FOREIGN FIRMS IN S.A

CANADIAN

1975 – 1988

Cut SA links, Montreal's leaders warn companies

5/7/88 (71)

Montreal's city fathers get strict with disobedient Canadian businesses which continue to deal with South Africa. DAVID SMITH reports from Montreal

THE MONTREAL city fathers are about to get tough with Canadian businesses maintaining direct links with South Africa.

Before the end of the Canadian summer, city councillors in this predominantly French-speaking city are expected to approve a number of measures making it virtually impossible for Canadian companies with South African links to do business with Montreal.

The policy recommendations have been developed over a six-month period, following a city administration statement against apartheid made by mayor Jean Doré.

After holding consultations with anti-apartheid groups in the city, vice-president of the Montreal Finance and Administration Committee Michael Lemay said he had come up with a package of which Montrealers "could be proud".

The package contains a series of economic measures designed mainly to isolate Canadian companies with South African links. If approved, the measures will prevent Montreal from:

- Having business ties with companies which have South African or Namibian investments and with local subsidiaries controlled by South African parent companies.
- Dealing with companies having direct commercial or financial links with South Africa.
- Selling or leasing buildings or property to these companies.
- Making grants to these companies for industrial, residential or commercial programmes.
- Negotiating with commercial, property or financial associations with South African links.
- Buying supplies or services from South Africa.

Lemay will also recommend a series of cultural, sporting and recreation measures against apartheid. These include:

- South African representatives will not be allowed to take part in public events or activities
- All documentation from the South African embassy or consulates will be clearly marked as material from Pretoria when sent to city libraries. According to Lemay, the intention is not to censor material but to inform the public of its origin.
- Montreal will give technical support to groups and organisations mounting educational campaigns against apartheid.

The city also plans to put pressure on the Canadian federal government in Ottawa to reduce diplomatic relations with Pretoria by cutting embassy staff to a minimum and closing the South African consulate in Montreal.

City officials have identified 250 Canadian companies with direct South African links, although not all of these do business with Montreal.

The policy recommendations specify a two-year transition period, beginning next January, which will allow the affected companies to continue doing business with the city on condition that they agree to cut their South African links before January 1991.

Before the policy can be implemented, the city charter first has to be modified by the provincial government in Quebec City.

As it stands, the charter obliges Montreal to accept the lowest bid on municipal contracts. Lemay doesn't anticipate the modifications will run into any problems.

Once implemented, the only way the policy can be revoked is upon the dismantling of apartheid and the implementation of United Nations Resolution 435 on Namibia.

Asked to respond to the Montreal recommendations, an official at the South African consulate in the city said she had no comment.

W Mail

Canadian help for blacks

20

71

By JOSHUA RABOROKO

AN association, aimed at helping black business play a key role in the economy, has been formed in Johannesburg.

The Canadian Association for Black Business in South Africa would be able to identify potential export markets for blacks, its chairman, Mr Dennys Roquand, said yesterday. Sowetan 19/5/88

The association comprises Canadian companies doing business in South Africa, the Get Ahead Foundation, the National African Federated Chamber of Commerce, the Wits University Centre for Developing Business, and black consultants.

Key role

Mr Roquand said: "We also want to establish concrete, lasting relationships with black businesses by developing them into competent suppliers and sub-contractors to our more than 80-member companies.

"In addition, we hope to have some of our member companies appointing blacks as distributors of some of their consumer products."

He believed that peace in a future South Africa would depend to a considerable extent on black people's ability to play a key role in the company's economy.

agency was well represented on TV. Secondly, he said, FMCG manufacturers sion it will natur

Design firm opens SA office

Star 25/6/88 (71)

Reversing the current disinvestment trend, the Toronto-based Watt Group, one of the world's leading strategic planning and design firms, has expanded its operations to Johannesburg.

The Watt Group specialises in strategic design services to consumer products companies and multi-store retailers.

Its international clients include: Nestle, Kraft, H J Heinz, Nabisco, Federated Department Stores, House of Fraser, IBM, and Philips Electronics.

Watt is best known in South Africa for its repositioning of the Checkers Group in 1984-85.

That program included the design of new Checkers stores, revamp of existing stores, conversion of existing hypermarkets into the Checkers Warehouse format; and the upgrading of Yellowbrand private label packaging.

Said Michael Rubin, managing director of the South African office: "We now have a fully staffed graphic and industrial office in Johannesburg.

"Internationally, we are working on the leading edge of new retail and packaging concepts and this expertise is also available to South African clients from our Toronto office."

Mr Rubin, who was chief operating officer of Watt's worldwide operations for seven years, is a Capetonian who returned to South Africa to oversee the Checkers project.

He added: "Watt has proved time and again that there are great opportunities to make impact on the consumer at point of sale.

"Manufacturers and retailers who miss this opportunity will increasingly find their market share slipping as consumers are attracted to more aggressive competiton."

The Watt Group has already begun strategic design work for a number of South African consumer goods manufacturers and retailers.

Said Mr Rubin: "With the continued brain drain from South Africa, it is often impossible for local companies to afford local talent, even if available.

"Watt affords imported expertise and the latest in world retail trends at affordable cost."

The video flighting now arriving

71 (487)

Mystery Bata bid

The Argus Correspondent

DURBAN. — Negotiations between Bata Shoes — the huge Canadian-based company that decided last November to pull out of South Africa — and a mysterious European consortium are almost finished and the group's new name should be announced in a few weeks.

"Negotiations are 90 percent completed and Bata hopes to have them finished in the next week or so," said Mr Denzil Bradley, Bata's public relations representative.

"The company will then decide on a new name."

Mr Bradley said business did not appear to have been badly affected by the November announcement that Bata of Canada was pulling out of South Africa.

"Many of their products, such as North Star, have individual brand names and sales have continued as normal," he said.

Details of the takeover would be released when the negotiations were completed, he said, and said that Bata staff and management would not lose their jobs.

Bata's South African operations include four shoe factories — at Greytown, Kranskop, Loskop and Estcourt — a tannery in Uitenhage and a head office and footwear depot in Pinetown.

The company, the biggest Canadian-based concern in South Africa and the country's biggest shoe manufacturer, employs more than 3 000.

Mulroney may cut all ties

28

3/2/87 DD. 71

OTTAWA — The Canadian Prime Minister, Mr Brian Mulroney, will make a statement on South Africa this week after saying he was prepared to cut diplomatic relations with Pretoria over apartheid.

Mr Mulroney returned yesterday from a visit to African countries which focused on opposition to South Africa's race policies.

He said bef re leaving Senegal on : inday he had reached the sad conclusion that violence would escalate in South Africa and added that Canada was prepared to cut all ties with the country.

Mr Mulroney, who met six African leaders during his visit to Zimbabwe and Senegal, said dialogue had achieved little in South Africa.

Canada imposed limited economic sanctions on South Africa last October, including a ban on imports of agricultural products, uranium, coal, iron and steel and ended a scheduled air passenger service. — Sapa-RNS

Canadian firm to leave SA

7/2/87
w/ E Post

11

TORONTO — Canadian-owned Moore Corporation, the world's largest manufacturer of business forms, has announced it is selling off its operations in South Africa because of "the uncertain future there".

A statement released by the company said Moore "has entered into an arrangement to sell its operations in South Africa. This action reflects unsettled economic and political conditions and an uncertain future in that geographic area."

A company spokesman would not comment on whether South Africa's apartheid policy played a part in the decision.

Canada has taken the lead in imposing economic sanctions against Pretoria, but the Government has stopped short of asking businesses to divest interests there.

The company gave no details on the sale of its South African subsidiary, Moore Paragon, to an unidentified buyer. The subsidiary employs about 550 workers at three locations in South Africa.

Moore joins an increasing number of North American companies, including the Canadian-based shoemaker, Bata, and Dominion Textiles of Montreal, pulling out of South Africa.

Moore employs 27 000 people at 139 plants in 45 countries, and specialises in business forms. — Sapa-AP

Falconbridge sells 'at half-price'

Lonrho snaps up big stake in Wesplats

9/2/87

BDay

LINDA ENSOR

CANADIAN mining group Falconbridge has sold its 49% stake in the profitable Western Platinum (Wesplat) mine to majority shareholder Lonhro for $75m — thought by analysts to be half its present value.

The deal, which has been on the cards for about a year, was signed on Friday night, a reliable source said.

Lonhro, the London-based multinational, which held 50,44% of Wesplat shares before the acquisition, had the right of first refusal over any bid for Falconbridge's stake and picked it up for a bargain.

Investment analysts believe that on the conservative basis of 14 times earnings, Lonhro should have paid $150m. The current price/earnings ratio on the JSE for platinum shares is 15 times earnings.

At Friday's financial rand rate of just under $0,23, the price of $75m values unlisted Wesplat at around R670m.

That Falconbridge was willing to sell off its interests so cheaply is seen as evidence of disinvestment pressures to get out whatever the cost. The Canadian government has been applying pressure on Canadian companies to withdraw from SA.

To finally wash its hands of SA, Falconbridge is to co-ordinate its mining interests in Southern Africa from Zimbabwe.

Falconbridge's SA representative, Chris Beatty, yesterday refused to comment, referring all inquiries to the corporation's Toronto office.

Falconbridge has been planning to sell its Wesplat shares for about a year and in November bought out Mobil's 24% shareholding because it and Mobil had received an offer — reported at the time to be $64,5m — for their combined interest.

Falconbridge chairman Bill James said at the time the purchase had also been made because Mobil was "selling it too cheap".

Wesplat, a producer of platinum group metals, gold, nickel, copper and cobalt, showed record results for the year end-

● To Page 2

Lonrho grabs Wesplats shares

9/2/87

● From Page 1

ing September 1986 and is Lonhro's biggest Southern African earner.

Group after-tax income rose 75% to R66,2m (R37,9m) on a turnover of R241,2m (R167,2m). Capex rose to R32m ((R20m) and retained income increased to R76m (54m).

While the purchase at fire-sale prices must benefit Lonrho's earnings prospects, it could lead to some political difficulties for the corporation elsewhere in Africa. Among its diverse interests elsewhere on the continent is the Beira-Mutare pipeline and refinery, which is crucial to Zimbabwe's efforts to reduce its economic dependence on SA.

Canadian firm to sell SA arm

MOORE Corporation has announced it has entered into an agreement to sell its operations in SA.

"This action reflects the unsettled political and economic conditions and an uncertain future in that geographic area," the company said in Toronto.

Robert Spencer, CE of the Southern African region, said at the weekend negotiations were in progress that would result in the sale of business-form producer Moore Paragon, Caribonum (which manufactures carbon and paper roll products), Tilon Computer Media (which specialises in mail order computer supplies) and Transcarbon.

He said until negotiations were finalised, "we are not at liberty to make any further disclosure at this stage".

As part of the agreement, the new owners will assume all Moore's obligations with regard to employment, benefits and pensions. — Sapa.

9/2/87
CAPE TIMES

Canada's Moore Corp to disinvest

Own Correspondent

JOHANNESBURG. — The world's largest manufacturer of business forms, the Canadian Moore Corporation, is to disinvest from SA because of unsettled conditions and uncertainty over the region's future.

Moore's SA interests incorporate Paragon SA which produces business forms, Caribonum SA which manufactures carbon and paper roll products, Tilon Computer Media which specialises in mail order computer supplies and a dormant company, Transcarbon.

The companies will continue to do business and the new owners, not yet disclosed, will assume all obligations for the employment, benefits and pensions of the 550 members of staff.

B/Day 17/3/87

71

Thomson Publications bought out

HAMISH McINDOE

INTERNATIONAL THOMSON (IT) is to sell its SA printing and information services subsidiary Thomson Publications to local management.

But the Canadian multinational will not divest its majority shareholding in the highly successful Johannesburg company Mead & McGrouther, which publishes used-car values for motor dealers.

Observers believe Thomson Publication's financial problems, rather than political pressure on its parent, are the main reason for the pull-out.

A reliable source says IT's UK office has been funding its SA subsidiary at the rate of about R25 000 a month. "It's not a lot, but it has been causing raised eyebrows in Toronto."

Thomson Publications MD Joe Brady says IT's UK chairman Malcolm Gill flew to SA on Thursday to announce the withdrawal. Agreement in principle was reached quickly in the buy-out, Brady adds.

No figure has been set for the sale.

Brady says the pull-out is for the "usual reasons". "It was a question of weighing the importance of their SA subsidiary against their US business."

The source believes management will continue to run its successful daily tender service and gradually sell off its trade publications.

About 140 editorial and sales staff have been retrenched since 1984.

Mead & McGrouther MD Oscar Perouch says he has been assured that the company's parent Glass Guides Services — 51% owned by IT — will not withdraw from SA.

The company publishes used-car values, which are invaluable to the motor industry. Its turnover is said to be about R800 000 a year.

Alcan to sell its stake in Hulett

BDAY. 24/3/86 (7)

MONTREAL — Alcan Aluminium has reached an agreement to sell its 24% stake in Hulett Aluminium, of SA, to the Tongaat-Hulett group, the present majority owner of Hulett Aluminium.

Terms were not disclosed.

Alcan has also sold its 60% interest in Alcan Aluminium of Nigeria and its sister company Alcan Aluminium Products.

Terms of that transaction were also not disclosed, but an Alcan official told analysts recently that the sale resulted in proceeds of $8m-$9m to Alcan.

Alcan said the sales were part of its strategy of disinvesting where investments no longer fitted its business purposes. — AP-DJ.

This is IT, says publisher

26/3/87 B Day

HAMISH McINDOE

INTERNATIONAL THOMSON (IT) is expected to sell its SA printing and information services subsidiary Thomson Publications to local management for R3m.

It was learned yesterday that the management consortium would have no outside backers and payment was expected to be spread over five years.

Thomson Publications MD Joe Brady would not comfirm the figure but admitted it was "close to the mark".

The deal is expected to be completed by April.

Brady made clear the Canadian multinational divested for political reasons only. "IT nearly lost a major contract in California and was prevented from doing business in New York State because of its SA ties. It had no option but to pull out."

He dismissed speculation that the company would gradually sell off its trade publications to concentrate on its daily tender service.

"First quarter sales were up 26% and all our products are making a profit. There's no question of selling off the publications."

Punch

Working conditions of blacks: Canadian embassy criticised

ACG45 3/7/87 71

Report says the embassy in Pretoria "has considerable scope for improvement"

BY ALAN DUNN, Argus Foreign Service
Dateline: WASHINGTON

THE Canadian embassy in Pretoria, representing possibly South Africa's loudest western critic, has been been panned for conditions under which it employs black staff.

The charges are contained in a report prepared for Canada's External Affairs Department, reviewing conditions of black employees working for Canadian corporate affiliates in the Republic.

The report finds the embassy "has considerable scope for improvement" in employment terms for blacks, and that it has fallen short of its own standards by which Canadian businesses are judged.

"The Canadian embassy in South Africa underpays blacks, federal study says", read the headline in one of Canada's most influential newspapers, the Toronto Star. "The report, by former diplomat John Small, says the embassy is not a model employer as measured by the code of conduct established by Ottawa for Canadian firms", an article on page 2 said.

Mr Small says black South African employees do not have the right to form unions, and are entitled only to a staff association. This, he says, is an "anomaly" making it hypocritical for the Canadian government to recommend collective bargaining rights for private firms while refusing to allow them its own workers.

He urges the Canadian government to give South African blacks at the embassy "the same consideration demanded of companies and institutions".

Figures for 1985 supplied by the embassy reportedly show it had nine black employees. Two gardeners working at embassy residences in Pretoria and Cape Town earned only 44 percent over the subsistence level. In terms of Canada's fair employment code for South Africa, the government "strongly urges companies to strive for a minimum rate of pay at least 50 percent in excess of the minimum living level within the shortest possible time frame".

The shortfalls were apparently corrected last year, and the embassy has pledged to avoid them in future, sticking to the minimum plus 50 percent.

Mr Small's report finds also that the gap between black and white embassy employees' salaries widened between 1985 and last year.

The report says 11 Canadian firms employing more than 10 300 black people have pulled out of South Africa in the last 18 months. Twelve companies remain, employing 7 600 workers, but some have expressed the intention of leaving.

They generally provide good working conditions, he finds.

● A spokesman for the Canadian Embassy in Pretoria said personnel employed in host countries did not fall under the Canadian Public Service Staff Relations Act. It applied only to Canadians serving abroad.

Staff associations had been formed at embassies throughout the world, including Pretoria, to cover locally recruited people. He said the Pretoria embassy subscribed to the code and used the household subsistence level of the University of Port Elizabeth as a guideline.

The report had recommended that the "somewhat" higher monthly living level established by Unisa be used. This had now been done.

Explaining the fact that white staff had received a higher rate of increase than non-white staff during last year, the spokesman said: "In part, that is statistically correct.

"But during the past year we have employed several non-whites to replace retiring white staff. As these are new employees, they begin at the lower end of the salary structure for their classification, hence the average wage level for non-whites appears to have been at a lower rate of growth."

Uruguay looks at SA trade

LINDA ENSOR

A TRADE MISSION from Uruguay is visiting SA to explore possibilities for joint ventures and bilateral agreements between the two countries.

Invited by the Departments of Foreign Affairs and Trade and Industries, the nine-person mission visited the Rand Show last Thursday with a view to Uruguayan participation next year.

"What we would like to see — and we understand that possibilities do exist for this — is for joint ventures between Uruguayan and SA companies, particularly in mining, steel and iron," president of the Uruguay-South Africa Chamber of Commerce in Montevideo, Nigel Davies, told a media gathering at the show. Similar ventures exist with other countries.

Advantages for SA investors were the absence of any threats of expropriation, unlimited repatriation of profits, and, depending on the agreement reached, total exemption from company tax for between five and 10 years, Davies said.

Uruguay endorsed the opposition of the United Nations to SA's political policies, but believed trade should not be affected by this, Davies said.

The country needs technology, raw materials like iron and steel, PVC, canned goods and packaging and could possibly export shoes, leather articles, and rubber tyres, he said.

Uruguay exports about 25 000 tons of rice annually to South Africa at a value of about $10m to $15m and imports iron, steel and PVC at an approximate annual value of $3 to $5m.

71

Cape Times, Wednesday, June 25, 1986

Canadian drive to pay SA blacks more

From RICHARD WALKER

NEW YORK. — The Ottawa government has proposed a letter-writing campaign to try to induce Canadian companies to pay their black workers in South Africa more.

It rejected opposition demands for immediate punitive action against firms that are deemed laggard.

The External Affairs Minister, Mr Joe Clark, says he wants "the whole country" to write protest letters to firms that fail to respect the government's basic conduct code, which calls for the integration and equal treatment of all workers in their South African plants and for blacks to be paid a "living wage". If that failed, the government would resort to "forced action", including possibly making the code mandatory, he said.

Companies named

A government-appointed consultant had named five companies for lagging behind the others on black pay. The five — Falconbridge, Dominion Textiles, Massey-Ferguson, Bata and Moore Corporation. Opposition critics had urged the government to advocate a public boycott of the companies' goods and products.

It was "the only way to exercise true pressure", charged the Liberal Party's Mr Jacques Guilbault, who accused the government of "lacking backbone".

The all-party Commons human-rights committee is to sit through July to hear testimony about conditions in South Africa and what Canadians might do about it. Archbishop Edward Scott, the Canadian representative on the Commonwealth Eminent Persons Group, is expected to be among those testifying.

Tannery's future known tomorrow

2/11/86

By DEBBIE MARCH

A STATEMENT on the future of the Bata Shoes tannery in Uitenhage after yesterday's announcement that the Canadian company is disinvesting, will be made tomorrow.

The company's general manager, Mr Sid Finlayson, gave assurances today, however, that none of its 3 200 workers countrywide would lose their jobs. This had been one of the requirements of sale to an undisclosed investor.

A spokesman at the Uitenhage plant, where about 200 people are employed, could not say what the future held.

Another brushed off questions saying: "Nothing is changing. We'll continue as is."

The plant's general manager, Mr G I Manley, was attending a directors' meeting in Pinetown, and was expected to return with further information.

"Until then we have no comment whatsoever. A Press statement will follow," the spokesman said.

The announcement by Bata Shoes, the biggest Canadian employer in SA, follows the withdrawal of General Motors, IBM and Eastman Kodak.

Bata's factories in SA are at Greytown, Kranskop, Loskop and Escourt. Its head office and industrial footwear depot is in Pinetown.

Mr Finlayson said although the name of the company and its trademark would change, the local product brand-name would remain the same.

Bata will be out of SA within weeks

21/11/86 STAR

7A

The Star Bureau

WASHINGTON — The Canadian footwear giant, Bata, is selling its operations in South Africa and will be out of the country within weeks.

About 3 200 employees at four shoe plants and a tannery are affected by the move, the latest in a string of disinvestments by US and Canadian corporations in the face of mounting political and economic pressures.

Bata said last night the sale of its assets would be angled in such a way "that every effort will be made to ensure continuity of employment".

The name of the company in South Africa would be changed, Bata Ltd's secretary, Mr Basil Baker, said in an interview from Toronto last night: "The Bata name and trademark will no longer be used in South Africa and all links with Canada will be severed."

Bata had, however, agreed to provide access to its worldwide training and management programme to indirectly continue its cornerstone policy of non-discriminatory training and career development.

Mr Baker's formal statement did not offer reasons for Bata's prompt departure — other companies taking the exit have all tried to explain what drove them to it: "We are not mentioning reasons because there are so many of them.

"The situation is a complex one and our position is really that there were a number of factors involved and you can't simply pinpoint only one reason. It is a multiplicity of reasons."

Mr Baker refused to identify the purchaser of the business but he did say the purchaser was neither Canadian nor South Africa — it was not going to be like General Motors where a new company born out of the old SA subsidiary's management would take over.

Purchasing negotiations such as this, Mr Baker said, were always difficult.

He could identify the buyer later.

Bata being sold to local group

22/11/86 N/M 71

Mercury Reporter

BATA (S A) is already in the process of being sold to an undisclosed company and negotiations will be tied up within weeks.

A condition of sale is that no employees will lose his job.

This was said yesterday by a spokesman for the company who confirmed the name of the company and its trademark would change although local product names would remain.

Speculation in the business community is that the giant Rembrandt group is the most likely to buy out the Canadian-based Bata. Rembrandt refused to comment.

Other possible buyers could be South African Breweries, Barlow Rand or Natal Canvas. All are big industrial conglomerates with enough financial muscle to buy a company Bata's size.

Mr Basil Baker, company secretary at Bata's headquarters in Toronto, Canada, said last night the name of the likely buyer could not yet be revealed for fear of jeopardising the deal and the jobs of the company's 3 200 South African workers.

'We've gone to a great deal of trouble finding a buyer who is willing to continue to serve the consumer in South Africa and to provide meaningful jobs for South Africans,' he said.

'The last thing we want, after going to such lengths to find such a buyer, is to find the deal falls through because we've mishandled it.'

Continue

Yesterday Mr Sid Finlayson, managing director of Bata (S A), said: 'There will be no changes in our management team and the jobs of our employees will not be affected as a result of this change of ownership.

'We will continue to provide footwear for the South African market.'

Yesterday a spokesman for 3M, the giant American-based concern with 900 employees and a country-wide operation in South Africa, discounted speculation that they also intend to withdraw from this country.

Yesterday the group's public relations officer Miss Deidre Jansen, said all indications were positive.

In a statement released by 3M in the United States the company emphasises that it believes the policy of helping all South Africans progress is the socially responsible way to fight apartheid.

Drivers of 60 heavies charged

Pietermaritzburg Bureau

SIXTY heavy-duty vehicles have been suspended and the drivers charged for overloading since the start of a new campaign by NPA traffic police on the N3 here on Wednesday.

A traffic inspectorate spokesman said 181 heavy and extra-heavy vehicles had been weighed at the Mkondeni testing grounds in the past three days. The highest overload on a single axle was six tons.

In spite of an on-going campaign by the NPA traffic inspectorate one in three lorries travelling the N3 would appear to be overloaded, according to statistics.

Two brothers jailed

Court Reporter

TWO brothers were each jailed for 10 years by Mr J J Brits in the Durban Regional Court yesterday after being convicted of attempted murder and robbery.

Before the Court were Joseph Bhengu, 24, and Muziwenhla Bhengu, 23.

They had pleaded not guilty to attempting to murder Mr Yoones Hoosen at his Glen Anil store on June 3 and then robbing him of a sports bag containing R1 000.

In the robbery, four shots were fired, one of which hit Mr Hoosen in the left arm.

Passing sentence, Mr Brits said he took into account that both were young men. But, he said, robberies of this type were very prevalent.

Shop owners, particularly those in remote areas, were vulnerable to this type of attack.

European bid for Bata

SUNTIMES 23/11/86

By Don Robertson

71

A EUROPEAN consortium is reported to be behind the purchase of Bata SA, whose Canadian parent is quitting SA.

The Canadians insist that Bata's 3 200 employees be assured of their jobs.

This includes managing director Sid Finlayson and his executives.

Mr Finlayson says: "A requirement of the sale is that all employees are assured of continued employment."

Mr Finlayson was unable to comment on the identity of the buyers.

Bata Canada will continue to provide training and management development programmes for staff.

Bata SA will take a new name. Its trade marks will also be changed, but SA brand names, such as Northstar, will be retained.

BUS DAY 24/11/86 (187)

Falling sales suggested cause of Bata pull-out

(71)

MICK COLLINS and HAMISH MCINDOE

FALLING sales and tight trading conditions are understood to have prompted the disinvestment move by Canadian footwear manufacturer Bata.

But a Bata spokesman would not say whether the company was leaving for political or economic reasons.

Footwear Manufacturers' Federation director Denis Linde said recently that manufacturers were said to be operating at "suicidal" levels, and 1986 could prove to be the industry's watershed year.

"The ladies sector experienced virtual zero growth in rand sales and average profit margins of 1,17% before interest and tax. Under these circumstances it is not likely that this sector will attract new investment," Linde said.

Local footwear manufacture fell by 6,3% last year to 58,3-million pairs, with children's shoes recording the greatest loss.

Imports fell by 42,5% against 1984, when a record import of 26,6-million pairs came on to the market.

Linde said it was unlikely that the footwear manufacturing industry would make a major recovery in 1986.

Industry observers also said Bata stayed in Rhodesia throughout the UDI period when it had lucrative government and army contracts.

Weekend reports said the local company was being sold to an undisclosed European buyer.

Bata MD Sid Finlayson said change of ownership would not affect the jobs of the company's 3 200 employees or lead to a management reshuffle. "One of the requirements of the sale is that all employees are assured of continued employment."

Wording in a Press release that Bata was being sold to an "undisclosed investor" suggests that the buyer might not necessarily be another footwear manufacturer.

Finlayson said while the Bata name and trade mark would change, local brand names would remain the same.

CAPE TIMES 24/1/86 71

Ca

Bata joins 160 firms in pull-out

JOHANNESBURG. — Confirmation that Bata Shoes, the largest Canadian-based employer in SA, is to bale out of the country brings to more than 160 the number of companies, large and small, which have joined the scramble to evacuate in only the past three months.

A Bata spokesman would not say whether the company was leaving for political or economic reasons. But falling sales and tight trading conditions are understood to have prompted the move.

Footwear Manufacturers' Federation director Denis Linde said recently that manufacturers were said to be operating at "suicidal" levels, and 1986 could prove to be the industry's watershed year.

"The ladies sector experienced virtual zero growth in rand sales and average profit margins of 1,17% before interest and tax. Under these circumstances it is not likely that this sector will attract new investment," Linde said.

Local footwear manufacture fell by 6,3% last year to 58,3m pairs, with children's shoes recording the greatest loss.

Imports fell by 42,5% against 1984, when a record import of 26,6m pairs came on to the market.

Linde said it was unlikely that the footwear manufacturing industry would make a major recovery in 1986.

Weekend reports said the local company was being sold to an undisclosed European buyer.

Bata MD Sid Finlayson said change of ownership would not affect the jobs of the company's 3 200 employees or lead to a management reshuffle.

"One of the requirements of the sale is that all employees are assured of continued employment."

Operations include factories at Greytown, Kranskop, Loskop and Estcourt, a tannery in Uitenhage and retail outlets.

The company says its name will now be changed and the Bata trademark will no longer be seen in South Africa. All links with Canada will be severed.

"The decision was taken with regret because Bata believes that its long standing involvement in SA has made a positive contribution to the welfare and living standard of its employees," Bata said in a statement released in Toronto at the weekend Bata.

Bata said it has agreed with the buyer of its SA operations to provide access to its training and management development programmes.

Company spokesman Basil Baker declined to identify the buyer, nor disclose the sale price.

Baker said an agreement in principle has been reached on the sale of the operations and "it's just a matter of tidying up the loose ends."

Bata, a privately held company, manufactures 300m pairs of shoes a year in more than 90 countries and employs about 80 000 people worldwide.

Commenting on the recent moves, a senior US embassy source said: "It is all very well proclaiming, as in the Press, that a company like Kodak's pull-out is 'no big deal'.

"But, taken collectively, the rush to get out can only damage already shaky business confidence and increase the strains on already over-extended South African corporate ownership and management."

Adds a leading US businessman influential in Amcham: "Admittedly, many of the companies withdrawing are doing so mainly on economic gounds. But their statements make it clear that these "business' decisions to withdraw were inevitably rooted in political soil.

"Economic conditions, they have said, might have been acceptable if they hadn't been crippled by negative political statements, actions and perceptions — none of which the companies thought were now likely to improve in the medium-term or longer." — Sapa and Own Correspondent

Canada to review its voluntary ban on SA

OTTAWA. — Canada will review a voluntary ban on investing in SA following Falconbridge's decision to raise its interest in a mining company in the Republic, according to External Affairs Minister Joe Clark.

"Voluntarism remains our preference, although the approach will naturally be affected by the degree of compliance shown by Canadian companies," Clark said in a statement.

Falconbridge announced last week that it was increasing its stake in Western Platinum to 49% by acquiring a 24% share block from Mobil for $31,6m.

At a Commonwealth meeting in London last August, Canada agreed to a ban on new investment or reinvestment of profits earned in SA.

"This measure was specifically brought to Falconbridge's attention in a letter from me to the president of Falconbridge dated October 30," Clark said.

"In the wake of Falconbridge's decision we will review closely the mechanism for implementing the policy on investment," he added. — Reuter

Bata 'wants to set up front companies'

25/11/86

NM

Mercury Reporter

THERE is strong speculation in Canadian business circles that the Bata family wishes to retain control of the South African operations of the world's largest shoe company through British or European front companies.

Sources closely connected to Bay Street, Toronto's Wall Street, say the Bata family, descendants of a fifth-generation Czechoslovakian cobbler who founded the company, are fiercely anti-communist and wish to set up front companies in Britain or West Germany to retain control of the South African operations.

Bata's operations in South Africa include shoe factories in Pinetown, Greytown, Kranskop, Loskop and Estcourt and a tannery in Uitenhage. Bata employs about 3 200 South Africans.

Announcing its decision at the weekend to withdraw from South Africa, Bata said one of the requirements of any sale would be that the name of the company would change, that the Bata name and trade mark would no longer be used in South Africa and all links with Canada would be severed.

Meanwhile Bata's company secretary, Mr Basil Baker, said from Toronto yesterday that negotiations to find a buyer were likely to take some time, as the company wished to make it a condition that no jobs would be lost.

'We are anxious to find a group who would continue what we believe to be the good work that we have been doing in South Africa.

'We want to avoid a situation where the South African operation could be taken over and then closed down shortly afterwards. That would be unthinkable,' said Mr Baker.

GMr Trib 8/7/85 (71)

Anti-SA moves by Canadians

JOHANNESBURG. — The Canadian Government yesterday announced several measures it would take in response to the "continued repression in SA", including the termination of all toll-processing of SWA/Namibian uranium, imported from South Africa.

This would not affect existing processing — carried out under contract by a Crown corporation, and third countries — said a policy statement issued by the Secretary of State for External Affairs, Mr Joe Clark, and released by the Embassy in Pretoria.

Labour

There was a widespread desire in Canada for the country to take a strong stand against apartheid and to play a part in change. It said the new measures included two specifically designed to help facilitate peaceful change.

One was the substantial increase — by about R8 million — for an expanded programme to help the education and training of blacks in South Africa and Canada, and the other was the appointment of an officer to the embassy in Pretoria charged with responsibility for labour affairs.

The statement said: "The fundamental changes in South Africa we had hoped for during the past quarter century have not come about. One tragic incidence follows another. Almost 400 South Africans have lost their lives in the past year, reflecting growing frustration at exclusion and rejection.

"In these circumstances the persistence — the enormity — of institutionalized racism can only cause a widening gulf between our two countries.

"Canada cannot tolerate a course which means continued repression in South Africa and lawless raids outside — on countries which are our friends and partners within the Commonwealth.

"We cannot accept that the majority of South Africans should remain outside, deprived of dignity and basic human rights, harassed by police, arbitrarily held in detention, denied citizenship, some separated from their families and all deprived of a true voice in their country's affairs," said the statement.

Voluntary

Other measures announced include:

- The strengthening of the voluntary code of conduct concerning employment practices of Canadian companies operating in South Africa.
- The tightening of the United Nations arms embargo by restricting the export of sensitive equipment such as computers to para-statal bodies like the police and army.
- Enforcement of the voluntary UN embargo on importing SA-manufactured arms.
- The abrogation of the Canada-SA double-tax agreements.
- The Programme for Export Development (PED) will no longer be available to Canadian businessmen wanting to export to South Africa.

— Sapa

strife in the black townships.

The new Canadian policy towards SA, outlined by External Affairs Secretary Joe Clark last weekend, includes certain punitive measures in trade and sport contacts with SA. But PM Brian Mulroney's conservative government has at the same time decided to play a "constructive" part in fostering peaceful change in the Republic. It will expand its black education and training programme by some R8m, and appoint a full-time labour officer to its Pretoria embassy.

Canada's action follows far more significant moves in the US, a far more important trading partner for SA. The US Senate last month approved steps which empower the president to impose sanctions against SA after 18 months failing significant action to dismantle apartheid. The final version of the Senate SA Bill was being drafted as the *FM* went to press. New US legislation could mean: an end to SAA landing rights in the US; restrictions on bank loans and computer sales to certain SA government agencies; ending nuclear technology transfer to SA; tighter compliance with the Sullivan labour code by US firms operating in SA; and the minting of a US gold coin alternative to the Krugerrand.

This week too the 49-member Commonwealth Southern Africa Committee was due to meet in London to formulate similar anti-SA measures ahead of the Commonwealth summit in October. Canada is a member. Britain, at least, is opposed to sanctions, although the House of Commons is due to debate a Labour-sponsored sanctions Bill later this month.

Issuing the new Canadian directive, Clark sounded exasperated at the "persistence — the enormity — of institutionalised racism" in SA which can only cause a "widening gulf between our two countries."

He said: "We regret that. But the time has come for basic change, for the repudiation of apartheid as a concept and a policy."

Canada, in fact, signalled its disapproval of SA's policies when, after the nationwide upheavals in 1976-77, Ottawa closed its commercial consulates in Johannesburg and Cape Town in 1978. A policy of "no active promotion of trade with SA" was adopted that year.

The Canadian embassy says there is no authoritative register of Canadian companies in SA, although it is thought there may be about 35 at most with estimated total investments here of around $100m. Canada says trade between the two countries last year was around $200m each way.

Clark said: "Canada cannot tolerate a course which means continued repression within SA, and lawless raids outside on countries which are our friends and our partners in the Commonwealth. There is a rising tide of revulsion in Canada and elsewhere, at the injustices of apartheid . . ."

The new Canadian measures include:

☐ Termination of all toll-processing (yellowcake industrial conversion) of Namibian uranium imported from SA. Such processing has been carried out under contracts with Eldorado Nuclear, a Crown corporation, and several millions could be lost to Canada as a result. Existing contracts will, however, be honoured. "Should SA set a date for the implementation of the UN plan for Namibian independence, we shall consider rescinding this measure," said Clark;

☐ "Strengthening" the voluntary Code of Conduct Concerning the Employment Practices of Canadian Companies Operating in South Africa. An independent administrator for the code is to be appointed, and companies will be expected to submit copies of their annual public reports to him;

☐ Tightened application of the UN arms embargo by restricting exports of sensitive equipment such as computers to the police, the armed forces, and other SA departments involved in the enforcement of apartheid; and

☐ Enforcement of the voluntary UN embargo on the importation of arms manufactured in SA.

Clark said his government is "terminating a number of official measures which lend support to trade with and investment in SA." The Canada-SA double taxation agreements will be "abrogated," and Canada's export incentives will no longer be available to exporters aiming at developing markets in SA.

DISINVESTMENT

Canada hits out

Canada has added its voice to the chorus of condemnation of SA in the wake of the Cabinda and Gaborone raids and continued

Financial Mail July 12 1985

gaining will have to bear the burden of political pressure which may jeopardise its growth." Considerable socio-political changes have nonetheless occurred, Relly states. The tricameral Parliament has had "surprising success" in its first year. He also notes the support for constitutional progress in the abolition of the Political Interference Act and of the racial sex and marriage laws.

This year's Budget was encouraging in light of the significant shift towards a market-related economy. "In particular, the Minister looked to the progressive dissolution of the structural rigidities still remaining in the labour market and to the improvement of productivity through education and training; he accepted the fact of urbanisation; the need to allow the informal sector of the economy to develop to its full potential; and came close to saying that the new realism had to extend to the manner and degree of financial support to agriculture as well."

No other Budget has so sharply emphasised the need to accept short-term constraints in order to build a firm foundation for pursuing the long-run goals — encouragement of free enterprise, of risk-taking and growth, says Relly.

Control of government spending is the key, he explains. The Budget accommodates substantial real increases in expenditure on education and, "more contentiously," on decentralisation and homeland development, by real declines in defence and other major State activities. Relly notes that cutbacks on capital projects have, "sensibly," fared better than current spending.

However, he is cautious about the conservative approach to the public sector wage bill. For, although this made control of total expenditure possible, it "is partly a 'one-off' phenomenon and there is a danger that defence spending could fall into this category too." With that in mind, and the inevitable future demands for the restoration of spending cuts on infrastructure and on "projects of greater political than economic merit, it is obvious that a radical revision of the pattern as well as the size of State spending is needed if the limitations to our growth potential are ever to be overcome," Relly advises.

Turning to the dampening effect of high taxation on growth, Relly says the findings of the Margo inquiry into the tax structure and government's response will be of fundamental significance to reform of the economic system. "There is much evidence to demonstrate what common sense asserts — that high taxation, by diminishing reward, is a factor in discouraging the allocation of resources to the most productive sectors of the economy."

Relly notes the "important restatement of the commitment to a market-orientated approach" to economic policy generally as contained in the White Paper on industrial development strategy. And the De Kock Commission's final report, a "forceful affirmation of the role of freely functioning financial markets, emphasises the crucial importance of a flexible and broadly operated monetary policy in reaching the goals of non-inflationary growth and balance of payments stability."

Dealing with the allocation of scarce resources in the future, the Anglo chairman states that it is fairly widely recognised that "we will have to accept lower standards of housing for whites and more realistic ways of handling the urbanisation process." This may serve to limit wage pressures in urban areas, and should also have an effect on the development of the informal sector, he adds.

Maintaining the current mix of fiscal and monetary policies "will force the private sector to allocate resources more rationally. And a flexible and probably undervalued rand could stimulate exports and, in the right circumstances, capital inflows as well." According to Relly, "there must be no shielding of the economy from realities. We simply cannot attempt to promote an upswing on the old basis of a strong surge in comsumption based on improved export markets, hoping that investment of the right kind will somehow materialise later ... "

Advises Relly: "We in the private sector must be far-sighted enough to maintain pressure on the government to translate intentions into purposeful action, however harsh and unpalatable the immediate effects may be." ■

FEATURE

Africa's Nicaragua

Zimbabwe's electoral returning officers have our sympathy. It cannot be easy to establish the black voter's identity in a country where, so the *Times* informs us, a third of all surnames begin with M and there may be as many as 10 000 people called John Moyo in Matabeleland alone.

So the administrative chaos which resulted in President Canaan Banana's precipitate extension of election time from two days to four should not necessarily be ascribed to any sinister machinations on the part of Mr Robert Mugabe. It is better that black Zimbabweans should vote slowly and a bit chaotically than that they should not vote at all. This week's ritual at the polling booths would seem to compare moderately well with those in other underdeveloped countries which have a large illiterate population. Indeed, even in Matabeleland there appears to have been less obvious ballot-rigging and less visible intimidation than in, say, El Salvador.

Yet the more revealing comparison may be with Nicaragua, where the actual voting procedures were relatively free and fair, but the electoral campaign preceding them was utterly dominated by the ruling Sandinista Front (the FSLN), using its monopoly of the mass media, the police, the armed forces and all the other organs of state. So also with Mr Mugabe's Zanu in Zimbabwe.

Like the Sandinistas, Mr Mugabe is moving down the road to a one-party state. Like the Sandinistas, for practical reasons he still tolerates a great deal more diversity, independent activity and private enterprise than he would otherwise be ideologically disposed to do. As in Nicaragua, the "bourgeois" opposition still has a minority place in parliament: not a place in government, of course, but nonetheless a platform from which criticism can be officially and publicly aired. As in Nicaragua, the future safety of this opposition may depend to a great extent on external pressure.

There, however, the parallels end. For Mr Mugabe's one-party state looks increasingly like a much more familiar African commodity — the one-tribe state. And the irony of Mr Mugabe's first five years in power is that his most cruel vengeance has been wreaked not on his former jailers and oppressors, the whites who last week voted once again for Mr Ian Smith, but on his former patrons and comrades-in-arms, the black Ndebeles who support Mr Joshua Nkomo.

It is they, not the whites, who have suffered most under the emergency laws which Mr Mugabe has taken over from Mr Smith. It is they, the 10 000 John Moyos of Matabeleland, who have been the victims of terrible atrocities committed by the army in the course of its campaign against so-called "dissidents." It is they who are now, in the words of the *Observer*'s correspondent reporting from Bulawayo, "a cowed people." (And our congratulations to *Observer* journalists for continuing to report the truth from Matabeleland, despite their bullying proprietor. May the *Mirror*'s journalists do as much for Poland!).

One repugnant form of racial discrimination — that of white against black — has been replaced by another repugnant form of racial discrimination — not black against white, but black against black. It makes us wonder, looking across the frontier to the riot-torn black townships of South Africa. *Freedom Rising* is the title of a recent, highly sympathetic account of the black "liberation struggle" in that unhappy country. But has freedom risen or fallen since the "liberation" of Zimbabwe? Can no-one in that continent find a middle way between white tribal dictatorship and black tribal dictatorship? Alas, poor Africa.

From *The Spectator*

700 walk out at shoe factory

E. Post 17/2/84

71

PINETOWN — About 700 workers at the Bata shoe factory in Pinetown blocked the main route to New Germany today.

The unrest started when about 90 men in the company's rubber department demanded a pay increase and it was rejected.

They persuaded most of the labour force to down tools and join them outside the factory today.

After blocking the road they moved to a site near the factory.

They rejected pleas to return to their jobs while negotiations took place and booed management representatives.

The police were called, but said the situation was orderly and under control.

Senior management officials were not available for comment. — Sapa

Rioting workers injure three

ARGUS 23/2/82

225 157 152 187 71

Argus Correspondent

PINETOWN. — Rioting Bata shoe factory workers here have injured three people and stoned cars in an attempt to prevent production continuing.

Police used dogs to control the angry crowd of about 300 who were finally dispersed from the factory about 6 pm yesterday.

An Indian member of the permanent staff was seriously injured when a brick, hurled from the crowd, smashed the window of a van.

Workers say the unrest started a week ago when about 90 men in the rubber department demanded a 25 percent increase.

Violence at shoe factory

RDM 24/2/84

Labour Correspondent

VIOLENCE has erupted at the Canadian-owned Bata shoe company's Pinetown plant, which has a workforce of more 1 500 and where workers have been on strike for the past week.

According to police and the company, strikers used sticks and stones late on Tuesday afternoon to attack temporary workers at the plant. Three people were injured and passing cars were also attacked, they said.

Worker sources said a woman worker had been shot on Tuesday by a company security guard and was now in hospital. The SA Allied Workers Union also claims that police attacked workers.

A company statement confirmed that a security guard had fired shots at an "unruly mob" which, it alleged, had thrown stones at him, but said he only shot into the air.

The strike at Bata began last Thursday when workers in a department organised by the SA Allied Workers Union downed tools.

According to worker sources, other departments stopped work the next day.

SAAWU's general secretary, Mr Sam Kikine, said workers were striking in support of demands for wage talks and were also demanding that they be allowed to resign from the Tucsa union. They were also protesting against the dismissal of two colleagues, he said.

Bata, Mr Kikine charged, had rebuffed all attempts by SAAWU and a worker committee at the plant to negotiate with it and workers had been told they would be fired if they were not back at work by Monday.

Bata said workers had been on an "illegal strike" and alleged that many wanted to work but were being prevented by a "group of militant strikers".

On Tuesday afternoon, it said, 15 to 20 people attacked two casual workers who were leaving the premises. Two security officers went to investigate and were stoned by the crowd. One fired five warning shots into the air.

Mercury 24/2/84

71

1 000 strikers face dismissal

Mercury Reporter

NEARLY 1 000 striking workers at the Bata shoe factory in Pinetown have been given an ultimatum to return to work today or face dismissal, according to workers.

The work stoppage entered its sixth day yesterday following a refusal by the management to meet a demand by about 90 workers in the rubber department for a pay rise of 25 percent.

Workers from other departments downed tools in support of their colleagues' demand and now the issue has spread to union recognition.

According to a spokesman for the workers, the management refuses to recognise the black-dominated South African Allied Workers' Union at the factory.

'They are only prepared to talk to the Tucsa-affiliated National Union of Leather Workers, which represents about 25 percent of the workforce,' he added.

Stoning

On Wednesday evening, a black woman was shot and wounded after security guards at the factory opened fire when a riot broke out as home-going workers were attacked by a knobkierie-wielding mob. Two others were also injured.

In a statement to the Mercury yesterday, Mr S Finlayson, the company's managing director, said the company had been in an illegal strike situation since Thursday of last week.

'In spite of numerous attempts by many employees to return to work they have been prevented from doing so by a group of militant strikers.'

He said the situation worsened on Wednesday afternoon when a group began stoning vehicles leaving the company's premises after work.

At 4 45 p m a group of 15 to 20 people attacked and assaulted two casual workers who were leaving the premises using sticks, stones and large rocks.

Threats

'Two of our security officers went to investigate the fracas and were themselves stoned by the unruly mob. One of these officers drew a pistol and fired five warning shots into the air.

'It is also known that an unidentified person not employed by the company fired two shots in an attempt to protect his property. Police are investigating.

'The company dissociates itself from the incident as it does not permit employees to carry weapons. The security guard had brought the weapon to work following threats on his life on Friday,' he said in the statement.

Peace talks follow strike violence

Bata changed its tune after we phoned Canada, union claims

Tribune 26/2/84

71

Striking Bata shoe company workers outside the plant on Friday before collecting their wages. Welcome Ntshangase (far left), the workers' spokesman, and Sisa Njikelana, vice-president of the S A Allied Workers Union

By Barney Mthombothi

A TRANS-ATLANTIC telephone call to Bata Shoe Company in Canada this week brought to an end a week-long strike by more than 1 000 workers at the company's plant in Pinetown.

They had been on strike since last Thursday because of a dispute over a pay increase and union recognition. The strike took an ugly turn this week when three workers were injured during an eruption of violence.

One, Miss Nomsa Mdadane of St Wendolins, is in hospital with a bullet wound in the chest after she was allegedly shot by a security guard.

The workers decided on Friday they would report for work tomorrow after management assured them they were prepared to talk to the workers' spokesmen "with a view to ascertaining the wishes of the majority of employees regarding their future representation."

Workers saw this as a turn-about by management from the hard line it had taken since the strike began and decided to go back to work while talks on union recognition continued.

They are demanding a 30 percent wage increase and that management sign a recognition agreement with the Leather and Allied Workers' Union, and not the Tucsa-affiliated National Union of Leather Workers, which they say they were forced to join.

A spokesman for the workers, Mr Welcome Ntshangase, said there had been a perceptible change of attitude by management after he had contacted Bata's headquarters in Ontario, Canada, on Wednesday.

"We contacted Bata's head office because we wanted them to get the workers' side of the story as well," Mr Ntshangase said.

He said Mr Thomas Bata, head of the company, had not been available, but he had been able to speak to his secretary-general, a Mr Cheasarie.

"Mr Cheasarie said they were very concerned about what was happening here but could not help because Bata here was autonomous. He however assured me they would contact Bata."

Mr Ntshangase said a letter to workers from Bata's industrial manager, Mr D A Bell, showed they had changed their initial attitude.

Mr Sisa Njikelane, vice-president of the SA Allied Workers Union, to which the Leather and Allied Workers Union is affiliated, said the union would have no problem proving majority membership at Bata.

But Mr Terrance Davan of the NULW said all workers at Bata belonged to his union. He denied his union had a closed shop agreement with Bata.

Mr Davan said workers who joined the new union had been intimidated into doing so."The dispute at Bata is a management-worker dispute. It is not union-worker dispute."

Bata management has refused to discuss the strike with the media except to release a short statement acknowledging the existence of the strike and dissociating themselves from the shooting which took place on their premises.

N. Mercury 21/3/84

71

The N

Unfair competition:

Foreign workers and government under fire

Property Correspondent

JOHANNESBURG — Sandy Jamieson, chairman of Group 5 Engineering, has lashed out at in-house Government construction departments which he says are competing unfairly with the private construction industry.

And he also has issued a strong warning about foreign workers in the construction industry.

In his annual review he says the latest estimate from Central Statistical Services shows that contracts valued at about R2 billion out of a total of R6,6 billion are expected to be carried out in 1984 by in-house construction units.

'The total amount spent by public authorities fluctuates annually in the well-known "stop go" manner,' he says.

'However the amounts spent by in-house units increases steadily each year producing an enormous gearing effect on the balance available to private enterprise.

Worsening

'Despite policy statements by the Prime Minister and the Cabinet that the Republic is a free enterprise society, this unfair competition continues to grow worse [illegible] Jamieson says.

He forecasts overall Government capital expenditure by public authorities will show only small increases in 1984 but some areas, such as water storage and infrastructural works in black townships, will show marked rises.

'However, it is likely that capital expenditure in the private sector in 1984 will be lower than in 1983 which in turn was down on 1982,' Jamieson says.

Mr Jamieson says only a small increases in earnings a share for the enlarged group can be achieved in 1984 because current economic conditions and their anticipated effect on the construction industry.

Group 5 had earnings of 130,4c a share in the 16 months to end-December compared with 70,3c for the eight months to end-August 1982.

Annualised, and allowing for two December shut-down periods, the comparison is 107,9c a share against 105,5c a share for the previous accounting period.

Group 5's civil engineering sector will be hard pressed to produce similar results in 1984 to those of 1983 as more than 60 percent of the civil engineering market emanates from Government and Quasi-Government spending.

Foreigners

Jamieson also said foreign contractors arriving in South Africa with no specialised technology and minimal personnel were harming the construction industry.

He says: 'They therefore rely upon the same scarce skills pool as local contractors without having contributed to the training effort and at the expense of the local contractors.

"For years most of these companies would not work in the Republic for allegedly political reasons but, now that work in the Third World is difficult to obtain because of the debt crisis, they have suddenly changed their attitudes.

"Should the work load improve in the Third World some will, no doubt, change their minds once again.

"Foreign controlled companies are obliged to bring significant capital to the Republic when setting up business. In my opinion, skills and technology should be viewed in the in the same light.'

He says the white population of South Africa cannot produce the numbers required to maintain and increase the country's technology base and greater efforts must be made to attract top black students to the engineering profession.

'At this time, black attitudes towards this profession are poor and those black matriculants with the highest potential are being directed to other important but non-productive professions.

'Unfortunately this problems seems to have a low priority and I urgently request a re-rating by those concerned.'

Bhekuyise Hlongwani looks out over some of the huge machinery at Ninian's Quarry, near Empangeni.

Giant shoe company faces world action because of alleged primitive labour conditions at tiny KwaZulu factory

BATA GET THE BOOT

~~108~~ 71

~~102~~ ~~1404~~

S. Tribune 10/10/82

By STAN MAHER in Durban and PETER WARD in Ottawa

A CANADIAN shoe company may face an international boycott aimed at cutting its sales, because of reports of poor wages, primitive labour practices and the suppression of union activity in its KwaZulu factory.

Jonathan Copelyn, an organiser for the National Union of Textile Workers (NUTW), claimed yesterday the world-wide boycott move against the Bata Shoe Company was a direct result of the local firm's attempts to prevent its workers belonging to a trade union.

The NUTW reported the KwaZulu company's labour practices to the International Textile, Garment and Leather Workers' Federation, which is based in Brussels and has five million members.

The Federation has now enlisted the support of the powerful Canadian Labour Congress, which in turn has asked the Canadian Government to toughen up its voluntary code of conduct for Canadian firms operating in South Africa.

A spokesman for the Canadian External Affairs Ministry said in Ottawa that an investigation by the embassy in Pretoria had substantiated some of the union charges.

The result is that the giant company, which has 100 factories employing 85 000 workers around the world, now faces international action because of alleged malpractices in a tiny plant at Loskop, near Estcourt.

The international federation has accussed Bata of profiting from apartheid and of paying sub-standard wages. The NUTW report, drawn up in March, said some workers earned take-home pay of R14 a week.

This was in spite of the fact that the shoe company enjoyed all the benefits of a homeland industry established in line with the Government's incentives scheme to provide work in rural areas.

A sample survey showed almost 86 percent of those interviewed earned less than R116 a month, at a time when the minimum subsistence level for a household in a city area was R236 a month. The NUTW says rural living costs may be even higher than city living costs because of the lack of cheap shops.

Copelyn said the union wrote to the company management in February this year asking for a meeting, because most of the workers had joined the union.

"The management has consistently refused to meet us," he said.

The union claimed the company paid wages which were only a third of the rates recommended by the Canadian Government and would not increase it "to a standard capable of sustaining human life."

Workers' grievances, alleged the union, included claims that:

- They were forced to work overtime without pay;
- They were made to work through their lunch breaks without pay, as a punishment;
- They were repeatedly warned not to join the union or attend meetings called by union organisers.
- Some workers were assaulted by supervisors.

All the information was sent to Charles Ford, head of the international federation, who passed it on to the Canadian Labour Congress.

Copelyn said this week it was clear the KwaZulu Shoe Company had been set up in an isolated rural area to "profit from apartheid".

He said two-thirds of the workers had been retrenched, leaving about 300 workers who were now on short-time. Rumours that the factory might close were given credence by the closure of a nearby plant making shoe laces, which had been linked to the shoe factory.

"We have not made a single wage demand, but the management will not even meet with us," he said. "It is clear they are not prepared to recognise a union."

The Canadian Embassy in Pretoria declined to comment.

A spokesman for the KwaZulu Shoe Company would not discuss the union allegations in detail. He spoke in glowing terms of the factory's "first-class cafeteria and spotless washroom".

He denied the company paid sub-standard wages, but gave no details.

removed, and a massive building programme of so-called 'locations' or 'townships' around the cities now means that the African workforce is housed in carefully segregated and police-controlled areas that resemble the old mining compounds on a much larger scale. All the terms on which Africans could have the right to reside permanently in the towns have been whittled away, so that today no African, no matter his place of birth or that of his parents, no matter where he has lived before, has the right to a permanent residence anywhere except in the 'reserve'—or, as they are now termed, *Bantustans* or 'homelands'—allotted to him by authority. Taking over the monopsonistic functions of the mining recruiting organizations, the state has instituted a system of labour bureaux which are the only means by which Africans can obtain contracts of employment; i.e. it is the state which totally regulates the distribution of labour. In the white-occupied rural areas, those Africans who had managed to retain tenure, even if under white ownership, have been evicted. These, and the Africans from towns regarded as 'surplus' labour units, have been relocated in either the 'homelands' or in so-called

élite who would seek their economic and political outlets not within the central white-controlled state but in the 'homelands'. Thus the old segregationist structures of social control would be perpetuated and modernized, and from the late 1950s partly-elected institutions of government have been created to supplement the role of chiefs in the *Bantustans*, where such an élite could take its place.

To modernize the protection of the white working class, 'job reservation' was legislated in 1956. The purpose of this legislation was to provide a systematic classification of the kinds of semi-skilled positions in each industrial sector, and to ensure that white workers received a sufficient allocation of these to secure full employment.[37] The legislation itself was much less specific than the entrenchment of the job colour bar in mining in the 1920s, indicating a recognition of the need for flexibility and re-negotiation of the 'levels' at which the white/non-white divide should come. For, given the small numbers of the white workforce in conditions of an expanding economy, rigid demarcation of 'levels' would rapidly produce labour shortages in the

legislated white positions. In recent years there has been a gradual job reclassification, at first covert but now more openly espoused, so that white workers move upwards into more skilled or supervisory posts, while the jobs they vacate are 'diluted' into a larger number of less-skilled tasks and filled by black workers at lower wages.

This process of reclassification has often been termed by commentators the 'breakdown of job reservation', and is argued to indicate an erosion of racism or *apartheid*. This is not correct. Like the job colour bar in mining, 'job reservation' was a consequence of the forced labour economy, by which the white workers used the state to protect themselves from being supplanted by non-whites whose cheapness as a labour force was conditioned by the state. This job reclassification simply represents a means of dynamically modifying the system of racial differentiation in changing economic conditions. Non-whites may indeed move into more jobs, into more skilled jobs in manufacturing industry, and may receive marginally increased wages. But the whites move upwards even farther. Nor can an attempt to pay equal wages for equal work—as some American and British companies have proclaimed an intention to do—have any

ment.[38]

Development and underdevelopment in Southern Africa: South Africa as a sub-imperialist power

Since the inception of colonization, South Africa has contained an expansionist society, acting in the interest of expanding the world capitalist economic system. At the same time state power and ideology have been used by white groups within the colonial economy to wrest a share of economic surplus from the metropole of world capitalism, by further exploitation of the indigenous inhabitants. This can be seen in the cattle trade, in the development of commercial farming, in the entrenchment of the position of white workers in mining and manufacturing, and in the establishment of secondary industry. In terms of the importation of labour and the export of capital for investment, this economic expansionism was not contained within the borders of South Africa as constituted at the start of

Durban firm in R1m merger

S Tribune 5/4/81 (71) (132) (135)

A LEADING Canadian company with connections in the United States and the UK has acquired a controlling stake in a Durban-based industrial-instrument contracting company in its first investment in Southern Africa.

The deal between ICS Construction Ltd of Sarnia, Canada, and Ultimate Technical & Management Services for a sum approaching R1-million, effective from March 31, was sealed in Durban last week during a visit by ICS Construction president Paul G. Hayes.

The move puts the local company on an international footing and makes ICS one of the largest independent contractors for process control instrumentation.

Mr Hayes said South Africa represented a tremendous investment opportunity. The expertise ICS had achieved would be of great assistance to the South African company, particularly in relation to a number of the chemical and petrochemical developments taking place here.

Mr Renzo Beltramini, managing director of the South African company told the **Sunday Tribune**, the company and its shareholders were delighted.

The firm, incorporated in 1974, had shown dramatic progress in the past three yars.

by FRANK JEANS

Canadians in grader market bid

Star 20/10/81

(172) (71)

Hubert Davies Heavy Equipment is driving strongly into the construction-grader market through a link-up with one of the world's leading manufacturers, Champion Road Machinery of Canada.

With the Champion muscle behind it, HDHE will make and market the 740A grader and move into a capital-equipment sector of which Caterpillar and Galion are leaders.

The South African grader market with an estimated 450 units each at R100 000 is valued at R45-million and Hubert Davies is aiming at R8-million of this each year.

VOID

Previously, Hubert Davies, part of the Blue Circle group, had the franchise for the graders of Wabco of America, but when this company broke away from this equipment sector, there was a void to be filled.

Champion was a natural for HEDE as it produces the world's biggest grader with a weight of 100 tons and is the only company in the world which specialises in the manufacture of graders and components.

It has 70 percent of the Canadian grader market and after only three years on the American scene, has notched up a 16 percent share.

Mr Bob du Toit, Hubert Davies chief says: "The association with Champion fits neatly into our existing manufacturing and countrywide marketing operations.

MANUFACTURE

"We will go into comprehensive local manufacture immediately.

"This will not be difficult for Hubert Davies as we have been manufacturing a wide range of construction equipment including graders. In fact, we will aim for an early 70 percent local content."

The first Champion machines are expected to be on the market by Christmas.

71 ~~189~~ 64

MAN AAN DIE ROER

Doelwit was 10, doen dit in 8!

Deur FRANZ ALBRECHT

OP 24 jaar het hy hom ten doel gestel om binne tien jaar op die hoofdireksie van 'n maatskappyegroep te sit. Nie net het hy dit binne agt jaar verwesenlik nie, maar 'n jaar daarna is hy as besturende direkteur van hierdie groep aangestel.

Op 34 jaar het mnr. Derek Jacobs dus verlede jaar besturende direkteur van Metal Box Suid-Afrika — 'n groep met 'n jaarlikse omset van meer as R215 miljoen — geword. En dit maar tien jaar nadat hy by die maatskappy as 'n leerling-bestuurder in 1970 aangesluit het.

Voor sy aanstelling by Metal Box was hy sowat agttien maande deur Rio Tinto Zinc in Londen opgelei. En voor dit was hy drie jaar op Universiteit van Oxford, waar hy die graad MA (Ekonomie) verwerf het nadat hy BA (Ekonomie) aan Rhodes-Universiteit op Grahamstown verwerf het. Sy hele skoolloopbaan het hy in Zambië voltooi waar sy ouers in die koperstreek gewoon en gewerk het, 300 km van Lusaka.

Sy doelwit vir die volgende tien jaar is om Metal Box groter, sterker en meer winsgewend te maak. Die groep het reeds in die afgelope paar jaar gediversifiseer, en verdere uitbreidings deur oornames is gedurig onder die soeklig.

Die gesonde uitbreidings van sy huidige aktiwiteite — waaronder voedsel- en drankverpakking, masjinerie en ingenieursaktiwiteite, sowel as pyp- en elektriese toebehore — is in hierdie gesonde ekonomiese klimaat, van uitgebreide verbruikersbesteding, voorop in die groep se planne.

Die pad boontoe by Metal Box was vir mnr. Jacobs een van geleenthede wat hy ten volle benut het. Dit het sommer met die intrapslag in 1970 begin. Hy is vir nege weke na Engeland gestuur om 'n studie van organisasie en metodes te maak.

By sy terugkeer het hy die afdeling organisasie en metodes by Metal Box gestig en nege maande lank beheer. Hy is toe deur die destydse besturende direkteur aangewys om as hoof van strategiese beplanning op te tree — 'n pos wat hy twee jaar behartig het.

„Al wat ek twee jaar lank gesien het, was begrotings- en strategiese planne sonder dat ek enigiets daaraan kon doen. Ek kon hulle nie implementeer of uitvoer nie, en daarom het ek verlang om aangestel te word in 'n bedryfstak van die groep," sê mnr. Jacobs.

„My kans het gekom toe Metal Box 'n gedeeltelike filiaal, Main Tin Manufacturers, 'n volfiliaal gemaak het, en ek as assistent tot die hoofbestuurder daarvan aangestel is. Dit was van die beste twee jaar in my sake-loopbaan omdat ek só baie ondervinding in hierdie tydjie gekondenseer het," sê mnr. Jacobs.

Ná twee jaar was mnr. Jacobs op die punt om hoofbestuurder van hierdie doeltreffende filiaal te word, toe hy skielik een etensuur na die groepbesturende direkteur geroep is, en aangesê is om eerder hoof van die plastiek-afdeling te word, wat nie so goed gevaar het nie.

Hy is gewaarsku dat hy die pad van sy voorgangers sou gaan — uit hul pos onthef — as hy nie 'n sukses van hierdie besigheid kon maak nie. Hy het die afdeling meer doelgerig in sy produksie gemaak en met minder produkte — maar groter doeltreffendheid — die saak weer finansieel gesond gemaak.

Toe die groep sowat drie jaar gelede begin diversifiseer het, is hy as direkteur van die raad in 1977 aangestel. Hy het 'n sub-komitee gelei wat ondersoek na die groep se organisasie-struktuur gedoen het. Dié komitee het bevind dat hoewel die groep tegnies en finansieel baie doeltreffend was, daar 'n leemte in sy bemarkingsbenadering was.

Deesdae is die groep besonder sterk op bemarking. Sy produkte word vir kliënte ontwerp en vervolmaak, en die groep bevorder afset in die ingemaakte-voedselbedryf, sowel as uitvoer van ingemaakte-voedsel na nuwe markte.

Mnr. Jacobs glimlag breed wanneer hy gevra word of hy tegnies aangelê is. „Ek is een van dié wat nie weet watter kant van 'n skroewedraaier om te gebruik nie," sê hy. „Ons maak volkome staat op ons ingenieurs om die produkte, wat ons bemarkingsafdeling na die behoeftes van ons kliënte voorstel, te vervaardig."

Dit wil nie sê dat hy nie in masjinerie belang stel nie. „Ek put besondere vreugde daaruit om te sien tot wat ons masjiene alles in staat is, en om 'n masjien deeglik en glad te sien loop," sê hy.

Daar is 'n goeie rede waarom hy hom juis by Metal Box aangesluit het toe hy ná die tyd by Rio Tinto in Londen na Suid-Afrika teruggekeer het. Dit was sy keuse bo baie ander maatskappye omdat hy regstreeks by die fabrieks- en vervaardigingswese betrokke wou wees.

MNR. DEREK JACOBS

„Baie van my ou universiteitsmaats het hulle by die dienstebedrywe, soos banke en veral aksepbanke, aangesluit. Maar ek het gevoel dat Suid-Afrika meer kundige mense in die fabriekswese nodig gehad het, en dat té veel top-manne na die dienstebedrywe gelok word."

Sy keuse van werkgewer het geblyk om in die kol te wees, te oordeel aan die vinnige en gladde opgang wat hy in hierdie kort tydjie gemaak het. Hy kry nog tyd vir 'n potjie tennis, maar speel minder gholf omdat dié spel soveel tyd in beslag neem.

Sy ander stokperdjie is fotografie wat hy elke nou en dan nog beoefen. Sy drie kinders se ouderdomme wissel tussen drie en tien jaar, en hy probeer ook aan hulle genoeg tyd afstaan. Gelukkig is hy nie meer regstreeks by die daaglikse bestuur van die groot groep betrokke nie, maar merendeels by die oorhoofse beplanning van die groep se toekomstige aktiwiteite.

Fed Volk gets 75% of Masferg

CT 26/2/80

JOHANNESBURG. — Federale Volksbeleggings (FVB) has taken a majority shareholding in Massey-Ferguson (South Africa) Ltd, the companies said in a joint statement.

FVB now holds 75,1% and Massey-Ferguson of Canada 24,9% of the shares.

The name Massey-Ferguson (South Africa) Ltd has been changed to Fedmech Holdings Ltd, through which FVB will develop its machinery manufacturing and distribution network.

The companies said Fedmech Holdings' subsidiary, Fedmech Farm and Construction Machinery Ltd, is now the exclusive holder of the Massey-Ferguson product franchise in South africa.

Other operating subsidiaries of Fedmech are Safim Manufacturing Ltd, of Vereeniging, Slattery Investments (Pty) Ltd, of Potgietersrus, and Rhoplow Ltd, of Bulawayo, all farm machinery and accessories manufacturers.

The companies said strong connections between Fedmech and Massey-Ferguson in Canada would continue with back-up knowledge, research, and know-how.

Fedmech will continue to market construction equipment manufactured by the West German IBH Holdings group of Mainz.

FVB said that the South African government decision to set up a single diesel engine manufacturing plant to supply all tractor and truck manufacturers in South Africa, and the government's increased local content policy led to the takeover.

FVB said it is likely that the diesel engine project will result in it investing in an assembly plant costing between R3m and R5m, followed by increased local content requirements for its tractors.

It said the projects could have adverse impacts on its medium-term earnings and that substantial future financial needs would best come from South African sources. — Reuter

700 sacked

Weekend Argus Correspondent

JOHANNESBURG. Formal complaints have been made to the ILO and the Canadian Government over the dismissal of 700 workers last week at the Bata shoe plant in Kwazulu.

Argus 20/3/82

DAILY DISP (INDABA) 28/3/80 (71)

Three-point challenge for Mr Zondani

Mr J.C.S. Jadi, Grahamstown community councillor, writes on the campaign to secure the future of Fingo Village for blacks.

Now that we have come halfway in the fight for the restoration of the Fingo Village to its rightful owners I feel that I must make some observations.

I make mention of the fact that we have gone halfway because Fingo Village has been handed back to the black community or, to put it clearly, it has bean deproclaimed black.

But what we have not achieved is the return of the title deeds. This is now the battle that lies ahead which cannot be fought by any single individual just as the Fingo Village battle was never fought by any single person.

The Fingo Village question has been fought for 23 years by different people and different bodies, both white and black. Some of the people who fought for the return of the Fingo Village to its owners are dead. But they left others to carry on.

I feel that the battle — if I am allowed to call it that — is not yet won so I do not see any reason to celebrate anything.

The Ciskei Government has fought against the idea of proclaiming Fingo Village Coloured and again fought against the removal of people from Grahamstown to Committee's Drift and then Glenmore.

I remember Chief L.L. Sebe, the Chief Minister, saying that Glenmore would be a white elephant. When people were being moved from Klipfontein he also was against their removal and told the Republican Government to stop the removals or resettlement of people.

It follows then that if people were no longer to be moved to Glenmore the logical outmore would be to let people stay where they are.

One would mistakenly say that they could have been moved to Makana's Kop and forget that if landowners or permit holders, as they are called, were moved to Makana's Kop the lodgers they would leave behind could be regarded as illegal residents and would be at the mercy of either being prosecuted or resettled at Glenmore.

It is for this reason that community council fought against permit holders being moved to Makana's Kop, just as they fought against the resettlement of people at Glenmore.

At the beginning of 1978, when prospective candidates for community councils were busy canvassing for elections, their manifesto contained most important issues in their order of importance.

1. To fight for the deproclamation of Fingo Village to black people.

2. Housing took the second order of importance.

3. Unemployment in Grahamstown etc.

After the community council was elected in April 1978, they wasted no time in trying to negotiate with them the Minister of Plural Relations and eventually succeeded in sending a deputation in October, 1978, consisting of the Chief Director of the E.C.A. Board, Mr L.C. Koch; the secretary of community councils, Mr P. Naude; the area manager, Major D. Bush; the chairman and deputy chairman of Grahamstown community council, Messrs G.H. Nduna and J.M. Jamela respectively and two other councillors, Mrs D.N. Bisholo and myself.

The deputation met Dr Vosloo, of the Department of Plural Relations as Deputy Minister. That meeting in King William's Town was a success and everything that was discussed has now borne fruit.

The question of the village used to come at almost every meeting of the community council as all councilors wanted a report about the progress that was being made.

A lot of people have been intentionally misled into believing that the deproclamation has come about as the result of efforts and representatives by Mr B.B. Zondani. This is a misrepresentation of the truth.

When an article appeared in the press in 1979 stating that 17 plots below the railway line in Fingo Village were to be expropriated and the council was given the mandate to fight the issue. The council made a strong representation and the idea was dropped.

Towards the end of 1977 and the beginning of 1978, Mr Zondani busied himself going from door to door urging people to sell their properties in Fingo Village and go to Glenmore. He told councillors they would fight against issues that had already been agreed to by the UBC so it was better that the old members of the defunct Urban Bantu Council should be returned unopposed so that they couldreverse what they had agreed upon.

Later, when he saw that the council was determined to fight the issue, he changed his stance and became somebody who is fighting together with all the councillors for the deproclamation of Fingo Village in the community council.

The Fingo Village is formed of two wards one of which is ward three, for which Councillor Zondani is responsible. Councillors represent the whole township but each councillor is responsible for his or her own ward, but whenever Mr Zondani speaks to the public he singles himself out as representing Fingo Village.

In a meeting convened in the Samuel Ntsiko L.P. School room on the Tuesday after the good news of Fingo Village, it was stated by Mr Zondani he had received a letter and a telephone call on the Friday night on which the decision about Fingo Village was made known.

He said he received the phone call direct from the Minister of Co-operation and Development informing him about the outcome.

It was then, in that meeting, that he was hailed as a true leader and the man who single-handedly fought and achieved success on Fingo Village.

Since the council is a body elected lawfully by the people to represent them to the government, one would at least have expected that whatever was agreed upon by the Government the first person to be notified would have been the chairman of the Grahamstown Community Council.

With this in mind if the following statements can be proved beyond reasonable doubt, I promise Mr B.B. Zondani that seven of the nine councillors will resign immediately. Since he is the man who claims the sole success of the Fingo Village question I challenge him to prove:

1. That Dr P. Koornhof telephoned him on Friday to inform him that Fingo Village had been deproclaimed.

2. That the letter he showed the people at his meeting did in fact come from the Minister of Co-operation and Development informing about the deproclamation of Fingo Village.

3. That he is the sole and only person who fought about the deproclamation of Fingo Village as he and the press media make people believe.

This issue has been fought for 23 years by different bodies among which there is Grahamstown Municipality, the Urban Foundation, Black Sash etc. When truth is distorted one feels that something must be done to put the record right. When World War II was won even great men like Sir Winston Churchill never stood up to tell the world he had won the war. He told people the allied forces had vanquished the Nazis.

Masferg gives FVB extra biff

RDM 26/2/80

By HOWARD PREECE

FEDERALE Volksbeleggings has completed the formalities of its take-over of Massey-Ferguson (South Africa) and thus added powerfully to its already impressive industrial muscle.

Masferg, now delisted from the Johannesburg Stock Exchange, becomes Fedmech Holdings with FVB having a 75,1% stake and Massey-Ferguson of Canada the remaining 24,9%.

The Canadian parent used to hold 51% and FVB 30%.

Although the Canadian decision partially to disinvest might have been politically influenced, the deal has many advantages.

Local borrowing restrictions are no longer a limiting factor and FVB still has the benefit of technical and financial links with the Canadian group.

It is in the area of diesel engines, however, that FVB may particularly gain — apart from Fedmech's traditional tractor business.

The South African Government has decided to push through the R400-million Atlantis diesel engine project which will effectively mean that only two diesel engine groups will function in South Afica, Mercedes and Perkins.

Perkins is owned in South Africa by Masferg, or rather by FVB.

The diesel engine market at present is worth well over R100-million a year.

Masferg has also had around 23% of the South African tractor market and this could improve, particularly as the local component programme for tractors is stepped up.

Atlantis is due to come on stream in mid-1981 — although the Government will have to make an early announcement on such final details as the amount of protection the engines will get if that target is to be met.

The switch to locally produced engines will in itself boost the local component value of tractors from little over 20% to well over 40%.

FVB said yesterday: "The decision by the South African authorities to establish a single diesel engine manufacturing plant to supply all tractor and truck manufacturers to the virtual exclusion of all other diesel engine makes, followed by a directive to the Board of Trade and Industries to investigate and make recommendations regarding the increased local manufactured content of tractors, led to the present stage of developments regarding Fedmech Holdings."

SUNDAY TRIBUNE, SEPTEMBER 3, 1978

71

Canadians still want to do business

Finance Reporter

CANADIAN businessmen are still looking towards South Africa and its potential, even though Canadian politicians might not be quite so sympathetic. A whole host of Canadian companies have made requests to the Canadian Embassy in Pretoria for at least South African representation.

LCA Canada, for example, would like to appoint a distributor to handle its range of chandeliers.

Sixpro Inc wants an agent for the Innoxa range of do-it-yourself fencing and Desmarais and Frere of Montreal which is currently exhibiting photo albums at the Cologne exhibition, would welcome any interested South African importer.

Interconnect Communications are interested in appointing distributors for a device which restricts calls other than local ones, and Manayan Trading Corporation, which manufactures polypropylene, polythylene, cotton and jute bags is also looking for a South African importer.

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The Secretary,

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

RESEARCH DIVISION,
SCHOOL OF ECONOMICS,
BEATTIE BUILDING,
UNIVERSITY OF CAPE TOWN,
RONDEBOSCH.
7700.

TELEPHONE 69-8531 (EXT. 453 440)

Richards Bay: Qit satisfied

By Peter Wa[illegible]

OTTAWA — Any initial reluctance to invest in South Africa has long since disappeared for Qit Fer Et Titane Inc, 31 percent owner of the troubled Richards Bay Minerals Company, according to Qit president, Richard Leveille.

Mr Leveille said he had been advised in only the most sketchy detail about recent Richards Bay labour problems. He said that only South African company officials had been in touch with him and that there had been no approach to Qit from either Mr Matthews Oliphant, general secretary of South Africa's National Federation of Workers, or Zulu Chief Gatsha Buthelezi.

"I know Chief Buthelezi well," said Mr Leveille, "and he is a good man. He hasn't been in touch with me. We have a policy in our company that any union which can prove it represents more than 50 percent of our workers will be recognised right away, but we haven't had any such evidence.

"When the right union comes along, I am sure a majority of workers will join and we will recognise the union."

COPI

Spreading the risk

Activities: *Canadian-based international packaging group with interests in the UK, West Indies, Kenya and Iran. 50% controlled by the Kalmanson interests.*

President: *A Kalmanson.*

Capital structure: *7,5m ordinaries of no par value. Market capitalisation: R41,3m.*

Financial: *Year to June 30 1978. Borrowings: long and medium term C$ 479 000. Net cash: C$ 19,2 m. Debt:equity ratio: 5,1%. Current ratio: 3,4. Group cash flow: C$16m.*

Share market: *Price 550c (1977-78: high, 580c; low, 244c; trading volume last quarter, 57 000 shares). Yields: 20% on earnings; 3,4% on dividend. Cover: 5,9. PE ratio: 5,0.*

Yields, PE ratio and cover converted at C$1,29=R1.

	'75	'76	'77	'78
Return on cap %	23,5	18,0	17,8	20,2
Turnover (C$m)	46,0	40,4	40,9	50,3
Pre-tax profit (C$m)	10,8	8,2	10,3	14,3
Earnings (c)*	177	117	138	142
Dividends (c)*	25	25	†30	‡24
Net asset value (c)*	825	708	878	883

** Canadian cents. † On 6m shares. ‡ On 9,375m shares.*

Copi had a good year thanks to the sound performance of its widely diversified interests which left it unaffected by local conditions. While group sales increased by 23% to a record C$50m, pre-tax profit rose by 38,7% to C$14,3m. For shareholders this translated into a 25% increase in dividend to 24c Canadian (or 18,6c SA) and a 1-for-4 stock dividend, these shares ranking *pari passu* and qualifying for the cash dividend.

According to president Tony Kalmanson, this improvement stemmed from what is a relatively rare occurrence for a multi-national. There was, he says, a broadly based improvement in all manufacturing operations and a significant improvement in investment and other income as well as profits realised on sales of marketable securities.

While there was a rise in stocks from C$8,9m to C$11,2m, Kalmanson reassures shareholders that this was not

21 RM 1/12/78

a refusal to ... s, a rather narrow definition. However, wher ... overed either by an industrial cc ... ard, or a conciliation board agreement whi ... which the Industrial Concilia- tion Act prov ... spute provided the Central Bantu Labour ... the Minister who was empowered thereafter to ... case of a wage determination the conciliati ... al groups would be used if the determinat ... an two years.

In 1973 there ... age of work involving 3 846 African ... by Bantu Labour Officers. A further 115 ... h could not be regarded as strikes occurr... There were also 246 strikes in whi...

... system of labour relations ... l that when it was subjected ... employers showed a ... even the State implemented

... 973)

... ckly to overhaul the ... n this regard. Its ... evoked wide interest, and comment as well as proposals for its improvement were received from most of the major employers' organisations, from trade unions, individual employers and other bodies".[24] As a result the authorities altered the original Bill and later introduced the Bantu Labour Relations Regulation Amendment Bill.[25]

The new machinery retained the three-tier system, which had operated for twenty years, with certain important differences.

23. Ibid.
24. Hansard 17 column 8390, 6 June 1973.
25. Some of the comment elicited by these Bills is recorded in: Muriel Horrell and Dudley Horner. A Survey of Race Relations in South Africa, 1973. Johannesburg, S.A.I.R.R., 1974 pp.276-281 and 286-291.

FRENCORP FM 8/6/79 (71)

Development trends

Activities: *Distributes earthmoving equipment through wholly-owned subsidiary Terraquip, and industrial belting, pulleys, gears, belt fasteners and conveyor idlers through Belting Supply Services. A Canadian consortium has 52,6% (49,9%) of the equity.*

Chairman: *I G MacPherson.*

Capital structure: *1,02m ordinaries of R1. 286 311 deferred ordinaries of R1.*

Market capitalisation: R1,9m.

Financial: *Year to February 28 1979. Borrowings: long and medium term, R476 0000; net short term, R830 000. Debt:equity ratio: 31%. Current ratio: 1,9. Net cash flow: R626 000. Capital commitments: R200 000.*

Share market: *Price 190c. (1978-79: high, 190c; low, 100c; trading volume last quarter, 7 000 shares). Yields: 29,7% on earnings; 9,5% on dividend. Cover: 3,1. PE ratio: 3,4.*

	'76	'77	'78	'79
Return on cap %	31,2	29,8	36,1	31,1
Turnover index*	224	309	361	444
Pre-tax profit (Rm)	0,4	1,0	1,1	1,3
Earnings (c)	33,3	94,2	67,2	72,4
Dividends (c)	15	16,5	17	180
Net asset value (c)	313	114	196	243

*Base year 1972.
† Fourteen months.

Tightly-held former closed-end investment trust Frencorp (82,5% held by directors and a Canadian consortium), is to spend over R200 000 establishing a manufacturing plant for 100% subsidiary, Belting Supply Services.

The plant, financed by existing loan facilities, will be in Booysens on ground recently bought in a series of property rationalisation moves. During the year BSS paid R466 000 to Mercury Outboard Motors for a Booysens property, but sold, to a private developer, its smaller Booysens Reserve property.

Frencorp's other operating arm, the John Deere earthmoving equipment franchise holder Terraquip, has outgrown its leased premises and agreement in principle for the purchase of a larger piece of ground has been reached for about R200 000.

Both BSS and Terraquip are doing well. Turnovers are not disclosed so margins are not known but they must be slim as both areas are highly competitive. But expansion into in-house manufacture of BSS products should improve profit margins for this division which increased its contribution to profits by only 3,7%, though BSS provided over 71% of profits.

A supplier of belting and ancillary equipment to the broad spectrum of industry, BSS is well placed to benefit from an economic upswing. Certainly, Frencorp's directors expect demand to increase and stocks of belting and related products are 51,7% up at R2m.

The need to stock expensive finished goods to such an extent should fall away once the BSS plant comes on stream early next year. Financing the plant will restrain immediate earnings growth but longer term benefits should be good.

Ian MacPherson . . . using capital to advantage

The move into manufacturing is particularly important for Frencorp in view of Terraquip's total reliance on imports. The John Deere range competes largely with other imported products but a degree of manufacturing independence is merely good insurance against import controls, world-wide inflation and fluctuating foreign exchange rates.

Terraquip was no slouch in benefitting from the increased activity in the construction industry and the company's contribution to profits rose 31,3% to R213 000 while unsold equipment dropped 28,4% to R0,75m. As the revival in the construction industry picks up steam the John Deere franchise could considerably boost Terraquip's contribution. And even a small amount of local content, perhaps a possibility in the expanded premises, could widen profit margins.

Frencorp's metamorphosis from relatively static portfolio management into active industrial trading is now complete and the old Hemus investment company is merely a shell. Apart, that is, from a speculative holding of 40 000 Finansbank shares.

Although Hemus is now dormant it will, says the company, be kept alive. Presumably because: a) an investment portfolio run side-by-side with trading operations can provide a useful pool of funds and b) Hemus could be the avenue for any further Canadian investment in SA.

Frencorp is both financially sound and well poised in the markets.

The share's limited marketability — only 0,7% of issued shares were traded in the first quarter — is a drawback.

Frencorp may use its borrowing facilities too conservatively, but it gets a good return on capital employed so the market rating, a 9,5% dividend yield compared to the 3%-4% granted in the investment trust days, remains an enigma. The answer must lie in the tight control over the issued equity.

There is some speculative interest in this as further expansions could be equity funded to spread the shareholding. The shares are worth buying on weakness.

Ian Mail

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ed. In the central area population limiting
nce recruitment (birth, immigration) and loss

odel has some utility although it has been noted
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ism (Wynn-Edwards, 1962; Snyder, 1968). In
ndividuals would have interacted, and as population
nteractions would have increased. Animal models
955; 1956) suggest that this would have led to
h eventually would have led to a split in
tion of nearby site territories by some of the
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that after community fission the groups would
t ttling.
r lation regulation is not universally
resource has been considered as the main
d h nature (Chitty, 1960; Lack, 1954).
u lations (Yellen, 1976). In the case of
s etic fitness associated with movement from
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MI DD 24.8.79

40 Canadian firms accused of aiding SA

DD 24.8.79

GENEVA — A United Nations expert has accused 40 Canadian firms of giving economic assistance to South Africa and one of aiding Zimbabwe Rhodesia in a list submitted here to a UN sub-commission on discrimination and protection of minorities.

An accompanying report did not specify the nature of the assistance. It said the list, compiled by Mr Ahmed Khalifa of Egypt, updated one published last year. It was based on information taken from previous reports by the UN and non-governmental organisations and other publications.

Canadian firms named as aiding South Africa were: Anthes Imperial Lts, Barringer Research, Bayer Foreign Investments Ltd, Canada Development Corporation, Canada Wire and Cable Co Ltd, Chromium Mining and Smelting Corp Ltd, Columbus McKinnon Ltd, Consolidated Bathurst Ltd, Convexco, Ltd, De Leuw Cather and Associates, Dominion Textile Ltd, Dresser Industries Canada Ltd, Federal Pioneer Ltd, Ford Motor Co (Canada) Ltd, Fram Canada Ltd, Hudson Bay Company, Inco Ltd, Kennecott Canada Ltd, Laurasia Resources Ltd, Maclean-Hunter Ltd, Manufacturers Life Insurance Co, Moore Corp Ltd, (Robert) Corp Ltd, Mts International Services Inc, Noranda Mines, Placer Development Ltd, Polymer Corp Ltd, Reed Shaw Osler Ltd, Scintrex Ltd, Seabord Lumber Sales Ltd, Seagram Co Ltd, Siemens Overseas Investments, Sun Life Assurance Company of Canada, Thomson Equitable Corp Ltd, Tinto Holdings Canada Ltd, Weston (George) Ltd, Falconbridge Nickel Mines Ltd, International Nickel of Canada, Massey-Ferguson, Quebec Iron and Titanium Corporation of Canada.

The report also accused Falconbridge of giving unspecified military assistance to South Africa.

"The company alleged to have aided Zimbabwe Rhodesia was named as All Can.

The list also named 12 Canadian banks which it said gave economic assistance to South Africa.

They were: Ames (AE) Ltd, Bank of Montreal, Canadian Imperial Bank of Commerce, Dominion Securities Corp Ltd, Greenshields Inc, Harris and Partners Ltd, McLeod Young Weir and Co Ltd, Nesbitt Thompson and Co Ltd, Richardson Securities of Canada, Royal Bank, Toronto Dominion Bank, Wood Gundy Ltd. — SAPA-RNS.

STAR LINE

star 18/10/79

30 percent of firm's (71) cars not roadworthy

Canadian Motors say that 30 percent of all cars sold by them do not have roadworthy certificates and "out of every 100 cars we sell, some will have problems."

This was the firm's response to 23 recent complaints to Star Line, most of which hinged on a lack of roadworthy certificates or registration papers.

Eight complaints were from people who said that after paying their deposits for a car they were then shown a selection of "inferior" cars to select from.

Seven complainants said that within a few days of buying cars — maximum three days — the vehicles ceased functioning. Repair bill estimates were allegedly as high as R600 and R800 in two instances.

REPLACEMENT

At the time Canadian Motors said they would pay repair bills up to R500. In the current year-long guarantee given with each car sold the amount Canadian agree to pay has dropped to R70.

This is for "the necessary replacement only of any mechanical parts. We will credit the purchaser's account with the trade cost of such replaced parts. . ."

Mr Matthews Pitfwane paid R470 to Canadian Motors toward a car. He said that after he paid, a salesman, Mr Fred Martin, took him to a back section and told him to choose another car.

He said he was reluctant to do so, but was told he had no option. The car had no rwc and did not work at all, he said. Mr Pitfwane still owes R800 for the car.

DENIAL

Mr Manfred Hamburger, managing director of Canadian Motors — which operates under Hamven Investments — denied Mr Pitfwane's allegations.

He said Mr Pitfwane would have been given the choice of another car or a refund.

Mr R J Mogótsi of Katlehong accompanied a friend who was buying a car from Canadian Motors.

The black woman filling in the relevant forms allegedly asked if the buyer had anyone to vouch for him. Mr Mogotsi said he would and was asked to sign a form.

'NOT MISLED'

Later — when he began receiving letters of demand to pay outstanding monies for his friend's car — he discovered he had signed surety for his friend. His friend had sold the car as scrap after it stopped working. His friend got into difficulties and was unable to pay.

Mr Hamburger denied Mr Mogotsi had been misled.

Mr Shellbooi Mahlangu paid R600 toward a car from Canadian Motors. He said he was under the impression this was the full purchase price.

However, immediately after paying the money he was told he would have to pay another R400. He didn't have the money and said he immediately asked for his money back. He was allegedly told that no one at Canadian Motors at that time was authorised to do this.

Star Line spoke to a Mr Nel of Canadian Motors. He said the R400 was to pay for insurance for the car for two years. The car, he said, actually cost R2 000.

"I would not sell a car without a roadworthy certificate — none of our cars is sold without a rwc."

When told of Mr Hamburger's conflicting comments about rwcs, he said he wasn't interested in what Mr Hamburger said: "I don't need you to solve my problems. You can't rule my life. He (Mr Mahlangu) is my customer."

He put the telephone down on the Star Line investigator.

REFUND

Mr Mahlangu went to Canadian Motors to ask for his money, as instructed by Mr Nel, but was told he could not have it back. The R600 represented years of savings for Mr Mahlangu, who earns R80 a month.

Mr Nel refused to comment further.

Mr Hamburger outlined the way in which Canadian Motors operates.

"If people come here without references after having paid a deposit, we either refund the money or give them a cheaper car of their choice — this may have happened in Mr Pitfwane's case."

SPEAK ENGLISH

Mr Hamburger said Canadian Motors had approximately R1-million worth of bad debts in the last five years. "Of every two cars we sell, one buyer will pay and the other will disappear."

He denied anything was wrong with their credit rating system.

Mr Hamburger said he saw no need to print hire purchase contracts in an African language or have a member of staff translate them for prospective buyers.

"Ninety-nine percent of our business is to blacks. They all speak English and understand ..." he said.

233

Basically, one is looking for inconsistencies. It was noted that a logical axiom, basic to economics, is that a rand should yield approximately the same value in whichever programme it is spent. If the net social benefit from the marginal expenditure on one programme much exceeds that on another, one can do better by withdrawing funds fr[...] programme and increasing expenditure on the first. By si[...] a breakdown of the budget between programmes, the amounts [...] may be compared with our intuitive notions of how much 'ou[...] on these things. Our judgement will depend on what we co[...] fits of expenditure under each programme to be, a process [...] analysis seeks to formalise (see below). For example, if [...] that expenditure on preventive medicine constitutes appro[...] expenditure on health,[11] it may be felt that the benefit[...] of provision warrant an increase in the share of the budget allocated [...]

Unfortunately, such intuitive processes can pick out only the grossest incongruities which are recognised by all, whatever criteria of 'value' are used. The optimum level of expenditure on a particular objective is, from the point of view of intuitive judgement, highly uncertain, because of the wide variation in benefits attributable to a particular type of spend-

234

Diagram 1: A method of ranking health problems

care					
Specific diseases:					
V.D.	++	++	++	++	16
Dental problems	++++	+	++	++	16
TB	+++	+++	+++	++	54
Common cold*	++++	+	+	-	0
Yaws	-	++	+++	++++	0

* Added to test scoring method

MASSEY-FERGUSON/FVB

Deal at last?

F.M. 19/10/79 71 189

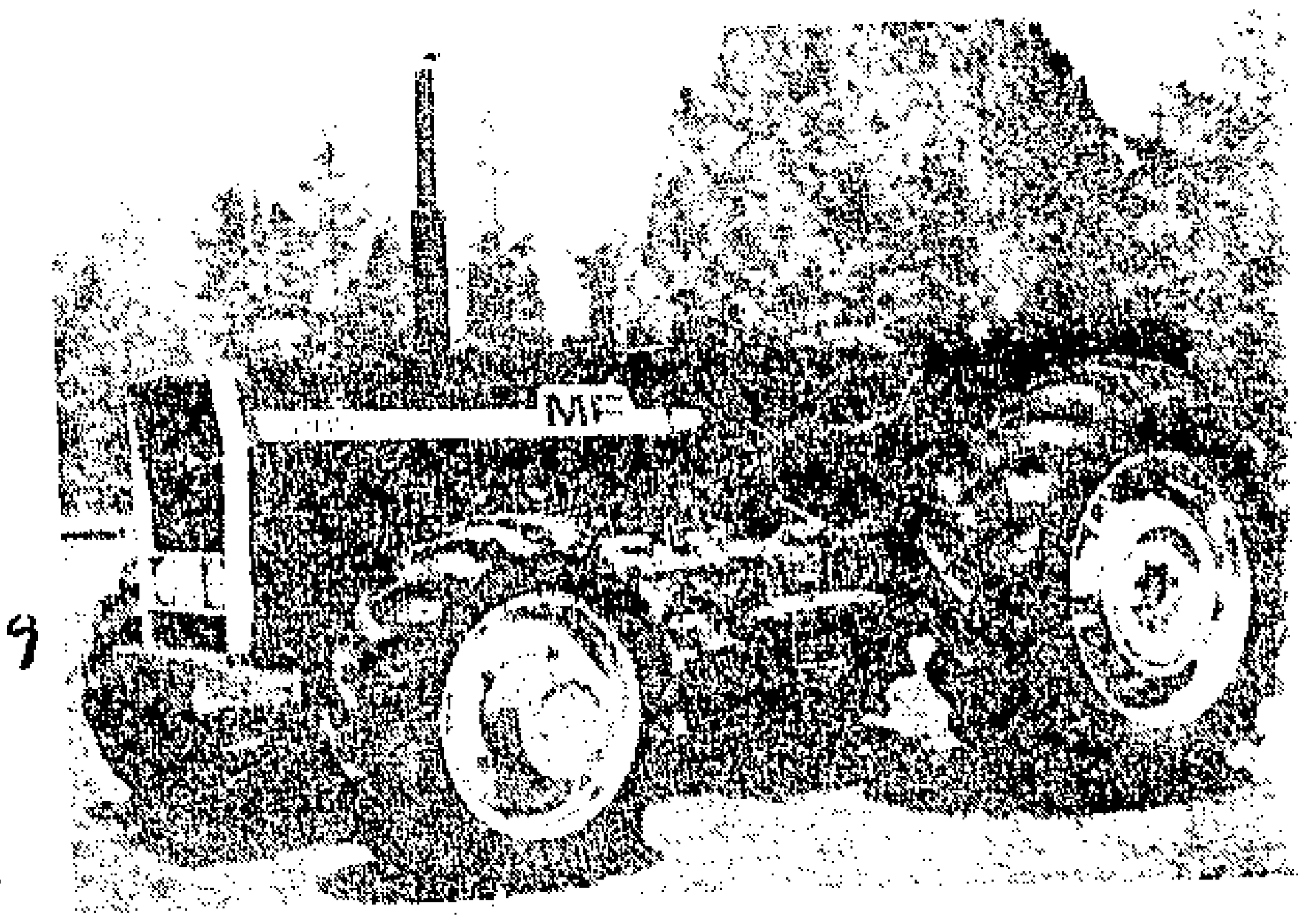
Once again, Massey-Ferguson Canada and FVB are negotiating the future of Massey-Ferguson's local interest. This time something firm might materialise because it is probably not full control which is being sought. FVB, which already holds 30,7% of Massferg, must be taking a long-term view of the fortunes of the tractor industry, where there is talk of rationalisation. What will probably materialise, if FVB has its way, is that the Canadians will sell off a portion of their local 51,3% stake in order to be left with marginally less than 25%. The obvious reason is that Massferg could then be reclassified as a local operation, thereby relaxing restraints on borrowings.

Such a move would make sense, especially for FVB. At the moment, borrowing restraints are being loosely applied because of the ready availability of funds in SA. But in the long-term, these regulations might well be more rigidly enforced, thus inhibiting further expansion, especially if the foreign parent refuses to pump more funds into the local subsidiary. And this could well be the case since the Canadian parent has had a checkered performance record over the past few years (*Fox* March 30).

At present, local content for tractors is extremely low relative to the motor industry, and it is not inconceivable that increased stipulations in this regard will be made. Massferg should ensure that it is well placed to take on the challenge when it materialises, especially since the Perkins engine, which powers its products, will be manufactured at SA's new diesel plant at Atlantis.

FVB is aware of the potential for rationalisation in the industry, and this makes Massferg an attractive proposition. With the Canadians retaining a share in the company, FVB would still have access to expertise, which is an advantage which should not be discounted.

Massferg has a healthy share of the local market, estimated to have been 23% in September, behind Ford, which had about 25%. It has lost market dominance in recent years as the result of supply problems caused by strikes at its British factories, but this problem has been overcome, and puts the company back into a favourable position to capitalise on local engine production.



Massey-Ferguson . . . will the Canadians become trekkers?

As yet, nothing has been divulged as to the method of the takeover or the price range, although talk during the March negotiations put this between 400c and 500c. Pre-suspension price was 260c, up from about 220c, presumably after rumours about negotiations leaked.

Considering the recently announced poor first-half figures and the passing of the interim dividend (last year a 25c total was paid), around 350c would appear a fair price. Assuming the Canadians hold on to 24%, this would mean an additional R2,5m-odd for the parent. But, to make the bid attractive to minorities, and depending on how FVB sees the future of the tractor industry, this offer could well be topped.

The minorities, mainly institutions, presently hold 18,7%. They might not be keen to offload unless the price is attractive. Much depends on whether FVB wants to retain the *status quo* with respect to minorities, or whether it is ultimately looking for a delisting. *Jonathan Buder*

MASSEY-FERGUSON

Up for grabs?

71

Fm 30/3/79

One of the more intriguing rumours on Diagonal Street this week was that Massey-Ferguson's controlling Canadian shareholder, Massey-Ferguson (Toronto), wants out and that FVB, which already holds a strategic 31% stake, has made an offer at 500c a share.

FVB has in fact been discussing the acquisition of part of the Toronto group's stake to give it control — not so much because the Canadians wish to disinvest, but rather because they are loth to pump more money into the SA operations.

For the background to the negotiations, however, one must look to Toronto where Massey is having financial problems of its own and which has become the focal point in the Black brothers' (Conrad and Montegu) power-play for the asset-rich Argus Corporation.

Conrad Black, profiled by *Fortune* as "boy wonder of Canadian business" wrested control last March of C$200m-asset, power base Argus and its slumbering C$41 billion industrial empire.

Included in these holdings is *de facto* control of such disparate holdings as Hollinger Mines (64%); Noranda Mines (11%); Dominion Stores (30%); and Massey-Ferguson (16,4%).

In his grasp for power, Black has instigated several executive shake-ups, notably at Massey, which has been reported to be on the verge of bankruptcy, and which last paid pref and ordinary dividends in 1977. Massey's dividends have always been crucial to Argus, which has relied on them to service and repay the bank loans that have fuelled recent acquisitions.

Black has lately shown signs of feeling constrained by Argus's dependence on dividend income and has been mulling over the advantages of transforming Argus into a growth-oriented, operating vehicle generating operating income and tax advantages.

Black is, however, currently preoccupied with keeping Massey out of bankruptcy. And to do so he might well still consider selling its SA operations.

His aggressive management shake-up and slashing of operations are already showing up positively in Massey's books, admittedly with help from foreign accounting rules. Recently Massey sold off two minor interests in North America, office furniture in Canada and garden tractors in the US, and has tightened inventories by C$230m in the first quarter. But it did have to seek relief from some restrictive debt covenants last year to prevent it falling into default and hopes to get still more covenants rewritten. Without such action it would have to earn C$265m before any dividends could be paid.

Canadian Imperial Bank of Commerce is reported to have an estimated C$300m out to Massey and is feeling uncomfortable. US institutional investors have another C$297m extended; and some of them acquire voting rights next autumn should Massey not resume dividend payments.

Black has obviously not entirely given up on Massey and says the emphasis in future will be "on the core business of aiming at a maximum return on investment rather than on growth at any price." He is currently arranging a refinancing, rumoured to include sale of a part-interest in the Perkins engine group — which could help restore ordinary dividend flows next year.

By comparison, Massey SA is small beer and the proceeds of any sale would make little difference to the holding company. The more plausible reason is that it just does not have the wherewithal to shoulder further financing of local operations.

The Canadian group holds 51% of Massey-Ferguson SA or 1,4m shares. FVB holds 31%, which it acquired back in 1961 through the merger of Massey and South African Farm Equipment Manufacturers. So it is not new to the business and is by no means a passive investor.

Market talk has is that FVB opened the bidding at 400c, which was rejected, and came back with an offer of 500c. Judging from Massey's press release, this too has fallen by the wayside.

Massey-Ferguson MD L B Knoll . . . only a question of price

One of the probable stumbling blocks is that Massey is in a cyclical trough at the moment and is earning but 12% on capital employed. This follows through to the nav of about 800c and on just how to realistically evaluate the worth of the business.

FVB says that negotiations have been discontinued "for the time being". My feeling is that since the funding requirement of Massey SA are not going to evaporate, the longer the matter drags on, the more likely Conrad Black is to say — sell.

John White

EMPLOYMENT CODES

Credibility problems

Employment codes in SA have flourished since Leon Sullivan of the US spelt out his six principles in early 1977. Foreign companies and governments have latched on to such codes to escape disinvestment pressures. But, argue many critics of the codes, their proliferation and the growing number of subscribers doesn't mean very much, since monitoring is either non-existent or ineffective.

The main codes are the Sullivan code (for American firms), the EEC code, the Canadian code, and the local Saccola code. The latter was initiated by the Urban Foundation and Saccola, which claims to represent about 90% of South African firms. Neither the Canadian code nor the Saccola code have any monitoring device. The Canadian government merely recommended to Canadian firms that their subsidiaries in SA adopt its code and report to shareholders.

The monitoring of the EEC and Sullivan codes is based on company reports, often in the form of answers to questionnaires. Since March 1977 the number of signatories to Sullivan has leapt from 12 to 135, and the third progress report is out (see box). The report says seven "task groups" (made up of representatives from signatory companies) have developed "guidelines, objectives and timetables for action programmes." This, it argues, illustrates their commitment to the principles. Nonetheless, relying on company reports is by no means a satisfactory basis on which to monitor. And as long as this is the case, the report's credibility will remain suspect.

The EEC code was adopted two years ago. But its monitoring is only just getting off the ground. Britain and Italy are the only two countries now receiving the second round of reports from companies with SA subsidiaries. However, up to now, Britain is the only country that has published a report.

German, Dutch, and French subsidiaries submitted reports to their governments for the first time this year. In a month or two, the German government will publish its report. Just over 50% of the Dutch companies have submitted reports, which were put before the lower house of parliament a month ago. By September, about half of the French subsidiaries had sent in their reports. The Italian, French, and Dutch reports are unlikely to be published.

These reports to foreign governments will do little to pacify overseas pressure groups. According to one critic, as long as the results of the companies are kept from the public eye, and highly subjective employer reports are relied upon, the assessments will lack credibility.

The *FM* learns that the EEC could call on trade unions to comment on the company reports. According to Fosatu's Alec Erwin, this is only possible where there is strong union organisation, which SA lacks. Thus, unions could only play a limited role in monitoring. Fosatu has in fact prepared reports on those companies where its unions are well organised, and these will be released soon.

Tucsa says that it is keeping an eye on firms which have subscribed to the codes and will publicise its findings. But it admits that lack of resources will make their unions a not very effective monitoring device.

Inkatha claims that it is also monitoring the codes. According to Gibson Thula, Inkatha publicity officer: "Lists of subscribers to the codes have been made available to workers and a few companies have been visited, but we don't have the staff to do this properly." So far, Inkatha has not made any statement on its findings. Thula argues that "we are still finding our way."

Vic Razis, of UCT, is interested in setting up a university-based body which will monitor all the codes. It would serve as an information service, as well as investigate employment practices. Obviously, having a third party to investigate would be better than relying on employers and trade unions. But the codes' effectiveness ultimately depends on the employers, for it is up to them whether a third party can have access to premises, and talk freely with employees.

Financial Mail November 30 1979

PUBLIC OF SOU
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(3) Any proclamation issued under any l
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17. Proclamations.—(1) The State President may by proclamation in the Gazette from time to time amend or add to the provisions of the Schedules to this Act.

(2) Any such proclamation may prescribe different provisions in respect of different types of companies.

(3) The provisions of any such proclamation amending or adding to—

(*a*) Table A or B contained in Schedule 1 shall not apply in relation to any company in respect of which the provisions of the Table in question applied immediately before the date on which the proclamation took effect;

continued on page 505

S. Times

1977. Business Times 5/6/77

Canadian looks at South Africa

LAST week I met a "foreign investor" — one of that elusive breed whose current disenchantment with South African politics has been held responsible for the country's inability to borrow abroad, as well as the depressed state of the stock market.

But for a pleasant change the conversation did not centre on the negative factors of investing in South Africa.

On the contrary, the foreign investor in question, Mr Douglas Heagle, who represents a substantial group of Canadian investors, was refreshingly optimistic about South Africa and investment prospects here. Mr Heagle's group, which includes the quoted Central Fund of Canada, bought effective control of the former French Corporation investment trust some two years ago. Since then, local managing director Gavin Dingley and his team have rapidly turned Frencorp from an investment trust into a soundly based industrial company.

And instead of disinvesting in South Africa, as some overseas companies are doing, Mr Heagle has just spent two weeks here looking for ways to expand Frencorp.

"Some time back my group did a world study to find the countries which we thought offered the best investment opportunities. The two countries we decided to invest in were America and South Africa," Heagle told me.

First on the list was South Africa.

"While it is true that South Africa does have its political problems, there are very few countries in the world that do not have other problems of a similar or greater magnitude."

"The thing that always strikes me about South Africa, and I have heard many other Canadian businessmen say the same thing, is that for a country supposed to be on the brink of a racial confrontation, there is no sign of racial tension on the street. Now in America, for instance, this is not so. I have encountered groups of blacks in the United States who, when I walked past, have been openly hostile.

"I see this country's political evolution very much in terms of the 'kettle theory'. There are the rising aspirations of the blacks which are controlled by the will of the white Government. Sometimes the pressure of the black aspirations is very great, such as during the riots of the last year, and the Government gives way to that pressure despite the outcries from the right wing. At other times, it digs its heels in and the left wing are up in arms."

Edited by Jeremy Woods

But at the end of the road, Heagle is optimistic that black aspirations will be satisfied and that in time the black man will have his due share of economic and political power.

"The recent cries of one-man-one-vote heard at Vienna," said Mr Heagle, "strike me as rather unrealistic, when one considers that the general principle did not become a reality in Britain, thought by many to be the home of modern democracy, until as late as 1948. Now if it took so many centuries to get to this happy state of affairs in England, I think it is rather unrealistic to think of a one-man-one-vote situation in this country immediately."

Mr Heagle feels strongly that "too much time is spent analysing South Africa's negative points to the exclusion of its many attributes."

"Your country is a storehouse of natural resources which other countries need to run their economies. Your economy has enjoyed tremendous growth in the past. As the black population becomes an ever increasing part of this economy so it should continue to grow."

He feels that overseas investors who withdraw from or refuse to fund South African operations are doing themselves a double injustice. Firstly, they lose out on the country's potential growth. Secondly, they deny themselves the opportunity of bettering the lot of the blacks through the medium of investment and industrial expansion.

"Our attitude to South Africa is that we are here to stay, which is the only way to participate in a country's economic growth."

Meanwhile the growth of Frencorp should not be overlooked.

The group imports and distributes John Deere earthmoving equipment and also owns an industrial belting distribution company. For the 14-month period ending February 28, pre-tax profits more than doubled to R958 000 while adjusted earnings rose from 41c to 54c.

I expect Frencorp, which is liquid and undergeared, to get on the acquisition trail again soon and it will be most interesting to see into which area of the economy the group moves. Until, then the shares at 100c have an earnings yield of 53,6 per cent and a dividend yield of 16,5 per cent. Certainly one to watch.

onal accounts

Heard around

Foreign Firms in S.A-Canadian

South Africa/Canada trade link

Financial Editor

A NEW cargo service, using Ellerman and Bucknall ships, is to be established between South African ports and the East Coast of Canada. The Great Lakes of Canada and the U.S.A. will also be covered by this trade link.

This was announced in Durban yesterday by Mr. Stewart Ferrier, general manager of McLean Kennedy Ltd., of Toronto.

Mr. Ferrier said that the first ship would load on the South African coast next month (March). It would be the City of Glasgow. Then there would be monthly sailings in both directions.

The ships would be adapted for carrying containers. There would be no facilities for passengers.

"I have been surprised at the amount of cargo which is available in South Africa for shipment to Canda. We will take containers and bulk cargo too.

"However, we want to encourage trade between the two countries of every kind to make this new direct service a success."

Dm 25/2

CANADA AND SA

FM 31/3/78

A gentle freeze

71

This week's closing of its 40-year-old trade office in Johannesburg is not the only form of pressure which Canada is exerting against apartheid. Hard on the heels of the EEC's code of labour practice and of that mooted by Australia, a code for Canadian firms operating in SA is being discussed in Ottawa.

Departing consul-general Milton Blackwood says about 30 major Canadian investors in SA are likely to be urged to implement such things as equal pay and opportunities for all employees. "I expect it will be broadly the same as the recent EEC code," he tells the *FM*.

In addition to closing the Johannesburg trade offices, Ottawa will next week reduce its six-man commercial staff to a single commercial officer in Pretoria. He will be a SA national, and his job will be to help visiting Canadian businessmen without actively trying to boost Canada's trade with SA.

Blackwood also says that from April 10 all SA residents will need visas to enter Canada. The 12 000 SA businessmen and tourists making the journey each year have hitherto escaped this restriction.

The anti-apartheid measures announced last December by Canadian External Affairs Minister Don Jamieson — among them the cutting off of export credit insurance — have not yet directly affected Canadian businessmen visiting SA, however. They still get 50% of their air fares paid, along with $70 a day living expenses and 50% of certain other costs. These export boosting inducements are still under review in Ottawa.

Canadian exports to SA, led by sulphur, motor car parts and heavy mining equipment, were worth R64m last year. SA exports to Canada, dominated by sugar (R73m) and manganese and ferro-manganese, earned R115m.

Canada will buy 215 000 t of SA sugar this year.

(1)67

~~(2)170~~

Economics 'defeating apartheid'

5/6/76.

STAR

The Star Bureau

WASHINGTON — An American study of the labour market in South Africa has found signs that economic progress is working against strict apartheid.

The most significant effects of economic growth, according to a 90-page report by the Investor Responsibility Research Centre, Inc, are increased demand for labour which can only be met by hiring Blacks, an overall increase in Black wages and hence in the size of the market for South African products, and a growing number of more liberal, commercially minded Afrikaner businessmen.

The report, designed to answer questions among corporations and shareholders about the moral implications of investing in South Africa, notes that American investments there earn an extraordinary rate of profit. Most of the profit, however, is reinvested.

It also says that, despite the recent recession, the heads of many US subsidiaries in South Africa expect growth in the future to be as rapid in the recent past, with sales climbing by 10 to 15 percent a year or even more.

One manager reported a five-fold growth in sales in two years and predicted growth to continue at 25 to 30 percent a year.

FUTURE GROWTH

Discussing the effects on future growth, the report says South Africa is plagued by shortages of semi-skilled, skilled and management-level wokers.

"An important aspect of these shortages is that they will be alleviated mainly by the use of Africans, because White labour is almost totally utilised.

"The high demand for scarce White workers and the simultaneous failure to draw effectively from the Black labour pool have created shortages which, in turn, have contributed to South Africa's high rate of inflation.

"Per capita productivity of workers is declining, wages for White artisans are inflated, skilled White workers are becoming hard to attract and then hold."

The report is unflattering about White workers in South Africa, saying they virtually hold management to ransom because of their scarcity.

Whiskey giant puts off plans for KwaZulu

S Tribune 20/6/76

Finance Reporter

SEAGRAMS, the Canadian whiskey firm, has shelved — for the time being at least — plans to build a multi-million rand distilling plant in KwaZulu.

Seagrams' area manager, Derrick Stretton, was unavailable for comment this week but a spokesman confirmed that the project has been dropped for the present.

Seagrams sent an American team of consultants to South Africa last year to look for feasible sites for the plant. It was indicated that the company was keen to go ahead with the project.

Initial cost of the plant was estimated to have been in the region of R10 million, but the eventual cost could have been much higher.

KwaZulu was chosen as the likely location for the plant. Apparently an important consideration was the availability of large quantities of suitable water.

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SUN TIMES (Bus TIMES)
19/10/75

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See also
HOMELANDS - KwaZulu

Vast proj[...]

[W]ITH NO fanfare of [t]rumpets the Industrial Development Corporation, Union Corporation and Quebec Iron and Titanium are on the brink of making one of the greatest — if not the greatest — mining decisions yet taken in South Africa.

The IDC's annual report briefly referred to the R250-million heavy minerals project north of Richards Bay. This received small coverage in the daily Press because the decision to embark on it has still to be taken.

I learn, however, that these corporations are seriously considering going ahead with the project and that a decision can be expected shortly.

If so, it will be a mining landmark for several reasons, including these:

- The rate of mining will be greater than previously envisaged on any project in South Africa.

The dredging capacity will be up to 96 000 t a day when the mine and plant are in full production.

Scientific

- Rehabilitation of the countryside after this mining will be scientifically undertaken by an agronomist and an ecologist assisted by horticulturists and consultants. The area will be left covered in vegetation without unsightly dumps or pits.

The products will be: rutile at 75 000 t a year; zircon at 150 000 t; titania slag at 600 000 t and low manganese pig iron at 320 000 t.

There are several firsts in this project. It will be the first mining enterprise in South Africa employing dredging techniques.

It will employ an African labour force of about 600, who will be housed in townships with their families. They will travel daily to work by company transport.

This is a welcome departure from the usual employment of migratory, single labour.

Although the area will not be in Bantu Trust land, royalties will be paid to the Bantu Mining Corporation, which acts for the Bantu Trust.

Recovery

The decision to incorporate this coastal strip in part of the Richards Bay White area, while providing inland areas to KwaZulu in exchange, was made before the mineral sands project was envisaged.

On the production side this enterprise should earn about embarrassment but the production of this pig iron will be achieved by a unique Quebec process developed after 25 years' work.

The proposed mining area is 17 km long and between 2 km and 3 km wide. It is inland from the beach and the base of the sands containing the heavy minerals is about 25 m above sea level.

Two ponds will be built by earth-moving machinery. The dredges and a floating primary recovery plant will be sited in the ponds. The concentrate from the floating plant will be pumped ashore and will then be transported 10 km inland to the main concentrator.

The ilmenite, which in the past has sometimes been unsaleable in Australia, will be converted to titania slag and low manganese pig iron in the smelter.

Provided the project gets the go-ahead, Union Corporation will hold 25 per cent of the equity, IDC 25 per cent and Quebec Iron and Titanium 50 per cent.

Two companies have been incorporated for the project: Tisand (Pty) for the mining and separation activities and Richards Bay Iron and Titanium (Pty) for the smelter operation.

Tisand is controlled by Union Corporation and IDC jointly, whereas Quebec Iron and Titanium will control Richards Bay Iron and Titanium.

Satisfied

The rutile produced by the recovery process is used mainly for the chloride route in the production of white titanium dioxide, which is used in paint.

Zircon is used in ceramics, refractories and in foundry moulding sand, and the titanium slag will go to pigment production on the sulphate and chloride routes.

One of the most significant features of the project is the attention being paid to the rehabilitation of the mining area.

Consultants with Australian experience have been appointed. The plan is to stockpile top-soil and use it with fertiliser for replanting grass, shrubs and trees on land

FIN MAIL 25/4/86

PHARMACEUTICALS

The Swiss roll

67

Swimming against the disinvestment tide, Swiss chemical and pharmaceutical heavyweight Ciba-Geigy (CG) is ploughing some R16m into a self-medication division for its South African subsidiary. CG has few — if any — worries on the disinvestment front because Switzerland is not greatly interested in taking political sides.

The move is part of the Basle-based company's diversification into over-the-counter medicines in world markets, notably in Europe and the US.

While prescription-only business still offers pharmaceutical companies big profits, the rate of new-product development is slowing, with costs being increasingly pared to boost bottom lines.

Kobus Nel, head of CG's self-medication division, estimates the value of SA's self-medication market at some R500m. "It's the right time to expand and we hope to capture roughly 8% of this market by the early Nineties," he says.

Already on the self-medication trail in SA are traditionally prescription-only companies Hoechst and US-owned Lederle Laboratories.

CG's South African operation earned the group R140m last year, with the pharmaceutical division's turnover rising to R40m, from R32m in 1984. A similar 20% increase in turnover is slated for this year.

The spadework for a self-medication division in SA started four years ago and CG has now drawn up a list of some 12 established over-the-counter drugs on the market that it hopes to add to the division's product portfolio.

Head of CG's pharmaceutical division Johann Niehaus stresses that the company intends to stay clear of high-abuse areas, such as central nervous stimulants.

Late last year, CG bought Salusa 45, a multi-vitamin tonic, from Noristan for an undisclosed sum, and the next product launch is expected in 1987.

FOREIGN FIRMS IN S.A

- CANADIAN -

APRIL '90 - JUNE '97

DET plans to build 37 new high schools

Star 19/4/90

Education Reporter (26) (71)

This year the Department of Education and Training plans to build 37 new secondary schools which will provide an additional 1 454 classrooms.

According to the DET's monthly newsletter, "Focus on Education", a total of 194 new classrooms will also be erected at 11 different schools.

In addition, DET plans to complete 25 new primary schools and make additions to 19 existing schools to create 609 additional classrooms.

The DET welcomed this year's R2,6 billion budget which showed an increase of 36 percent compared to last year. It also welcomed the additional R150 million granted by State President F W de Klerk for capital expenditure.

"One of the most serious problems faced by the DET is a problem created by the great demands that the rapid increase in the school-going population is making on expenditure," the article said.

Massive US and Canadian investment planned for blacks

Star 12/8/89

JABULANI SIKHAKHANE

THE United States and Canada are considering a "massive" investment in black business ventures in South Africa.

The US programme is part of the campaign to support the 'victims of apartheid' as laid down in the US 1986 Comprehensive Anti-apartheid Act.

Barry Walkley, Press information officer at the US embassy in Pretoria, confirmed this week that AID was investigating the feasibility of a private venture capital company to make 'commercially viable investments' in black business.

The project is part of AID's seven-year Black Private Enterprise Development Project (BPEDP) launched in 1987.

Financial assistance will be targeted at initiatives supporting micro and small black enterprises, facilitating black participation in the primary economy, and strengthening the capacity of black business institutions to describe and articulate alternatives to the economic inequities caused by apartheid.

Managerial talent

AID has also had discussions with the US Export-Import Bank (Eximbank) to investigate the feasibility of making the Bank's services available to black business.

The emergence of black business institutions, according to a USAID document, is critical to the development of a successful black-controlled South African economy.

Such ventures, the document says, can serve as vehicles for building black managerial talent and as catalysts for further black economic empowerment.

"Moreover in a community where capitalism often connotes racism, these institutions can provide visible examples of business working for, rather than against, the interests of black South Africans," it says.

No to nukes, SA links

The Star Bureau

WASHINGTON — Montreal is to become the first Canadian city to enact by-laws which would allow it to discriminate against companies linked to South Africa.

Several US cities have passed similar by-laws.

Until now, Montreal and other Canadian cities have been legally obliged to award contracts to the lowest bidder, even if the bid was by a person or company with South African ties.

This is in spite of the city officially being opposed to apartheid.

The city administration has now proposed changing Montreal's charter to allow it to refuse to do business with any company linked to South Africa or involved in the production of nuclear weapons (another issue the city administrators feel strongly about).

City lawyers and officials are already compiling a list of companies that would be banned from doing business with the city because of their South African links.

CP council halts publicity subsidy

Star 30/6/89

By Glen Elsas, West Rand Bureau

The Krugersdorp Town Council decided at its monthly meeting to stop its annual subsidy to the Krugersdorp Publicity Association and also to evict the association from its offices.

Mr Sakkie Nel, chairman of the town's management committee, made the recommendation and suggested the council should investigate the possibility of appointing its own information officer.

The Krugersdorp Publicity Association is an autonomous body. Although the council cannot force it to close down, by witholding its annual subsidy and evicting it from municipal offices, the association will be placed under extreme financial pressure.

EXPRESSED DISPLEASURE

Mr Nel expressed his displeasure at a remark made to a Sunday newspaper by Dr Benoni van Graan, a councillor and president of the association, concerning the Miss Krugersdorp competition.

Dr van Graan denied having made a remark that the CP-dominated council's policy was ridiculous. The Miss Krugersdorp competition was cancelled this year after a council decision that only white entrants could take part.

He offered to resign as president of the association and put forward a recommendation that the association be given R21 000 as well as the money earned by its staff.

His recommendation was rejected by nine votes to four while Mr Nel's recommendation was accepted.

During a lengthy debate in which most of the councillors took part, Mr Chris Viljoen said that Krugersdorp had become too big for the publicity association.

He referred to the autonomous associations of Durban and Johannesburg.

He said that both these areas were slowly turning black and asked whether this was the plan for Krugersdorp with its publicity association.

71

SA polls may bring change

WASHINGTON — The September elections in South Africa are expected to bring about a change in power that could yield positive results in dismantling apartheid, so that Canada may soon be able to relax its sanctions against Pretoria, a Canadian official has said.

Mr John Small, the official in Canada's external relations department in charge of monitoring Canadian companies operating in South Africa, has told the Canadian media he believes there will be movement in South Africa after the election.

The Canadian and other governments should be ready to reward South Africa when they saw real progress that benefited black and coloured people, he said.

"But don't remove the sanctions until you see something actually happening, and so far nothing has happened," he said.

Mr Small said only six Canadian companies still had operations in South Africa, and their power to press for an end to apartheid was considerably diminished.

Canadian investment in South Africa dropped to about Canadian dollars 70 million (R162 million) last year from Canadian dollars 257 million (R593 million) in 1981.

The number of people employed in South Africa affiliates of Canadian companies has dropped from 26 000 in 1985 to just more than 5 000 today.

COPI FM 11/12/92 71

A safe rand hedge

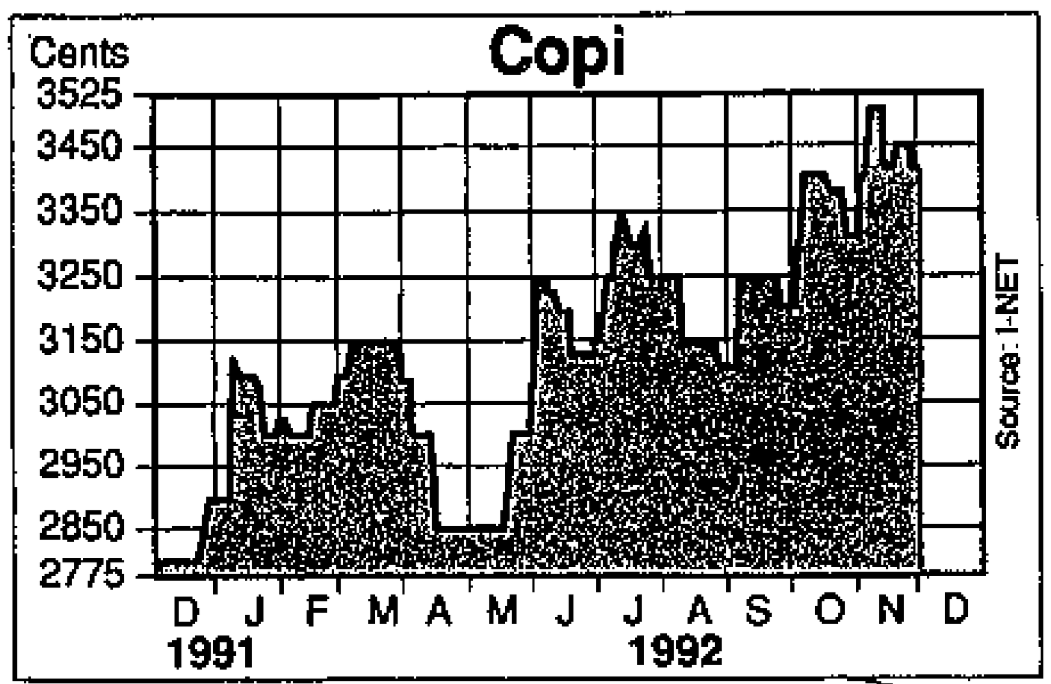
Depreciation of the Canadian dollar, after some years among the world's strongest currencies, helped Canadian Overseas Packaging Industries (Copi) to achieve a strong profit performance. The share price responded on the JSE, rising 25% to a record R35.

Earnings from manufacturing operations advanced by more than 20%, while investment and other income declined 19%.

Foreign currency gains were C$3,4m, up from 1991's C$2,2m. Depreciation of the Canadian dollar is reflected in the balance sheet by a reduction in the cumulative translation adjustments deficit from C$7m to C$5,5m. The deficit results from the conversion into Canadian dollars of assets held in countries in which Copi operates.

The directors' report is peppered with phrases like "satisfactory" and "excellent." There is certainly evidence of profound self-satisfaction. Jamaican Packaging Industries did well enough, Trinidad-based Caribbean Packaging Industries didn't. The Jamaican dollar weakened substantially and the coun-

continued



Activities: *Packaging in the Caribbean, UK and East Africa. Also invests in securities and currencies.*
Control: *The Kalmanson family.* 71
Secretary: *M C Johnston.*
Capital structure: *17,6m ords. Market capitalisation: R598m.*
Share market: *Price: R34. Yields: 3,7% on dividend; 9,0% on earnings; p:e ratio, 11,1; cover, 2,5. 12-month high, R35; low, R28. Trading volume last quarter, 85 000 shares.*

Year to Jun 30	**'89**	**'90**	**'91**	**'92**
ST debt (C$m)	6,9	8,3	5,8	9,5
Shareholders' interest	0,85	0,86	0,86	0,84
Int & leasing cover .	14,6	10,6	9,9	12,5
Return on cap (%) ..	7,8	7,8	9,6	8,4
Turnover (C$m)	100,0	93,1	106,6	104,0
Pre-int profit (C$m) .	17,6	18,1	22,4	22,1
Pre-int margin (%) ..	17,6	19,4	21,0	21,2
Earnings (Cc)	65,4	88,7	120,8	132,9
Dividends (Cc)	44	45	50	55
Net worth (Cc)	1 088	1 134	1 143	1 264

C$ Canadian dollars. Cc Canadian cents.

try's interest rates of 40% a year (something for SA businessmen to ponder) rose to 55%.

East African Packaging Industries (Kenya) proved the plum in widely spread activities; it turned in a substantial improvement in profitability. Profits from Encase, in the UK, are described as "satisfactory."

The lion's share

In 1991, investment income provided the lion's share of profits, but in 1992 manufacturing contributed more than half of total C$25m earnings.

Combined market value of quoted investments and cash, including short-term deposits, rose by almost C$22m.

Market value of investments improved. In June the portfolio was valued at C$93,6m, against a cost of C$86,6m. This would have been higher but for the disappointing performance of the Japanese market, which has since partially recovered. Year-end combined investments and cash were held in North America (70%), Europe (19%) and the Far East (11%).

Management remains cautious on prospects for manufacturing this year. Moreover, if world interest rates continue to decline and economic conditions remain difficult, investment income will fall.

As a rand hedge, the share has long been rated favourably on the JSE. A p:e of 11,4 and dividend yield of 3,6% compare with the paper and packaging sector average p:e of 12,8 and yield of 7,8% — though this may not be the best yardstick. *Kate Rushton*

Canadians sink R40m into SA mines

CT(B/2) 23/3/95 (71)

Trillion Resources of Canada has broken the investment ice by acquiring large minority stakes in Cons Mining and West Wits

By John Spira
GAUTENG BUSINESS EDITOR

In a R40 million deal, Trillion Resources of Canada is to acquire large minority stakes in JSE-listed Consolidated Mining Corporation and West Witwatersrand Gold Holdings.

Canadian mining companies have long been examining involvement in SA operations. The Trillion transaction could well have broken the ice and may be the first of several similar future arrangements with JSE-listed companies.

An announcement by Nedbank Investment Bank reveals that Trillion, a company listed on the Toronto Stock Exchange and with a market capitalisation of C$57 million (R143 million), will subscribe in cash for:

☐ 41 million new ordinary shares in Cons Mining at 35c a share. The consideration will amount to R14,35 million for a 9,5 percent stake in Cons Mining;

☐ 9 million new ordinary shares in West Wits at 285c a share. The consideration will amount to R25,65 million for a 9,8 percent stake in West Wits.

In addition, Trillion will acquire further shares in Cons Mining from external shareholders in exchange for the issue of Trillion convertible redeemable preference shares.

Trillion will own 30 percent of Cons Mining. The company's activities comprise exploration, development and the acquisition of mineral properties on the African continent. It has 14 active exploration and development projects.

The proceeds of the R40 million that Trillion will subscribe for Cons Mining and West Wits shares will be used to expand, develop and increase the efficiency of the group's mining operations.

The expansion programmes include West Wits's R65 million semi-autogenous mill expansion programme and the group's extensive mineral rights in West Africa.

"Additional funding alternatives for the expansion programmes are currently being examined and could include rights offers by companies in the group."

Norman Lowenthal, non-executive chairman of Cons Mining, anticipates that the expansion programmes will enhance the profitability of Cons Mining and West Wits in their 1996 and subsequent financial years.

Had the Trillion subscriptions been effective at March 31 1994, Cons Mining's net asset value would have increased from 20,2c to 22,2c (10 percent) a share, while that of West Wits would have increased by 12,4 percent to 134,6c a share.

As part of the Trillion deal, the Cons Mining controlling consortium, which controls 51 percent of the company's issued share capital, has agreed to terminate its control agreement. Ronald Netolitzky and Jens Hansen will join the boards of Cons Mining and West Wits as Trillion's representatives.

Mining analysts have long regarded Cons Mining shares as undervalued. This belief is vindicated by the Trillion subscription offer, which values Cons Mining at 35 percent above its ruling share price and West Wits at 21 percent higher than its ruling share price.

Gencor to sell R865m in assets

Canadians buy big SA mining stake

(71)

CT (BR) 6/6/97

Andi Spicer
MINING AND RESOURCES EDITOR

Johannesburg — Gencor, the mining house, has struck a \$193,6 million (R865,4 million) deal with Canadian company Eldorado Gold in which Eldorado will acquire two mines in South Africa and exploration sites in Ghana from Gencor, the companies announced yesterday.

"Eldorado's participation in a South African greenstone gold operation will be the first major Canadian investment in the South African mining industry," Gary Maude, Gencor's executive director, said yesterday.

The deal encompasses two operating gold mines in South Africa and nine exploration projects, including the proposed merged Fairview/ETC mine near Barberton, in which Gencor has a 45 percent interest with Avgold, and the Burnstone development.

Eldorado will have the exclusive right to negotiate the acquisition of Gencor's interest in Burnstone for the next six months. In addition, Gencor has offered Eldorado its 90 percent stake in the Bogosu mine in Ghana; exploration projects in the Yamfo gold trend and Centenary deposit, also in Ghana; and other sites in the west African country.

"Gencor's substantial cash injection into South Africa and the introduction of a new mine-management style to the country, which will see the abolition of fees and an independent management structure, will result in Fairview/ETC becoming the largest greenstone mining operation in South Africa and one of the largest worldwide," Maude said.

The deal includes \$140,3 million "upon closing" and up to \$53,3 million payable as deferred compensation, settled through the issue of \$76,3 million in cash and \$109,9 million in Eldorado convertible non-voting shares. A further \$7,4 million will be paid as a 1,5 percent smelter royalty. Gencor will keep its voting interest in Eldorado at 40 percent.

The agreement depends on the approval of the Reserve Bank, the regulatory authorities and the Ghanaian government.

Eldorado's gold production would be boosted this year by 18 percent to 230 000 ounces and next year by an expected 50 percent to 375 000 ounces, the company said. Its gold resources would be extended 81 percent from 5,2 million to 9,4 million ounces and by a potential increase of a further 1,8 million ounces in the near term.

"The company expects to achieve this growth through the development of its international asset portfolio ... and its association with Gencor," the two companies said.

The Canadian company has interests in five gold mines: La Colorada and La Trinidad in Mexico, Sao Bento in Brazil, Bogosu in Ghana and now Fairview/ETC in South Africa.

It has an 18 percent interest in Croesus Mining, which operates the Binduli mine in Australia and gold developments in Argentina, Brazil, Ghana, Mexico, Turkey and South Africa.