts customs hall with a R172 miniature television set. Under present rulings it will attract an additional R537 in import duty and gst.

Of course, protectionism comes not only in the form of such direct taxation. It appears in a variety of guises, from subsidies to anti-dumping pleas, from government procurements to local content programmes. But such measures are no less of a straitjacket to the economy. The point is that they all carry a cost.

In the past six years the Board of Trade and Industries (BTI) has received 866 applications for protection alone. They seek justification mainly by claiming the importance of self-sufficiency in a "strategic" industry. A close second is the claim that more jobs can quickly be created.

In the long run, however, fewer jobs see the light of day, as labour and capital resources are misallocated and under-utilised as a result of protection.

More complex is the question of strategic requirements. In some cases protection may be difficult to avoid, but always at a high economic cost.

Two recent investigations into the maize industry — by the National Maize Producers' Organisation (Nampo) and SA Farm Consultants on behalf of Assocom — suggest that the time has come to weigh up seriously the cost of protectionism.

Nampo Development Foundation head Kit le Clus says protectionism adds about 10% to the total cost of production of maize. At a rough guess he puts the cost of protectionism to the economy as a whole at a conservative R1 billion at 1981 prices.

More than 60% of the costs of producing maize are accounted for by commodities wholly or partly subject to price control. Yet maize is by no means the only industry permeated by protection in this way. And for sure, it is difficult to see the reasons for protecting cricket ball cores, bicycle chains, knitted socks and "small articles for inclusion in Christmas stockings and Christmas crackers." Yet protection for all these items was requested from the board last year.

BTI director Gerrit Breyl comments: "The board does get applications without merit, and summarily rejects some cases But we believe anyone has the right to apply. On average the board rejects 41% of applications for tariff protection."

Le Clus is researching the cost of protection to local maize farmers. He says they could have saved R121,9m on their R414m fertiliser bill last year by using imported fertilisers.

His comparison of local fertiliser prices with landed ex harbour world prices (wp) is: ammonium sulphate, R161/t (wp R117/t), urea R342/t (wp R197/t) and diammonium phosphate R330/t (wp R238/t).

Jute bags are another item used extensively by maize farmers. They are manufactured in the Transkei from jute imported from Bangladesh. They sell at 74c/bag but could be imported ready-made from Bangladesh at 51c/bag.

Farmers spend R63m a year on weedicides, says le Clus. Technical atrasine, manufactured by Sentrachem, costs R4,72/kg. It is freely available on the world market for R3,50/kg.

Farmers spent R450m on tractors last year. The Atlantis Diesel Engine (ADE) project, which will make SA self-sufficient in diesel engines, increased costs in the popular 52 kW-60 kW range by 23% to 40% from August 1981 to May 1982.

Farmers' input . . . prices pushed up by protection

Le Clus says maize farmers spent some R162m on tractors last year and R320m on farm machinery. While not all were affected by the ADE project, it added R14,2m on to the cost of the 1981-1982 maize crop.

The National Association of Automobile Manufacturers of SA (Naamsa) is currently researching the cost of local content to SA manufacturers. This ensures that 66% of total mass is supplied from local sources and has forced over 20 manufacturers to invest millions in capital equipment to meet this demand.

In the plastics industry the AECI price for good quality low density polythene is about R1 550 (wp R1 000/t). PVC costs R1 600, (wp R700/t). It is true that some protected industries can get PVC for as little as R700/t, but these are exceptional cases.

AECI Plastics manager Michael Sander says plastics world prices are abnormally low at present. This is due to the worldwide recession. Capacity installed is more than double the demand and ethylene is available free to other countries. Saudi Arabia burns off its ethylene as waste because it does not yet have facilities for converting it.

Xactics chairman Hymie Meyerson says SA uses about 10 500 t of PVC annually to manufacture plastic bottles. This costs R14m and could be slashed by 35% if imported materials were used. The 12c selling price of a 750 ml bottle could be cut to 9½c.

Free Market Foundation director Leon Louw says: "The BTI never asks for estimates of the economic impacts of its tariffs. That should disturb anyone." The BTI's guide to the protection policy states that it is policy to examine "the effect of the duty on users of the product and on the end consumer." Candidates for protection must have "a potential for or record of viability and growth." The industry requesting protection must be able to supply the bulk — about 60% — of SA's demand for the goods in question.

All applications are thoroughly screened. Details are normally published in the *Government Gazette.* Anyone interested is free to comment on them. Organised commerce and industry, such as the Federated Chamber of Industries, Assocom and Seifsa, frequently make recommendations and these comments are referred back to the applicant.

If the board decides to support the recommendation, the Minister of Finance is asked to change the Excise Act accordingly.

Protectionism has become so entrenched in SA that the structure could be difficult to modify, let alone dismantle. It is hardly

Star 8/9/82

Portugal seeks more SA trade

(74)

By Joao Santa Rita

A Portuguese trade delegation ended a four-day visit to South Africa yesterday after talks with officials of the South African Foreign Organisation (Safto).

The vice-president of the Portuguese Institute of External Commerce, Mr Rene Cordeiro, said Portugal was hoping to increase trade with South Africa.

"After a long study, our organisation has decided that the Southern African markets are priorities in our external trade strategy," he said.

In the first three months of 1982, Portuguese exports to South Africa declined.

"This was due to lack of aggressiveness by our exporters, and also because of the recession in South Africa, said Mr Cordeir.

The South African market has a particular attraction to Portuguese exporters because of the large number of Portuguese living in the country.

The Portuguese Institute of External Commerce would open a delegation in Johannesburg within three months, Mr Cordeiro said. The institute's representative will arrive in two weeks.

DAY SEPTEMBER 8 1982

Armscor drive to sell arms abroad

ARGUS 8/9/82

74

PRETORIA. — South Africa has put together a top team to sell sophisticated weapons to the world, a spokesman for Armscor said in Pretoria today.

Armscor's team of salesmen are aiming to increase dramatically South Africa's share of the annual R400 000-m arms market.

The team will sell missiles, armoured cars and troop-carrying vehicles, warships and telecommunications equipment.

TARGETS

And if the buyer wants particular products, Armscor has the expertise available to develop and manufacture items to his specifications.

The sales targets are those countries which have similar conditions to South Africa -- South America, the Middle East, the Far East and other African states.

Armscor has adopted a policy of not selling to Communist or anti-South African countries.

INTERESTED

Several countries are interested in acquiring South African weapons -- battle tested in Angola and SWA/Namibia. Recently, Peking expressed interest in the G5, a 155mm field gun said to be the best in its category in the world.

Factories which have been geared to arms production can also manufacture almost every conceivable item a soldier would need in the field.

South Africa's arms exports are currently worth only R10 -m a year. — Sapa.

Tyre imports soar

12/9/82 (74) (196)

5-Times

GOODYEAR South Africa, one of the country's largest tyre manufacturers, has expressed concern at the rapid increase in new-tyre imports.

By Don Robertson

These imports rose by a substantial 57% in monetary terms in the first three months of this year to a record R10-million.

Sales director ~~Jack Stapleton says~~ that in one particular tyre category — those ranging between 20kg and 1 200kg, which are mainly truck tyres and small earthmover tyres — imported tyres now represent more than 20% of all the new tyres sold in the replacement market.

"Tyre companies whose products have a 75% to 80% local content support various South African component plants for items such as carbon black, synthetic rubber and nylon cord, and these people are losing more than a 20% share of this business.

"Obviously this will affect the labour market.

"With such a high percentage of the market lost, especially during a recession such as we are now experiencing, some companies might have to cut back on production, and this could mean a reduction in the number of jobs available," he said.

Quoting statistics, Mr Stapleton said that the total mass of imported tyres rose from 2,485-million kg in the first three months of 1981 to 3,123-million kg during the first quarter of this year.

An average passenger car tyre has a mass of about 10kg, and an average truck tyre a mass of about 50kg.

"Speaking in rands and cents, this means that new tyres with an overseas export value of R10,392-million were imported from January to March this year, against a value of R6,620-million for the same period in 1981.

"Compared with 1980, the increase was 264,3%, or R7,540-million," said Mr Stapleton.

He added that it was extremely difficult for South African manufacturers to compete with overseas producers, largely because the price of local raw materials was considerably higher than current world market prices.

These raw materials include synthetic rubber, fabrics and carbon black.

At present, the cost of the locally produced synthetic

● To Page 3

Tyre-import concern

12/9/82 (74) (196)

5-Times

● From Page 1

rubber — styrene butadiene rubber — is about 50% higher than the cost of imported natural rubber.

"Obviously this puts us at a severe disadvantage, and overseas manufacturers, especially in the Far East, can make tyres far more cheaply than we can.

"When one considers the high local content of South African-made tyres, and the fact that the tyre industry provides employment for thousands of workers, we should enjoy a greater degree of protection through import regulations as long as we have to pay premium prices for local raw materials," he said.

It is expected that the tyre-manufacturing industry will soon make representations to the Government for some form of protection against imported tyres.

"We have little cause to object to the import of tyres in reasonable quantities, but the increase which has taken place in recent times is well beyond the realms of reasonableness, more particularly so when the jobs of fellow South Africans are in jeopardy," Mr Stapleton added.

SECTION D. MONETARY

PE transport firm geared for exports

(74) E-Port 13/9/82

By LOUIS BECKERLING
Business Editor

Background to the news

A RESTRUCTURED Port Elizabeth transport company is making substantial inroads in the highly competitive freighting world, and believes it holds the key to expanded use of the Port Elizabeth harbour.

The company is Co-ordinated Transport (formerly known as Alec Roberts Pty Ltd), and managing director Fred Roberts says he is geared to diverting export traffic bound from the Reef to Durban harbour, to the Eastern Cape.

Co-ordinated Transport, he says, has devised a super-efficient ramp system to load its containers, and with the help of a jack and tailor-made trestles can now load three vehicles into a container instead of two. As freight rates are generally based on container loads, this can lead to a 33% saving in shipping costs, he points out.

Furthermore, the company operates a truck train to the Reef to deliver locally manufactured vehicles to the Transvaal market, and this train currently returns to Port Elizabeth with considerable space available to exporters who wish to make use of the local harbour.

Added to these plus factors, he says, is the fact that his company now operates around the clock at their loading and despatch yard in Port Elizabeth, thus exploiting the after-hours discount rates offered by SA Transport Services; and with Port Elizabeth's harbour currently under-used, exporters are assured of prompt attention.

The ramp system devised by the company "not only reduces the turnaround time of containers, with resultant cost savings, but it enables us to load up to 150 vehicles a day to meet shipping schedules," says Mr Roberts.

Co-ordinated Transport is responsible for shipping Ford Motor Company's export order of pickups for the British market.

Explaining the new method of packing containers Mr Roberts, who has been in the transport business since 1964, said securing vehicles in a container was much more complicated than he had initially imagined.

"We started off by experimenting with one vehicle, a container, and various methods of securing the vehicle in the container.

"The vehicles are subjected to very high dynamic forces caused by the movement of the trailers and even by the movement of the ships. Traditionally, steel wire is used to secure vehicles, but because of the danger of scratching the paintwork we elected not to use wire in the restricted space in the front or rear of the container."

Co-ordinated Transport eventually succeeded in securing the vehicles to Ford's satisfaction by using SABS-approved safety belt webbing to tie the front end down, but stuck to steel wire at the rear, or open-end.

Of more importance to potential clients, however, is that during their experimentation the company discovered that three vehicles could safely be secured in a single container if the rear ends of each were jacked up more than a metre off the floor and raised on trestles, thus allowing the nose of the next vehicle to be driven deeper into the container.

The company is currently "canning" some 200 vehicles a week for the export market and has also developed a special computerised documentation despatch advice system.

"These factors, together with our facilities and expertise, combine to favour Port Elizabeth as the ideal export harbour for motor vehicles," says Mr Roberts.

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TRANSPORT

Deferment doubt over axle duty

Industrial Week 14/9/82

Staff Reporter

WITH the deadline for the introduction of local content into truck axles only days away, manufacturers have yet to receive confirmation that there has been a deferment from October 1 to December 1.

Apart from SA Axles, which is believed to have been notified, the axle manufacturers are completely in the dark as to the Government's intentions.

Truck assemblers decided some weeks ago to adopt a wait and see attitude, as reported in Industrial Week, and the latest rumoured deferment has done nothing to change this.

But if the word passing around industry is true, not only has the date of introduction been changed.

The level of duty imposed on imported axles fitted to trucks having engines bigger than 9 litres swept volume has been jacked up from R1/kg to R1,65/kg.

It was originally intended to introduce the R1,65/kg duty on January 1, 1984, when it would have applied to all truck axles in excess of 13 000 kg GVM.

This proposal has now been shelved until a full-scale local content investigation into all vehicles, including light commercials, has been conducted by the Board of Trade.

The new duty level will represent an additional R650 and R850 on the price of existing heavy axles, after December 1.

Effectively the duty package imposes an immediate 100 % local content programme on axles. But, says industry, bearing and other components using special steels, not produced locally, account for at least 20 % by mass. These will still have to be imported.

Protea Axles, the only manufacturer having attained 40 % genuine local content, probably represents the view of others when it says the Government plan, as outlined, cannot work.

A heavy axle local content programme will take between 18 months and two years to get organised, says Protea.

"We haven't yet been told what the definition of an axle is," said Ray Couldridge, MD of Protea.

A 100 % local content is nothing but a pipe-dream," he added.

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Finance

Japan cuts Iscor imports by 20 percent

74

ARGUS 14/9/82

TOKYO. — Iscor has accepted a 20 percent cut in its iron ore shipments to Japan for the October-March period of the current fiscal year, Japanese steel mills have announced.

The South African company is the first iron ore supplier to accept a Japanese proposal for a cut based on reduced demand for raw materials due to slumping steel production.

The steelmakers, announcing the Iscor decision, expressed their "highest appreciation for its cooperative attitude."

The mills will now use this development to win cooperation from other major suppliers.

2,2-MILLION

Iscor has agreed with the Japanese steel mills to reduce from 2,75-million tons to 2,2-million the amount of ore it will sell them in the six-month period.

Against a contract calling for delivery of 7-million tons annually, the Japanese will be taking 5,5-million tons overall.

Meanwhile, in a bid to bring down the high freight costs on Iscor ore, the two sides were said to have decided on an experiment for the two vessels involved, the 167 000-ton Sishen and the 155 000 ton Vanguard, to sail as slowly as economically possible.

A new shipping rate will then be discussed next January based on data collected. — Reuter

Internal	External
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Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.) ....B. Com

Subject........ECONOMICS II........
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Paper No........I........
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Improved trade links for Malawi

14/1/83
Industrial Week

THE increase in cargo being routed to Malawi has enabled Africa Cross to introduce a consolidation service and offer reduced rates.

In addition, the frequency of the service to Malawi has been improved and a shipment now leaves Johannesburg every seven to ten days bound for Blantyre.

Africa Cross is a joint venture between Rennies and AMI and offers a comprehensive road, rail, sea and air transport service to various African countries.

It boasts 36 offices throughout Central Africa, catering for the R2 000-million worth of export trade going to these countries.

In recent months trade with Malawi has been increasing as exporters redouble their efforts to keep up volumes to compensate for the decline in other overseas trade.

Africa Cross has shared in the handling of these increased volumes and has been able to streamline its operation and offer an improved service.

SHIPPING

Shipping Edi
Bill Goddar

R10-m facelift for the cooling sheds

CAPE TOWN harbour's pre-cooling sheds — a giant complex through which the bulk of export shipments of fruit move before being loaded into ships — are nearing the end of a R10-million facelift and are expected to be ready for use again early next month.

The 32 chambers of the plant, which covers quay space alongside three berths in the Duncan Dock and is claimed to be the largest single-roof building of its kind in the world, have been demolished and replaced by 20 which provide 32 000 cubic metres of pre-cooling space.

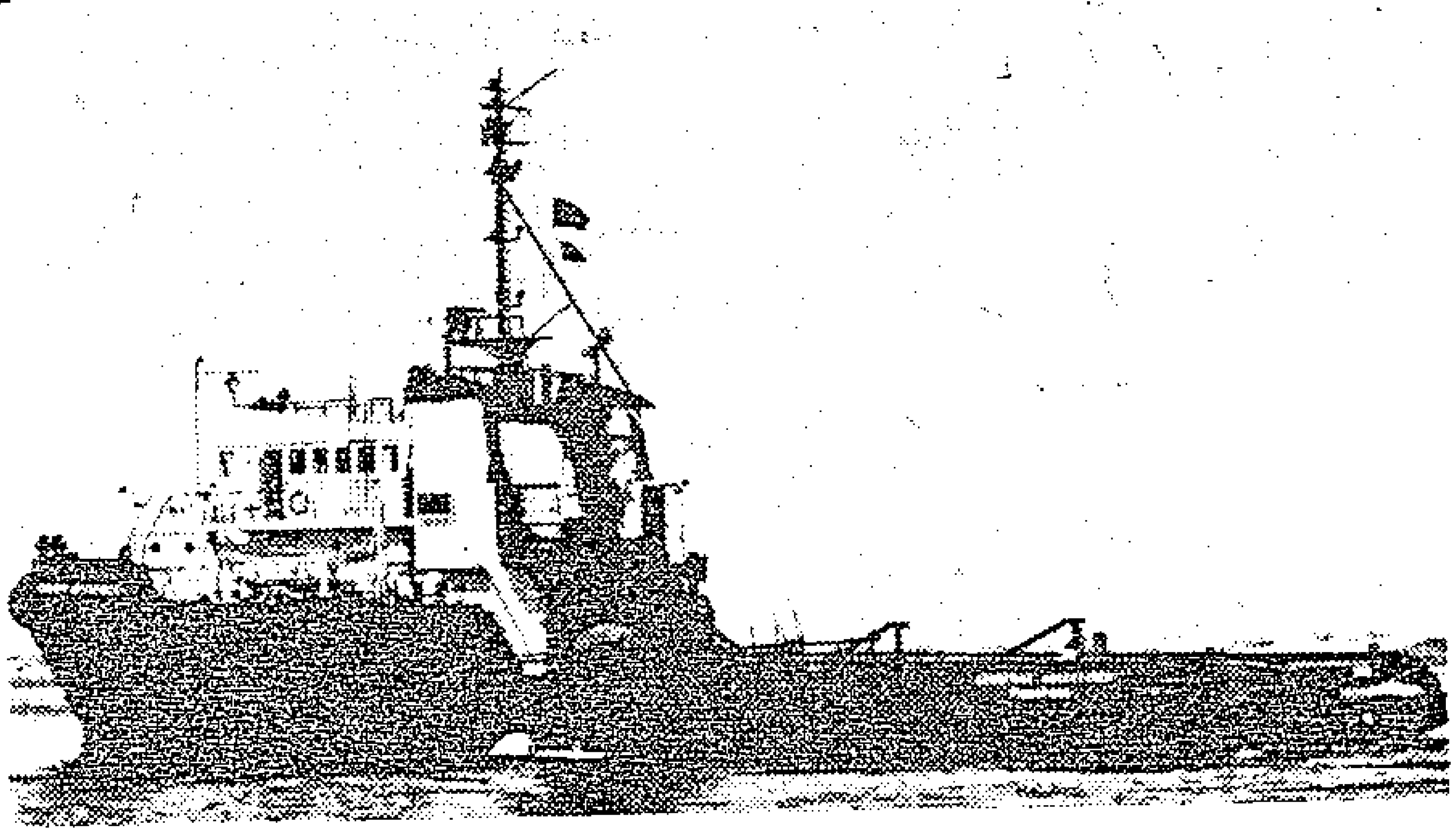
Modifications have also included replacing the old fan-operated pressure cooling system with a more modern and efficient forced-air cooling installation.

SAVING

Harbour records show that pre-cooling facilities were first provided at C Berth in 1937.

The complex was expanded until it eventually served ships at A, B, C, D and E berths, but was extensively damaged by fire in 1958.

Officials of the Deciduous Fruit Board, which controls the pre-cooling complex, said the rationalisation of the plant would in the long run save the country's fruit exporters millions of rands.



LAND and Marine salvage tug Causeway Adventurer has been whiling away its time in Cape Town harbour since playing a major role in the Antonios G-Toril Knudsen operation in False Bay last month. The 290 588-ton Liberian tanker Antonios G transhipped its carrgo to the Toril Knudsen after having a gaping hole smashed in its bow while coming down the east coast. The 20 m by 6 m hole is believed to have been caused by a freak wave. Owners of the tug say things are rather quiet at the moment.

Big drop in orange trade for city harbour

ARGUS 15/9/82 74

LESS than 10 percent of South Africa's annual export orange shipments, which earn the country more than R300-million in foreign exchange, will be shipped through Cape Town harbour from the end of the current season.

This was announced today by the assistant general manager of the Citrus Exchange, Mr Arend Venter, who said that export tonnages for shipment through Cape Town were to be drastically reduced because of the cost of getting the fruit to the coast.

"The bulk of export-grade fruit is grown in the Transvaal and the high railage costs have forced us to concentrate our shipping operations through Durban and Maputo," he said.

Mr Venter said that from next year the only export shipments to be moved through Cape Town would be fruit grown in the Citrusdal area.

"You can bank on about 2,5-million cartons of fruit being moved through Cape Town as from next season," he said.

According to official figures, the Citrus Exchange has been cutting down on Cape Town shipments for the past few years.

STATISTICS

Port statistics show that just over 11-million cartons of citrus were shipped through the harbour in 1975, 7,4-million in 1980 and just on 2,5-million this year.

Mr Venter said Eastern Cape fruit would continue to be shipped through Port Elizabeth and East London.

Citrus Exchange figures show that South Africa's total exports for the current season will be about 28-million cartons.

This quantity of fruit nets R300-million on overseas markets, but is worth only about R180-million to South African farmers. Transport costs account for the remaining R120-million.

The last of the current export shipments are expected to be loaded aboard ships in Cape Town harbour in three to four weeks' time.

Maiden voyage

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Reuter.

CAPE TIMES 16/9/82

Dried fruit export drive

THE present rand-dollar exchange rate could play a positive role in making South Africa's dried fruit exports even more competitive in overseas markets, the general manager of the South African Dried Fruit Co-operative, Mr Steve Rautenbach, said this week.

He said that in order to gain maximum advantage of the rate, two senior executives of the Wellington-based group were exploring market possibilities in the United States, Japan, Taiwan, Hong Kong, Australia and New Zealand.

A new product which will be marketed in the United States is a dehydrated peeled peach of the yellow clingstone variety normally used in canning.

Mr Rautenbach, who described it as "an exceptionally good market product," said the initial reaction of the United States market would be assessed when Mr Leroy Tolmay, SAD's assistant general manager in charge of marketing, returned from the United States at the end of the month.

While in the United States, Mr Tolmay will also be looking at the sales of dried Bulida apricots. SAD initially tested the United States market for dried Bulida's last year, and although California is one of the world's largest producers of dried fruit, the South African product has impressed the market both in its quality and packaging, and service.

From the United States, Mr Tolmay will go to Tokyo to meet Ken Watson, who is visiting Australia and New Zealand, to which SAD exports a number of dried fruit products, including gift packs.

While Australian dried fruit production tonnage far exceeds that of South Africa, it is mainly concentrated in sultanas, so that the various South African products could have an unexpectedly warm welcome "Down Under".

This would be a new markt for South African dried fruit.

Mr Watson will also be visiting buyers in Korea, Taiwan and Hong Kong as well as Tokyo.

Mr Rautenbach said that while the current exchange rate situation could favour South Africa, this would be in terms of sales volumes, and not rand returns per unit sale, since sales were negotiated in rand terms.

Credit Suisse sees solid spread of risk

ZURICH. — Foreign loan exposure of international banks, particularly Swiss banks, shows a broad and solid spread of risk, Credit Suisse said in its latest economic survey.

Monetary authorities, such as central banks, the IMF and the World Bank, have powers to prevent economic and financial collapse of the order of the 1930s, it added.

"The international financial system is healthier and more adaptable than the prophets of doom would have us believe," it said.

While fears of a threatened financial collapse and economic crisis recalling the 1930s should not be taken lightly, panic should be avoided, Credit Suisse said.

Banks are cautious about giving new loans and debtor countries have shown recently they are prepared to make necessary efforts to meet liabilities, it said.

Gradual relief is also being provided by falling interest rates, it added. — Reuter

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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74

17/9/82 Mercury

Exchange control to be removed 'eventually'

HONG KONG— The Minister of Finance, Mr Owen Horwood, said in opening a South African bank's branch here, that it remained the objective of the Government eventually to abolish exchange controls applicable to South African residents.

Cyclical adverse balance of payments developments in the the past 18 months had made it difficult to proceed rapidly with this programme.

He expressed satisfaction with the way in which the South African spot foreign exchange market had developed over the past two years.

'The same progress has not been made with the development of the forward foreign exchange market and more attention will now be focussed on this area of the market.'

The more flexible approach in recent years regarding the foreign operations of the South African banks enabled them to make an important contribution towards the financing of the country's balance of payments deficit.

Liquidity

During the past 18 months, Mr Horwood said, they had borrowed about $2 000m overseas to supplement their liquidity — an amount they could raise with ease because they started from a position of almost 'zero' foreign liabilities.

He said that even after having borrowed this amount, the foreign commitments of the South African banks, and of South Africa as a whole, were still very small, whatever criteria might be used to assess these liabilities.

'Because of exchange controls, the South African banks have not been involved to any significant extent in international lending operations.'

They are not being affected by the ill winds now blowing across the multi-national world banking community.

Mr Horwood referred to the tendency for financial institutions in South Africa to 'cluster together' in a few large groups.

He stressed the continued importance of the 'independent banker' and the need for adequate competition within the banking system.

'As a sufficient number of independent groups has emerged from the rationalisation process in South Africa, there still exists a fair measure of competition and the formation of groups has created a more sound and less vulnerable financial system,' he said.

The official attitude towards banking developments in South Africa, Mr Horwood said, was consistent with the general philosophy of encouraging economic growth, but always subject to the requirement of proper financial discipline.

'Financial discipline does not require prohibitively restrictive controls over the system. In South Africa, the objective is to create greater competition among financial institutions within the market place.

Ceiling

'The abolition of the ceiling method of credit control, the lifting of deposit and other interest rate controls and the liberalisation of the foreign exchange market in recent years are examples of steps taken by the authorities to encourage competition among the banks and to improve the effectiveness of the market system.'

Mr Horwood said he regarded Trust Bank's decision to open an office in Hong Kong as a great step forward and a natural further development in the internationalisation of South African banking.

'The growing trade between South African and Asian countries justifies this decision, which has been taken with the full support and blessing of the South African authorities,' he said. — (Sapa)

Business Mercury

Liquidity tightens further

JOHANNESBURG— Money market rates rose sharply for the second consecutive day as liquidity tightened further, dealers said.

Discount houses fixed the key 90-day Bank Acceptance rate 30 points higher at 17,40 percent after a rise of 20 points to 17,10 percent on Tuesday. Nearer term rates climbed by as much as one percentage point.

Dealers reported small volumes with rates rising as the overall shortage grew as the Reserve Bank's accommodation to the houses and banks widened to R937m from R929m.

On Tuesday short-term money market rates rose sharply in very active trading, with an abundance of paper on offer, dealers said.

BA rates were 19,5 percent for one month and 17,5 percent for two months. NCDs were 20 percent for one month; 18,5 percent for three months; 17,25 percent for six months and 16,75 percent for one year. Treasury Bills were 16,26 percent. — (Reuter)

Nippon Glass Co collapses

TOKYO— In Japan's worst business failure this year, Nippon Glass Company collapsed yesterday owing American banks and other financial institutions 28 billion yen ($106,5 million.)

The company, 40 percent-owned by US glass producer Owens-Illinois, has applied to the courts for legal protection from creditors, a spokesman said. — (Sapa-Reuter)

Wheat crop estimated at 2,59m tons

PRETORIA— The first official estimate of South Africa's 1982/83 wheat crop indicates record production of 2,59m tons compared with last season's revised actual output of 2,34m tons, the Agriculture Department said.

The department said the estimate is based on conditions at the end of August.

The Wheat Board gave Reuters last month an unofficial forecast of 2.37m tons for the 1982/83 wheat crop, based on conditions up to mid-July and reflecting exceptionally good weather in main production areas.

The local wheat season runs officially from October 1 to September 30, but is complicated by different growing seasons in various regions.

Imports

The key Orange Free State crop is harvested in January.

South Africa imported 106 000 tons of wheat this season to satisfy local demand despite increasing production.

The department said it revised upwards 1981/82's final official estimate from 2.1m tons to record actual output of 2.34m.

Wheat Board manager Mr Denis van Aarde said earlier this year that a decision on whether to import more wheat will be taken towards the end of 1982 or in early 1983. — (Reuter)

PE set to exploit a key Israeli market

74 E. Post 18/9/82

By Louis Beckerling
Business Editor

PORT ELIZABETH motor component manufacturers are uniquely geared to exploit a major export market in Israel.

That's the view of visiting Israeli marketing agent Mr Amnon Rotem, and judging by the enthusiastic response shown by the motor business to his visit, there's profit to be made from the observation.

Mr Amnon was in Port Elizabeth this week to promote the co-ordinated export on a mass scale of locally-manufactured components to a specially equipped warehouse just outside Haifa. So convinced is he that the scheme will work that he has already bought a warehouse for the stockpiling of the wide variety of components he hopes to import from SA producers.

On what does he base his optimism?

"In Israel the market in spare parts is almost totally an import one. Industrial output is devoted to other sectors and with the exception of a Ford Transit model, Israel does not even assemble her own vehicles." (Some 60 000 new cars were sold in Israel last year).

Consequently, says Mr Rotem, prices of vehicles and replacement components and spares are prohibitive — a case of too

economies of scale — advantages which European and American manufacturers have when pricing their products. Why should the unit bearing a "Made in SA" stamp (if this is not regarded as inexpedient) be cheaper than a US-made product, for instance?

● "Firstly we are negotiating directly with manufacturers here and this is not the case presently in Israel," he replies.

● "Secondly we will either establish a new company, or liase with an existing shipper, to combine shipments from all participating Port Elizabeth manufacturers into a single container — leading to con-

But could these arguments not also apply were he to deal on the same basis with manufacturers elsewhere? Why did he come to South Africa?

"Because I am already involved in your market and I understand it. And from an economic point of view going into Europe would involve me in visiting each manufacturer separately and I would even then not get as wide a spread of products, bearing in mind that component manufacturers in Europe are tied to manufacturers with licensing agreements which inhibit their entry into the export market.

"Additionally, here in SA you have located in one small area a wide variety of spare parts. In Europe their manufacture would be spread over a number of different countries.

"In fact I believe the availability of such a wide variety of components from such a highly centralised area makes you unique in the world's motor industry."

Mr Rotem has accordingly made contact with a number of component manufacturers — on the Reef as well as in the Eastern Cape — and will visit the Atlantis Diesel Engine plant in Cape Town before returning to Israel.

The response, he says, has been most enthusiastic

est subject to the restraints imposed by licensing agreements.

"The next step," says Mr Rotem, "is to launch a six-phase programme aimed at getting the first trial shipment — of perhaps two or three containers — into Israel early next year."

A key element of this programme is a detailed market research study, which Mr Rotem emphasises will include an exhaustive investigation of every possible aspect of the market.

"This research will produce for us the potential demand in specific items and enable us to begin importing the necessary quantities.

"We will then distribute salesmen into the marketplace and after several months we will return to conduct a post-mortem to identify where improvements can be introduced."

Only at this point will the export programme be re-evaluated and long-term contracts entered into.

Mr Rotem now plans to return to Port Elizabeth in November and should additional manufacturers wish to join the drive they would be welcome to contact him through Mr Bill Hayward, director of the National Association of Automotive Component and Allied Manufacturers (Naacam).

Both Naacam and the SA commercial attaché in Tel Aviv participated in organising Mr Rotem's trip to South Africa.

stockpiling of the wide variety of components he hopes to import from SA producers.

On what does he base his optimism?

"In Israel the market in spare parts is almost totally an import one. Industrial output is devoted to other sectors and with the exception of a Ford Transit model, Israel does not even assemble her own vehicles." (Some 60 000 new cars were sold in Israel last year).

Consequently, says Mr Rotem, prices of vehicles and replacement components and spares are prohibitive — a case of too many hands raking in too much profit.

"Now we are thinking of a different approach. In South Africa manufacturers produce many parts which are interchangeable and compatible with the Israeli market and I believe that your prices should be most competitive."

Mr Rotem's argument flies in the face of conventional wisdom regarding long production runs and

ers have when pricing their products. Why should the unit bearing a "Made in SA" stamp (if this is not regarded as inexpedient) be cheaper than a US-made product, for instance?

● "Firstly we are negotiating directly with manufacturers here and this is not the case presently in Israel," he replies.

● "Secondly, we will either establish a new company, or liase with an existing shipper, to combine shipments from all participating Port Elizabeth manufacturers into a single container — leading to considerable savings in transport costs.

● "We can, furthermore, capitalise at present on the advantage of the rand exchange rate and the export incentives offered by the Government.

● "And I believe that because my warehouse is located out of town, as opposed to the present stockholders who have inventory in high-cost locations in the CBD, our price should be competitive."

of spare parts. In Europe their manufacture would be spread over a number of different countries.

"In fact I believe the availability of such a wide variety of components from such a highly centralised area makes you unique in the world's motor industry."

Mr Rotem has accordingly made contact with a number of component manufacturers — on the Reef as well as in the Eastern Cape — and will visit the Atlantis Diesel Engine plant in Cape Town before returning to Israel.

The response, he says, has been most enthusiastic and among the component manufacturers who have expressed an interest in proceeding with a market survey (at a cost of some $4 000 (R4 650), are:

● National Lamps (Pty), of Grahamstown.

● Afcan Muffler, exhaust manufacturers of Port Elizabeth.

● Borg-Warner, manufacturer of rear axles.

Several other companies have also expressed inter-

4. AFFILIATIONS TO INDUSTRIAL FEDERATIONS CONTINUED:

	Federation of Salaried Staff Associations of South Africa
	Pulp and Paper Industry's Joint Committee
	Rand Water Board Unions Joint Committee
	South African Council of Mining Unions
	South African Federation of Leather Trade Unions
	South African Council of Transport Workers
	South African Federation of Chemical and Allied Workers Union

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S A 'black gold' hits U K

Mercury 18/9/82

74

LONDON — As Britain's coal miners draw up battle plans to back a massive 31 percent pay claim, the National Coal Board is citing South African exports as one of the reasons it cannot price itself out of the market.

The coal miners, among the most militant trade unionists in the country, have set October 28 as the date for a ballot on whether they should strike if the board did not improve its 6,5 percent offer.

Union president Arthur Scargill has described the offer as 'insulting'.

But Coal Board executives maintain that big pay rises would increase the cost of British coal exports to a point where they would have difficulty competing with American and South African supplies.

While the miners work out their strategy, the Trades Union Congress is going ahead with plans for a national 'Day of Action' next Wednesday to support pay claims by Health Service workers. The TUC hopes for widespread disruption over 24 hours, and many unions are backing their strike call.

Train drivers, however, are going to work normally so that demonstrators can travel to London. — (Sapa)

Union seeks to halt SA truck imports

74

E. Post 20/9/82

LONDON — Britain's Transport and General Workers Union is considering action aimed at stopping or reducing the import to Britain of Ford's P100 pick-up truck, which is built in South Africa.

The talks now under way within the union are motivated by more than its traditional opposition to apartheid. The South African-built truck is the most successful of its kind sold in Britain and Ford workers are complaining of spare capacity and short-time working at local plants which they believe could be filled if the P100 was assembled locally.

Ford has described the idea as "hopelessly uneconomic" because sales volume is too low to warrant switching production to Britain.

It also points out that pick-up truck sales are dominated by imported products and that the Ford product has more British-sourced parts than any other.

For the past 18 months the London-based Anti-Apartheid Movement has been trying to persuade trade unions to take action against imports from and exports to South Africa without any noticeable successes. — Sapa

Exports trigger spending spree

21/9/82 Industrial Week

74

DIMBAZA Foundries in the Ciskei has re-written the Eastern Cape record books by ordering nine overhead foundry cranes from Mannesmann-Demag to keep pace with the growing demand for its exports.

Neville Rossner, technical director of Dimbaza Foundries, said that the order was worth R452 000, "and there is more to come."

"This order is a record for the Eastern Cape," said Horst Stamm, Eastern Cape manager of Mannesman-Demag in Port Elizabeth.

The cabin controlled cranes fitted with 15 and 10 t main hoists, and 5 and 10 t auxillary hoists, are in addition to the Demag electric arc furnace, Demag compressors and Demag monorail hoists already operating at Dimbaza Foundries.

The Foundries are now commissioning their sixth expansion phase costing R4-million and are increasing their electrical infrastructure to 10 mW to cope with increasing orders, said Rossner.

US row over sale 'by mistake' of shock devices to SAP

74

AKGW Argus Bureau 21/9/82

WASHINGTON — The United States had sold 2 500 electric shock devices to the South African Police "by mistake", American Government officials confirmed in Washington yesterday.

The devices, batons similar to cattle prods, give a painful jolt to anyone touched by them. They are about the length and weight of typical police nightsticks.

The electric batons are designed for crowd control.

A licence for the sale — worth about R200 000 — was issued on April 26, the State Department said.

The department has been seriously embarrassed by the deal, which appears to violate part of the Foreign Assistance Act.

The Act requires that sales of "police items" to countries "which have a pattern of human rights violations" be reported to Congress. No such report was made in this case.

A State Department spokesman said the sale of what he called "crime control devices" was allowed as the result of "administrative inadvertence".

The Commerce Department had not referred the deal to the State Department for a recommendation, as it should have.

The spokesman said: "If such a request had been made to us, we would have recommended denial." He added that the affair was "under investigation".

Some commentators in Washington see electric batons, which jolt severely but are not normally lethal, as legitimate instruments of crowd control. They say they are preferable to other devices which are potentially deadly.

But leaders of the anti-apartheid lobby in Washington as well as some members of Congress are appalled. They have been told that the batons have already been shipped and the deal cannot be cancelled.

Mr Randall Robinson, director of the Transafrica group, said it was disgraceful for the United States to supply "items that can be used for no other purpose than to help the repression by the South African Government".

Dr Jean Sindab, director of the Washington Office on Africa, said the sale "clearly places the Reagan Administration on the side of the apartheid regime's growing oppression against the black majority population".

An official of the Commerce Department said: "It was a genuine, honest mistake."

Informed sources said there was a misleading description of the batons in United States Government documents. They are reported to be described as "rechargeable flashlights with self-defence capability when activated by contact".

74

16

Rdm 21/9/82

UK unions may act on Ford bakkies

THE Transport and General Workers' Union is considering action against the importing of Ford's P100, the one-ton bakkie built in South Africa.

The P100 has swamped the market since it was introduced to the UK on June 30. Of a total of 1 751 one-ton pick-ups sold in Britain in August, Ford sold 1 105 — a 63% share.

If the TGWU decides to take action, it is likely to be on two grounds — because the P100 is from South Africa, and because there is spare capacity at Ford's Langley truck plant, in Berkshire.

The union is already preparing to use its industrial muscle to stop imports of some Vauxhall cars. The TGWU executive is expected to decide next week to ask dockers to black the General Motors S-Car when it is introduced next year.

Vauxhall workers may also take action, with dockers in Hartlepool and Sheerness, to stop imports of Astras and Cavaliers from the Continent in the next few weeks.

Ford pointed out last night that the market for pick-up trucks was entirely import-dominated, and that the P100 was the most British of the trucks available.

About 35% of its components by cost were British sourced.

The company said that volume sales were far too low to consider building the truck at Langley, even tough there was some short-time working there. It would be "hopelessly uneconomic".

Ford had tried to break down apartheid within its SA operations, and that any action against the truck would undermine that. However, the imports have been the subject of some criticism from the anti-apartheid movement. — Financial Times.

Business and Shipping

The record-breaking Ford P100, built in Port Elizabeth and now enjoying tremendous success in the British market, is admired by (from the left) Mr HENRY FORD II, finance committee chairman of the Ford Motor Company's board of directors; Mr BRIAN PITT, managing director of Ford SA; Mr BOB GRAHAM, retired vice-president of Latin American automotive operations; and Mr DEREK MORRIS, Ford SA, director of product development.

Ford SA's pickup rockets to top spot in British market

74 86 E. Post

23/9/82

By LOUIS BECKERLING
Business Editor

DETAILS of Ford South Africa's breakthrough in the British market with the P100 vehicle were released to Business Post today.

The South African-assembled one-ton light delivery van has achieved the remarkable distinction of rocketing to top spot in the pickup market a bare eight weeks since sales began.

In the process a record one-month sales figure in August of 1 105 units obtained for the South African export a 63,1% share of the market.

The performance of the P100 is all the more significant when contrasted with the combined total sales of Japanese-sourced pickup delivery vans of 437 for the of the success can be gauged from the fact that by comparison Ford's eight-week sales total of 1 384 outstripped that of the previous market leader Mazda, achieved over a full eight months of trading.

Mr Pholdie Kalam, newly appointed manager of public relations for Ford, said today the success achieved by the P100 had elated Ford UK, which had set a relatively modest target of taking over market leadership by the end of the year.

"They are understandably delighted to have done so in just two months, thanks to the sales of the P100," said Mr Kalam.

The bad news for Ford SA is the reported rumbling of discontent by the British General Workers Union. However, Mr Kalam said in view of the fact that the GWU had evidently yet to consider its final position with regard to the South African import "we would like to reserve comment".

Why did the P100 have such a dramatic impact on the British market?

"The sales testify to the fact that our one-tonner is genuinely as rugged as it is claimed to be," said Mr Kalam. "The sales are a remarkable tribute to the specifications, quality and performance."

Mr Kalam could unfortunately not supply details of price comparisons at the time of going to press.

The P100 is 75% (by mass) South African-month. A further measure sourced, but in view of the opposition raised by the British unions in recent weeks, Ford SA is quick to add that the engine, transmission, and certain sheet metal and electrical components are in fact manufactured in Britain and shipped out to Port Elizabeth for assembly.

The major changes between the P100 and the locally sold one-tonner are to the wheelbase configuration and the engine, but the basic shell is a South African-designed and engineered product.

The first shipment of P100s left Port Elizabeth in May. At the time Ford announced that the consignment was part of a R16-million deal which would involve the export of some 10 000 units over 12 months.

Sasol seeks synfuels' protection

74

Star 24/9/82

By David Braun

A uniform tariff protection should be applicable to all producers of liquid fuels from indigenous sources, says the chairman of Sasol, Mr D P de Villiers.

Writing in his annual review, he said South Africa could consider itself fortunate in that it already possessed a practical structure for investment in synfuel projects.

NEW PROJECTS

"Moreover, the Government is continuously striving to adjust and improve this framework to facilitate investment in new projects.

"I am glad to say that there is increasing evidence by potential investors in synfuels and by the Government that whatever adjustments may become necessary from time to time, a uniform tariff protection should be applicable to all producers of liquid fuels from indigenous sources.

"This is essential to prevent a misallocation of resources and to ensure that the most economic production methods are adopted.

PRICE-LINK

"A further essential prerequisite for a favourable investment climate in synfuels is the continued assurance the prices of locally produced synfuels will in the longer term remain linked to international fuel prices."

Mr De Villiers said that uniform price control and tariff protection were also necessary if new investment and the most economic production methods were to be encouraged in the chemical industry.

The Government was considering adjustment to the present structure of the industry for the promotion of new investments.

"We are particularly pleased that matters under scrutiny include the competitive structure of the industry, price control and the development of a realistic protection policy.

"On price control and recent proposals, we believe that, wherever it is decided to retain price control, it is of utmost importance not to remove the incentives for each member of industry to increase productivity and optimise the overall efficiency of operations."

OBJECTIVE

Mr De Villiers said that it was difficult to achieve this objective if differential prices, based on differences in operating cost, raw material cost and age of plant, were made applicable to various members of the industry.

Differential price control would not only guarantee a return to the less efficient but eliminate the possibility of an improved return for the more efficient members of the industry concerned.

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3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

... notes, pieces of paper or other mate[rial] ... brought into the examination room ... [can]didates are so instructed.

... are not to communicate with other ... or with any person except the invi[gilator].

... [a]n answer book is to be torn out.

... 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

R30-m line of credit for SA

S25 28/9/82

From the Financial Times

LONDON — The Export Credits Guarantee Department here has guaranteed a R30 million line of credit for South Africa which will allow UK exporters of capital goods and services to be paid in full at the time of shipment.

The loan has been provided by Hill Samuel to Escom.

Exporters will receive 85 percent of the value of eligible contracts direct from the loan. Fifteen percent will be payable direct by the buyer before shipment.

To qualify under the line of credit, a contract must have a minimum value of R100 000 and be placed by March, 1984.

RDM 20/9/82

Searll wants import controls

Financial Reporter

CAPE TOWN. — The Government appears to be heading towards the abolition of import control which could have serious repercussions for the clothing industry's cost structure and almost certainly create unemployment, Mr Aaron Searll, the chairman of Seardel, the country's largest clothing group warns in the annual report.

"The apparel manufacturing industry is extremely labour intensive and South Africa's critical necessity to provide adequate job opportunitities for its developing labour force will accordingly be materially affected by this policy.

"This policy will inevitably lead to the manifestation of all those problems associated with and resulting from severe unemployment.

"Government needs to be constantly ware of the danger of not providing adquate protection for local industry from certain exporting countries in the Far East."

The report of the main clothing arm Desiree says that imports in its field last year doubled to R137-million and most of the garments were brought into the country at well below local price levels.

The price discrepancies were rooted in the South African infrastructure and up to now had been contained by a combination of tariffs and import control.

Once import control was abandoned the industry would be solely dependent on tariffs — a mechanism which has been proved indequate both in South Africa and abroad.

The clothing industry held its price increases the past year to just under 10% against 9% last year in spite of the country's 16% percent inflation rate.

The Consumer Price Index for clothing was approaching an inflation rate of some 15%. The substantial apparent cost of distribution was a matter for concern and both the private sector and government should look critically at these costs which were increasing at an alarming rate.

He emphasises that forecasting in the current uncertain economic climate is a somewhat hazardous exercise but he indicates that the group hopes to achieve a R340-million (R310 300 000) sales this year and pre-tax profits of R18-million (R17 100 000).

Rush for protection

74

S-Times 3/10/82

First, tyres

By Don Robertson

THE multi-million-rand South African tyre industry has made application to the Government for additional protection against the import of tyres, which rocketed in value to more than R10-million in the first quarter of this year.

Mr G P Morum, chairman of the South African Tyre Manufacturers Conference and managing director of Firestone, confirmed this week that the R600-million-a-year industry had presented its case to the Board of Trade and Industry for an increase in the import duty on all categories of imported tyres.

However, as the application has not yet been officially gazetted, Mr Morum was not prepared to discuss the details of the industry's requirements.

In force at present is a small import duty equivalent to 300c a kg less 80% of the fob value of the tyre or 20% of the fob value, whichever is the higher.

On a standard truck tyre which would retail at R320, this duty represents R48 a tyre.

Because of the current economic malaise, the tyre industry, like many others, has experienced the effects of the reduction in spending and is in most cases at present operating on a four-day week.

The threat of imports is therefore taken in a serious light as it could, according to industry sources, mean a further cutback in production, with a resultant reduction in jobs.

In the first three months of this year, the mass of imported tyres rose substantially to 3,123-million kg, worth R10,392-million, compared with 2,485-million kg, worth R6,620-million, in the first quarter of 1981.

But the handful of tyre importers have reacted strongly to the industry move.

Dick Naude, managing director of Speddick Industrial Tyres, one of the country's largest importers, says that the reason for the sharp increase in the import of tyres results from the inability of local manufacturers to produce certain categories of tyre in sufficient quantities, and the fact that the locally produced item does not meet the quality standards of those manufactured overseas — accusations which are disputed by Mr Morum.

Mr Naude claims that the major tyre import is the newly developed, steel radial ply tyre, which is far superior to the locally manufactured product and which is preferred by the bulk of South African users.

He adds that a large proportion of the increase in the mass of imported tyres is for motorcycles, which none of the four major producers can supply, and suggests that the rise in the value of imports can be partly explained by the depreciation of the rand.

In addition, solid tyres for forklift trucks are manufactured by only one company locally.

Mr Naude also claims that the largest importers of tyres, which make up about 20% of total sales, are the manufacturers themselves.

Dunlop imports from Japan, Goodyear from Luxembourg, Firestone from Spain and General from Germany.

The tyre industry's complaint also covers the import of casings for retreading, which, it is claimed, are superior to the locally produced item.

The furore, in what is a competitive industry, is likely to increase after the full details of the industry's claims are made known.

Now, fasteners

S. Times 3/10/82

74

By Don Robertson

IMPORTS of a wide range of fasteners, worth an estimated R60-million at retail level, are seriously threatening the viability of the South African fastener industry, according to Mr D Royston, chairman of the largest producer, National Bolts.

And, because of this threat, his company last week made application to the Board of Trade and Industry for import protection over the vast range of imported industrial fasteners.

At the same time, the industry as a whole made a similar application through the Fastener Manufacturers Association.

Mr Royston points out that a gross oversupply position has developed and that protection is required to prevent dumping and protect the industry's considerable investment in manufacturing facilities.

He adds that if the application is successful it will grant a measure of relief, but the extent of the excess production capacity in the industry is likely to pose serious problems in the medium term, coming as it does when the economy is in a strong downward trend.

This could result in many of the more than 40 local producers closing their plants and switching to imports, with a resultant loss of jobs.

This year alone National Bolts has reduced its labour force by about 15%.

Mr Royston estimates that the imported product, which can be landed in South Africa at below the cost of the local raw material, makes up about 30% of sales, worth about R190-million a year.

For these reasons, he believes the industry, which he describes as strategic, is justified in its efforts to protect its investment and employment.

National Bolts is taking other steps to improve its longer-term potential. These include the planned acquisition of a group of fastener distributors, which fall under the banner of the Hi-Tensile Bolt supply company, and the rationalisation of its product range.

There are at present more than 30 000 items on the market. It is also possible that some production facilities will be reorganised.

National Bolts currently has about 34% of the market, which together with the three other large producers, Industrial Fastener Manufacturers, Cut Steel and Transvaal Pressed, provide about 85% of the market.

Electric-shock batons row spreads in U.S.

Argus 5/10/82

(280) (74)

Argus Bureau

WASHINGTON. — The row over the sale of electric-shock batons to South Africa has spread to both houses of the United States Congress.

In one of the closing debates of the Senate session Senator Alan Cranston, a Californian Democrat, expressed "dismay".

The Reagan administration "either did not consult or simply ignored" the State Department, he said.

The department did not learn of the sale until "too late even to analyse adequately the foreign-policy implications of this action".

In the House of Representatives Mr Thomas Downey of New York cited the shock-baton sale as an example of the meaning of the Reagan policy of "constructive engagement".

Alleging that the equipment was "particularly effective in torturing prisoners" Mr Downey said "It's becoming clearer and clearer that constructive engagement is constructive only for the whites in South Africa — not for the blacks."

Although the batons are regarded as police equipment, the police in South Africa have denied buying any of the 2 500 authorised for export.

Officials here, who say the licence was granted in error, have not disclosed the identity of the buyer, but said the end-user could be a private security firm.

In a leading article the Christian Science Monitor called the sale "inexcusable".

Zim looks to loosen SA trade links

(74) 5/10/82
Industrial Week

By Bruce Johns

HARARE — Zimbabwe Government trade experts and businessmen are busy scouting for new export markets to loosen economic links with neighbouring SA.

Potential new markets in Europe, North America, the Far East and Australasia are being investigated in line with Prime Minister Robert Mugabe's avowed aim of reducing dependence on the Republic.

The Zimbabwe Government is pinning its hopes on the nine-member Southern African Development Coordination conference, the regional grouping of mainly-impoverished nations pledged to lessen links with SA.

But Deputy Trade and Commerce Minister John Landau said that there could not be an imminent break with SA.

He declared that the Preferential Trade Agreement with SA, renewed by the Pretoria Government in March is not likely to end at the moment."

SA remains Zimbabwe's biggest trading partner — a status inherited from previous white governments.

Last year, for example, Zimbabwe imported 280 million Zimbabwe dollars worth of goods from SA and sold the Republic 192 million dollars worth in return.

Privately, few businessmen want any rapid change in that pattern.

The main reason is that South African buyers have money and pay while many black African countries lack foreign exchange and often refuse to honour trade deals.

Landau, one of three white Ministers in Zimbabwe, disclosed that uncertainty over the future of the trade agreement had halted some South African imports of Zimbabwean goods — mainly furniture, shoes and clothing.

The exchange rate also favours SA over Zimbabwe.

In its bid to snare new markets the government's chief economist, Roger Riddell, returned this week from a comprehensive tour of the US, Japan, China and North Korea.

Commerce and Industry Minister Richard Hove earlier this month returned from a tour of Libya and Algeria.

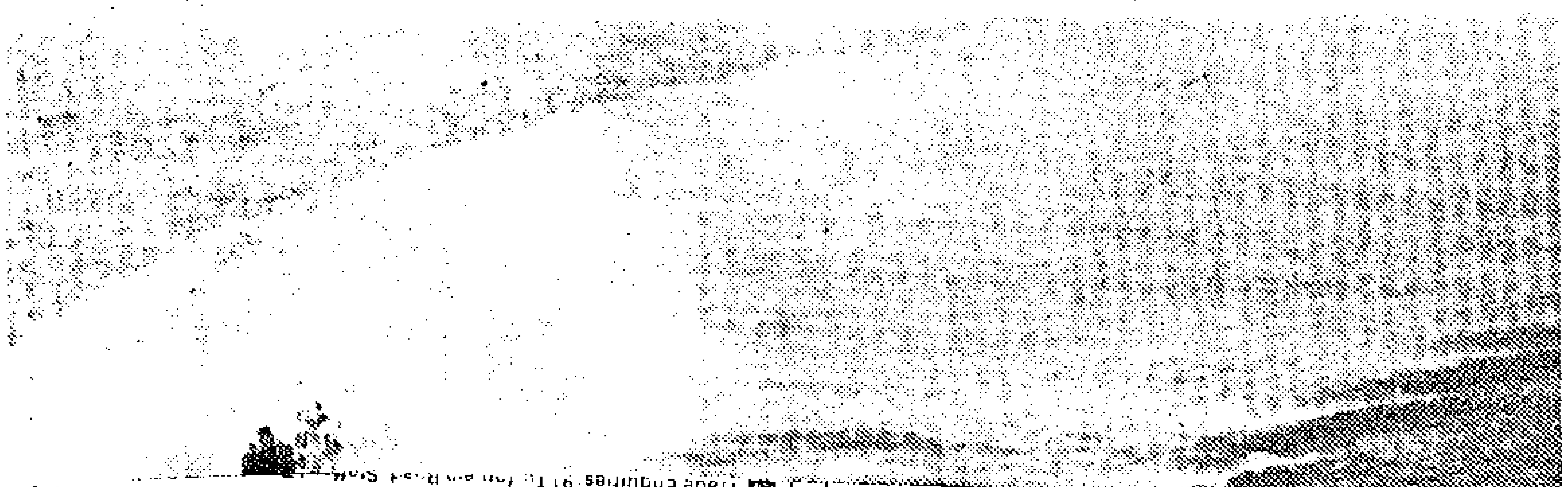
SA POISED TO STORM THE US

Industrial Week 5/10/82

74

By Lynn Carlisle

THE easing of the recession in the US has paved the way for South African exporters to carve out a strong foothold in this tremendously lucrative market.



Favourably poised to capture big and long-term business over there, some local sources predict that local exporters could find the US market an extremely good buffer against a growing downswing in the economy.

With opinions differing as to the extent of the rejuvenation in the US market following the Reagan Administration's easing of taxes and interest rates, popular opinion is that stockpiles of many materials and base minerals have run low and replenishment orders are on the cards.

Income

"A lot of income is being pumped back into their economy and the Americans are in a buying mood," Ken Mason, of the South African Foreign Trade Organisation (Safto) told Industrial Week.

The consensus so far is there has been no substantial movement out of the US recession — this will not come until the call for minerals and base metals increases — "but the recession is almost over and it's a market we can stay in for a long time," said Mason.

"If South Africans don't go to the US now they need their heads read.

"When the demand comes, especially for base minerals, local businessmen will break their necks to supply the goods."

He expects the rand to peg itself at around 90c (US) and import demand in the US, where commerce is "doing well" with the industrial sector still "patchy", will be for construction materials, castings, pipefittings and valves, footwear and fasteners — once the motor industry shows signs of recovery.

Market

The market region to aim at is the "Sunbelt" (Texas, California, Arizona) and the "Bible-belt" (Texas through to North Carolina).

A Minerals Bureau spokesman said South African mining has well built-up stockpiles at competitive prices while overseas stockpiles are "run down".

"We are in a position to supply anything to anyone in any quantity.

"Local mining has used the past year or two to overhaul, refine and refurbish its production lines for the next upturn.

Demand

"A pick up in minerals demand is forecast over the next year, although 1984 could be a very good year for all mining," said the Bureau spokesman.

A top Chamber of Mines official believes that the US market will pick up moderately and that advantage should be taken of this as SA was "usually very competitive cost-wise".

"Sales should now go up, but prices are not yet expected to follow suit," he said.

answer

76

Price advantages for SA exports an incentive for firms

(74) E. Post 6/10/82

By LOUIS BECKERLING
Business Editor

PORT ELIZABETH manufacturers should take a cue from Ford (SA) and exploit the price advantages currently enjoyed by SA-made goods on export markets.

This message was broadcast from two different sources in Port Elizabeth this week.

Speaking during the opening of the Motor Industries Federation annual conference at the Hotel Elizabeth on Tuesday, president Mr G Anderson focused attention on the benefits of the depreciation of the rand exchange rate. Though this adversely affected imports — notably of oil — it effectively reduced the price of exported goods.

"During the 18-month period from December 1980 to May 1982 the average rate of the commercial rand declined by 21,1%, whilst the depreciation of the rand against the dollar was even higher, at 31%," said Mr Anderson.

"This should afford our local automotive component manufacturers as well as vehicle body builders reasonable export opportunities."

And Mr Anderson's message was echoed by that of Mr Ian Stewart, chairman of the Port Elizabeth branch of the Exporters Club of South Africa.

"The positive and aggressive development of South Africa's export markets is not only a matter of national economic concern, but can provide a valuable stimulus and profitable input into the development of individual companies," said Mr Stewart.

"In short, significant growth opportunities are afforded by export markets."

Mr Stewart encouraged those manufacturers considering the export of their goods to join the Exporters Club.

"The club was formed as a medium for the exchange of information that would benefit exporters and potential exporters. It also serves as a vehicle, with other affiliated organisations, for the expression of the views and interests of exporters."

According to Mr Stewart the club "is one which will most benefit those who are actively involved in making and effecting the policy of companies involved in exports, or those wishing to enter this vitally important field of activity.

"The emphasis is to provide the facility for interpersonal contact."

He said the objectives of the club were:

- To foster and encourage the business of exports among companies.
- To provide for the exchange of ideas, information, and experience among interested parties.
- To provide a vehicle for the expression of exporters' interests.
- To assist members where possible by the promotion of one another's products in overseas markets.
- To liase closely with other export-oriented bodies both national and international.
- To provide for the social interaction of members both local and overseas.

The club's recently re-elected committee will meet this evening in the offices of Safmarine. Inquiries to Mr Ian Stewart, ☎ 2 9153.

SA forced to cut EEC steel sales

74 Star 8/10/82

By David Bamber
Financial Correspondent

LONDON — The South African steel industry has come under pressure — and agreed — to cut back its exports to EEC countries.

Following job losses of nearly 250 000 people in countries belonging to the European Economic Community and the prospect of a further 70 000 redundancies, EEC steel producers have demanded that action be taken to protect their livelihood.

Some countries outside the EEC have taken advantage of their competitiveness and broken agreements established with the community.

RETALIATION

It is believed that action has already been taken against these countries but officials in the industry were reluctant to elaborate.

A spokesman for Iscor in London refused to discuss the matter.

"We are not going to tell our competitors how much we sell to the world," he said.

But sources at the EEC said there had been a worrying increase in South Africa's exports to the community in the first half of this year.

They said South Africa had significantly reduced its steel exports to the EEC from 237 000 tons in 1979 to 192 000 in 1980 and 157 000 tons last year.

While complete details for the first six months of 1982 were not available, indications were that South Africa's exports were on the increase again, they said.

This would appear to be borne out by details supplied be me by the British steel industry which reflect that South Africa's exports of steel to the UK in the first half of this year were nearly 75 percent of the full total for 1980 and almost three times those of last year.

It is possible that the increase over last year may not be accurate owing to the civil servants' strike in Britain for most of the period but it is unlikely that South Africa would have come under the spotlight so strongly if there had not been a significant increase in its exports.

Furthermore, sources in both Europe and Britain said South Africa had voluntarily agreed to cut back its exports in the short-term.

Such a step would not be taken unless there was some pressure for a reduction and this would not have been called for if South Africa's steel exports had been continuing along the downward trend set over the past three years.

(74) FM 8/10/82

Prices of imported forklift trucks are likely to rise sharply this month because of recently gazetted protective tariffs.

The new duty on a truck with a mass below 8 000 kg is R6,85/kg less 73% of the fob price of the truck. If the mass is more than 8 000 kg, the tariff is 27% of the fob price.

The effect of the formula, similar to that used in the machine tool industry, is that the lower the landed price of the truck, the higher the tariff. The old duty was R1,30/kg on a truck with a mass of less than 6 000 kg.

Gordon Ritchie, chairman of the SA Fork Lift Truck Manufacturers Association, says the association applied for the new tariff last November because imported trucks had trebled their share of the SA market in the preceding three years.

Japan-sourced imports from such manufacturers as Mitsubishi, Toyota, Datsun and Komatsu were selling at about 30% less than the locally produced models. More than 800 were imported in completely built-up form between January and May this year.

"Typical two-ton machines from Japan were selling for R17 000 against R24 000 for a local product," Ritchie says.

Total SA demand for units below 8 000 kg is only about 2 000/year. Ritchie values this sector of the market at about R100m/year. The entire market is worth about R150m.

He estimates that vehicles produced by the three members of the association — Criterion, Hyster and Bond Industries — have a local content of more than 60%. Ritchie, also MD of Criterion, which makes TCM trucks and has a turnover exceeding R30m, adds that his company has just spent R3m on expansion.

He denies that the new import protection is a precursor to price increases by local producers.

But Arthur Walter, MD of Fork Trucks, which distributes Mitsubishi, is sceptical. "We anticipated that the local manufacturers were planning to raise prices as soon as we heard of the application for increased protection," he says.

Walter notes that about 30% of the Mitsubishi trucks sold by Fork Lift are produced locally and the company plans to produce all models subject to the new tariffs.

"Volumes are too low for realistic local production and prices must rise as a result of this protection. But we have captured 10% of the market and we aim to increase our share," he says.

TAP PROTECTION FM 8/10/82 (74)

SABS stamp of approval

Protection, the saviour of many an inefficient businessman and scourge of the consumer classes, comes in many forms. As the *FM* has often pointed out, it does not have to be through direct tariffs. One effective way of masking a protected commodity is to persuade a standards authority to impose quality controls far beyond those needed.

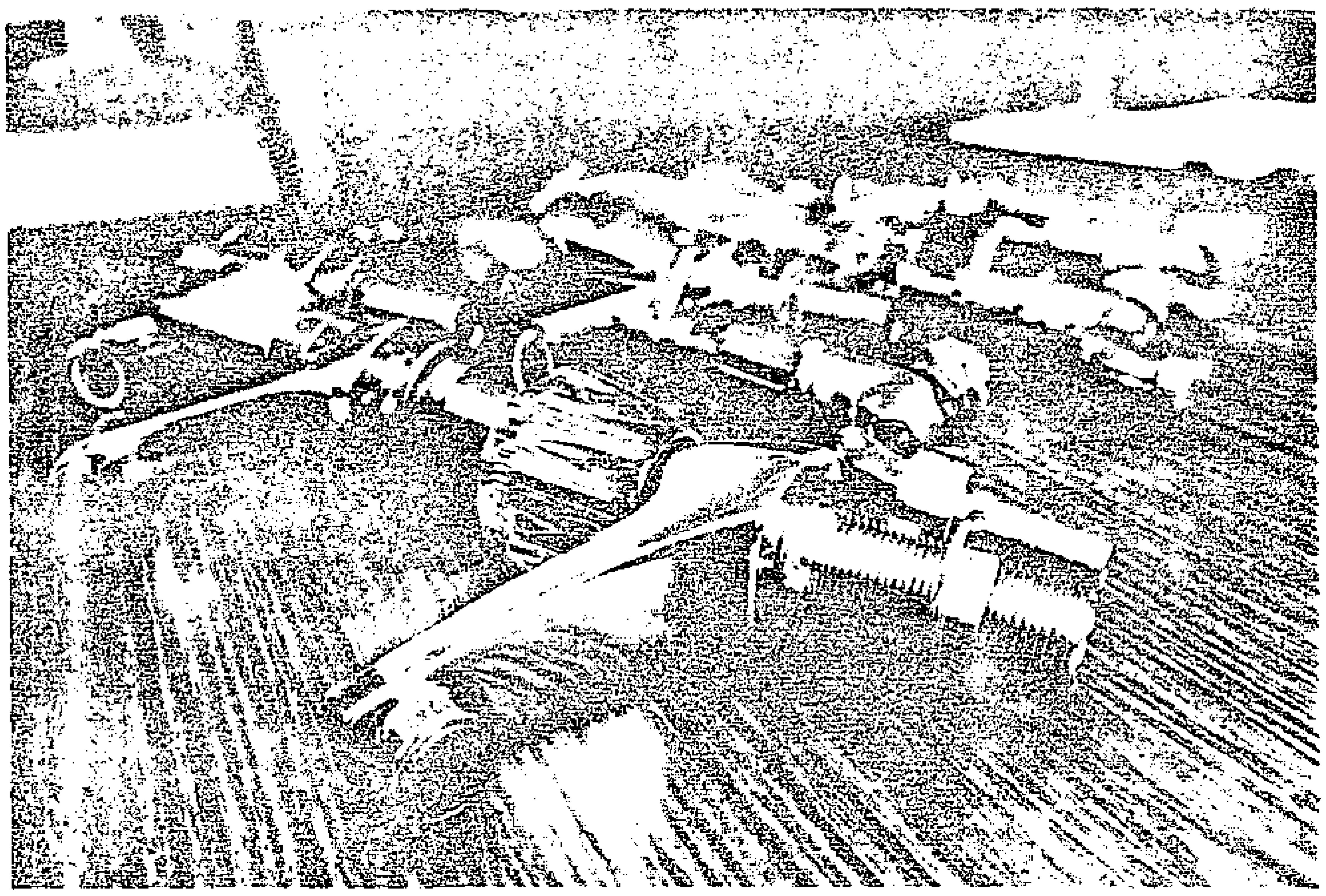
Take, for example, that strategic device without which we could not live if there were a trade boycott: the common or garden tap or faucet, as the Americans are pleased to call it. Who in GATT would swallow a tariff on taps? Yet if we need to protect the local tap manufacturers in case we are boycotted, all we have to do is call up the SA Bureau of Standard (SABS) and, with only a few people knowing, we have tap specifications that are tantamount to protection.

An SABS committee met on March 30 this year, under the chairmanship of William Geyer, to consider for amendment specifications for a number of plumbing supplies which include taps, valves and copper tube fittings.

The official justification for the investigation is the problem of de-zincification in water pipes. The committee aims to discuss and set requirements for appropriate resistance to de-zincification: a build up of zinc residue that clogs pipes. If the regulations that are currently being discussed are implemented, all taps and mixers will be required to have a 63% copper content.

As many of the taps that are currently being imported do not meet the proposed requirements, the regulation will have the effect of excluding overseas manufactures from the local market.

While this is obviously not specifically given as one of the motivations for the new specifications, the spin-offs are clearly recognised both by the local tap manufacturers and the SABS committee members. This emerges from the minutes of the meeting. They mention that "cheap imports were flooding the market and (the local authorities concerned) had no way of controlling their use, other than by "calling up" a suitable specification. One manufacturer, Nu-World Industries, however, was more candid. According to these minutes it asked the bureau to "control" (presumably through specifications) cheap tap imports.



Shiny new taps ... do they have to be so good?

Its request did not fall on deaf ears. The chairman said that it was under consideration, the difficulty was policing the operation.

A committee member also noted that with the advent of mass construction of cheaper houses, there would be an even greater demand for cheaper imported taps.

Local importers of plumbing fittings are, understandably, outraged by the possibility of protectionist specifications being implemented. Many of their lines could go to the wall.

One importer argues that as few European manufacturers produce taps to 63% copper, the SABS committee is implying that taps and mixers that are accepted worldwide are in this country of inferior quality.

He also points out that de-zincification is not a national problem. It is confined to the East London/Cape Town area. If this is the case, he argues, why should a national law be passed if only certain areas are affected? Why should the consumers, who will be burdened with higher prices, suffer because of regional problems? Rather the regional plumbing industry should manufacture equipment to meet the needs of the local community, or the relevant waterboards should purify the water.

A SABS spokesman agrees that the problem is confined to the East London/Cape Town areas, as specifically stated in the minutes of the meeting. He says, however, that it is too costly for the water authorities to purify the water. He also notes that the water is softer in this area and that this is considered to be beneficial by water consumers.

On the question of specifying specifically for regional conditions, he says that the bureau is reluctant to recommend two sets of specifications as it can lead to confusion. Therefore, specifications must be across the board.

He also concedes that de-zincification does not pose a significant problem in taps as the flow of water washes out any zinc build up. This is not the case in piping where blockage can cause severe problems that may require alteration later.

The importer claims that according to metallurgists, a higher copper content will make the material softer and in the case of tap-spindles, they will wear far quicker. This will mean that tap users will have to buy spares more often. Of course, for local manufacturers, this means more business. The SABS spokesman admits that the cost to consumers may be greater if the recommendations are implemented, but argues that costs would be lower than a purification of the area's water system.

Apparently, one waterboard has already jumped the gun on the 63% copper specification. Yet it is applying the standard only to imported taps. It has passed some local taps that laboratory tests have shown do not meet the 63% copper level.

One does not, of course, want to be carried away by the pleadings made to an SABS committee. If there is any advantage in bureaucracy, it gives men of commonsense and goodwill time to reassess such requests for specifications as this one. Hopefully, it will in due course be rejected.

But the point is: how much other protection is gained through this back door.

SA MINERAL EXPORTS 1980

74

FM 8/10/82

210

Mineral Commodity	Unit of Quantity	Volume Exports	Market share: excluding Comecon Rank	Market share: excluding Comecon %	Market share: world Rank	Market share: world %
Vermiculite	t	156 072	1	85	1	83
Gold	kg	672 485	1	81	1	73
Vanadium	—	Classified	1	74	1	70
Manganese metal	—	Classified	1	71	—	—
Andalusite/sillimanite	t	121 317	1	67	1	67
Ferrochromium	—	596 847	1	56	1	54
Ferromanganese	—	Classified	1	37	1	34
Antimony trioxide	—	Classified	1	35	1	35
Manganese ore	—	Classified	1	34	1	30
Chrome ore	t	1 237 203	1	32	1	27
Platinum Group Metals	—	Classified	2	36	2	27
Diamond	carats x 10^3	8 450	2	27	2	23
Flourspar	t	469 071	2	23	2	23
Antimony concentrates	t	11 379	2	22	2	22
Uranium	—	Classified	2	22	—	—
Zirconium	—	Classified	2	13	2	13
Asbestos	—	Classified	3	12	4	9
Coal	t	29 150 234	3	15	4	12
Titanium	—	Classified	4	13	4	13
Iron ore	—	Classified	7	4	7	4
Silver	—	191 290	7	1	9	1
Lead	t	64 922	8	5	8	5
Copper	—	Classified	9	3	10	3
Phosphates	t x 10^3	500	9	3	10	3
Tin	t	1 448	10	1	—	—
Nickel	—	Classified	12	2	14	2

NOTES:
Exports from countries based on imports of raw materials are excluded except in the case of manganese metal, ferrochrome, ferromanganese, and antimony trioxide.
Bophuthatswana, Ciskei, Namibia, Transkei and Venda figures are excluded.
Some figures are classified for competitive or strategic reasons.
Source: Minerals Bureau.

Ore exports from PE down sharply

E. Post 13/10/82

By LOUIS BECKERLING
Business Editor

CONVENTIONAL and containerised cargoes handled in the Port Elizabeth harbour last month showed small increases over the previous month.

However, bulk exports of manganese ore were sharply down.

Figures released by the Port Manager's office yesterday show a 15% month-on-month contraction in tonnages, following a 7% drop recorded in August. September's total trade (both landed and shipped), of 387 143 tons, contrasts with figures of 454 597 tons for August, and 457 188 tons for the same month last year.

Statistics reveal that a total of 107 ships called at the harbour in September, compared with 117 in August and 112 in the same month last year.

Conventional cargoes were marginally up (0.75%) on the previous month's figures, but 10,4% down on the same month last year. At 29 900 tons, imports were significantly lower than exports (93 692).

Containerised cargoes held their own, with a 6.2% growth in the total tonnage handled. Despite this modest rally the September total of 75 672 tons is a substantial 25% below the 100 976 tons of containerised cargo handled in the same month last year.

Bulk export of manganese ore continued its steep fall in line with the contracting economies of South Africa's trading partners. A total of 187 879 tons of ore was exported in September — some 28% below the previous month and 15% down on the 218 214 tons exported in September '81.

Around half the monthly production levels of manganese ore (which have fluctuated between 428 000 tons and 489 000 tons so far this year), are exported from the Port Elizabeth harbour.

A breakdown of the conventional cargoes handled in Port Elizabeth during September shows exports of raw materials down across a wide front, though against the this trend substantial increases were recorded by asbestos exports (15 332 tons, compared with 3 494 tons in August, or 339% up), and exports of nickel (1 683 tons, compared with only 628 tons in August).

Single largest contributor to the decline in trade through the harbour, therefore, was once again the failure of manganese exports.

At these depressed levels the chances are Port Elizabeth may not match the total tonnage handled (including transhipments) for the year to March '82 of 6.9 million tons.

At this level Port Elizabeth ranked fourth among South Africa's harbours.

First was Richards Bay (with 37%, or 31,4 million tons out of a gross total of 85,4 million tons), second was Durban (with 21,5 million tons, or 25%), third was Saldanha (13,8 million tons, or 16%), and narrowly behind Port Elizabeth, in fifth place, was Cape Town (6.5 million tons, or 7%), followed by East London (5.3 million, or 6%), and, finally, Mossel Bay (60 047 tons).

THE

Japan probes loans to SA

ARGUS 19/10/82 (74) ~~(58)~~ (280)

TOKYO. — The finance ministry has begun an investigation of allegations that Japanese banks have made loans to South Africa.

The UN special committee on apartheid reported last week the involvement of seven Japanese banks and securities companies in loans totalling about 402-million dollars.

In New York the UN Centre Against Apartheid has claimed that South Africa had raised more than 2 000-million dollars from international banks since 1979.

The centre was reacting to a Press report that the South African Government was about to receive a 1 000-million dollar loan from the International Monetary Fund.

News of the proposed loan was greeted with anger here because the IMF is a UN agency and this year is being marked at the UN as "international year to mobilise sanctions against South Africa".

Nigeria's Yusuff Maitama-Sule, chairman of the UN anti-apartheid committee, issued a special statement demanding that the countries with the biggest influence within the IMF seriously reconsider making the loan.

At the same time the centre said an investigation into loans for South Africa had revealed that Western bank and financial institutions has provided 2 756-million dollars to South Africa since the beginning of 1979 to mid-1982.

This money had gone directly to the South African Government, or South African private companies.

The centre's report said the bulk of the loans had come from Britain, West Germany, the United States and Switzerland. — Argus Bureau and Sapa-Reuter.

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Zimbabwe guide

HARARE. — The Zimbabawe Government has published a guide to investment in an attempt to attract foreign businessmen.

Since independence in March 1980, investment has fallen well below the Government's expectations. But it has always resisted calls for guidelines because it wanted to keep its options open.

The guidelines say priority will be given to develop the full potential of every sector of the economy and to the promotion of employment and exports.

The Government is determined not to cut the level of profits which can be sent out of Zimbabwe except in the event of "extreme balance of payments stress".

...bid to ...ove trade ...essions

Rdm 14/10/82

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pressure to lower their often prohibitively high import barriers and open their markets wider to goods from the industrialised world.

The proposal said "developed countries have a strong desire to expand their trade with developing countries, which represent their largest growth market, but are experiencing growing frustration with the import barriers".

US officials have stressed in private that congressional approval for the GSP runs out in late 1983 and, given the growing mood of protectionism in the United States, there is no hope of reapproval without some concessions.

Trade with the Third World has become increasingly important for the US. American exports to developing countries rose from \$7 000-million in 1961 to \$89 000-million in 1981 — more than total US exports to both Western Europe and Japan. - Sapa-Reuter.

age firm, told a conference that the Federal Reserve had made a major policy change, but had not reversed its determination to fight inflation. Its action to ease monetary policy "has substantially lifted the danger of depression with a capital D".

For the past three years the central bank, under Mr Paul Volcker, has kept a tight grip on the growth of money supply to combat inflation, now running below 6%. But the high interest rates resulting from the board's monetary policies have been blamed for prolonging the recession.

A meeting of the Fed's open market committee was reported to have agreed to allow the M-1 money supply measure, covering all money in circulation and in cheque accounts, to grow beyond its 2,5% to 5,5% target range. Interest rates have since tumbled, sparking a stock market rally.

Mr Wojnilower told the conference organised by Institutional Investor Magazine that the Federal Reserve had made the decision because a slower pace of disinflation could be tolerated. He expected inflation to hover around a base rate of 4% to 5% in 1983.

Mr Wojnilower did not think the Fed would return to its pre-October 1979 policy of setting interest rates instead of trying to restrict growth of money supply. It would adopt a policy giving attention to both.

Mr David Jones, vice-president of the Aubrey G Lanston brokerage firm, agreed, saying the Fed had made its most important policy shift since October 1979.

"The Fed has decided to start fighting recession and temporarily stop fighting inflation."

But several other economists told the conference that the policy change might lead to a new surge in inflation.

Kinross

TWO main ventilation fans at Kinross gold mine have broken down. Gencor says production will be affected slightly. It is not known how long repairs will take. — Reuter.

RDM 14/10/82

Processed food exports urged

By PAT SIDLEY

SOUTH Africa should consider exporting more of its food in processed form instead of its natural state, said the chairman of Kohler, Mr Basil Landau, at the opening of the Pakprocess 82 exhibition at Milner Park, Johannesburg, yesterday.

"The solution to the problem of world hunger is therefore perhaps not so much to step up food production but to make better use of our existing agricultural output by protecting it through proper packaging and processing methods," he said.

By exporting processed foods "we would not only be earning a premium on our exported produce, we would be ensuring that it would not rot away before it could be eaten".

Increases in the cost of packaged products appeared to be inevitable as new technology in plant, processes and material would require substantial investment by the manufacturer. Labour costs had also risen.

"But such cost increase can, and should, be offset by adding a real and demonstrable measure of extra utility to the product.

"If a new piece of packaging has been made in such a way that it will extend the distribution range of the product it will contain, or lengthen its shelf life, ... or cut storage and handling costs ... then these functional benefits will far outweigh the additional cost of the new technology that has gone into the production of such a container."

trol and has restored stability to the diamond market. This has been achieved through stockpiling, production cuts, price restraint and cash conservation.

But Capel warns: "This control and stability can be maintained only at a considerable financial cost to both De Beers and its shareholders.

"In essence, we consider it unlikely that either the company's diamond account profits or its dividend payout will be restored to the 1979-80 peak levels before the middle of this decade."

However, De Beers net assets at the end of last year can be estimated at R13 a share. Although the net assets are at a wide premium over the share price, "the road back to restoration of a well-balanced diamond market and return to high profit margins of De Beers, is likely to be a long one".

"Indeed, we are given to wonder whether De Beers can ever again achieve the kind of profit margins it experienced in the late Seventies."

James Capel projects that distributable earnings a share will rise from 72c in 1982 to 124c in 1983 and 157c in 1984.

Even though there has been a slight recovery in the diamond market, James Capel believes De Beers final in December will fall from 25c to 20c and the total dividend in the current year will be only 32,5c a share. By 1983 the dividend will recover to 45c and be 57,5c in 1984.

On these forecasts, James Capel that the share price

reckons that Ashton Joint Venture in Western Australia could produce a "staggering 17 500 000 carats by the mid- to late Eighties, rising to over 30-million carats by the 1990s".

If the gem portion of Ashton's production averages about 10%, De Beers share of total world gem production would still exceed 50%.

With such a dominant position, De Beers control should remain secure, but James Capel warns that by the mid-Eighties more than half of De Beers production will come from South West Africa and Botswana.

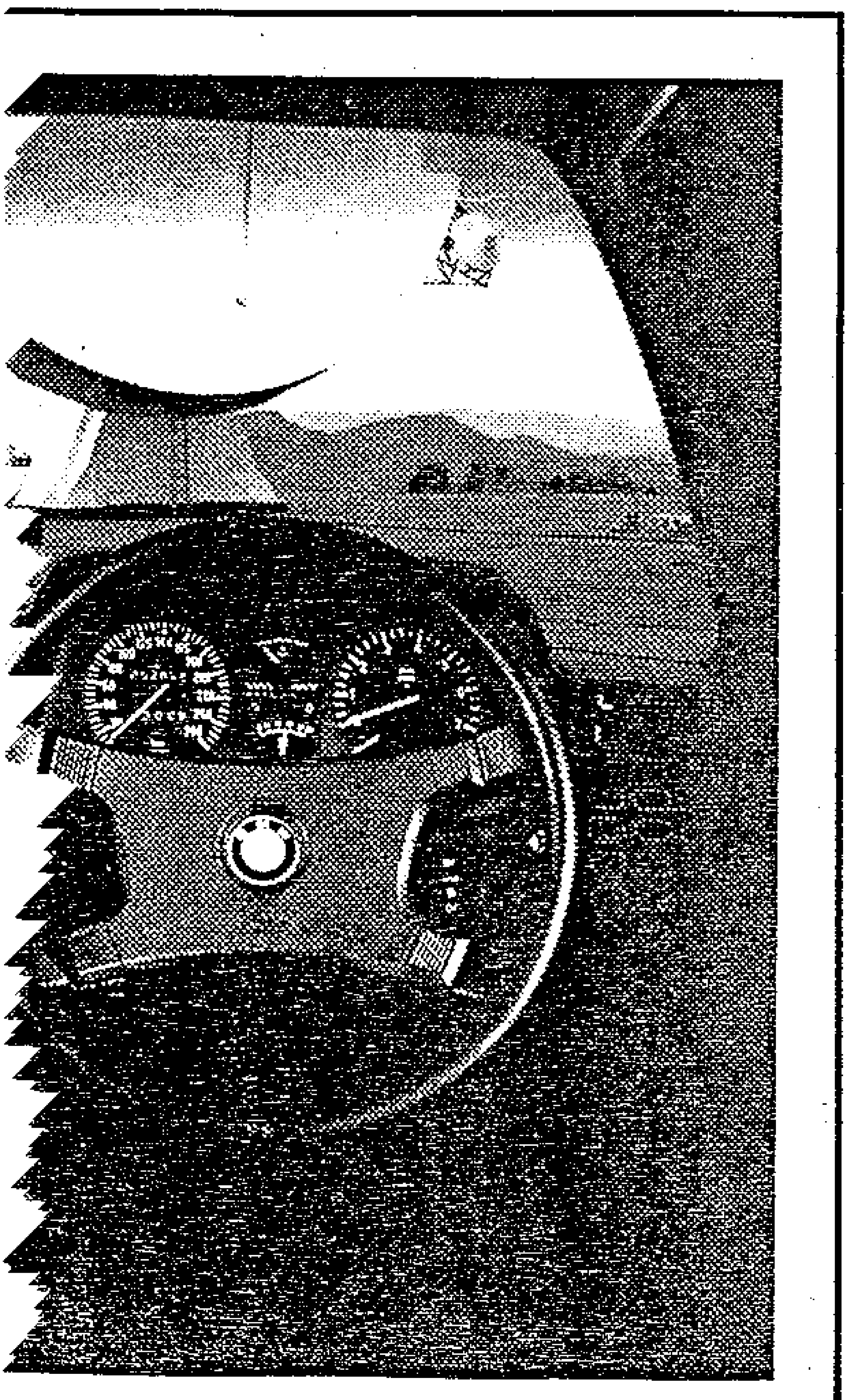
Although De Beers sources contend that this production will remain under its control, James Capel fears that political developments in those countries could change the situation.

Disregarding political developments, production potential for gemstones remains considerably above retail requirements.

On the favourable side, De Beers has announced that diamond stocks will rise by $300-million from last year's $1 616-million. Falling interest rates will reduce the cost of financing and the decline has already helped diamond sales.

Even so, the diamond-cutting industry would have to buy "substantially more gem diamonds from the CSO" to bring about a material improvement in the stock situation. James Capel believes that in present economic conditions such a boost is unlikely.

"If De Beers is to retain control of the diamond mar-



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both at enhancing the quality

expected," says Capel.

payments stress".

74

ABm 19/10/82

US bid to remove trade concessions

GENEVA. — The United States has proposed North-South negotiations to eliminate the tariff concessions developing countries now enjoy in trade with the industrialised world, say trade diplomats in Geneva.

The plan calls for higher tariffs in developed countries for goods from fast-growing Third World states like Brazil and Taiwan, and at the same time lower trade barriers in developing countries for imports from industrialised countries.

The United States made the proposal formally last week at a closed-door meeting preparing for a conference in Geneva next month of trade ministers from the 87 members of the General Agreement on Tariffs and Trade.

The proposal, which Washington hopes the November meeting will approve, has been widely criticised as one-sided by Third World states who learned of it in consultations with US officials in dozens of developing countries this year.

In the US view, the rapidly developing Third World states — the so-called newly industrialised countries (NICs) — have become mature competitors in certain sectors and no longer deserve some of the trade concessions granted them when their industries were in their infancy.

The US says they should be graduated out of the Generalised System of Preferences (GSP) — a system of low or zero tariffs developed states have conceded to the Third World since 1970 — and pay tariffs somewhere between the GSP level and the rate paid by industrialised countries.

Poorer countries would continue trading under GSP tariffs.

In bilateral negotiations the NICs would be under pressure to lower their often prohibitively high import barriers and open their markets wider to goods from the industrialised world.

The proposal said "developed countries have a strong desire to expand their trade with developing countries, which represent their largest growth market, but are experiencing growing frustration with the import barriers".

US officials have stressed in private that congressional approval for the GSP runs out in late 1983 and, given the growing mood of protectionism in the United States, there is no hope of reapproval without some concessions.

Trade with the Third World has become increasingly important for the US. American exports to developing countries rose from $7 000-million in 1961 to $89 000-million in 1981 — more than total US exports to both Western Europe and Japan. - Sapa-Reuter.

Cbm 19/10/82

335

EEC sees 12m jobless

BRUSSELS. — Unemployment in European Economic Community countries will rise to a record 12-million next year, but the rate of inflation will drop again, according to an official

accounts, to grow beyond its 2,5% to 5,5% target range. Interest rates have since tumbled, sparking a stock market rally.

Mr Wojnilower told the conference organised by Institutional Investor Magazine that the Federal Reserve had made the decision because a slower pace of disinflation could be tolerated. He expected inflation to hover around a base rate of 4% to 5% in 1983.

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Kinross

TWO main ventilation fans at Kinross gold mine have broken down. Gencor says production will be affected slightly. It is not known how long repairs will take. — Reuter.

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FM 22/10/82 (74)

FEELING THE PINCH

SA footwear retailers are squaring up to local manufacturers who want an increase in import tariffs on footwear.

Retailers and the Republic of China (RoC), the main exporter to this country, have lodged objections with the Board of Trade and Industries (BTI) to the applications for higher duties.

The application requests that the existing 30% ad valorum duty on jogger shoes (30c-80c/pair, depending on size and type) be increased to 300c/pair less 70% of fob value.

Manufacturers also want legislation to make it obligatory for all footwear sold in SA to show country of origin. "The consumer is not aware of the country of manufacture and this does not contribute to the Buy SA campaign," says Footwear Manufacturers' Federation of SA (FMF) national president Sam Davidson.

"It is only natural in a recessionary time to seek protection against imports flooding the market," he says. "We provide employment for 30 000 people and could take on many more if we were assured of equal opportunities to compete."

But the retailers say higher duties will decrease the range available to consumers. And as SA could not produce as cheaply, some poorer consumers would not be able to afford shoes at all.

RoC commercial attaché Michael Wei says: "Some SA footwear manufacturers do not plan ahead. When they cannot survive a recession they pass the responsibility to the government. The poor suffer because of business's bad judgment."

He says local production of cheap shoes is a bad allocation of resources. SA manufacturers should rather produce and export more top quality leather footwear.

In 1981, 20m pairs were imported, a growth of 7m pairs on the previous year. In this period, SA manufacturers produced 62m pairs. Most imports are slippers, sandals and other cheap shoes from RoC, Hong Kong and Korea. Canvas shoe imports increased from 3m p in 1980 to 5m p in 1981. And from January to July this year, 348 000 p of slippers were imported compared to 287 000 pairs for the whole of 1981.

Imports of good-quality footwear from Brazil and Spain are making matters worse for manufacturers.

Imports of leather shoes grew from 332 000 pairs in the first six months of 1981, to 465 000 pairs in the same period this year.

Some imports have already come under official scrutiny. One of the latest is lace-up canvas shoes. Following BTI studies and recommendations, government introduced a provisional anti-dumping duty of 60% in September, in addition to the existing duty of 30%.

Government will give its final decision on whether this is to remain in force in December.

WORLD ECONOMY

Barter is coming back in a big way

74

Stes 27/10/82

WASHINGTON — With scores of countries running short of cash, bartering is coming back in a big way — much to the annoyance of the industrial powers.

A Belgian trade official calls it "a return to the Ice Age."

Mr Fred Howell, a US Commerce Department economist, says barter arrangements are a growing phenomenon on a global scale.

A report recently presented to the European Parliament says that between 10 and 15 percent of trade with Eastern Europe is being done under partial compensation deals that involve bartering goods.

But in the developing world countries are also becoming more dependent on bartering because they are unable to borrow more and must conserve scarce cash reserves to repay loans.

Some governments, including those of Mexico and Venezuela, are reluctant even to talk about bartering for fear of raising questions about their financial status.

Starved

Brazil, starved for foreign exchange and struggling with enormous debts, is a prime case of a country that needs to barter to survive economically.

Officials in Brasilia say that by exporting armoured vehicles, cars, steel and farm products to oil-producing countries it can offset the dollar payments needed to buy oil.

Iran, for example, has agreed to resume oil supplies to Brazil in return for soya beans and manufactured products.

Mr Shigeaki Ueki, president of the Brazilian state oil company Petrobras, said he hoped to make similar arrangements with Iraq and Nigeria.

Sympathy

There is some sympathy in the industrial world for such deals — US Agriculture Secretary Mr John Block recently suggested trading surplus American grain for oil from Indonesia and Nigeria — but the general trend is worrying Western governments.

"We can't actually prohibit barter trade," complains Mr Raymond Waldmann, Commerce Department Assistant Secretary for International Economic Policy.

"But this Administration's policy is to oppose barter trade arrangements that impose counter trade arrangements," he said.

Mr Ron de Marines, an analyst for the US International Trade Commission, did a study last March of barter arrangements by US firms and found that at least 30 have now formed internal organisations to deal with bartering.

Some firms have taken big losses on barter deals but other deals have returned huge profits.

Mr Henry Orenstein, manager of offset and counter trade programmes at aircraft manufacturer McDonnell Douglas, described a deal that the company did as part of a sale to Yugoslavia of 250 planes, delivery of which was completed last year.

> **Barter is not a substitute for normal trade, but rather it is an abnormal procedure that has to be used in certain economic sectors facing paralysis for lack of import or export capacity.**

McDonnell Douglas had to agree to help market Yugoslav goods such as hams, textiles, leather goods, foods, wine, beer, mineral water and travel tours.

The rise in bartering was underlined at a recent meeting in Managua of Central American Economic Ministers and central bank governors who put bartering on the agenda for the first time.

"We have to analyse barter to regulate and order it," said Mr Orlando Solozarno, a Nicaraguan official who organised the meeting.

He called bartering a last resort measure that his country hoped to phase out when foreign exchange became more available.

The dislike for barter applies also to Mexico, which has kept silent on its dealings.

Guatemala earlier this month said it had discussed trading meat for Mexican oil.

Brazil said in September it had wrapped up its deal to trade products for Mexican crude.

Honduran officials have said they are sending a delegation to Mexico City for talks on bartering arrangments.

In Venezuela Energy Ministry sources said the government's philosophy was to avoid bartering.

But two years ago Caracas raised to 100 000 barrels a day from 60 000 the amount of oil it ships to Brazil after Brazil supplied 200 000 tons of sugar.

Reluctant

Latin countries are need for cashless exreluctant to admit their changes but China is actively promoting the idea even though its foreign exchange reserves are adequate.

There have been recent reports that Chinese provincial authorities are proposing barter deals to potential Japanese suppliers.

In one case Liaoning province was offering minerals, metals, toilet paper, plastic slippers and ginseng for refined petroleum products and equipment.

More widespread is compensation trading in which a foreign firm provides machinery and technology for a project and China repays it over a period of time with products from the plant.

A Western source said: "The Chinese won't pay a Red cent" for the development of their oil and coal reserves under deals struck with foreign oil companies.

Coal sales

The most ambitious such project is a planned venture with Occidenta Petroleum to develop the world's biggest coal mine, the Pingshuo open-cut mine in Shanxi.

The Americans will put in expertise and capital and share the income with China on coal sales.

The Chinese are trying to extend such deals into less-marketable commodities.

A Chinese knitwear factory is seeking new knitting machines but wants to pay for them in sweaters, — which may be hard to sell.

In Brussels Belgian trade officials said such deals raised the overhead for Western firms considerably because they often had to pay commissions of up to 10 percent to sell the goods. — Reuter.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Star 28/10/82

(74)

Safto to go East

South Africa's success in rapidly expanding economic links with Taiwan has persuaded the South African Foreign Trade Organisation (Safto) that the time is ripe for industrialists to become involved with other possible export markets in the Far East.

In conjunction with Specialised Exhibitions, Safto is arranging an exhibition in Taiwan in March next year, planned to promote South African industrial, technical and scientific services.

Safto's project manager, Miss Gail Helyer, said that during a recessionary period, many industries felt the crunch but thought of exports only as an alternative.

"By the time we are out of the recession, it is often too late to start looking for overseas markets."

Recent figures from SA Customs and Taiwan Customs showed that South Africa exported R84 million worth of coal, R38 million worth each of ferrochrome and steel products, R14 million worth of iron ore and R16 million worth of maize annually. Other exports were wire rods (R4 million) and wood pulp chips and sawn wood (R3 million).

Safto felt that some exports needed to be diversified into industrial goods and services.

● A general merchandise trade mission, organised by the China External Trade Development Council, is due to visit Johannesburg for five days from Monday. The 20 representatives of manufacturers and trading companies will exhibit their products at the President Holiday Inn next Wednesday.

GATT

Free and fair trade?

74 FM 29/10/82

Seldom has a business issue been as divisive or as secret as the present debate — some might say brawl — over whether government should sign an anti-subsidy code of the General Agreement on Tariffs and Trade (Gatt). The battle is behind closed doors because there are companies that have a vested interest in export subsidies, despite a public profile that supports free and fair trade.

The Gatt subsidy code is aimed at discouraging governments from giving their own industries export promotion subsidies that help erode the sales of competitors in importing countries.

This code has already been signed by the Western industrialised nations, Japan and several developing countries. SA is a notable non-signatory, although it is one of the founders of Gatt, a trade agreement made in the late Forties which contains principles embodied in the subsidy code.

The SA Government offers local exporters a number of incentives which are regarded by Gatt as subsidies. Along with other non-signatories, it has recently been subjected to enormous pressure from the US to accept the principle of abandoning them and sign the code. So far, it has resisted, while Australia, New Zealand and Spain have given in and signed in the last few months.

The US has been the principle force behind the move to herd the world's trading nations into the no-subsidies agreement. In the past few years US manufacturers have been hurt by subsidised imports which have been flooding in because of the strong dollar and high local production costs due to high wages and relatively obsolete machinery. At the same time, these high costs have caused US exporters to lose their share on foreign markets.

This has exacerbated unemployment which is already high due to the recession and the country's economic policies. And it has led US trade officials publically to claim that they support the subsidy code as a means of promoting "fair trade" in the face of a growing and alarming tendency towards protectionism in the West.

There is some irony in this view coming from an American administration. For in boom times it welcomes cheap imports as a means of reducing costs but in a recession it sees them as a threat. But it can also be argued that when the US economy is buoyant, so is everyone else. And in boom times subsidies tend to be less important, anyway.

SA now faces the choice of signing the code or of building trade relations through a series of bilateral agreements. Whatever course is chosen, exporters are most likely going to find the going tougher.

The future of some companies could depend on government's decision. For they depend heavily on export subsidies and have based their future planning on subsidies continuing. But while exporters now argue for the choice they perceive as best for their own particular interests, government must ultimately decide what is best for exporters and the nation as a whole.

The controversial code states that signatories may not grant export subsidies, but it recognises that this happens, and provides remedies for the importing countries of subsidised exports. If a non-signatory country is found to be giving an export subsidy, the importing country may impose any countervailing duty it pleases on the goods involved which is equal to the full amount of the subsidy. Or it may choose to ignore the situation. But if a signatory gives a subsidy, the importing country may levy a countervailing duty only if the subsidy is deemed to have "caused injury" to industries of the importing country; and the duty may be no more than is needed to "remove the injury to the domestic industry."

Thus signatories may not be subject to any duties at all if their subsidised exports have not caused measurable "injury." But non-signatories could be subject to duties even if their subsidies have caused no "injury."

Clarify facts

Furthermore, a signatory thought to be giving subsidies can be requested to consult with the injured party in order to "clarify the facts and arrive at a mutually acceptable solution." Non-signatories may not care to co-operate in this way.

SA exporters of steel, ferroalloys and wire ropes have already faced the threat of countervailing duties in America under a US law which conforms closely to the provisions of the Gatt subsidy code.

Iscor and Highveld Steel avoided them by convincing the US Commerce Department that they were not, in fact, receiving the subsidies alleged (Business, September 3). But they could have to go through this lengthy and expensive exercise again as further complaints are now pending.

The other SA exporters involved were forced to sign "suspensive agreements" in which they undertake not to accept SA Government subsidies available to them for their exports to the US. This very act could lay them open to similar retaliatory action from other countries.

Companies which oppose signing the code believe that doing so will result in export subsidies being abolished within about two years. They feel chances of survival are better if they continue to accept subsidies where they can, and sign suspensive agreements where they must.

Those against signing also note that the code could place SA under greater pressure to abolish its import controls and reduce import tariffs and other measures which have been introduced to establish certain

Industries Minister De Villiers .. oh dear, which way?

THE GREAT GATT DEBATE: 1

By Mike Peirson, Finance Editor

S. Tribune 31/10/82

CRUCIAL EXPORT MOVE

74

A CRUCIAL decision has to be made by the Minister of Trade and Industries, Dr Dawie De Villiers within three weeks which will have an important bearing on the country's future anticipated export-led recovery.

Working with the aid of a confidential document containing recommendations requested from the private sector, the ministry is at present debating whether or not it would be in South Africa's interests to become a signatory to the subsidies and countervailing duties code of the General Agreement on Tariffs and Trade (GATT).

The Minister is due to speak at a ministerial meeting of GATT in Geneva on November 23-25 when he will need to give a firm statement of intent.

Whatever is decided, it is vital for the country's industrialists, particularly those involved in exports, to have a firm and committed Government policy on which to base their development projects.

Many company bosses faced with the loss of certain export incentives earlier in the year became somewhat disillusioned with the idea of continuing in the export field until they could get a Government commitment.

Now is the time when the rules need to be laid out and made very clear so that the situation is stabilised and unknown factors eliminated.

The new GATT code, which aims to ensure that the use of subsidies by a signatory does not damage the trading interests of another, and that countervailing controls do not unfairly impede international trade, came into being in January 1980.

Since then there have been 18 signatories, which represent South Africa's major trading partners. It has become clear that this country is the odd man out.

Altogether some 80 countries (including South Africa), representing four fifths of the world's traders are signatories to the main GATT agreement which came into force in 1948.

Trade distorting subsidies are the target of the new code, which, if continued, would allow other GATT members to impose countervailing duties. But to be successful, injury has to be proved against those who are signatories. They employ what is called the injury test in assessing damage due to subsidisation.

But an important point is that this test is not necessary when considering possible damage done by non-signatory countries.

South Africa being the only non-signatory of the GATT-recognised "developed" countries, has already become a target for countervailing duties - not a situation that our exporting community can afford.

Having developing country status permits a country to subsidise its exports to a limited extent. But South Africa is treated as a developed country and although it has tried to renegotiate its status on several occasions in the past, it has not succeeded.

Thus the only subsidies allowed under the code are those which involve broad industrial growth projects which ultimately benefit exports.

The effect of countervailing duties could be that any assistance granted to export industries which has been paid for by the South African taxpayer, might well be transferred to the fiscus of the importing countries.

There is a distinction drawn in some countries between high, medium and low technology industries. And GATT will accept subsidies aimed at raising the standards of the industrial environment. It also accepts research and development programmes and in some cases regional assistance.

But it will not tolerate the kind of protection measures which effectively eliminate competition.

Taking these factors into account many private sector businessmen believe the Government could well explore these avenues of operation in restructuring its export incentives system.

It is not known what conclusions might have been drawn by the private sector and recommended to the Minister. But top industrial economists do realise there is no clear-cut answer to the problem.

It is pointed out by some that accession to the code does not deprive a country of its negotiating options. A major plus is that in many instances additional concessions can be gained.

While it would obligate this country to do away in the longer term with certain export subsidies disapproved of by GATT, South Africa would have some freedom to support its export industries so long as it was done within the spirit of the code.

The question that must be answered is: what would be the effect on the country's overall trading status and its negotiating position within the GATT and with other countries, if it decided to sign the code?

If it did, it would have to do some hard bargaining to get the best concessions available for the permanent benefit of the exporting sector.

Hopefully the whole object of the exercise on the Government's part at this stage is to put industry and exporter's interests first whether they sign or not.

Whichever way it goes, there can be no second thoughts. Back-up policies would need to be introduced as quickly as possible to make the decision work.

What the Minister says in Geneva next month will have a profound effect on the industrial development of this country and, in particular, on the export-led recovery on which government economists are basing their future hopes.

Freight rates go up

Star 1/11/82 (74)

By Stan Kennedy

Freight rates on member lines of the Europe/South Africa Conference are to go up by 7,5 percent on January 1.

Both the South African Government and shippers' councils in South Africa and Europe had taken part in the consultations to increase the rates, a Conference spokesman said.

An analysis of projected costs for next year, based on inflation figures of the Organisation of Economic Co-operation and Development (OECD), showed costs were expected to increase by 10,7 percent.

Because of the prevailing economic climate, the lines had decided not to recover the full cost of projected inflation. The increased rates would apply to both northbound and southbound sailings.

The spokesman said the lines were in touch with the main exporters from South Africa about commodity contracts. These accounted for 80 percent of South Africa's exports to Europe.

Commenting on the increase, Mr Warren Smith, manager of the SA Foreign Trade Organisation's export administration division, said this latest price shock was "unfortunate."

Earlier this year the Conference raised the rates for certain goods, some by as much as 9,2 percent. In March, three principal export incentives were removed and in April there was an average increase of six percent on rail rates.

CAPE TIMES 5/11/82

550 textile employees laid off

74 147 335

Own Correspondent

PAARL. — The "huge quantity" of textile products being allowed into the country from abroad, has caused the Berg River Textile Company of Paarl to retrench 550 of its employees, Mr E R B Ankers, managing director of the company, said yesterday.

The workers will all be retrenched today.

Mr Ankers said that at a meeting addressed by Dr Dawie de Villiers, Minister of Industries, he had asked about the large textile imports from Taiwan.

Dr De Villiers had replied that as Taiwan bought goods from South Africa, South Africa had to buy goods from Taiwan.

Imports fall as recession stings

Export boom helps BoP

RDM 5/11/82

74

By HOWARD PREECE

SOUTH Africa's exports soared back into boom conditions in September and imports continued to slide as the economy moved deeply into recession.

The net result, according to preliminary figures from Customs and Excise, was that there was a remarkable surplus of R599-million on the balance of trade compared with a R52-million deficit in August.

Exports bounded up to R1 906-million from R1 461-million in August and imports were R1 307-million (R1 513-million).

These figures go a long way to explain the increase of more than R340-million in the Reserve Bank's official foreign exchange holdings in September.

They also confirm expectations that the combination of the gathering economic downswing and the substantial improvement in the gold price since mid-August has given a healthier look to the balance of payments position.

As usual, the warning has to be given that Customs statistics are provisional and can be subject to considerable error.

Also, the erratic sales flow of some export commodities can have a distorting effect on any particular month — imports can be similarly affected.

Taking all those factors into account, however, there is no doubt that South Africa had a handsome real surplus on the overall current account of the balance of payments in September.

SA is showing a monthly shortfall of about R270-million on net services transactions — dividends, interest payments, shipping, insurance, tourism and others.

But with Customs showing a positive balance of nearly R600-million for trade — which includes imports of oil and military equipment and all forms of gold sales — the total current account was heavily in the black in September.

South Africa imported goods totalling R14 120-million in the first nine months of this year against exports of R13 866-million, according to Customs.

For January to September 1981 imports were R13 442-million and exports R13 297-million.

That means that the trade deficit on Customs calculations for the first nine months of 1982 was still higher than in the same period for 1981 — R254-million against R145-million.

But the trend for July to September showed a dramatic turnaround with a huge surplus for that quarter of R845-million.

The pattern of imports in recent months indicates the extent of the recessionary bite.

May 1982 R1 720-million.
June R1 650-million.
July R1 592-million.
August R1 513-million.
September R1 307-million.

When allowance is made for inflation and the fact that the foreign exchange value of the rand fell marginally over those months it is clear that the physical volume of imports is declining sharply.

Exports have been more erratic, and gold has certainly helped their recent strength.

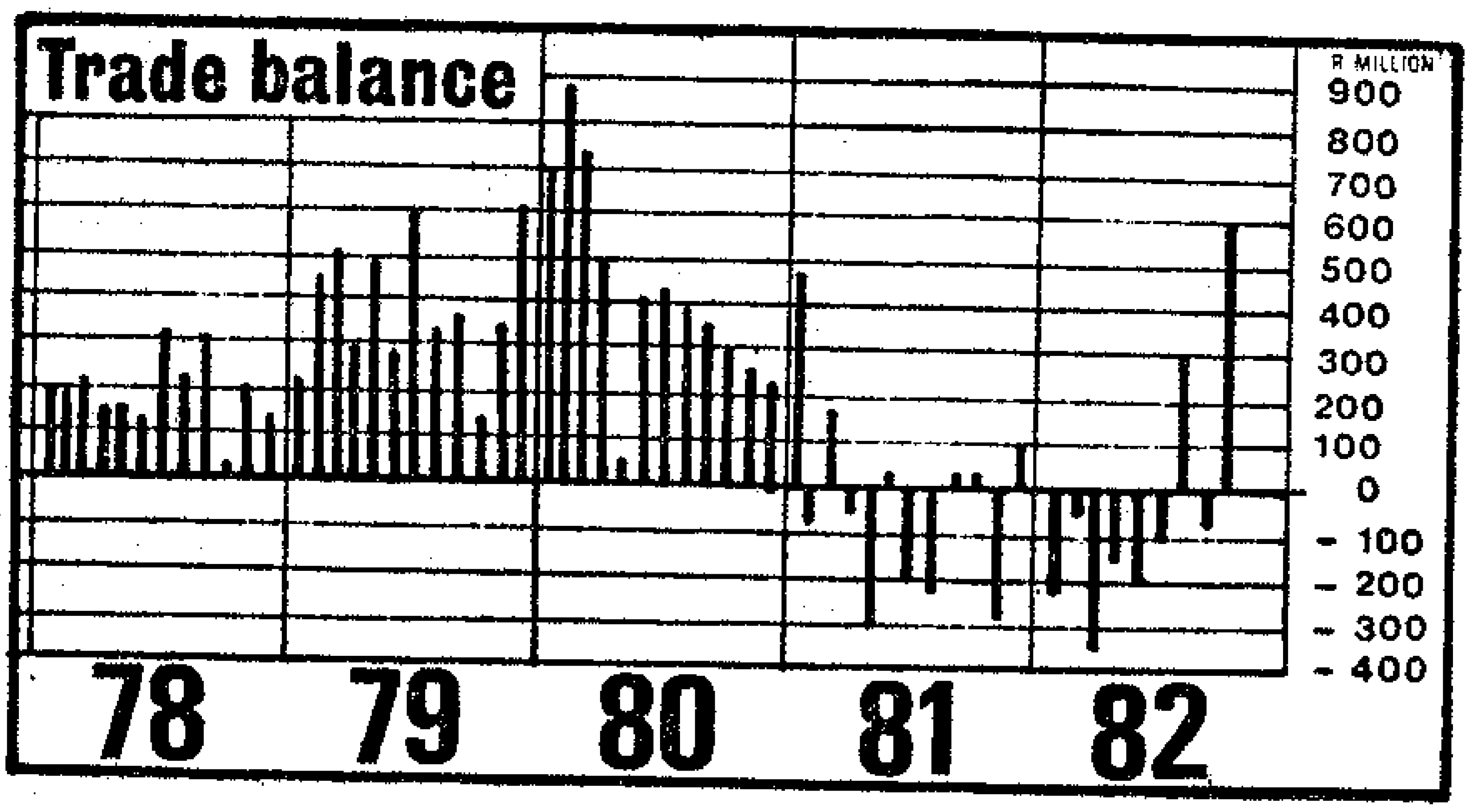
But the July and September figures are cause for satisfaction.

May 1982 R1 520-million.
June R1 550-million.
July R1 890-million.
August R1 461-million.
September R1 906-million.

STCW 6/11/82

Sharp tilt for the better

74



Helped by the higher real gold price, exports in September were nearly R600 million more in August while imports moved in the reverse direction.

This resulted in a sharp recovery in the country's balance of payments position in spite of the persistent recession among many of South Africa's traditional trading partners.

The figures should not, however, be taken as representing a complete turnabout in the economy since September tends to be a good month for foreign trade.

Totals for the year so far still reflect a greater deficit on foreign trade than was apparent this time last year — about R100 million more at R254 million.

TRADE DEFICIT (74) FM 12/11/82

Rapidly coming right

SA's trade balance on current account is showing an improvement that is little short of dramatic. The latest set of unadjusted figures from Customs and Excise puts SA's trade with the rest of the world in surplus to the tune of R599m for September.

Perhaps more significantly, the Governor of the Reserve Bank, Dr Gerhard de Kock, estimated that the deficit on the current account, seasonally adjusted, is running at an annual rate of R1 billion. "This is very good news indeed," he told the *FM*.

It is certainly a startling contrast to an estimate he made only some three weeks ago. Then he suggested that the annual deficit was probably running in the region of R2 billion.

The figures are, of course, even more of a contrast with those of the first and second quarters. For the first three months of this year the deficit was reckoned by the Reserve Bank quarterly bulletin to be running at about R6,9 billion a year. For the second quarter that was down to R5,4 billion.

For the three months of July, August and September the visible trade surplus was R845m — surpluses of R298m and R599m for July and September and a deficit of R52m in August.

The extent of the improvement has clearly caused a little surprise among economists. It has been so great that there are now suggestions that the BoP no longer constitutes the constraint it was.

"It is simply no longer a problem," says one economist. Since World War 2 SA has on average run a deficit on its current account amounting to 3% of gross domestic product (gdp). An annual rate of R1 billion is presently equivalent to 1,25% of gdp.

But that is an annual rate, it should be emphasised. The country has already logged up deficits in the first quarter of R1,3 billion and in the second R1,4 billion. Add an estimated R1 billion for the third quarter and that means a total already this year of some R3,7 billion.

For the final quarter there are optimistic estimates it could be in the R500m area, making something over R4,2 billion for the whole year. De Kock would not be drawn on his estimate for the 12 months, but it is likely to be under the R5 billion mark.

The reasons for the changed outlook for the BoP are lower than expected imports and higher than anticipated exports. Most imports have been falling in volume terms for a good part of a year now. The trend has to a certain extent been disguised by the decline in the value of the rand.

In the third quarter the rand actually appreciated marginally against most major currencies. This allowed the drop in imports to be thrown into sharp relief.

De Kock . . . good news indeed

The latest statistics from Customs and Excise show some sectors like chemical and allied industries and the electrical area with imports actually rising. Transport equipment, however, fell which is perhaps not surprising given the state of the motor industry.

Perhaps the key to the figures lies in the unclassified items, which take in military spending and oil. Here the figure for September dropped from R1,3 billion to R830m, a fall of about 35%. The question asked by economists now is whether this is a permanent or temporary change.

Overall, however, it is clear that the recession is biting. Consumers are not spending as much as they did in the first half of the year. Sales are consequently falling and manufacturing industry is generally producing and importing less than it did.

There is also the point that the huge outlay on fixed investments, which occurred in 1980-81, has come to an end and is no longer pulling in imports. It will take another consumer boom before the present capacity is increased still further.

On the export side, the figures clearly gained from the improvement in the gold price which in September briefly touched $500/oz after dipping below $300/oz in late June. Now it is just above the $400/oz level and few would be surprised if there were not consequently a small deterioration in the trade figures in the final quarter.

The figures mean that the authorities' policies of adjusting the economy to the more difficult times of the present when compared with those of two years ago are working as intended. But there is, however, no question that any relaxation can be allowed.

The improvement in the trade figures now allows them to turn their attention to other things, like renewing the attack on inflation. Here the hope is that perhaps it might come down to around 8%-9% by the end of next year. Most economists agree, however, that it will be neither an easy nor a swift task.

The country also has to repay a large proportion of the short-term foreign borrowings of recent months. It will in addition in due course have to repay the International Monetary Fund from which it formally drew just over R900m this week.

Perhaps one of the most significant aspects of the improvement in the current account is that it is happening *before* an upswing in the US economy. "If we have a deficit running at only R1 billion now, what will happen when the US upswing occurs?" asks De Kock.

C. Herald 13/11/82

545 workers get the axe

(74)

Biker's wife in accident

A Mitchells Plain woman, on her way to see her husband who was seriously injured in the Buffalo Rally, escaped death at the weekend when the car she was travelling in overturned near Plettenberg Bay.

She is Mrs Hazel le Bron of Vaalrivier Way, Portlands.

Her husband, Mr Keith le Bron, was admitted in Livingstone Hospital in Port Elizabeth after he was involved in a bike accident during the rally.

THE unemployment ranks in the Western Cape grew dramatically at the weekend when 545 workers were retrenched by Paarl's biggest employer, Berg River Textiles.

According to the company the Taiwanese are to blame.

The managing director of BRT, Mr Bob Ankers said countries in the East, most notably Taiwan, were being allowed to flood the South African market and as a result his plant had suffered a considerable drop in turnover.

Retrenchments were the result of this drop, he said.

Mr Ankers was not aware what percentage of the market was being cornered by Taiwan.

"But what I do know is that imports during the first four months of this year were equal to the total for 1981," he said.

Garments for infants (three years old and under) were a prime example of the extent of the flooding, Mr Ankers said.

In certain cases there were no import duties and in others a mere 15 percent.

GARMENTS

"This has resulted in there being 58 million infant garments a year on the market. If you consider that there are only 2,5 million infants in South Africa it means that for each infant there are 23 garments and that's absolutely absurd," Mr Ankers said.

Mr Norman Daniels, general secretary of the Textile Workers Industrial Union said the workers laid off face a bleak Christmas.

"They will not be able to get any unemployment insurance benefits before then," he said.

ASSIST

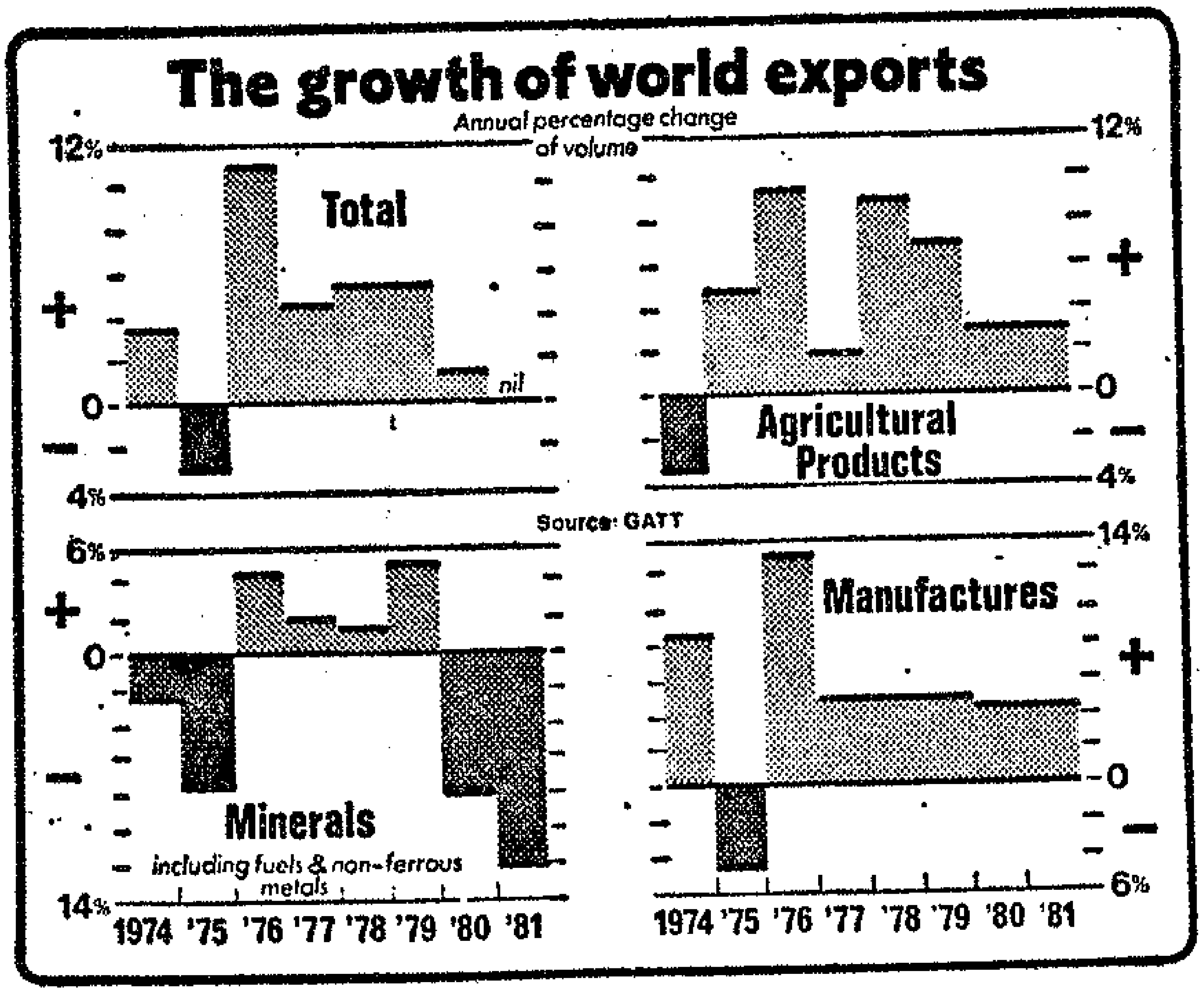
His union would assist where possible, Mr Daniels said, but what the workers really needed were jobs.

"It is sad to note that the Taiwanese are being kept in their jobs at the expense of our people," Mr Daniels said.

Protectionist pressures grow as unemployment worsens

Gatt's survival hinges on meeting

Star 16/11/82 (74)



The Star Bureau

LONDON — In Geneva's cemetery of lost causes, the derelict lakeside chateau that housed the League of Nations between the wars could before long be joined by a new tombstone — the squat sandstone fortress occupied by the United Nations-backed General Agreement of Tariffs and Trade (Gatt).

This spectre haunts the negotiations now taking place urgently in Geneva between the 88 governments pledged to Gatt's international trading rules as they try to reach broad agreement on the run-up to the November 24-26 Gatt "ministerials" there.

The unwiejdy trade ministers' meeting — a Gatt spectacular not attempted since the start of the Tokyo round-tariff cuts in the early 1970s when world trade was growing by about 10 percent a year — was launched by the mid-1981 Western economic summit in Ottawa.

Its brief was to stop the rot of the protectionist pressures by then already apparent. In the event, its importance has grown but its character has changed so that it has become a finger-in-the-dam exercise.

Informal trade curbs, from "gentlemen's agreements," to price monitoring, quotas, outright embargoes and "export forecasting" have multiplied fast.

These are the semi-secret protectionist deals identified by Mr Arthur Dunkel, Gatt's secretary - general, as the dangerous "grey areas" beginning to harden into formal barriers erected by Gatt's member governments.

Unless this month's Geneva talks can reverse the trend, the 35-year-old Gatt free trade rules could become a dead letter.

That threat has concentrated attention on the events of 50 years ago. It was to prevent any recurrence of the spiralling protectionism of the hungry 1930s that Gatt was set up.

The snag is that political pressures in sensitive industrial areas are strong while memories are too short.

Recollections of the 1930s are, curiously, fresher when times are good — as in the early 1970s when world trade since World War 2 had snowballed to seven times its former volume.

It is — now as in the 1930s — unemployment that fuels protectionist calls.

Despite such findings as those of a recent study for the International Labour Office, which showed that for each job lost by industrialised countries to low-cost imports another three are created by exports to those countries, sectoral demands have become increasingly shrill.

The trade diplomats, waiting for their Ministers to arrive in Geneva, still have a long way to go to come to terms with this situation.

Preparatory talks for the conference have attracted a ratbag of issues, stretching away from the question of import curbs to export credits and counterfeiting.

If the conference is to appear to work, most results will have to be pre-cooked. But the stove has only just been turned on.

So far there has been little indication that basic national positions have been changed.

74)

Import hazards explained

By David Braun

Everything you always wanted to know about importing is detailed in a comprehensive Importer's Manual published by the Johannesburg Chamber of Commerce.

The manual should serve to remove many uncertainties, says the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, in a forword.

"The clear guidelines provided as to how the importer should go about the task of obtaining what clearances from whom and exactly when, should be useful to the entire business community and should remove much of the mystery surrounding the procedures involved."

Dr de Villiers says the diversity of regulations on imports and the many requirements of the importer to obtain the release of goods by the customs authorities have tended to outstrip the administrative resources of the average businessman.

Almost all but the larger corporations — which may have specialised branches dealing with their own imports — have been forced to entrust their clearing and forwarding to professional outside agencies.

"This systemised and explicit manual should make the importer's task less complicated and prove to be a useful guide for those involved in importing," he adds.

RDM 17/11/82

Safto alarmed at SA inflation rate

By HOWARD PREECE

MAJOR concern about the effect of the country's "alarming" rate of inflation on exports is expressed by the South African Foreign Trade Organisation (Safto) in the annual report for 1981-82.

It also warns that the sharp fall in the foreign exchange value of the rand is far less helpful overall to exports than is generally supposed.

Safto suggests, too, that South Africa should put more emphasis on export promotion than on building up costly import substitution industries.

It cautions, again, that ways must be found to protect exporters from some of the impact of severe fluctuations in exchange rates.

Safto repeats its previous view that merchandise exports should grow by about 19% in 1983.

The report is for the year to the end of June 30, 1982.

It says:

● "The diverging trends between the rates of inflation in South Africa and most overseas markets is an alarming phenomenen.

"The differential between South Africa and the United States is more than 7% which means that on this basis alone the rand exchange rate must be continuously adjusted downwards in order to ensure the competitiveness of our industrial exports on world markets.

"Although the commercial rand decreased to less than $0,90 the effective trade-weighted value of the rand, taking into account the inflation differential, is still 10% higher than in 1978."

● "In theory, a weak rand is an attractive export stimulant.

"It is — in the short term, and especially for minerals such as gold.

"For industrial exports, however, rand depreciation immediately raised the rand cost of freight charges, foreign market expenses and inputs.

"A weak rand (itself indicating that inflation is higher in South Africa than elsewhere) increased, moreover, other inflationary pressures.

"These factors and high domestic interest rates quickly negated, for industrial exports, devaluation's early benefits."

● "It is accepted that exports and imports cannot be completely shielded from internal monetary-fiscal measures necessitated by massive changes in the gold price and foreign exchange earnings.

"(But) ... A free foreign exchange market creates a vicious circle in which a higher gold price (and thus stronger rand) automatically reduces the ability of non-gold exports to come to the rescue of the balance of payments if the gold price drops again.

"This damage to industrial exports caused by dramatic changes in the exchange rate requires some form of amelioration through export incentives."

● "An interesting facet of import replacement has been the shift since the 1950s from simple consumer goods to more sophisticated intermediary and capital goods, partly because of the vulnerability to restrictions or boycotts on the sale of these essential goods to South Africa.

"This possibly encourages import substitution up to a level of sophistication which exceeds economically viable limits unless, through major efforts, these industries become export-orientated, as is currently the case with the armaments industry."

Safto says: "International experience shows that countries that have opted for export orientation rather than import substitution have been able to adjust more readily to changed circumstances and have, therefore, done much better economically and have survived the energy crisis more successfully than countries that have followed the opposite course."

SA-UK trade still rising

Financial Reporter

IN SPITE of present economic trends, trade between South Africa and Britain had held up remarkably well, said Mr Dennis Etheredge yesterday.

Addressing the annual meeting of the South Africa Britain Trade Association, at which he was re-elected president, Mr Etheredge said that between October 1981 and March 1982 there was a 14,4% increase in the rand value of South African exports to the UK over the same period a year earlier.

Imports from Britain over the six months increased by 17,5%.

This compared with the general trend of South Africa overseas trade where the value of exports had remained unchanged between the two periods and imports generally had risen by 24,5%.

When the exchange rate — sterling rising by 2,9% against the rand — was taken into account, with virtually no distortion of the values through the price mechanism, the performance of trade between the two countries was even more impressive.

In contrast, the rand values of exports and imports generally were inflated by a 14% depreciation of the effective value of the rand.

This trend was almost certain to continue for the remainder of the year.

Should there be any recovery in the US economy later this year or early in 1983, Britain's imports from South Africa should increase substantially in the latter half of next year.

This would be followed in 1984 by a revival of South African imports from the UK.

For South Africa, the downturn had so far not shown the characteristics of a full-scale recession, as exhibited by major trading partners, in particular the UK.

"This means that some of the economic adjustments that need to be made before South Africa can enter the next economic upswing have still to take place. Paramount among these is a further fall in the rate of inflation."

74

Cit 18/5/82

BUSINESS 2

SA commodity prices could be bolstered soon

Export income surge forecast for next year

Star 17/11/82

74

By Pieter de Vos

There are signs that export earnings could surge next year, says the South African Foreign Trade Organisation in its latest study prepared in conjunction with the Bureau for Economic Research of the University of Stellenbosch.

Safto says in the report that despite recession on the domestic front, "some degree" of revival in export demand from the end of this year could lead to prices of South African commodities firming almost immediately.

Spelling out prospects for foreign trade this and next year Safto says home market conditions will undoubtedly make more capacity available for exports and will enhance the attraction of foreign markets.

As a result, export earnings could rise by 21 percent from an estimated R18 140 million at the end of this year to R21 900 million at the end of next year.

But on the home front, a sharp decline in demand lasting at least until mid-1983 is forecast — a recession by any definition, the report says.

Continued curbs on domestic demand, maintained by the authorities who aim first to bolster reserves before the next recovery, will constrain imports next year. Volumes are likely to be reduced while a gradual rise in the rand's value could also reduce the value of imports in rand terms.

Another forecast is that merchandise exports will rise from an estimated R10 590 million at the end of this year to R12 600 million by end-1983.

From a sectoral analysis, it appears that oversupply, weak markets and high stock levels continue to plague international trade.

The outlook for the sugar industry remains bleak in the next year or two. Stocks of six to seven million tons overhang the international market, equipvalent to nearly a third of annual consumption.

South African export volumes should be maintained, but earnings are expected to drop from R219,1 million last year to R155,2 million and show a poor recovery to R172 million next year.

Generally, prospects for growth in food exports are not favourable, though firmer prices are expected for most commodities, including fruit. Export volumes of mohair, some ferro-alloys, aluminium, newsprint and pulp also seem likely to rise.

● The declining domestic market has alrealy created renewed interest in exports but inflation continues to pose a serious threat to export performance, says Mr P K Hoogendyk in Safto's annual report released today.

Imports hit 10 500 jobs

ARGUS 19/11/82

More than 10 500 jobs will have been lost in the clothing industry this year as a result of competition from foreign imports, Mr S Schlagman, executive director of the Textile Federation said today.

He made an urgent appeal to the Government to grant the industry greater protection against foreign competition.

The textile industry had been expecting some downturn in demand and had prepared for it. But mainly owing to large-scale imports of clothing and textiles the situation had become much more serious.

MAN-HOURS

By the end of December man-hours worked in the textile industry were expected to be down between 30 percent and 35 percent on last year, while production this year is likely to be down at least 25 percent on last year.

Mr Schlagman said unemployment and short time were widespread in the industry and all major companies would be extending the annual shut-down by two to three weeks.

The industry now estimated that 10 500 jobs would be lost by the re-opening in January, which will have serious consequences for the Western Cape, the Eastern Cape-Ciskei and the Durban areas.

Trained and productive labour will be out of work.

IMPORTS UP

Although consumer demand this year has been unchanged imports of wool fabrics in the first half of the year were up 44 percent, while imports of cotton and synthetic fabrics were up 13 percent and 18 percent at a time when local order books were down 39 percent.

Clothing imports between January and May were up 44 percent in value and 30 percent in volume.

RETRENCHMENTS

Mr Schlagman said the downturn in the local industry had been caused by the Government's inability to curb imports owing to the inadequacy of existing protective measures.

The Argus Bureau in East London reports that 26 percent of the work force of the Good Hope Textile plant in King William's Town will lose their jobs next month. Good Hope Textiles is the largest mill under one roof in the southern hemisphere.

The retrenchments on December 10 will affect 1 279 weekly-paid black workers (1 100 at Good Hope Textiles) and 89 monthly-paid workers (65 at Good Hope Textiles and 24 at the Cyril Lord plant in Mdantsane outside East London).

An estimated 6 500 people will be affected by the retrenchments.

MR A M Rosholt, executive chairman of Barlow Rand, has been appointed to the head office board of Old Mutual.

Gold rallies

GOLD was fixed at $417 an ounce in London this morning, up nearly nine dollars from yesterday's close of $408.25, Reuter reports.

It rallied in New York yesterday to close at $412, following an injection of reserves into the banking system by the Federal Reserve Board, which raised hopes that a cut in the US discount rate might be announced.

In London today dealers said prospects of a cut in the US discount rate continued to aid the market.

London gold fixings were:

	Dollars an ounce	Rands a kg
Today 10.30 am	417,00	15 410,30
Yesterday 3.00 pm	408,50	15 096,18

Downturn quickens

WASHINGTON. — Production in wealthy industrial countries has been falling faster and faster this year, with drops in the United States and Japan dragging the total figure down.

The International Monetary Fund estimates that output in the 19 leading non-communist countries fell 1,9 per cent in January, 2,4 per cent in February, 2,1 per cent in March, 3,1 per cent in April, 3,4 per cent in May, 4,4 in June, and possibly by 5,2 percent in July.- Sapa-AP

Key issue is subsidies on exports

SA likely to sign Gatt code

By David Braun

There are strong indications that South Africa will sign the controversial subsidies code of the General Agreement on Tariffs and Trade (Gatt).

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, flew to Geneva last night to attend the first Gatt ministerial meeting in nine years wih a brief at least to announce South Africa's intention to sign.

CLASSIFICATION

South Africa is the only developed country in Gatt not yet a singatory of the code which seeks to eliminate non-tariff boosts for exports in the form of subsidies.

Members are sending their Ministers to formulate a strategy to eliminate and contain the increasing number of non-tariff measures being resorted to by nations in troubled economic times.

Dr de Villiers has

Dr de Villiers — will face tough decisions at the Gatt meeting in Geneva over controversial subsidies code.

held wide-ranging consultations with business and it is believed was told that on balance it would be in the country's interests to sign.

The Government has been dragging its feet over signing the code because it could put the country at an export disadvantage if an estimated R900 million in subsidies in various forms must be withdrawn. The Government's argument has been that although South Africa is classified as a developed nation by Gatt, it is in fact a mixture of a developed and developing country.

Before his departure yesterday, Dr de Villiers said in Pretoria that the country had tried to be reclassified as a developing country, to allow it to subsidise certain exports.

"But this solution is a non-starter as the other Gatt members are not interested in our case. In fact, pressure is mounting for certain other members in the grey area — such as Mexico, Spain, Israel and Greece — to be reclassified as developed countries."

He said the country had come under increasing pressure from other countries whose industries had to compete with subsidised South African exports. The recent countervailing duties imposed on certain South African exports to the US proved that Pretoria would not get away with the subsidies.

"The fact is, we are a member of Gatt and we cannot excuse ourselves from disciplinary action taken by other members against us."

He said that if South Africa signed the code it would at least provide a mechanism for negotiating with unhappy trading partners.

Signing did not alone determine whether trading partners could take retaliatory action against subsidies or not. But it did provide for bilateral negotiations with each nation concerned.

COMPETING

He emphasised that signing the code would not mean an immediate phasing out of export subsidies. Many "subsidies" could not be regarded as such in terms of Gatt definitions, while others were allowed because they assisted underdeveloped regions.

Many countries would also welcome South Africa's subsidised exports if they did not compete with their own industries — because they would obviously not have to pay so much to import these goods.

"However, if we declare our intention to sign, we are morally bound to sign in the short term. Once we sign, we are of course morally bound to take a hard look at our house, to put it in order and phase out subsidies wherever they are blatant and contradict Gatt requirements."

74

Import duty shock

Industrial Week 9/11/87

LOCAL users of electrical and electronic instruments for the process control industry could be faced with a massive R10-million price hike writes Hugh Poulter.

A Cape company has applied for a 20% ad volorum duty to be applied to all items listed under tariff heading 90.28 which are presently free of import duty.

Representatives of the major control instrumentation manufacturers and suppliers met in Johannesburg recently discuss the application.

Waly Feldon, technical director of AFH Devers said the control instrumentation market in SA was conservatively estimated to be worth R50-million.

"If the application is successful and the 20% tariff is applied, local users of this type of equipment will have to pay an additional R10-million a year," said Feldon.

"There is no dumping problem in the control instrumentation industry in this country."

"Feldon said that the Salt river based company, Rhomberg Electronics, which has applied for the tariff has minor share of the control instrumentation market.

57 ~~FAIL~~ PASS

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

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Trade mission to Turkey

(24)

Financial Reporter

SEVERAL companies have booked places on a three-week trade mission to Turkey being organised by the SA Foreign Trade Organisation in February.

Mr Jonathon Smith, Safto's Middle East manager, said firms were beginning to realise that the Middle East offered a huge market for South African goods and services and that Turkey was the launching pad to penetrate the area.

"If we go about it the right way, there is no reason why we cannot benefit from the big developments taking place throughout the region. There are many people ready to to business with us.

"If we are selective, most SA products can be sold somewhere in the Middle East — food and soft drinks, construction materials and hardware, strategic materials and finished goods."

South African companies should set up marketing arrangements with Turkish concerns, Mr Smith said.

There was no boycott problem in Turkey. Turkish contractors, their skilled manpower reinforced by workers who had returned from Germany, were active in many Middle East countries.

"There are official boycotts in the Arab states, but there is no anti-South African sentiment. But Customs officials and others must take note of the boycott and goods exported from South Africa will require special documentation."

The planned 15-20 man mission will also visit Israel, which is seen by Safto as the way to penetrate Egypt.

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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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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Row erupts over Mitco tariff bid

74

Industrial Week 23/11/82

MACHINE tool merchants and manufacturers are at loggerheads about a local company's application for tariff protection on turret milling machines.

By Priscilla Whyte

Mitco Tools has applied for a tariff duty of 30% on non-numerically controlled turret milling machines and a 20% duty on parts.

Christo Aldrich, MD of the company told Industrial Week: "It will be impossible for Mitco to become established as a manufacturer of turret milling machines without the unqualified support of machine tool merchants.

"Mitco only applied for tariff protection after it became clear that such support would not be forthcoming".

Aldrich said that more than one prominent merchant told Mitco very straight forwardly that they would continue to import until it became economically impossible to do so.

Spoilt

He claimed: "The local market is completely spoilt by the enormous variety of imports, which makes new product entry almost impossible".

He argued that the proposed tariff protection would not make it economically impossible for merchants to import "it will just make it less rewarding".

Aldrich said that machine tool prices are being slashed worldwide and dumping is taking place in a big way.

"A 30% cut in price neutralises a 30% tariff protection. In addition we have higher inflation than most of our traditional trading partners", he said.

But Robert Skok, chairman of Robert Skok and Sons argued: "It is not the function of tariff protection to provide a local manufacturer with a means of gaining market share, which would not be otherwise possible.

"In every instance Mitco's prices are lower than those quoted by our company for the Bridgeport machines and we are totally unable to understand the application for a protective tariff.

"It is designed primarily to eliminate competition from Bridgeport, which has the major share of the market in SA for turret milling machines".

He said: "We have noticed in recent tenders that Mitco is claiming up to 8% preference for machines incorporating the two South African manufactured components (column and knee castings).

"Quite clearly a claim of this sort is absurd and false.

"Our records reveal that the cost of these two castings did not constitute more than 15% of the cost of the milling machine by value".

Exports

David Wilter, MD of Drury Wickman has objected to the application saying that: "The turret mill that Mitco intends to manufacture is not well known.

"Mitco will also need the export market to ensure economic batch quantities, for it is unlikely they will be competitive against imported makes".

74 Industrial Week 23/11/82

GATT ruling hits local industries

PROTECTIONISM is becoming the national sport for industrialists.

Forklifts, clothing, textiles, cables, engines, motor graders and now turret milling machines have all joined in.

The Board of Trade and Industries has really come in for a grilling with this spate of tariff applications.

To be or not to be a self confessed developed nation that is the question that has come up in many a soliloquy of late (not just my own).

SA became classified by the General Agreement of Tariffs and Trade (GATT) as a developed country and all local manufacturers' gripes about dumping of foreign imports have to be seen in the light of what SA was a signatory to.

Priscilla Whyte, Industrial Week's features editor takes a look behind the scenes at the local machine tool industry.

SA as the apartheid pole cat of the world, has had to treat all agreements as befitting gentlemen despite the consistent barrage of comment to blemish her image.

Everything SA bargains for in the international arena is viewed as "tanamount to a subsidy for apartheid".

The recurrent cry for protection at this stage of SA's industrilisation should prompt the consideration of whether SA is a developing or a developed nation.

Its present balance of payments problem is directly related to the international demand for SA's competitively priced minerals, citrus fruit and wool and the lack of demand for overpriced in international terms finished goods.

It is interesting that SA's most vociferous critics are the developing nations who recently tried to stop this country's application to the International Monetary Fund (IMF) for a $1,1-billion loan to offset the imbalance of the balance of payments.

SA negotiated that little deals at a cool 6,6% annual interest rate – a very much better deal than she could have made on the private capital market.

Lets hope SA can do as nicely for herself at the GATT conference in Geneva this month.

Dutch unit arrives in SA

MACHINEFABRIEK A van der Linden of Holland, has launched a new concept for flat sheet deburring with the introduction in SA of the Grindingmaster sheet deburring machine.

This new concept available from Robert Skok & Sons, makes it possible to remove primary and secondary burrs as well as the sharp edges of the nibbled holes.

The series is available in working widths of 600, 900 and 1300mm.

The machine incorporates a combination of a wide abrasive belt and brushers, producing an oscillating movement.

This gives total deburring of punched, sheared and nibbled parts, and fits perfectly in line with NC presses.

The machine can also be used for surface polishing applications.

Post Reporter

Workers refuse to off-load freighter

C POST 20/11/82

[redacted] (74)

THE freighter Good Warrior, which British workers refused to off-load last night, is carrying 4 000 tons of steel, most of it loaded in the Port Elizabeth docks in October.

Trade union pickets have been mounted in the Immingham Port area in an attempt to prevent the unloading of steel from Japan and South Africa in a demand that the British Government impose a levy on foreign imported steel.

A spokesman for the Witbank-based Highveld Steel and Vanadium Corporation said today the company had a small quantity of steel aboard the Panamanian registered Good Warrior. This had been loaded at Durban.

He said Highveld Steel's London agent informed the company that the bulk of the cargo on the Good Warrior was animal feed.

The rest of the steel on board the vessel — believed to be 2 200 tons — comes from the Zimbabwe company, Zisco, and was loaded in Port Elizabeth on October 27.

The agents for the vessel, Polaris Shipping Company, confirmed this today.

Star 26/11/82

SA committed to Gatt measures

(74)

By David Bamber
Financial Correspondent

GENEVA — The Minister of Industry, commerce and Tourism, Dr Dawie de Villiers, was to tell members of the General Agreement on Tariff and Trade today that South Africa was committed to sign agreements covering anti-dumping, countervailing duties and other measures if certain changes were made to the agreement.

The commitment will be welcomed by many in Geneva, including the United States and the International Monetary Fund, which some financial commentators believe had something to do with South Africa's decision to open its trade doors wider.

This, however, has been denied by a member of its delegation.

Dr de Villiers said the world's major countries had signed all of the Gatt agreements and it was only fair that other countries should do the same.

He told The Star that a renewed commitment to Gatt would be sufficient to make a success of the current ministerials.

With some minor adjustments. South Africa fully supported the draft document which seemed to be such a bone of contention between the European Economic Community and the rest of the world, he said yesterday.

Dr de Villiers was pessimistic about the chances of international agreement being reached on the whole draft document, but said even a reaffirmation of the Gatt principles would be a step in the right direction.

He believed there would be agreement on the political declaration. In this members recognise that the multilateral trading system is endangered.

"In the current crisis of the world economy, to which the lack of convergence in national policies has contributed, protectionist pressures on governments have multiplied, disregard of Gatt disciplines has increased and certain shortcomings in the functioning of the Gatt system have been accentuated," the document says.

It notes that the deep and prolonged crisis has severely depressed levels of production and trade. The developing countries are suffering most, but this in turn has affected their imports from the developed nations.

The responses of governments to the challenges of the crisis have too often been inadequate and inward looking.

On the brighter side, the document says the results of the Tokyo Round — in particular the implementation on schedule of the tariff reductions — have provided some impetus to the functioning of the trading system.

Dr de Villiers said the fallacy that an economy could be safeguarded by protectionist measures had to be exposed and that member states had to make a commitment to increase world trade.

He hoped that some form of agreement could be reached on agriculture being included in the Gatt system, but he said the chances of that were slim.

All the draft document had called for was a study covering measures affecting trade, market access and competition, and supply in agricultural products (including subsidies and assistance).

Yet this had been met by stiff resistance from the EEC, and France in particular.

The statements by France and the other EEC members on agriculture during the past two days would appear to confirm Dr de Villiers's fears.

Dr de Villiers, was to address the Gatt conference earlier, but with several trade ministers going over their allotted eight-minute spells, he had to postpone his statement.

Now he will have to deliver a statement which has already appeared in the world's financial Press.

RDM 27/11/82

(74)

SA backs bid to curb US embargo

Mail Correspondent

GENEVA. — South Africa said yesterday it would sign international trade agreements that would make it more difficult for the United States to block imports of South African steel.

The announcement was made in a declaration by the Minister of Industry, Commerce and Tourism, Dr Dawie de Villiers, to the 88-nation ministerial conference of the General Agreement on Tariffs and Trade.

One of the agreements effectively forces the US to prove that imports of subsidised South African steel damage the domestic industry before it can impose countervailing duties.

Imports from South Africa are less than 2% of US steel imports.

Dr De Villiers called for the establishment of a Gatt committee to look into the trade distorting effects of farm subsidies. He said South Africa's agricultural trade fluctuated according to the weather and ways had to be found to dispose of farm surpluses.

The United States is so annoyed with European Economic Community subsidies and surpluses that it is threatening to institute export subsidies.

Another major issue before the Gatt conference is that of measures to protect domestic industries against dumping. Under Gatt rules these should not be aimed at a particular country. However, Dr De Villiers said there could be a case for selective safeguards under exceptional circumstances.

He supported a proposed Gatt study of trade in minerals, metals and fish as well as other natural resource products. He said his Government also agreed to an examination of the question of trade in counterfeit goods.

Apart from the agreement on countervailing duties, South Africa would sign agreements on the settlement of disputes and on subsidies. But he warned that although South Africa was one of the world's larger trading nations, its development needs meant that it could not necessarily assume the same commitments as highly industrial countries.

Dr De Villiers expressed agreement with the main elements of the conference document, but the document and the conference are being torn apart because of fundamental disagreement between the US and the EEC on most major issues.

Star 27/1/82 (74)

Safto angry over tariffs

By David Braun

Railway tariff increases on export container traffic will be as much as 60 percent and a disaster for the economy, says the executive director of the SA Foreign Trade Organisation, Mr Wim Holtes.

"It is absolutely incredible that the Government should see fit to penalise the one area we need to be stimulating to solve our economic problems.

"This ridiculous move to raise tariffs by such a huge percentage at this stage will affect all our trade with North America, Europe and the Far East."

Mr Holtes said Safto had sent a telex to the Minister of Transport yesterday urging him to reconsider the new tariff on export traffic. Safto was also seeking to see Government leaders early next week.

The new tariffs on export container traffic came to light yesterday when Safto calculated the effects of the various increases announced by the Minister of Transport, Mr Hendrik Schoeman, earlier this week.

Assocom, Safto and the SA Shipping and Forwarding Agents Association denouncd the increases as inflationary.

NE, NOVEMBER 28, 1982

(74)

S Tribune 28/11/82

CUSTOMS VETO SHOCK

SA turnabout puzzles neighbouring states

Finance Reporter

PRETORIA has puzzled and angered Botswana, Lesotho and Swaziland (BLS) by its sudden refusal to implement a new revenue-sharing formula for the 70-year old Customs Union between the four countries.

The move is bound to fuel accusations that South Africa is using its economic clout to coax the BLS countries to participate in the constellation of states through such institutions as the Customs Union and the proposed Development Bank.

No reasons have been given for the turnabout. Sybrand Visagie, the finance ministry official who has led the South African team in recent negotiations on the subject, reckons that "it is not policy to discuss these things".

Even BLS officials say they are in the dark about the reasons for Pretoria's change of mind.

A review of the distribution of customs duty revenues, which are collected by this country and handed out to the BLS states according to a pre-determined formula, started more than 18 months ago.

An agreement was finalised last year between officials of the four countries, and was submitted to their respective cabinets for formal approval.

Botswana, Swaziland and Lesotho gave the proposals the nod. But the Pretoria Cabinet has refused to implement them. Its decision was relayed to BLS delegates at a recent meeting in Mbabane of the Customs Union's technical committee.

The revisions were aimed at increasing the proportion of customs duties paid immediately to the BLS countries, which at present have to wait up to two years to receive their full entitlement.

According to one senior BLS official, bringing the payments forward would have involved a one-off cost of about R200 million to the South African Treasury.

A partial explanation of this country's change of mind may be constraints on Pretoria's budget in the wake of the lower gold price and the deepening recession.

BLS negotiators were warned last year that implementation of the revised formula might be delayed for this reason.

But there have been hints recently that South Africa wants the BLS states to become more actively involved in regional co-operation with Pretoria itself and the homelands.

Prime Minister Botha said after this month's summit with the leaders of the "independent" territories: "We see the Customs Union not in isolation as a revenue-sharing arrangement, but as part of a comprehensive regional development strategy."

The BLS countries have so far refused to include the homelands in the Customs Union and have declined to participate in the Development Bank.

Meanwhile, South Africa and Zimbabwe have not yet finalised details of a new trade agreement to replace the one which expired last March.

According to a Department of Commerce official, negotiations are still continuing. The provisions of the previous agreement remain in force on a temporary basis.

Lower exports help cut surplus to R252m

Imports reduce trade surplus

R87 9/12/82

By HOWARD PREECE

HIGHER imports and lower exports together reduced South Africa's balance of trade surplus to R252-million in October compared with the huge surplus of R599-million in September.

This is the finding of the preliminary statistics from the Department of Customs and Excise.

It says exports were R1 760-million and imports R1 508-million last month.

September's surplus was, however, extraordinary and there is nothing in the October figures to provoke any new anxiety about the general balance of payments outlook.

According to Customs imports last month rose to R1 508-million against R1 307-million in September.

But, as the table below shows, the October level still reflected the fall-off over the year in import volumes as the steep downturn in economic activity has taken effect.

May 1982 R1 720-million.
June R1 650-million.
July R1 592-million.
August R1 513-million.
September R1 307-million.
October R1 508-million.

Although the October increase ended the sequence of declining imports by value the total was still below the monthly average for the year.

Imports for January to October were R15 628-million, an average of R1 563-million.

Exports for the 10 months were R15 626-million — leaving a negligible deficit of R2-million.

The shortfall for the same period in 1981 was just over R120-million from imports of R15 099-million and exports of R14 978-million.

In money terms imports for January to October were R529-million higher than in the 1981 equivalent.

Allowing for the decline in the foreign exhange value of the rand and for other cost rises it is clear that the physical volume of imports has been declining sharply in recent months.

Exports have shown an erratic trend as the table for the past six months indicates.

May R1 520-million.
June R1 550-million.
July R1 890-million.
August R1 461-million.
September R1 906-million.
October R1 710-million.

This seems to confirm that there is no conclusive sign yet up a significant upturn in the world economy.

South Africa is at present running a deficit on "invisibles", or net service payments, including interest, dividends, shipping and insurance, of about R300-million a month.

So, on the provisional estimates from Customs of a trade surplus of about R252-million in October, this means that there was a modest overall deficit on the current account of the balance of payments.

That is, however, quite consistent with expectations that the current account could move back into surplus in next year.

Mr Owen Horwood, the Minister of Finance, said earlier this month: "If the economy continues to cool down ... the deficit on the current account of the balance of payments should continue to decline and might even disappear in the first half of 1983.

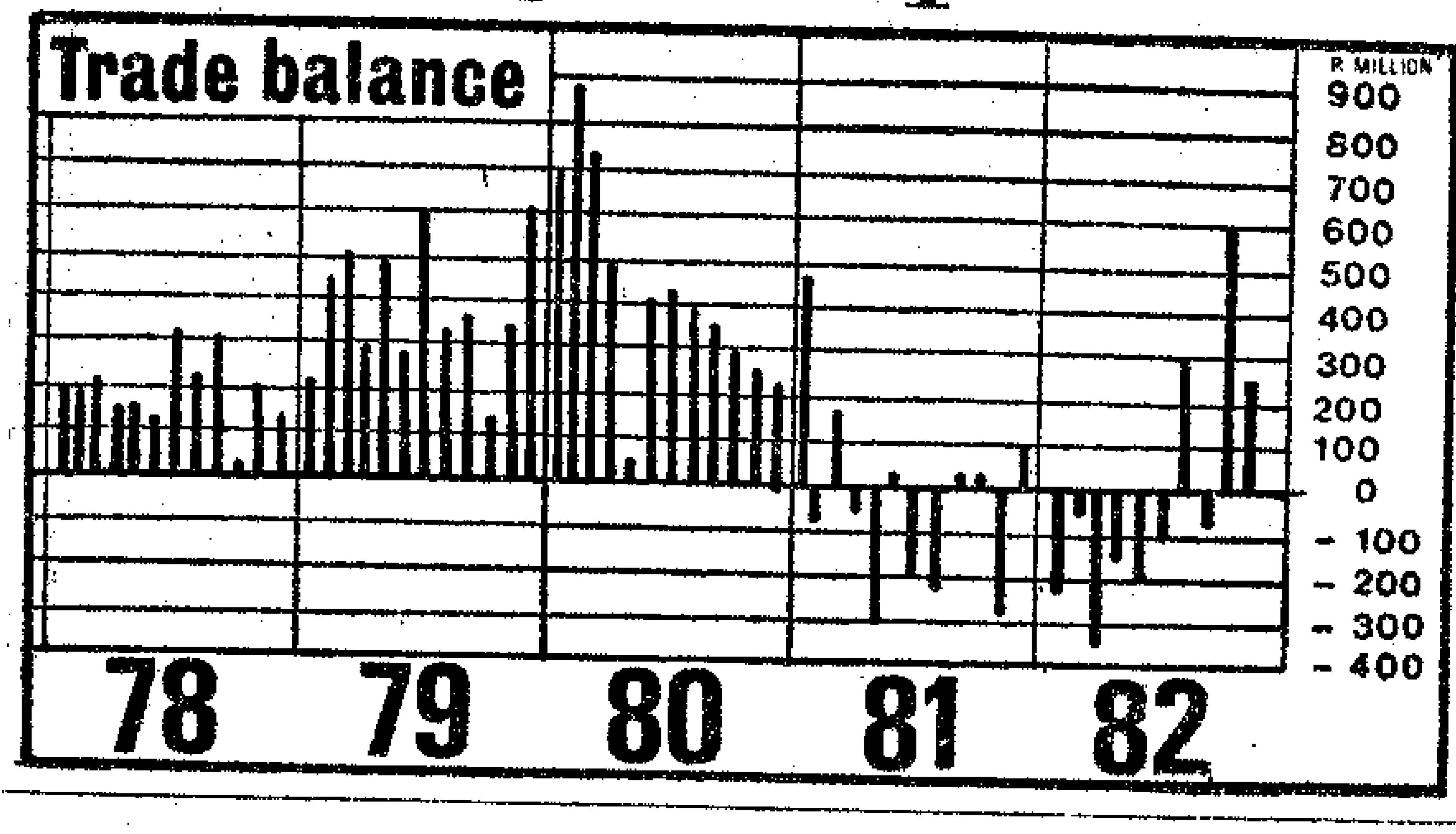
"Unless the world economic recovery come sooner and is stronger than anticipated the value of South Africa's merchandise exports is not expected to rise by more than 10% or 15% above the estimated figure for 1982 of just over R10 000-million.

"The value of imports, on the other hand, will probably show a moderate further decline below this year's estimate of about R18 500-million."

Star 1/12/82

74

Big surplus in October



South Africa's balance of payments improvement is now clearly showing in the country's trade balance.

Preliminary trade figures released this week show a surplus for October of no less than R251,7 million, against a surplus of R77,3 million for October 1981.

For the 10 months from January to October 1982, a small deficit of R2,3 million has been recorded. For the corresponding period in 1981, the deficit was R120,8 million.

Exports to Europe and Asia for the 10-month period showed an increase of R993,0 million since 1981, but the total export figure increased by only R647,2 million. Imports for the 10 months increased by R528,7 million.

Destocking by retailers hits Romatex

74

Dec 1982

Argus Correspondent

DURBAN. — Large stocks of imported fabrics and hessian were still flooding the South African market and prospects for the textile industry in the year ahead were gloomy, Mr Jack Ward, chairman of Romatex, said here.

He told the annual meeting the company did not expect "any material improvement in the mills and fabrics divisions in the short term."

In the first two months of the new financial year the group had performed much as was predicted in the annual report for the year to September 30, when Mr Ward said he did not expect any improvement in profitability in 1982-83 because of economic conditions.

In an interview after the meeting, he said the big retail groups such as OK Bazaars and Edgars were destocking because of reduced consumer demand and this was affecting every division of Romatex, but more especially its large carpets and floor coverings business.

REMAIN FRIENDLY

There appeared to be little or nothing the Government could do to curb imports apart from maintaining the level of duties which already applied.

Most imports of fabrics and cheap footwear stemmed from Far Eastern countries, with Taiwan in the forefront, and South Africa had to remain friendly with them to protect the export markets which would emerge when the world economies recovered.

He was confident that in the longer term the group would return to a high level of profitability since its strong capital base — it is a member of the giant Barlow Rand conglomerate — would allow it to take advantage of any opportunity which presented itself.

In the year to September 30, Romatex reported taxed profit of R29,1-million, compared with R34-million a year earlier, but maintained the dividend at 56c.

FM 3/12/82

(74)

FOREIGN TRADE

Getting into Gatt

The variety of responses to the Gatt ministerial meeting which ended in Geneva this week is a measure of the present discord among the world's trading nations.

It was rated as "a C or possibly C-plus" by William Brock, head of the US delegation, which had come with hopes for decisions on rolling back protectionism.

The Australians, looking for support on agricultural subsidies, left early. Deputy Prime Minister Doug Anthony attacked the EEC — and the US — for weakening under European pressure. He used words like "fiasco" and "debacle" in dissociating Australia from the 17-page "declaration" which was the product of the meetings.

By contrast, the French, who started off the most cynical and querulous about the ability of the Gatt meetings to achieve anything, greeted the result as a victory for realism.

Vested interest

Others, with a vested interest in the success of the trade summit, claimed the session had been anything but a failure — notably Gatt's director general, Arthur Dunkel, and the EEC's negotiator, Tran van Thinh, who proclaimed it was "not too bad."

SA's Minister of Commerce, Industries and Commerce, Dawie de Villiers, and British Minister of Trade Peter Rees spoke with parallel tongues.

De Villiers described the negotiations as "a useful moment in the process of which Gatt . . . governments have analysed the position and reached an agreement on the principles of trade as free and fair as is possible. It has changed little. But differences of opinion have been aired and decisions were taken to have further discussions about these. SA is not disillusioned because we did not go to Geneva with high expectations."

Rees had said as much in his speech for the UK: "None of us . . . will emerge from this conference totally satisfied. But I hope all will emerge reassured that the fundamentals of the (Gatt) system have been thoroughly re-examined and found to be still sound and relevant . . . "

One of the problems about the Gatt meeting was the importance attached to it by many observers. A product was expected in the form of an agreement, not by a simple majority vote, but by consensus between 88 nations — from Argentina to Zimbabwe — representing 80% of global trade worth $2 000 billion/year.

It was a vain hope, made the more so by the strongarm tactics of the US. Waving a clutch of protectionist bills in Congress, the US, supported in part by Australia and developing countries, sought a series of firm decisions.

These involved:

□ A standstill on all protectionist measures and commitment to rolling back existing ones. The US backed its pressure by saying that last year the amount of trade affected by off-Gatt protectionism totalled $60 billion; trade dealt with inside Gatt rules amounted to only $2,5 billion;

□ Agreement on rules about safeguards — the Gatt provision for restricting imports where a sudden surge imperils the recipient market's industries. Gatt rules say these must be applied without discrimination. The EEC wanted to be able to use safeguards selectively — for example, to meet Japanese car imports. The US held that such selective import limits had to be "consensual" and brought within the purview of Gatt;

□ Trade in agriculture — the great "special case" — to be more effectively governed by Gatt principles preceded by a study committee to recommend ways in which subsidies could be phased out;

□ Strengthening Gatt's powers in settling disputes to bolster its present position of referee with a whistle, but no powers to send offenders off the field; and

□ Widening Gatt's scope to include trade in services — from shipping, trucking, insurance and auditing to construction consultancy. It is a trade which has grown from $80 billion to $600 billion in 10 years and now accounts for 41% of US and 46% of British exports.

None of these major points produced the required consensus. The final declaration — on the political intent — was the expectedly tame reaffirmation of belief in the Gatt system and commitment to strive to reduce protectionism and subsidies.

There was an agreement to study agriculture but with no brief to consider the phasing out of agricultural subsidies in spite of US threats to release its butter stocks (12 months' world consumption) and grain surplus of 120 Mt onto world markets.

Conflicting requirements

The EEC held that, as recognised by the 1973 Gatt ministerial meeting in Tokyo, agricultural subsidies were a fact of life and could continue unless they led to an inequitable market share, in which case the Gatt mechanism could be brought in. It was unalarmed at the US butter stocks threat, even though 66% of EEC subsidised exports are of dairy products.

Negotiations on safeguards will continue and there will be a study on the services sector. Proposals to beef up Gatt's position in disputes from arbiter to "sheriff" were watered down to agreement on new conciliation procedures between disputing parties.

There was much to support the French contention that the timing of the Gatt meeting was inopportune. Its need for consensus came at a time when many countries have to make hard decisions on the apparently conflicting requirements of employment protection and free trade.

Within this context of defensive anxiety, SA's decision in principle to put more of its trade under the Gatt rules almost qualified for a halo.

How SA's decision will pan out for export industries is still not apparent. In London — for goodwill talks with UK trade ministers and industry — De Villiers told the *FM:* "I don't think there should be any major concern for industry. We consulted industry for a long time before taking this decision — through the Private Sector Export Advisory Committee (PSEAC). We know the problems that might flow and it is with industry's approval that we have made the decision."

Removal of subsidies

De Villiers said SA industry can "live well within the rules to the Gatt without negative effects — we can only benefit. The removal of subsidies will be considered on a case-by-case basis."

The one private sector representative who accompanied the SA delegation, Stephan Smit, director of Premier Group and member of the Prime Minister's Economic Advisory Council, echoed the Minister's view.

"In practice, implementation of the Gatt rules is not rigid. I don't think the Gatt would expect SA to live up to the letter of the law in the same way as the US." And he expected it could be two years before SA finally does sign the codes on subsidies, countervailing duties and disputes settlements.

At the same time, in the light of the "government's commitment to as high a rate of growth as possible," Smit said the private sector would expect positive measures if export incentives were affected by the move. "If some are out of line with the Gatt subsidies code, we hope the government will take other measures to achieve the objective of continuing growth of exports, through the encouragement of efficiency and higher productivity. In the long run, efficiency is the best way to maintain our position in world markets."

On balance, Smit believes the business community in SA "will understand" the decision announced in Geneva because "we can't live in isolation and it is in the interests of business that SA remains in Gatt."

HITTING THE HEAVIES

S. Tribune (74) 5/12/82

Finance Reporter

THE scene is being set for a giant leap in South Africa's import replacement programme, but at the risk of antagonising a powerful section of the business community.

Minister of Industries Dawie de Villiers has asked the Board of Trade and Industries to launch an investigation into the feasibility of a local content programme for heavy trucks and buses — in other words, those with a mass of more than 1 300 kg.

The study will determine whether the country's 16 truck assemblers should be subject to the same (or similar) rules as manufacturers of cars and light commercial vehicles, who are currently obliged to maintain a local content of 66 percent by mass in their products.

Pretoria has to some extent given judgment before the trial. It has already all but forced truck assemblers to use locally-made diesel engines, transmissions and axles.

In an effort to lower the dependence of the defence force on foreign components, the Government spawned industries such as the ADE diesel engine facility and then pulled in the private sector as customers to improve the projects' commercial viability.

Imports of competitive equipment have been kept out by high customs duty barriers.

Although the motor industry would prefer to have no local content programme for trucks at all, it is also unhappy with the way in which locally made products have been foisted onto it.

"The Government has made decisions which the industry has had difficulty complying with in the time available," says Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa). He adds that "we seek orderly development within the industry".

Car assemblers who do not meet local-content requirements are subject to stiff penalties, equivalent to the tariff rebates they receive.

To prevent truck manufacturers from stockpiling imported components in anticipation of more stringent local content rules, De Villiers has slapped a 20 percent excise duty on heavy trucks and buses. The duty will penalise users of imported components by rewarding local content with rebates.

Manufacturers, most of them subsidiaries of foreign truck makers, are furious at this attempt to force them to favour locally made items. They point to the effect the new duty will have on retail truck prices.

One motor industry expert notes that "there are manufacturers who look at this duty as the last straw that will break the camel's back".

RDM 6/12/82

Gatt pressure on SA tariffs

74

By NEIL BEHRMANN

LONDON. — South Africa is being pressed by the General Agreement on Tariffs and Trade to lower tariffs on imports of certain textiles, manufactured steel products, diesel engines and rubber.

The Minister of Commerce, Industry and Tourism, Dr Dawie de Villers, said at a news conference in London last week after Gatt ministerial meeting in Geneva that the tariffs were imposed to protect these industries in South Africa.

The industries wanted the Government to help them, but South Africa was under constant pressure from other nations to drop these tariffs.

Dr De Villiers said he intended signing the Gatt agreement covering export subisidies, countervailing duties and settlement of disputes. The decision was spurred by fears that the United States would impose countervailing duties on subsidised steel imports.

Dr De Villiers stressed, however, that last week's Gatt meeting "would not have a detrimental effect on South African exports". South Africa had been a member of Gatt for years and was "open or vulnerable to any Gatt action" by other members who claimed it was not operating within the procedures of the agreement.

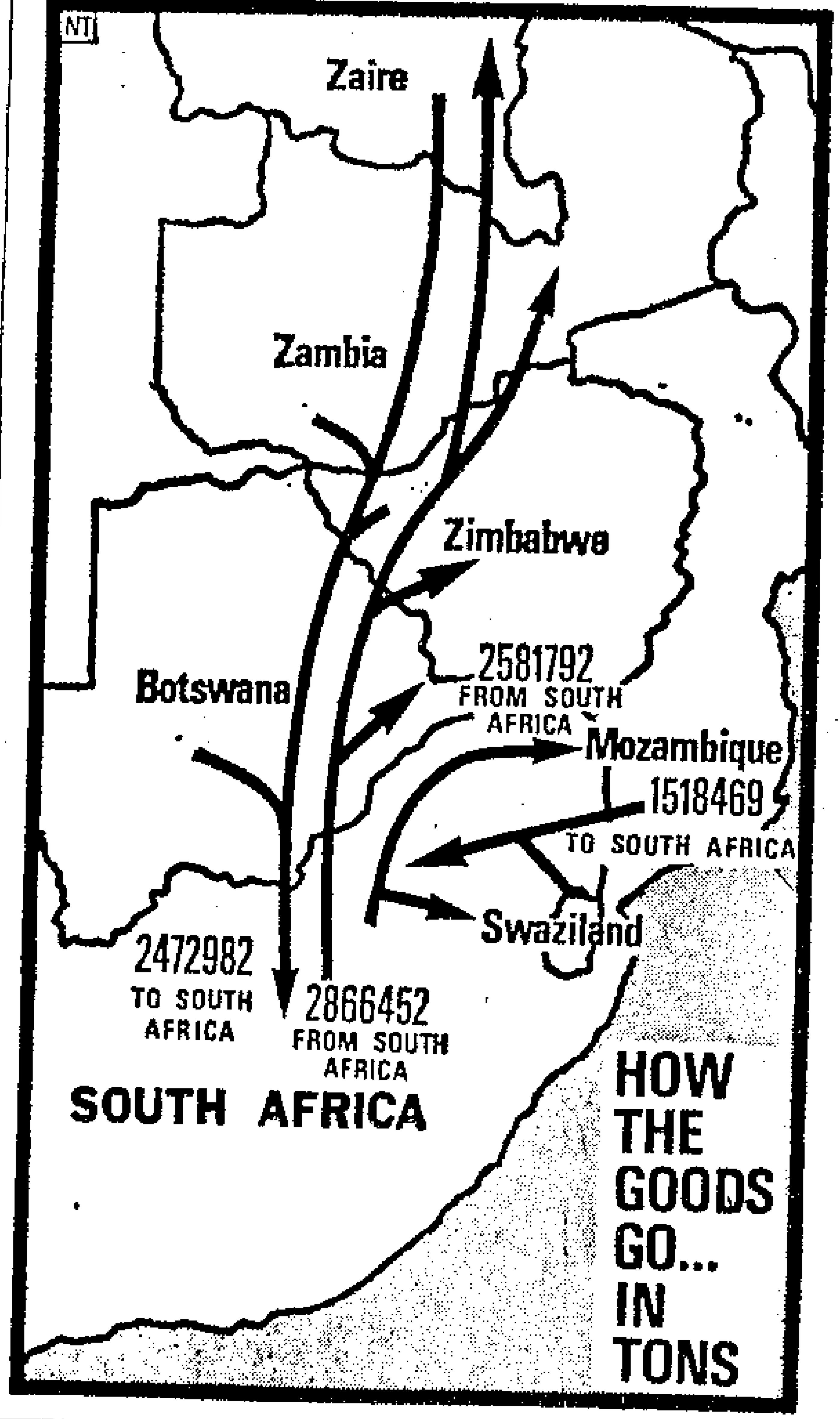
The Gatt ministerial meeting was meant to reassure international business and the public that the major trading powers would resist the protectionism that was inhibiting trade and worsening the international recession.

The 17-page communique lacked new measures to reinforce the pledge for free trade. For example, the agreement failed to tighten restrictions against new trade barriers or launch new negotiations to liberalise trade.

Mr John Anthony, Australia's Trade Minister, dismissed the communique with contempt. He complained that the vague document was "ambiguous and shrinks from firm commitments".

Critics of the Gatt meeting say that in spite of the shaky state of the world economy, governments will continue to bend Gatt rules when it suits them.

Dr De Villiers said Gatt was still a major force in helping world trade. Protectionism could help industries and employment only in the short term. In the long run it would worsen trade prospects.



Rail trade boom with neighbours

By Sheryl Raine, Pretoria Bureau

More than 9,4 million tons of goods were railed between South Africa and her black neighbours last year in spite of deep political differences.

In an article written for the Institute for Strategic Studies at the University of Pretoria, the general manager of the SA Transport services (SATS), Mr J Loubser, has spelled out the extent of South African transport links with the rest of the sub-continent.

Mr Loubser said the amount of goods railed to and from Botswana, Zimbabwe, Zambia, Zaire, Mozambique and Swaziland had increased from about 8,3 million tons in 1979/80 to more than 9,4 million tons in 1980/81.

Mr Loubser also revealed that:

● The SATS and the railway administrations of adjoining countries whose rail network were linked with SATS lines were partners to longstanding business agreements.

● The Botswana Government had recently hired six diesel electric locomotives from the SATS to cope with rail traffic.

● To assist the national railways of Zimbabwe, 15 SATS steam locomotives as well as 10 diesel electric locomotives had been lent to Zimbabwe.

● About 10 diesel electric locomotives had been lent to Zambia Railways.

In addition to rail links, SAA had since March 1980 collaborated with Zambian Airways to operate four direct return flights a week to Zambia.

● Zaire had made use of rail routes through Zambia and Zimbabwe to South Africa. The SATS had lent 12 diesel electric locomotives to Zaire as well as selling 260 second-hand wagons and 50 passenger coaches.

Although there were no direct air links between Zaire and South Africa, SAA had been operating airfreight services to Zaire with Hercules aircraft chartered from Safair.

● There were seven steam locomotives on loan to Mozambique but all diesel electric locomotives hired out in the past had been returned.

South Africa still assisted her neighbour with technical inspections and the procuring of spares.

● About 18 steam locomotives and 120 goods wagons were on loan to Swaziland. Six road transport services for passengers and freight were operated by South Africa in Swaziland.

● SATS also operated four road transport services to points in Lesotho, a country which relied almost totally on Durban and East London for imports and exports.

● Rail routes between South Africa and Malawi had been restored after the re-opening of border posts between Mozambique and Zimbabwe. SAA and Air Malawi jointly operated five flights a week between Johannesburg and Blantyre.

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FM 10/12/82 (74)

REGIONAL AFFAIRS

Using customs?

Sensitive political questions arise out the annual Southern African Customs Union (Sacu) commission conference held in Mbabane in October. Delegates from Botswana, Lesotho and Swaziland (BLS) were surprised and "disappointed" when SA withheld ratification of an "improved" revenue-sharing formula.

Adjustments to the 1976 formula, based on the 1969 revised agreement with which BLS members were known to be unhappy, were arrived at after an 18-month investigation by a special sub-committee. The updated proposals were passed on to the respective governments for approval last year. The BLS governments approved and the Mbabane meeting was expected to formally accept the new formula.

At this stage, nobody is saying what went wrong. Finance department spokesman, Sybrand Visagie, who led the SA contingent, tells the *FM*: "It is long-standing poli-

cy not to speak outside Customs Union meetings." BLS sources likewise say matters are "secret and confidential" and that negotiations are continuing. Two sources, however, confirmed BLS's disappointment and said that SA was asking for closer co-operation.

Pretoria's attitude does not appear to be based on objections in principle to the proposed revisions. The obvious speculation is whether SA sees the Sacu as a vehicle for a wider regional strategy.

Botswana and Swaziland government sources are reticent about details of the proposed changes. They will only say they are designed to create "better cash-flow" and to "minimise delays before dues are received." The delay before full payment is normally about two years. One unconfirmed "improvement" apparently called for a one-off payment from SA of some R200m to bring matters up to date. In another, BLS are thought to want a higher "stabilisation factor" rate of between 19%-25%. The rate currently stands at 17%-20%.

The Mbabane sources are "in the dark" about SA's intentions but "understand" that Pretoria wishes to revamp the entire agreement to improve the scope for "closer co-operation." They add: "Perhaps decentralisation of industries may be what SA is considering." Pretoria's position is expected to be made clearer when Sacu ministers meet in the new year.

A Swazi spokesman explains that it would be inaccurate to say SA is using the Sacu as a lever for promoting a "constellation of states" since that matter has not been raised.

The Prime Minister's economic adviser, Simon Brand, says there are "no specific ideas" at this stage. But, he surmises, there are aspects, other than financial formulae of the Sacu agreement, that can be "activated" — such as "industrial co-operation" — assuming member countries agree.

Widening the scope of co-operation through the 72-year old Customs Union would appear to be politically unacceptable to the BLS states. Their Sacu membership, despite being very lucrative, results from colonial days, when the British in the old High Commission territories followed a policy of maximum economic co-operation with SA. The BLS states, therefore, favour a low profile over Sacu membership in view of their OAU status. And, as members of the Southern African Development Co-ordination Conference (SADCC), part of their stated goal is to reduce economic linkage with SA, not increase it.

According to one BLS source, they are unanimous in viewing the Sacu agreement — given the proposed improvements to the revenue-sharing formula — as quite "adequate." The negotiations are understandably "delicate" from their point of view. For while BLS customs receipts amount to around 37% of Botswana's government revenue, 71% of Lesotho's and 60% of Swaziland's, the prospect of SA spoiling for closer contact clearly places them in an invidious position.

EXPORT OR BUST!

...that's the survival warning to South Africa from the man who says exports must lead a recovery

An exclusive interview by Finance Editor MIKE PEIRSON

(74) S Tribune 12/12/82

EXPORTS should become the cornerstone of South Africa's economic survival in 1983 and if ignored will plunge the country into severe economic difficulties, Safto's general manager Dr Piet Kieser told me this week.

"The only route to recovery is export led," he added, "as has often been pointed out by the Minister of Finance, and I cannot stress strongly enough how vital this is.

"Historically in South Africa an export upswing has always preceded a domestic recovery and it has got to happen again. There have been very faint signs that things are moving. In rand terms the import-export ratio is just about balanced evenly. But remember that the rand has devalued heavily in the past year so that the actual quantity of exports is still down. That is why the railways are in such a mess.

"If industrialists don't take exports seriously from now on, South Africa will face great economic difficulties.

"My New Year message to manufacturers is that you have really got to start doing your thing in the export field. This is both for your own strength and ultimate survival."

He said many might feel that with a recovery overseas it would be easy going in 1983 to sell internationally.

"These people should think again. The rand is hardening now, and particularly in the past couple of weeks, so competition is going to get tougher price-wise.

"The world recession is becoming like very hard snow. It is very difficult to melt. It doesn't want to go away."

It was not, therefore, going to be a "piece of cake" for exporters. They would have to fight hard for orders.

I pointed out to Dr Kieser that many manufacturers might be hesitant to go into exports because of the uncertainty over concessions created by the recent GATT meeting in Geneva.

He explained, however: "As far as incentives are concerned we feel it will be another two or three years before there is an absolute necessity to change them.

"In this respect Safto feels the government has done an excellent job over the GATT code negotiations. Exporters should, therefore, continue to work on the basis of the existing incentives."

- In a special study contained in Safto's latest annual report it is suggested that industrial exports are now playing a critical role in total exports, but the domination of gold in balance of payments thinking has masked the foreign exchange earning potential of exports of manufactured and processed goods.

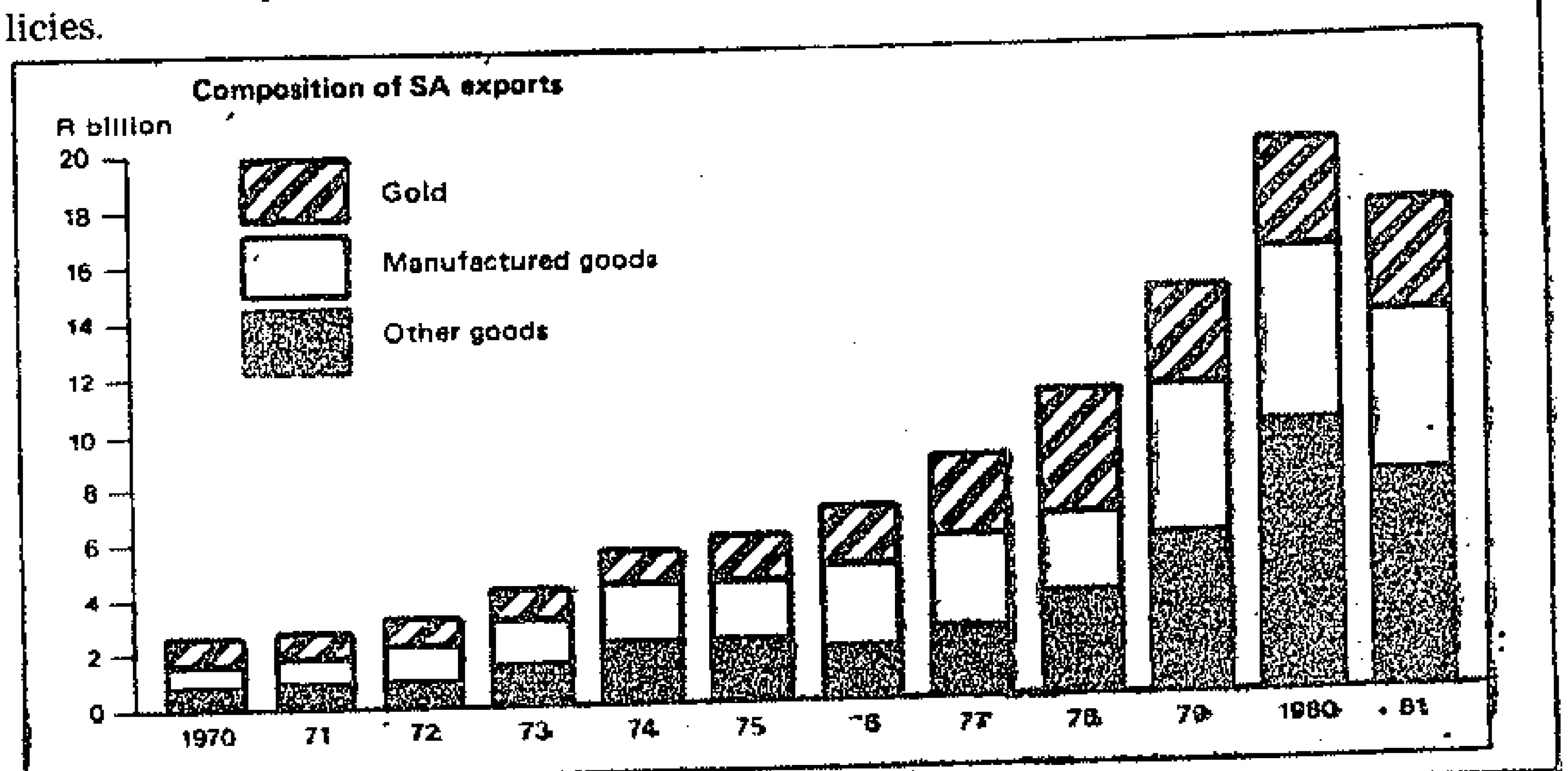
Attention is drawn to the relationship between industrial exports and the domestic business cycle.

The changed situation in the energy field is also highlighted. The study points out that with the present energy glut likely to continue through the eighties, South Africa cannot expect her energy exports, both direct and indirect, to continue to make the same contribution to export growth as they have in the past.

The pressure will be on industrial exports to provide the growth impetus.

The study also suggests that while efforts have been made to link import replacement and export development policies, there is still a long way to go to achieve co-ordination. It says international experience shows that where export orientation policies have been followed, countries have achieved better economic performance than is possible through import replacement policies.

:Dr Piet Kieser



SA Ford pickup tops now in British market

18/12/81 (74) E. Post

DESPITE competing for market share in the United Kingdom for little more than half the year, Ford SA's P100 pickup looks set to walk off with first prize — and some 40% of total sales.

This remarkable success story is clearly illustrated in the table prepared for Business Post by Ford UK this week.

The figures show that for the year to date Ford has substantially outperformed the combined efforts of No 2 and No 3 in the market (Mazda and Datsun), to record total unit sales of 3 152 — or 38,5% of the market.

First shipments of a contract worth R60 million (for 10 000 units), left Port Elizabeth in May and in the following month 34 of the SA-bred and -manufactured bakkies were sold. Significantly, the increasing preference then shown by UK buyers for the South African import had more to do with its mechanics and performance than price, judging by the price tags on the first four sellers.

At R6 913 (converted at the rate of £1 = R1,77), the P100 is the most expensive of the best-sellers at almost R1 000 more than lowest-priced Datsun.

In the first full month of sales the Ford rocketed to top spot, selling 245 units and claiming almost 62% of the market. The following month showed almost five-fold growth to 1 105 units — double the combined sales of the next three manufacturers in the market.

The dramatic drop which followed, says Ford, can be attributed to supply problems arising out of the labour disputes in the Port Elizabeth plant, and indeed at a little over 5 200 units shipped, Ford was running almost 800 units behind target earlier this month.

Total export earnings to date amount to R35 million, and there can be little doubt, given the remarkable succeess achieved by the Ford P100, that the contract will be repeated next June — assuming always that the initially hostile reaction from British workers is not repeated.

Within weeks of the first shipments arriving this year the General Workers Union voiced its opposition to the imports, but Ford response — an assurance that the P100 includes drive and transmission equipment manufactured in the UK and shipped out to the Port Elizabeth plant for assembly into the SA-designed and -manufactured frame — appears to have defused the issue.

And now Mr David Hurst, director of truck sales for Ford UK, can say with greater confidence: "We expect that the P100 will take the top sales spot in 1982 with more than 40% of all pickup sales — even though it has only been freely available in the market-place since July."

Export rail rates set to soar

Finance Reporter

SOUTH African Transport Services intends to raise the export rail rates on containers by more than 58 percent and the repositioning costs of containers by no less than 125 percent from January 1.

The latter would raise the cost of moving an empty container from City Deep to Durban to R420 and from City Deep to Cape Town to R586.

"This is obviously an extremely serious matter for exporters," said Roland Freakes, executive director of the Natal Chamber of Industries this week.

"It is receiving the urgent attention of the Private Sector Export Advisory Committee which has made representations to the appropriate ministers.

"An outcome is awaited and there have been rumblings to the effect that the increases may be set at a lower level — in the case of export rail rates at something slightly in excess of 30 percent.

"Such an increase is, in our view, still too high and would represent a further impediment to the efforts of South African exporters.

"Meanwhile they are once again placed in a position of uncertainty and must fast be losing faith in the ability of the authorities to lay down a stable and determinable base from which they can, with confidence, conduct their export activities."

'Unknown' SA firm has R23-m world sales

74

S. Times 19/12/8

Business Times Reporter

IT could be the largest company of its kind in the world.

It is based in Johannesburg, operates in several countries abroad and is relatively unknown in South Africa.

The Metropolitan Oils group has chalked up worldwide sales of R23-million this year, with around R8-million emanating from its warranty activities and the balance generated from sales of its oil additives.

Of the warranty business, South Africa contributes 60% and Australia the balance.

In the oil-additive field (where the company's worldwide brand name is Forte), sales in South African are R5-million, Spain R3-million, Australia R3-million, Canada R2,5-million, the UK R750 000 and Israel R750 000.

The group is expanding rapidly overseas, with particular attention being paid to aggressive marketing efforts in Spain and certain South American countries.

Joint managing director Pierre de Jager predicts that six months from now the company's sales force in Spain will exceed its South African complement.

He says that, to exploit fully the potential of the company's international expansion, Metropolitan Oils is seeking local or overseas partners of substance.

Most blending of the company's oil additives — a process developed in this country — is carried out in South Africa and then sent to the group's various subsidiaries abroad.

59

74 ~~1982.10.66~~

UK may get Sigma vans

Star 20/12/82

Financial Staff

Mazda UK is considering a plan to import South African-made Mazda B1800 light commercial vehicles.

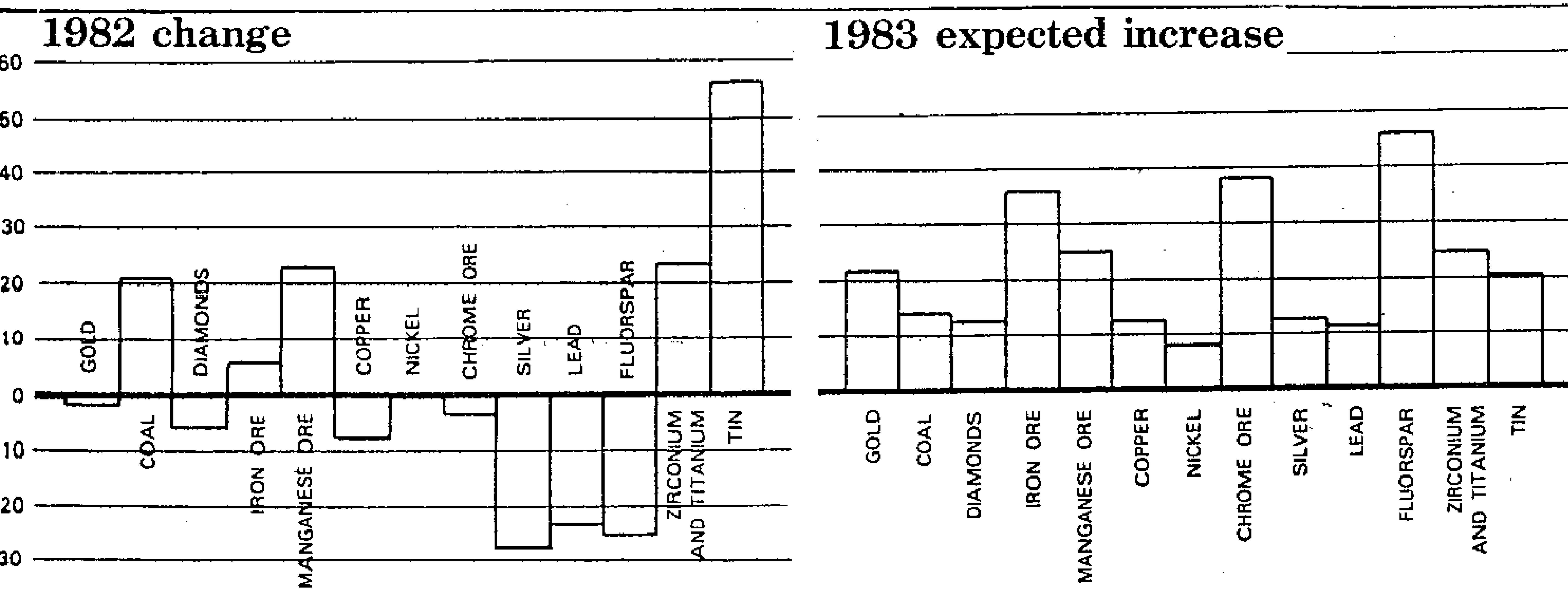
Sigma Motor Corporation officials say the company would have no difficulty in supplying the British market.

Like most South African car manufacturers, Sigma has spare capacity and any orders from Britain would come as a welcome boost.

Mazda UK, frustrated by continuing limitations on Japanese Imports to Britain, is considering this backdoor source at its Tunbridge Wells headquarters in Kent.

Managing director Mr John Ebenezer, now in Japan for meetings with suppliers, has said the scheme has their approval, but would depend on the price of the South African vehicles.

He said Mazda UK planned to sell the vehicles alongside Japanese-made ones.



THESE two graphs show the expected percentage changes in the value of South Africa's mineral production this year and next year. Of the major minerals only tin, coal and manganese ore showed any significant increase this year. Others were affected by the downward trend in the world economy. However, in 1983 the export earnings of all the country's important minerals are expected to rise under the stimulus of a growing improvement in economic conditions elsewhere in the world.

SOUTH AFRICA's earnings from mineral exports will show virtually no growth this year and the expected total earnings of R12 448,9-million will be only fractionally higher than in 1981.

However, next year should mark the start of a recovery phase which should gain increasing impetus from 1984 onwards.

The Minerals Bureau of the Department of Mineral and Energy Affairs makes this forecast in a review of prospects for 1982 and 1983, reported in the latest Chamber of Mines Newsletter.

The bureau assumes that a modest increase in world demand for ferrous and non-ferrous

December 21 1982

ARGUS 21/12/82

~~70~~ 74

Mineral exports to pick up in 1983

MONEY

metals and industrial minerals will become increasingly apparent during 1983.

Gold is assumed to have started a major new upward phase which will gather momentum cautiously through 1982 and 1983, but with increasing impetus thereafter.

As was the case in the late 1970s, the mining sector will probably lead the country out of the recession.

The forecast for South Africa's major non-gold mineral exports for 1983 is:

- **Platinum.** A better balance between supply and demand next year — resulting from production cuts and general improvement in demand — should lead to higher prices and sales. A rise in value of 22,6 percent has been forecast.
- **Diamonds.** The bureau forecasts a 12,5 percent rise in the value of diamond exports in 1983 on the basis of an expected improvement in demand due to the prospect of an at least limited economic recovery.
- **Silver.** As lead exports are expected to remain virtually unchanged in 1983 and there will only be a small increase in gold production, which provides the other major source of silver, no change in export mass is forecast.
- **Coal.** South Africa is likely to improve its relative position in world steam coal trade as a result of its low cost, plus efficient production and transportation.

P.T.O.

Althouth world coal demand is not expected to improve significantly, the volume of South African exports is forecast to rise by 14,3 percent to 32 million tons in 1983 and revenue by 14,3 percent to R1 344-million.

● **Uranium.** South African producers have been shielded to a large degree from the effects of depressed world demand and spot market prices by long-term contracts and the favourable dollar exchange rate. In 1983 a marginal decline in both tonnage and value is anticipated.

● **Iron ore.** An expected improvement in world steel demand in 1983 leading to a rise in iron ore exports, together with a further rise in prices is expected to bring a substantial increase in earnings — forecast to rise by 35 percent to R308-million.

● **Manganese ore.** The expected improvement in world steel demand in 1983 should lead to an increase in South Africa's exports of managanese ore, which together with a further improvement in prices, should result in earnings rising by 25 percent to R180-million.

● **Chrome ore.** The bureau anticipates that the recovery in the world economy expected during 1983 will restore the level of exports to the 1981 level and also permit a further increase in prices. This would result in a rise in revenue of nearly 40 percent to R72-million.

● **Processed minerals.** The bureau expects the total export value of processed mineral commodities to rise by a hefty R176-million (27,8 percent) to R811,5-million in 1983.

● **Copper.** A further small decline in export mass is forecast for next year but as international prices are expected to rise, the value should improve by some 12 percent to R141-million.

● **Nickel.** South African nickel is a by-product of platinum and is exported in the form of matte and metal. Production has declined in 1982 in line with the reduction in platinum output.

An increase in export mass of 6,8 percent is forecast for 1983 due to the anticipated increase in platinum production; the increase in mass plus a slight improvement in price, results in a forecast value of R46-million, 8,3 percent above the 1982 figure.

● **Tin.** No change is forecast in export mass in 1983, but due to the predicted rise in price, the value should increase by nearly 20 percent to R26,2-million.

● **Lead concentrates.** The value of exports is expected to decline by nearly 25 percent in 1982 to R48,4-million, but should rise in 1983 to R54- million due to an expected rise in the average price.

● **Zinc concentrates.** Export tonnage of concentrates is expected to increase by more than 50 percent in 1982, with the corresponding value rising by over 100 percent. In 1983, however, a sharp decline in both mass and value is anticipated due to higher local demand.

● **Asbestos.** A drop in exported tonnage of nearly 15 percent is attributable to the continuing depressed demand for fibres throughout the industrialised countries as well as the ongoing campaign to discourage the use of asbestos for health reasons.

Consumption of asbestos by developing countries is expected to increase during 1983 resulting in a moderate increase in volume and revenue earned.

● **Fluorspar.** Reserve and grade constraints together with higher mining and beneficiation costs in most of the Western countries producing fluorspar should be to the advantage of South African producers in 1983. Export tonnage is accordingly forecast to rise by nearly 34 percent and revenue by 45,1 percent.

● **Zirconium and titanium.** An expected decrease in world supply and escalating working costs during 1983 are likely to result in higher prices on the world market which, coupled with improved local output, should see export volume increase by 16 percent and export earnings by almost 25 percent to R36,5-million.

(74) ~~(192)~~

Loopholes cost ADE more than R50-m

Star 22/12/82

Financial Staff

More than R50 million was lost to Atlantis Diesel Engines in its first year of production because of loopholes in its protection package, says Mr Otto Scholtz, ADE's director of finance and management services.

In a review of the past year, he says the loopholes enabled some companies to build vehicles before the protection date and to stockpile imported vehicles without penalty.

STUCK

"This meant that although many manufacturers escaped protection duty, they were stuck with imported products that were sufficient to meet the country's needs for at least nine months."

He estimates the total interest cost of the stockpiling at prime overdraft rates at R20 million and says an unnecessary importation of about R60 million worth of engines took place.

Many manufacturers thought ADE would not be able to meet the demand and had stockpiled imported engines, believing it would give them an advantage over those who supported the ADE project.

Despite having to bear interest charged on stockpiled engines — which would obviously affect company results — manufacturers are now forced to sell vehicles with imported engines at reduced prices before marketing vehicles with ADE engines.

"Had the vehicle manufacturers supported us fully, we would both have benefited."

"Our stocks are obviously too high," he says, "and we are now making use of the temporary downturn in the engine market to evaluate and rationalise our control systems, to enable us to meet the next phase of market growth."

MARKETING

74 FM 24/12/82

Boost for exports

SA's offshore sales are receiving a significant boost from the small exporter development programme (SEDP) launched earlier this year by the SA Foreign Trade Organisation (Safto).

Safto's Warren Smith says it has been so successful that it is running over budget.

"We believed we would attract about 16 companies and need one part-time staffer during the first year," he says. "But we already have 22 clients, a full-time staff of two and will soon hire a third."

The programme takes a small exporter through seven stages:

☐ Potential products, markets and costs are evaluated. A manufacturer's promotional material is also assessed and, if he has none Safto can provide it;

☐ The markets best suited to the products are selected;

☐ Lists of potential customers are prepared from Safto's extensive library. Letters and follow-up telexes are sent;

☐ Overseas visits are made by either a company representative or a Safto staffer. In some cases complete tours, right down to appointment times, can be arranged for inexperienced exporters;

☐ Safto handles all follow-up inquiries from overseas;

☐ Safto takes care of all the documentation for orders received; and

☐ Safto ensures the manufacturer receives all government's export incentives.

Smith says orders range from as little as R500 to as much as R400 000 a year.

"Our main successes have been in furniture, steel and sports equipment," he says.

Safto charges a monthly fee of R350 for its service plus 10% of export sales with a total maximum charge of R10 000/year. Thereafter, all services are free.

Smith says the recession has boosted the programme because manufacturers and overseas agents are hungry for business.

STEELMAKER QUITS

Zimbabwe's largest specialised steel product manufacturer has closed its metals manufacturing operation. Kwekwe-based Lancashire Steel (LS), which makes drawn wire and metal tubing, has been struggling for several months because of production cost increases and a slump in demand.

But the crunch came when the Zimbabwe Iron Steel Company (Zisco) raised its prices by an average 25% in July and secondary steel manufacturers were forbidden to pass on costs to consumers.

The company's losses shot up to Z$280 000/month and repeated attempts to get government to agree to price increases failed (*Business* Oct 1).

LS, a subsidiary of British Steel, is still paying the wages of its 800 employees, but a shutdown will allow production losses to be cut.

The board of directors will meet in January to decide the company's future.

CARAVANNING

Parking problems

SA caravan parks may soon be graded in the same way as hotels. The SA Camping and Caravanning Council (SACCC) and Automobile Association (AA) have approached government on the subject and it appears the scheme will be introduced early in the new year. The grading will cover such amenities as entertainment, service environment and accommodation.

Says Sollie van der Linde, chairman of the SACCC: "There are about 130 000 caravans in the country with 692 parks to accommodate them. That roughly compares with overseas parks, but we fall short in management expertise and data to determine consumer preferences. Grading should provide one way of improving the image of caravanning, which is attracting an increasingly sophisticated clientele."

A modern caravan costs anywhere from R4 300 to R20 000 without extras and this kind of investment has dramatically changed the market profile of the caravanner.

Says Van der Linde: "He's no longer the guy who wants cheap accommodation, but a professional looking to get away from the city." Caravanning potential in SA, he adds, has barely been tapped. And he worries that when the next upturn comes existing parks will not be able to meet demand.

"There are more parks closing down than opening up," he says. "It costs R4 000-R8 000 to set up an average park, but banks are reluctant to advance the money, even to people who own the land."

Another problem is competition from subsidised government parks. "The average