FOREIGN FIRMS IN SA - GENERAL
1993

C/Press 15/11/93 (60)

SA reality scares investors — report

ALARMING reports on the prospects of international investment in SA are being published.

The latest was by California's Institute of Management Resources, whose research is used by the world's foremost multinationals.

SA's political and business leaders should take note of its conclusions.

The most alarming piece of information it contained was that not one of the more than 100 multinationals who attended presentations on SA as a country to invest in, considered us a likely home for investment.

MONEY TALK

Chief researcher Dr Tony Cadman said they did not even find SA "remotely" suitable for investment when compared against havens for foreign investment such as Mexico and Argentina.

Among the reasons were:

- The low productivity of SA workers;
- The ANC's attitude to nationalisation;
- Exchange control regulations;
- High tax rates compared with other countries competing for investment funds;
- High levels of violence and theft; and
- A weak currency.

Coming hard on the heels of the above report was that of the International Finance Corporation (IFC), a division of the World Bank, titled "Trends in Private Investment in Developing Countries 1993".

This annual study covered 47 economies and made clear what attracted and what repelled foreign investment.

SA and Africa rated poorly. For instance, since 1985 private investment levels from both foreign and domestic sources rose to an average of 17 percent of gross domestic product in 1991. In SA these levels declined to 12,5 percent in 1991.

The report pointed out that no other area in the world was receiving less direct foreign investment than Africa. In 1991 it amounted to less than $1-billion against the $6-billion the rest of the developing countries had received. Five countries – Brazil, Malaysia, Thailand, Mexico and China – received 55 percent of the $6-billion.

Mandela in sanctions offer

SIMON BARBER

WASHINGTON — ANC President Nelson Mandela said yesterday he was anxious to lift sanctions as soon as possible, but South African business would first have to promise to freeze retrenchments and hire more workers.

If he could get such an "assurance" from companies, he told a news conference here, he would ask his executive to endorse calling off remaining international boycotts as soon as a date for interim government elections had been set.

He added that "once sanctions are lifted there is no reason why the World Bank and and IMF should not get involved".

The current ANC sanctions policy was to wait until a new government had been elected, but mounting unemployment and the "threat of further retrenchments" made this untenable, Mandela said.

"It will be difficult to repair the economy if we wait until a democratic government is installed."

On the eve of President-elect Bill Clinton's inauguration, which he has been invited to attend by the Congressional Black Caucus, the ANC president had kind words for outgoing President George Bush.

Bush had taken a "keen interest" in SA and had "done everything in his power to help", he said. He hoped the new president would continue this approach.

Deputy international affairs director Aziz Pahad could not confirm that Mandela would see Clinton or his Secretary of State-designate Warren Christopher during his five-day stay, but sounded optimistic that meetings would be arranged.

In the meantime, Pahad said, Mandela was seeing US business leaders to encourage them to take a serious look at SA investment opportunities.

Mandela himself stressed the ANC's need for "resources" to help it mount an effective election campaign against the highly "organised and experienced" NP.

On the status of negotiations, the ANC leader said the process was now moving forward smoothly.

Lawyer quits as witness is arrested

LLOYD COUTTS

AN ATTORNEY representing the family of an ANC member shot dead by police in 1991 withdrew from the inquest yesterday after a heated exchange with the magistrate and prosecutor.

Richard Spoor, representing the family of Vuyani Mabaxa, resigned after magistrate C G de Lange ordered the arrest of a witness for perjury.

The trial started late when the magistrate refused to allow policemen to testify first. When proceedings resumed, Spoor complained that certain witnesses had been asked to remain outside the court, while police witnesses were allowed to remain inside and listen to evidence.

De Lange expressed irritation at the "pettiness going on here".

Roos told witness James Gwebu that his testimony contradicted a sworn statement made a year after the shooting.

De Lange accused Gwebu of lying, and warned him about committing perjury. Spoor said he was dumbstruck by the prosecutor's allegation.

The magistrate ordered the arrest of Gwebu for perjury.

Spoor withdrew from the inquest and De Lange postponed it to March 15.

Mabaxa, 22, an ANC Youth League publicity official and Nehawu unionist was shot dead in Diepkloof. Police claimed he was shot after firing at police.

Gwebu said in his evidence he had heard a gunshot on the morning of Mabaxa's death and had seen three policemen chasing him.

A white policeman drove up to Mabaxa in a minibus and fired at him, said Gwebu. He fell to the ground. Roos pointed out to Gwebu that his statement had said Mabaxa had been shot by a black policeman on foot.

Fraud

From Page 1

'Sweeping tax reforms are needed'

BDay 21/1/93.

LINDA ENSOR

CAPE TOWN — Sweeping tax reforms — including corporate and maximum individual tax rate cuts to 40% on a phased basis — were needed if SA was to meet the objectives of new investment and economic growth and satsify political aspirations, Ernst & Young national director Ian McKenzie said yesterday.

To attract foreign investment, SA's tax rates would have to be internationally competitive, though he did not believe it appropriate to grant new investors tax holidays or exemptions. A tax rate of 30% should be applied to businesses with taxable profits of less than R100 000 a year.

At a presentation on the Frankel Max Pollak Vinderine, Sanlam, Ernst & Young and Human Sciences Research Council study findings, Platform for Investment, McKenzie said tax reform had to be among the instruments used to restructure SA's economy.

"It must not be undertaken in isolation or with the simple objective of raising additional finance in the short term, but must form part of a broad economic policy which will raise the platform for investment," he said.

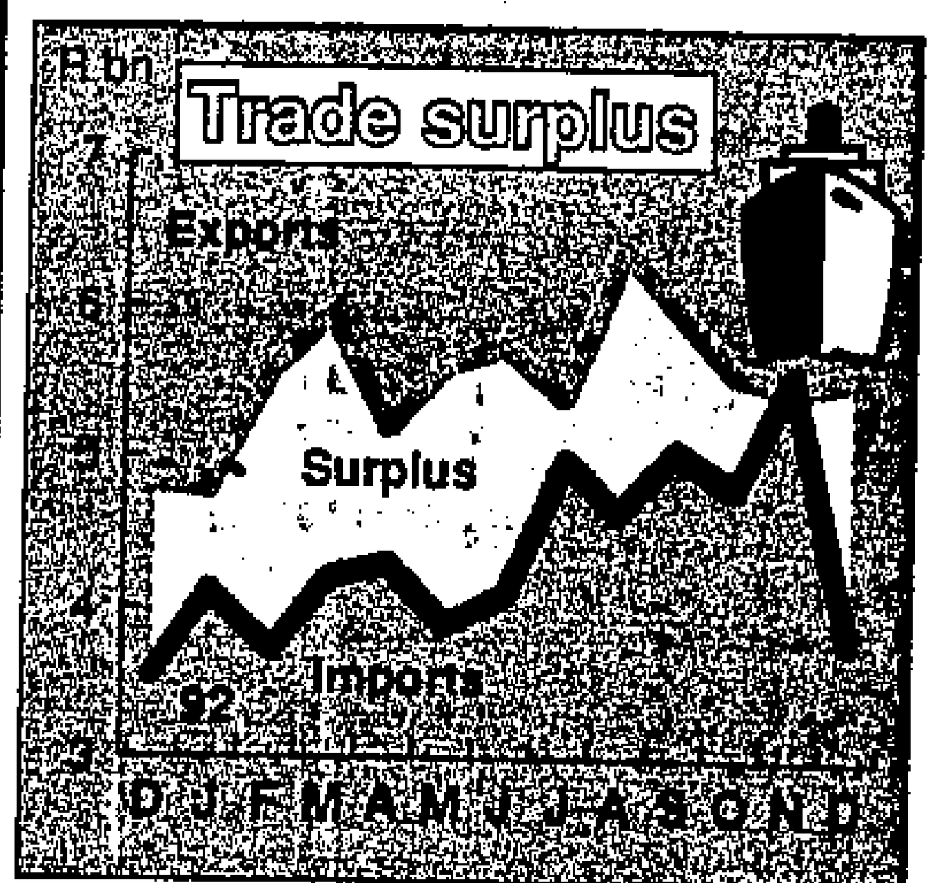
He mooted eliminating the difference between nominal and effective rates of tax by introducing a method to determine taxable income which followed generally acceptable accounting principles, with particular reference to the timing of recognition of income and expenditure.

Group taxation, if implemented, would eliminate "the unproductive time spent by the taxpayer in structuring group operations so as to achieve optimum tax efficiency within commercial and legal constraints and by Inland Revenue in challenging the structures".

McKenzie recommended that the practice of ring-fencing certain transactions be eliminated. While tax-based incentives should be the exception, they would be required in the medium term to encourage investment, and would have to be linked to a targeted plan for industrial development.

One of the aims of the study was to show that the prospects for SA's future were not as dismal as had been forecast.

The findings are to be presented to political and business groups, including the ANC and the Cabinet.



Graphic: LEE EMERTON Source: CUSTOMS & EXCISE

Because of technical difficulties yesterday's trade graph incorrectly showed SA exports declining in December. Customs and Excise figures show exports rose in December to R5,54bn from November's revised R5,45bn, while imports dropped to R3,78bn from R4,44bn.

France and SA consider joint projects

BDay 21/1/93.

60

PETER DELMAR

SA GOVERNMENT officials are negotiating with their French and German counterparts on the possible funding of several multimillion-rand development projects in southern Africa.

A Foreign Affairs spokesman said yesterday senior officials were to meet a delegation from the German economic development ministry this week on joint involvement in infrastructural projects.

This followed "general" discussions the South Africans had with German Development Co-operation Minister Carl-Dieter Spranger when he visited SA late last year.

It is believed the South Africans are particularly concerned about finding foreign backing for the upgrading of the Ressano Garcia road and rail links with Mozambique.

With the end of Frelimo-Renamo hostilities in that country, improving these links has become a priority because of their importance in reconstructing the Mozambican economy. Upgrading is expected to cost at least R50m.

The Foreign Affairs spokesman said talks also had been initiated with the French government on similar projects.

The talks were continuing.

Last year the SA and Italian governments signed a protocol committing the Italians to providing finance, and SA the technical expertise, for projects which are worth about R200m.

Financial statements require clarity

BDM 27/1/93.

(60)

DOUG BROOKING

WITH the possibilities of foreign investment opening up in SA, a prerequisite is that the investor be provided with financial statements which are fully equal to those available to him in his own capital market.

Equal in this sense means comparable as well as equivalent in terms of relevance, reliability and understandability. This places a responsibility on our national standard setters to keep accounting standards at least within striking distance of best international practice, and on our companies to accept the cost and effort of contributing to the standard-setting process and of complying with its output. Local investors, of course, also need and benefit from a programme of continuous improvement in financial reporting.

Mercifully, some leading international capital markets, including London, do not impose their own national accounting standards on foreign companies whose securities they list. In the US, however, the Securities Exchange Commission demands that companies seeking equity finance through the New York Stock Exchange comply with the very demanding standards of the US Federal Accounting Standards Board.

Perhaps SA, along with other countries seeking future access to the vast US capital markets, will find a route via the standards of the International Accounting Standards Committee (IASC) which is engaged in a determined effort to achieve international recognition of its standards for the purposes of cross-border capital raising. Three of our leading companies — AECI, Barlow Rand and SAB — already issue financial statements which comply with the international standards, as does Minorco. More will follow.

Thanks largely to the exceptional degree of goodwill which exists among members of the accountancy profession worldwide, SA was able to retain its position on the IASC board throughout the sanctions years. Our experience and close international connections in this area should pay handsome dividends as SA companies enter a new and more open financial era.

Given the growing internationalisation of business and finance and the daunting costs of continuing to involve ourselves in both international and parochial standard-setting processes, SA accountants may well become persuaded that the practical approach is for our companies increasingly to adopt international standards, and to phase out the local standards except where overriding and unique objections prevail.

Most affected by such a change in policy could be our mining groups, which have long pursued an original and independent route in reporting for single-venture, wasting-asset situations such as the gold mines.

Producers of financial reports for international consumption will also find value and perhaps even inspiration in a new publication, Financial Reporting in the 1990s and Beyond, issued in the US by the Association for Investment Management and Research (AIMR). This study takes a penetrating look at several current disclosure practices which, from a user perspective, it finds wanting. Unsurprisingly these include accounting for goodwill and other intangible assets, the use of valuations on the balance sheet, segmental data and the income statement in general.

And all company directors occasionally need reminding that, in the words of the AIMR, "users of financial statements are also the owners of the enterprises being reported upon, and it is the users, who in addition to receiving the benefits, ultimately bear the cost of providing financial reports".

Looking further ahead, investment analysts are already pointing out that the globalisation of asset management requires that financial data on all eligible investments should be totally comparable and consistent — suitable for incorporation in a gigantic database through which analysts and global portfolio managers can search and sort at will.

Then at least we may be able to talk about accounting as a universal language of business.

☐ **Brooking represents the SA Institute of Chartered Accountants on the IASC board. The SAICA will present its annual CA reporting award next month.**

Bankers uneasy about SA

(60)

By ZILLA EFRAT

EUROPEAN bankers have a more favourable perception of Botswana as an investment environment than they do of South Africa.

This is a key finding of a poll of 41 leading banks in London, Frankfurt and Zurich with exposure to southern Africa.

The poll, undertaken in January by the Shandwick international public relations group, found that the perception of SA's future political stability was the major factor affecting SA's ability to attract foreign investment.

Shandwick Europe's managing director Volker Stoltz says it pointed to the need for SA to market itself better abroad.

None of the seven southern African countries examined were seen as extremely good investment environments.

On a scale from 1, representing "extremely good", to 6, being "extremely bad", SA scored 3,5 while Botswana was rated 3,4. Angola and Mozambique scored the most poorly at 5,5.

Mr Stoltz says British bankers are more optimistic about the futures of SA and Botswana than they are about their present situations.

When looking at a five-year horizon, SA's rating from City bankers improved to 2,9, while Botswana's was better at 2,7.

German and Swiss bankers, however, are more pessimistic. Both SA and Botswana are rated 3,9 over the next five years.

Some 74% of the bankers rate SA as a moderate investment risk at present, with 22% describing the risk as high. Only 4% see the risk as low or extremely low.

S Times Business 7/2/93

War for capital could leave SA out in the cold

BIO Ay 11/2/93 (60)

LINDA ENSOR

CAPE TOWN — Competition for international capital was likely to intensify in the next decade as the US and Europe become net importers of capital and Japan consolidated its role as the world's saving nation, Kissinger Associates Inc economic analyst and consultant Alan Stoga said at a news briefing yesterday.

Former US secretary of state Henry Kissinger set up the New York-based institute which advises clients in the US and other parts of the world about economic and investment trends.

Stoga said that in the context of a scarcity of international capital, SA would have to embark on an aggressive hard sell campaign — even if the political situation in the country was resolved.

"SA will have to find capital; capital won't find SA," Stoga said, adding that the country was a relatively unknown investment location for foreign investors.

He emphasised the key objective for a future SA government should be to ensure the predictability of the investment environment. Investors were otherwise indifferent to ideological systems provided they achieved a return on their investment and could export their profits.

Stoga believed that instead of exchange controls SA should be creating conditions to attract investment. "It is a fallacy to distinguish between domestic and foreign investment. Investment is investment. To create special conditions for foreign investors will be regarded with suspicion as these can just as easily be removed."

Stoga expected real international interest rates to remain quite high throughout the next decade with the result that debtors who could not afford to pay them or meet the debt criteria would be wiped out.

He noted that whereas international banks were at the forefront of foreign investment in the 1970s and 1980s this role had been taken over by private portfolio managers of institutions such as pension funds. They were seeking returns greater than those achievable in the low-interest rate US environment. The US debt crisis had marginalised the banks out of the international financing business.

In the past three years gross portfolio investment from the US and Europe into developing countries amounted to $70bn.

FBSA lifts its veil

FOREIGN interest in South Africa will flood back as soon as there is a bit of good news — but it will not necessarily be translated into investment. (60)

French Bank of Southern Africa (FBSA) director Benoit Destoppeleire says international investors want to come to the country but they do not take investment decisions lightly. S[illegible] Times (Buss) 14/2/93.

One strong incentive, however, is the financial rand — which makes its cheap to invest in SA, especially for those with long-term plans.

A flurry of foreign visitors looking for opportunities in SA dried up after negotiations logjammed and because of continued violence in the country.

Nonetheless, SA's reacceptance into the international community has been good for the FBSA, as much of its business involves foreign investments and markets abroad.

The changes have enabled FBSA to lift the veil of secrecy surrounding its relationship with its major shareholder, French-owned Banque Indosuez. Both now highlight their ties in their annual reports.

FBSA, which mainly focuses on merchant banking, is directly linked to Banque Indosuez's network in 65 countries, a factor that boosts its trade finance, foreign exchange and international treasury operations.

Its London branch, which was opened in 1963, helps British companies with involvements in SA and local companies looking at Europe.

Banque Indosuez has a controlling 51% stake in the bank. In 1991, Barlow Rand reduced its holding to 10% via a share swop, giving NBS a 39% share in FBSA.

Access

This gave NBS an opening into the international banking arena and, in exchange, FBSA gained access to NBS's large deposit base.

Destoppeleire attributes French Bank's 40 successful years in SA to its niche market focus and its size. "We do it better because we are smaller," he says.

Most of the bank's transactions, however, are for large amounts. This is because its clients are mainly large local groups and subsidiaries of international groups.

While 1992 was a reasonable year for FBSA, it felt the pinch of the recession and a slowdown in activity in the wake of continued political uncertainty.

With a strong upturn not expected in 1993, FBSA expects to spend the year consolidating, "sharpening its pencil and products" so that it is ready for a recovery when it comes.

EDESA plants roots in SA

St Times (BUSS) 14/2/93 (60)

EDESA, a privately owned development finance corporation for sub-Saharan Africa, has set up shop in South Africa because it expects the country to become a significant catalyst for private sector development in southern Africa.

EDESA group co-ordinator Victor Viseu says SA's regional advantage is its established financial, communication and transport networks as well as its African know-how.

Drawing on its 20 years' of financial engineering experience in developing projects, EDESA aims to help South African companies maximise their efforts in the region.

At the same time it will facilitate the transfer of their know-how and technology to the rest of Africa.

Viseu says that, throughout Africa, development funds have been historically available but not disbursed because of a lack of sufficiently attractive projects.

Many of these projects have been financially viable, but their proposals were not structured in a way which bilateral and multilateral agencies find acceptable.

EDESA, which stands for Economic Development for Equatorial and Southern Africa, has worked together with development agencies in in Europe and the US for two decades.

These have been partners in its more than 40 projects in 21 countries in sub-Saharan Africa.

Projects

The private development finance corporation, which is based in Zurich, Nairobi and Harare, was formed in 1973 by a group of internationally well-known companies.

Its 25 shareholders are from eight different countries and include prominent international banks, Daimler Benz, Ford, General Motors, IBM and Marubeni Corporation. Anglo American, De Beers, Murray & Roberts and Richemont are also stakeholders.

EDESA's main activities are project finance, consulting and trading. Its projects concentrate on export orientated and import substitution sectors and range from cut flowers in Kenya to leasing companies in Zimbabwe, Malawi and Botswana. Its involvement in industry includes a beer bottle plant in Burundi and a steel pipe plant in Kenya.

In its peak, its lending was more than $25-million, but this has slowed because of the prevailing uncertainty connected to debt rescheduling efforts.

Its selling organisations around the world sell African handicrafts. In Swaziland it has established a network of 1 500 rural suppliers who service its export company, Mantenga Craft.

In addition, EDESA won one of the largest World Bank projects in Africa, the restructuring of Ghana's financial sector, and is short-listed to restructure Angola's.

Foreign banks wait for the gap

S| Times (Buss) 14/2/93. (60)

FOREIGN banks are not rushing to establish any meaningful presence in the South African market.

A number of major foreign banks have opened representative offices in SA. There has also been a trail of international bankers visiting for "holidays in the sun" and, even, some more formal exploration trips.

But local analysts believe it will be some time before foreign banks make a strong impact on the local scene.

While SA holds the attraction of higher interest rates, the country's political turbulence is a major disincentive. Poor market conditions are also limiting the potential for any volume growth in business at present.

Spokesman for the Association of Corporate Treasurers of Southern Africa (ACTSA) technical committee, Dave Mitchell, says: "Bankers are traditionally conservative people who prefer to avoid political uncertainty.

"I would not expect many foreign banks to formalise their presence in SA in a big way until an interim government, at the very least, is in place."

One banking analyst with a notable stockbroking firm says it could take even longer. Many banks worldwide have significant profitability problems and capital shortages to deal with in their own countries.

Their focus is internal and they can be expected to spend the next few years consolidating existing operations, Mitchell says.

"These banks will start expanding only after things improve at home and this is likely to happen in a major way only in the late 90s."

Local analysts add that foreign banks are generally shying away from Africa and they currently put SA in the same low growth/high risk league as the rest of Africa.

If they do want to move into Africa when they start expanding they will not be able to ignore SA. This is because the majority of Africa's top 10 banks are to be found in SA, he says.

When foreign banks do come to SA they are likely to focus on merchant banking, project finance, trade finance and the derivatives market.

ACTSA expects international banks to concentrate on the two main areas where their high-tech skills can be most effectively applied.

One will be to arrange the structure and syndicated finance for larger projects, especially development initiatives with some overseas funding and cross-border projects.

Another will be corporate treasury management as a science, an area where many South African corporates are still fairly unsophisticated in practice.

Foreign banks are not expected to make great inroads into the commercial banking sector, as this area is already well covered by SA's major banks.

The analyst says: "The only way to move into commercial banking may be to buy an existing bank, but most banks are already tied to the larger financial groups."

The Bank of Taiwan recently opened up shop in Johannesburg, and Societe Generale entered SA by buying the International Bank of Johannesburg in 1991.

Boost

In addition, several of SA's smaller banks have moved to strengthen their position by making strong contact with banks abroad, says Mr Mitchell.

An example is DuroLink, which gained international status through a recent tie-up with British-based Chartered WestLB.

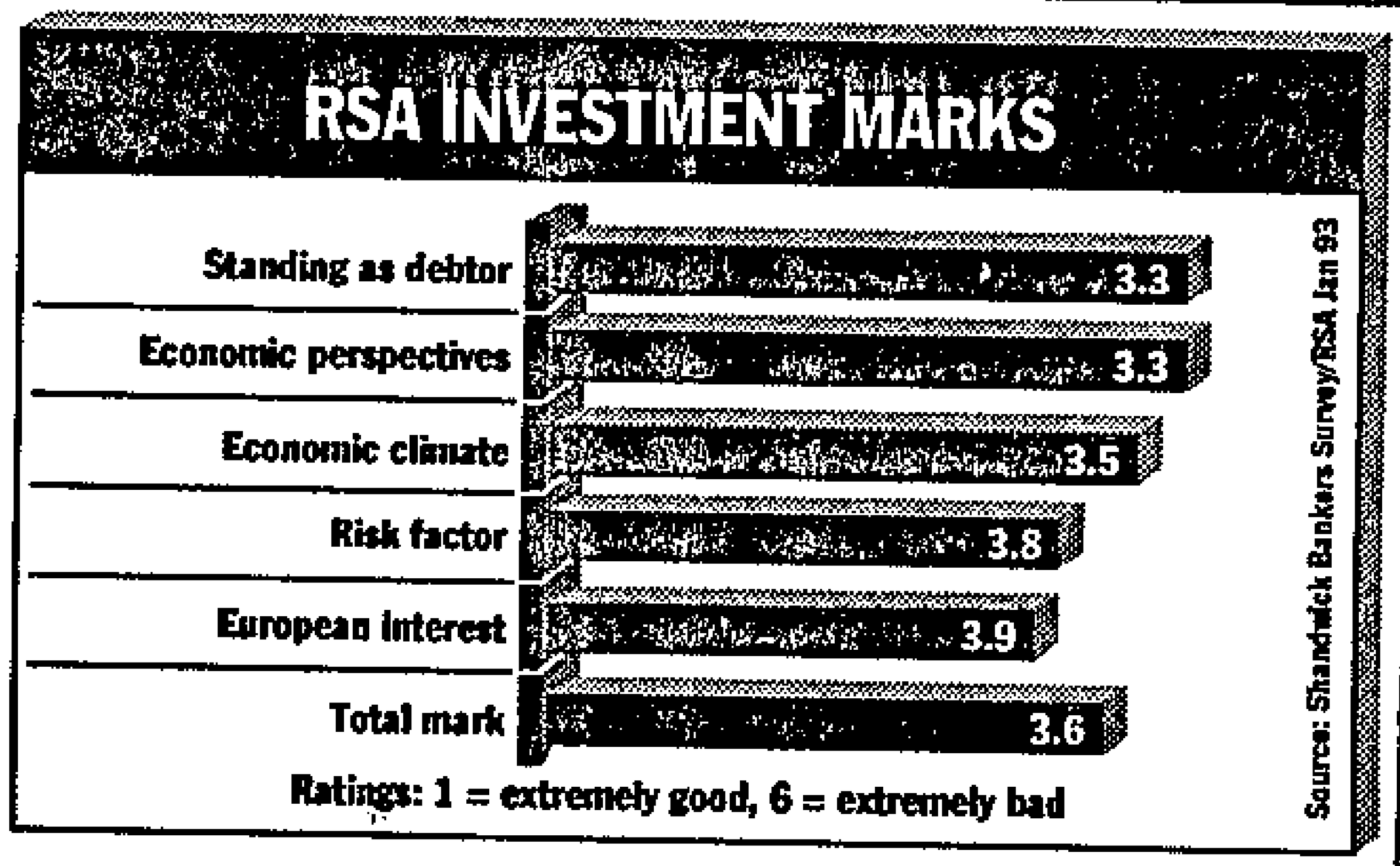
Many of the foreign banks with representative offices in SA are also expected to apply for banking licences in the future when business volumes warrant it.

Local banks, however, appear to view potential international competition as an opportunity and not a threat. This is because they believe foreign banks will bring in new capital and boost foreign trade, generally stimulating the economy and enlarging the pie for all.

ACTSA welcomes any renewed foreign participation in the local financial industry. Its chairman, Marius Ferreira, says: "South African corporations will benefit from increased competition as they search for the best financing packages.

"In turn, this will stimulate the local banking sector to present more innovative products and a greater selection of funding alternatives."

While the recent mergers and acquisitions in the South African banking sector have been necessary, ACTSA believes these have reduced competitiveness to the corporate sector.



COULD DO BETTER

SOUTH AFRICA's poor rating by European bankers as an investment environment highlights an urgent need for the country to better market itself abroad.

This is the view of Volker Stoltz, managing director of Shandwick Europe, the public relations group which polled the views of 41 leading European bankers with exposure in southern Africa.

He says the European banking and investment community underestimates SA's real economic strengths. "A cloud of political uncertainty is obscuring real investment opportunities in SA."

While politicians need to send the right signals, much of the burden of marketing SA abroad will have to be shouldered by the business community. Stoltz says this is because investors tend to be more convinced by bankers and business people than by politicians. The London, Frankfurt and Zurich bankers gave SA a score 3,6 as an investment environment on a scale where one is "extremely good" and six is "extremely bad".

British bankers are more optimistic about SA's future. On a five-year horizon their score improved to 2,9. German and Swiss bankers, however, are more pessimistic, with a rating of 3,9. Some 74% of the bankers rate SA as a moderate investment risk at present, with 22% describing the risk as high. Only 4% see the risk as low or extremely low.

The poll also found that 57% of the bankers ascribe their risk assessment of SA to negative political circumstances. Only 8% cite negative economic prospects.

The bankers assess European investors' level of interest in South African stocks, bonds and loans as low — 3,9 on a scale of one to six. But 51% of the banks surveyed intend to be financially involved in SA's future economic growth.

Because the poll's focus was on southern Africa, bankers were also asked to give ratings for Angola, Botswana, Mozambique, Namibia, Zambia and Zimbabwe. Stoltz says the region generally received poor scores. Botswana narrowly edged SA out of the top regional spot with a rating of 3,4. Angola and Mozambique elicited the most negative scores of 5,5.

The bankers appear to have lost confidence in Zimbabwe, which received a rating of 4,6. Of note, British bankers were less optimistic, giving it a score of 5,1.

A Business Times SURVEY

BUSINESS DAY, Thursday, February 18 1993

US economist criticises SA monetary system controls

WILSON ZWANE

US economist Alan Stoga tells an investment conference in Johannesburg yesterday that SA's general image makes investing here less attractive than in southeast Asian countries. Picture: BRIAN HENDLER

TOP US economist Alan Stoga yesterday criticised SA's monetary system, saying it kept much-needed capital away. 60

Addressing an investment conference at a Johannesburg hotel, Stoga said SA's general image, which was characterised by a shortage of skills, high wage demands, violence and unpredictability, made investing in SA less attractive than investing in the southeast Asian countries.

Stoga, who is Kissinger and Associates MD and chief economist, said business people he had been talking to in the US had "lost the habit of thinking about SA".

Even after a new government had been installed in SA, foreign investments would not automatically flood the country, he said, adding that it was easier to impose sanctions than to lift them.

Stoga said slow economic growth throughout the world had increased competition for capital.

This competition was bound to get more severe in a year or two when the world economic situation improved. BDM 18/2/93

He said in order to attract investment, SA had to do away with its capital controls, privatise its industries and shy away from adopting protectionist policies.

On job creation, Stoga said no jobs could be created in a contracting economy. Public works programmes could play a role in the creation of jobs but that would have to be backed by the private sector's involvement.

A core element of a growing economy was infrastructure and SA had to entice the private sector to contribute towards the development of its infrastructure, he said.

Foreign investors will 'wait and see'

(60) STAR 18/2/93

Foreign investors would not lead the way in investing in South Africa. They would only consider moving capital into the country once local businessmen had shown the confidence to invest in their own economy, a US expert on international investment said in Johannesburg yesterday.

Alan Stoga, managing director of Kissinger and Associates, was speaking at a seminar on the factors driving international investment decisions, organised by the Black Integrated Commercial Support Network, a USAID-funded project aimed at developing black business.

"Investors tend to react to red flags," he said. "They need just one reason not to invest in a particular place. South Africa runs the risk of being red-flagged because of the ongoing violence."

More regional

It was sometimes assumed that investors were ideologically inclined.

This was not so. Investors wanted predictability and needed to know what the economic and political framework of the country in which they invested would be in a decade or so.

The world economy was becoming more regional.

"The US is looking to build an economic bloc with Mexico and Canada. The European landscape is being transformed by the Europeanisation of their economies.

"Also, the economic zone built around Japan has transformed the Asian economy. South Africa is not a natural part of any of these three blocs."

All trends indicated that the world of the future would be less free trade orientated in 10 years from now. — Sapa.

BUSINESS Economic growth benefits from liberal politics

Africa's outlook 'bright'

Sowetan 19/2/93.

60

By Mzimkulu Malunga

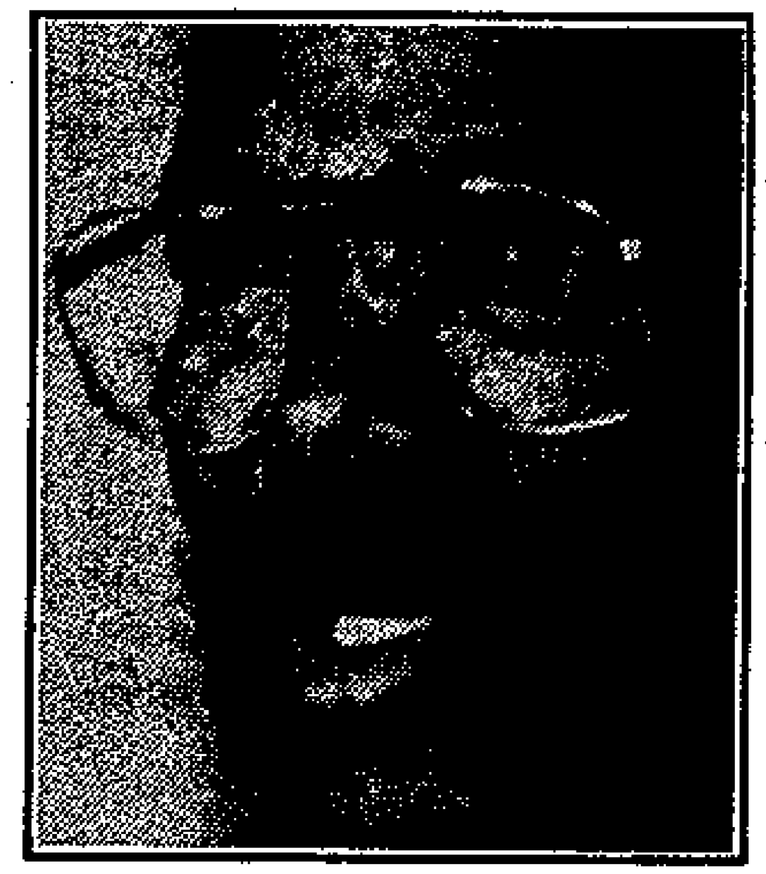
■ INVESTMENT Emerging blocs in Europe and America make regional trade inevitable.

CONTRARY TO MEDIA reports which paint Africa as poor and racked by civil wars, investment prospects on the continent are looking brighter, says vice-president of the African Development Bank (ADB) Mr Tekalign Gedamu.

Speaking at a high-profile investment conference held in Johannesburg this week, he argued that as sweeping winds of political liberalisation in Africa blew at a faster pace, so did chances for long term economic growth.

"There is no doubt in my mind the that market-oriented reforms embarked upon by a large majority of African countries will lead to increased private sector investment," said Gedamu.

The conference, organised by Frankel, Pollak, Vinderine, was addressed by finance ministers and senior bankers from seven Southern African countries.



Mangosuthu Buthelezi

Speaking at a panel discussions on *Opportunities in sub-Saharan Africa*, various ministers and bankers outlined investors' incentives in their respective countries.

The Southern Africans made strong calls for the strengthening of the already existing regional economic groups to foster the sub-continent's development. They highlighted emerging regional trading blocs in Europe and North America as one of the facts making regional co-operation inevitable in Southern Africa.

The drought which struck the region recently also featured high in the speeches.

However, the obvious worry in most the speeches was continued political uncertainty in South Africa — regarded by many as better equipped to play a catalytic role for development in the sub-continent.

Echoing Gedamu's words, Botswana's finance minister, Mr FA Mogae, said there was a distorted perception that Africa countries were corrupt and worthless.

"I am an African and I am not corrupt," he said. Mogae said his country had the most liberal foreign exchange regime in Africa and the lowest interest rates on the sub-continent.

Botswana — often held up as an African success story — had a skilled labour force which could be valuable to investors.

The Mozambican commerce minister, Mr DG Tembe, said though the peace process in Angola was meeting with serious difficulties, the process of the dismantling of apartheid and the peace agreements in Mozambique signalled a new era of social and political harmony as well as common development and prosperity.

Tembe said his government attributed an important role to direct foreign investment as a necessary tool to complement the initiatives of domestic entrepreneurs.

Also, the economic recovery programme, supported by the International Monetary Fund (IMF) and the World Bank has helped to reduce the inflation rate drastically and reformed the pricing and systems.

The senior economic adviser in the Zambian finance ministry, Mr Jacob Mwanza, said the philosophy of the new Zambian administration was the state should only play a facilitatory role instead of determining prices or output.

"This year is the one to complete major reforms of Zambia's economic policy and set foundations for sustained growth in the private sector," he said.

Lesotho's finance minister, Mr AM Maruping, said the was a need for collaborative effort in the region as part of Third World co-operation, a popular view in economic circles of various developing countries. He mentioned the Lesotho Highlands Water Project as one of the classic examples of regional co-operation.

In a keynote address, the chief minister of KwaZulu, Chief Mangosuthu Buthelezi, said political organisations should refrain from raising people's expectations about what a future South Africa could deliver.

"The new government in South Africa will have to operate within the confined constraints of a ravaged economy whereby contributory factors such as uneconomical and discriminatory apartheid policies, political and labour unrest, sanctions and disinvestment, have left our economy almost bereft of resources," he said.

INVESTMENT OUTLOOK (60)

FM 26/2/93

Coming of age

SA's three major metropolitan areas are far more attractive to potential foreign investors than is generally perceived and rank ahead of Mexico, regarded as one of the world's "miracle" economies.

This is one of the key findings of an eight-month study by the Brussels-based Price Waterhouse affiliate, Plant Location International. The study was made on behalf of western Cape investment marketing agency Wesgro, the Greater Durban Marketing Authority and similar organisations.

The study, the first of its kind for SA, dealt with regions:

- ☐ A — the western and southern Cape;
- ☐ E — Durban functional region, Newcastle/Ladysmith, Richards Bay; and
- ☐ H — the PWV.

These were compared with five potential competitors overseas:

- ☐ The Nordrhein-Westfalen region in Germany;
- ☐ North Carolina in the US;
- ☐ Dublin in Ireland;
- ☐ The Chihuahua region in Mexico; and
- ☐ The Johor region in Malaysia.

Researchers interviewed 120 international companies on their attitude towards investing in SA and compiled 400 detailed profiles of the needs of companies investing in 15 industrial sectors.

The sectors were: new construction materials, food processing, textile mills and products, high quality clothing, high quality leather footwear, high quality furniture, high quality paper products, bulk chemicals, pharmaceuticals, plastic products, metal products, special industrial machinery for the building industry, mining and agriculture, automotive spare parts and battery manufacturing.

In each sector, companies were questioned on 80 location requirements, including political stability. Their demands were matched with the ability of each region to supply and the results were ranked in order of importance.

The US and Germany were ranked first followed by Malaysia and Ireland, then SA's three metropolitan areas with the western Cape faring best, followed by Durban and the PWV. Next ranked was Mexico.

The study concluded that, while the US

FM 26/2/93 (60)

and Germany had the most attractive combination of location elements, the three SA metropoles were not far behind Malaysia and Ireland and some improvement in the political and economic climate would push them into the same ranking.

The major strengths of the three metropolitan areas were listed as low electricity costs, good port infrastructure and the industrial infrastructure and environment. Major weaknesses were given as perception of the political situation, high corporate taxes and a weak economy, including an unstable currency.

However, the cost structure of establishing in SA was considered attractive with the financial rand being a major incentive. It was suggested that SA's overall weaker competitive position could be compensated by emphasising cost efficiency.

High profitability and short pay-back periods in particular could be used to counter negative political perceptions and steps should be taken to shorten pay-back periods even more. Reducing corporate tax would be a major incentive and considerably improve SA's competitive position.

Wesgro executive director David Bridgman says he was surprised by the results of the study. "I didn't realise SA was as attractive to foreign investors as it is. The finrand has a phenomenal effect. For example, it can reduce pay-back periods to about two-and-a-half years which should counter perceived political risks."

Bridgman says the findings could be used for formulating new official policies. ■

ANC and allies gear up to lift all sanctions

B/Day 3/3/93

SIMON WILLSON

60

NAIROBI — The ANC and sympathetic international pressure groups have prepared co-ordinated plans to lift remaining sanctions on SA once a date for nonracial elections has been announced, ANC economic planning chief Trevor Manuel said yesterday.

Manuel told an investment conference the ANC was confident that the point of irreversibility in SA's transformation to democracy was in sight.

"So confident are we that the prospects for transformation are real that the ANC has already communicated to its vast network of international solidarity organisations that the remaining financial sanctions should be lifted as soon as an election date is announced.

"It is also anticipated that the ANC, supported by the international anti-apartheid movement, will be pro-actively engaged in securing the lifting of these sanctions," Manuel said.

He placed strong emphasis on the tightening of competition policy in SA, saying one of the SA economy's structural deficiencies was "the phenomenal stranglehold" conglomerates had on the economy.

The conglomerates' position excluded the indigenous population from the economic mainstream and created an investment climate that was hostile towards foreign investors, he said. "It is necessary thus to enhance overall economic performance through the introduction of a competition policy that is likely to unbundle the conglomerates."

Black entrepreneurs had been relegated to the fringes of the economy by apartheid, and SA business had to be deracialised if it was to be sustained. "The development of a black managerial class is one of the fundamental elements of an affirmative action programme to be undertaken in the context of justice and the utilisation of human resources on a wider scale than before."

Trends in the world economy made it essential for countries outside the major trading blocs of the advanced industrial economies to forgo greater co-operation. A democratic SA would therefore be compelled to promote economic co-operation in southern Africa. It was likely that a democratic SA would seek membership of the African Development Bank in pursuit of such a pan-African commitment and to forgo greater economic linkages across the continent.

Expectations that SA would become either a regional benefactor or a locomotive of growth for southern Africa were unrealistic, Manuel said. A strategy to address regional imbalances should instead grant other countries greater access to the domestic SA market and thus bring about a more equitable pattern of visible trade.

Regional solutions would also have to be found to problems arising from the historic distortions to transport flows and from labour migration.

The art of repelling investors

BDAY 5/3/93.

(60)

SIMON WILLSON

WHILE the rest of sub-Saharan Africa set about attracting foreign investment in a major shop-window for global finance this week, SA's representative at a key international investment forum in Nairobi spoke of continued financial sanctions.

As other African countries urgently enact wholesale economic restructuring to reassure hesitant foreign investors, SA is about to produce a discussion document four months behind schedule which could serve as a basis for possible future restructuring legislation.

This sequence of events highlights more starkly than ever the increasing danger that SA, through needless prevarication by both government and opposition, could miss the sub-Saharan Africa investment boat.

Platforms for promoting international investment in sub-Saharan Africa are rare. One such opportunity for the subcontinent to set out its wares was this week's precedent-setting investment conference in Kenya.

Investment institutions from Europe and the US linked up to sponsor an uncommon gathering of public and private sector professionals from the Western financial community. But before this influential assembly, a member of what could be SA's government-in-waiting had to start his presentation with a flurry of negatives.

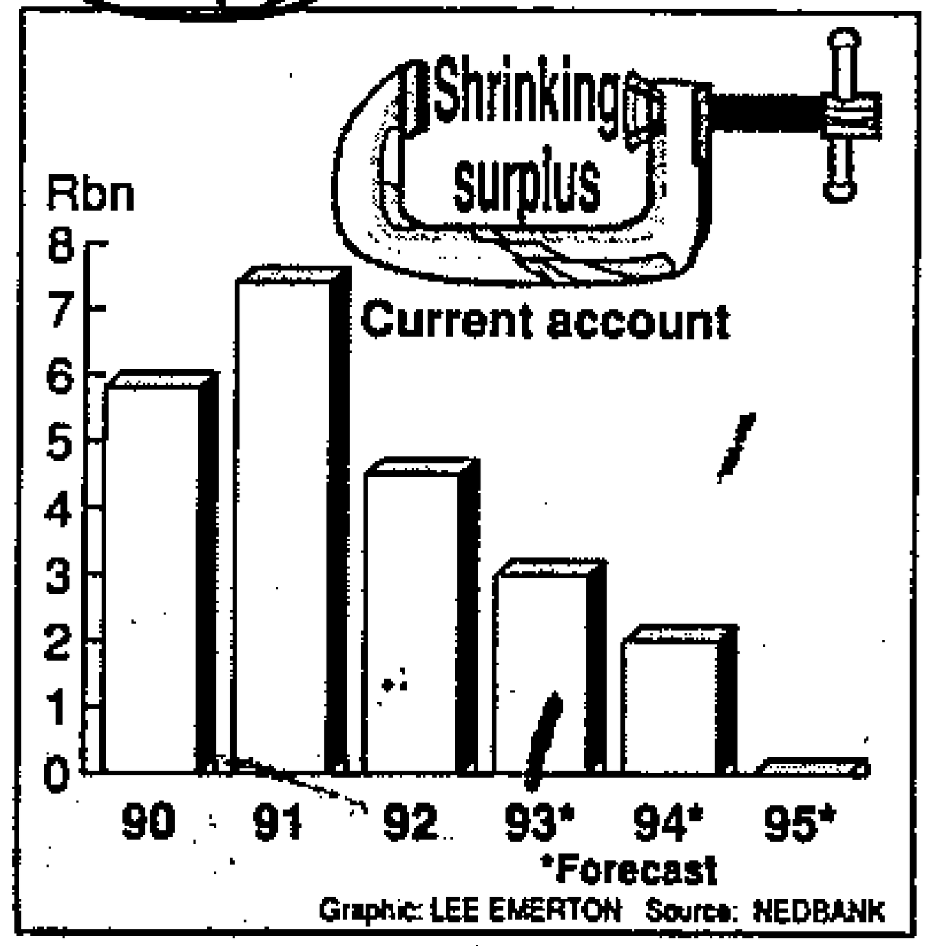
ANC economic planning department head Trevor Manuel had the thankless task of trying to explain to about 500 delegates why his organisation still believes SA is not yet ready to accept foreign investment. It is a posture that has been overtaken not only by the accelerating deterioration in SA's own domestic economy but also, as the conference proceedings made increasingly clear, by the radical adjustment of other economies in the subcontinent.

It quickly became, from SA's point of view, a conference of embarrassing contrasts. Kenyan vice-president George Saitoti was able to tell potential investors in his country that his government was leaving more and more economic decision-making to the market; that exchange control had been dismantled and that international investments would be safe in Kenya and returns comparable to anywhere in the world.

Manuel found himself at a disadvantage. The conference literature charitably preserved his marketeconomy credentials by ignoring the ANC's formal alliance with the SACP, but still left him with the task of trying to match the slick Kenyan presentation before a critical audience of limited patience.

Manuel had to open his address with a contradiction in terms, offering financial investors a convoluted defence of continued financial sanctions as though he was in a speakeasy calling for prohibition. All he could offer the conference was the assurance that sanctions would be lifted at some indeterminate date in the future if certain other conditions were fulfilled.

High-powered speakers from Kenya, Botswana, Zimbabwe, Nigeria and Namibia had been able to use the conference platform unashamedly to promote the investment-friendliness of their countries, while Manuel obligingly disqualified SA from contention with the implicit menace of the penalties that new governments with long memories can inflict on sanctions-breakers.



Graphic: LEE EMERTON Source: NEDBANK

Manuel's presentation also blithely ignored the deepening problems facing SA's economy. The current account surplus maintained since 1985 is widely expected to disappear in the next couple of years under pressure from the increased imports that a recovery in growth will bring (see chart) and from another hump in foreign debt amortisation. Foreign financing attracted now would subsequently be a powerful support to the balance of payments when the external accounts come under pressure.

Government's much-delayed production of the economic restructuring plan also became conspicuous at the Nairboi conference. Kenya, in many ways a direct competitor against SA for corporate investment, tourists and infrastructure development, was able to go on the record as having freed up exchange controls, decontrolled prices, slashed tariffs and liberalised imports.

SA, by comparison, has had these measures as medium-term objectives for several years but has done no more to implement them than draw up the oft-deferred draft restructuring proposals. The restructuring zeal of SA's African rivals was, it is true, enhanced by the IMF, but that fact does nothing to reduce the need for SA to remain competitive. Events in Nairobi this week suggest SA is, on the contrary, falling behind its sub-Saharan neighbours in the art of investor inducement.

Cape Town best bet for foreign investors

(60)

ST Times [Cape Metro]

7/3/93

CAPE TOWN is more attractive to foreign investors than any other South African city, including Durban and the PWV area.

This emerged from a presentation to Cape Town businessmen this week by Dr Fred Vossen of Plant Location International, a Brussels-based consulting subsidiary of Price Waterhouse, who carried out an investment study on behalf of Wesgro and the Greater Durban Marketing Authority.

The study found that Cape Town was more attractive to investors than Durban or the PWV area and more attractive than Mexico, with which South Africa is a direct "cost competitor". The US and Germany are viewed as more attractive investment opportunities than South Africa, however.

South Africa's financial rand incentive was attractive and this country could enhance its foreign competitiveness by emphasising its cost efficiency in respect of high profitability and short payback periods, the study found.

Other strengths are the low cost of electricity and good port and industrial infrastructure.

Corporate tax structures were found to be a major investment deterrent as were the perceived political climate and weak economy. It was strongly recommended that the government reduce corporate tax rates to serve as an investment incentive and the introduction of a flexible investment incentive package as an alternative to the financial rand.

Star 10/3/93

Invest in SA, urges US envoy Andrew Young

60

By Jo-Anne Collinge

It would be wiser for multinational corporations to "get back into South Africa when the time is right" than for them to invest in Taiwan, Moscow or other parts of the old Eastern bloc, predicts Andrew Young, former US super-champion of economic sanctions.

Sporting the five-ringed badge of the Atlanta Olympic Committee, of which he is vice-chairman, Young delivered an unscripted and candidly optimistic talk to the Media Forum in Johannesburg yesterday.

"It's sort of unpopular in South Africa right now for white folk to be optimistic," he observed, as he challenged the conventional wisdom that foreign investment was headed almost exclusively to the former Eastern bloc and Asia.

Asserting that southern Africa was an attractive option for capital, he drew on a range of experiences and a fund of anecdotes to argue the point.

Speaking as vice-president of an international engineering group, Young said he had found former communist countries often lacked the institutional capacity to use foreign capital.

In Africa, where his firm had engineering projects from Somalia to Swaziland, business was profitable. There was a shared language and a cultural affinity. Much as the ANC used socialist concepts, its leaders "do have a sense of profit and a sense of business", said Young.

The people in South Africa were here to stay and would surely realise that living together with a chance for peace and prosperity was better than "fussin' and fightin'," he said.

Last time he was in Zimbabwe he visited Ian Smith, Young related. In contrast to other Harare notables, there were no guards at Smith's gate. "The front gate was open ... I walked up the porch — and the front door was wide open!"

Young walked away struck that "this man — responsible for UDI — was living in peace with his doors wide open", on a Zimbabwean government pension, "probably better off than when he ruled the country".

Young hoped the Clinton administration would display a quality long lacking in US national politics — an ability to make foreign policy and economic investment work together. Angola was a critical area where this should be brought to bear, said Young.

He asserted that Clinton should not only recognise the MPLA government, but should give it military and economic assistance.

In the course of preparations or the 1996 Atlanta Olympics, Young said he was repeatedly asked by sponsors when South Africa would be "opening up" for investors.

● **Peter Davies** reports that Young, one of South Africa's most bitter critics during the '70s and '80s, yesterday pledged his support for a South African bid to host the 2004 Olympic Games.

Young also presented an Olympic flag to National Olympic Committee chairman Sam Ramsamy at Olympic House in Johannesburg.

Young said Ramsamy had stood by him in the years when Atlanta was known only as the city that housed the headquarters of Coca-Cola and CNN.

Cheque books out — but no pens — as new investors take a look

S/Times (Bus) 14/3/93

(60)

FOREIGN interest in SA has started to surge again after a lull last year. With SA's political horizon looking brighter, cheque books are starting to replace note books and a number of foreign investment projects look set to get the green light "when the time is right".

The Department of Foreign Affairs and organisations like Sacob and Safto report a flurry of foreign delegations to SA over the past two months — fast reaching 1991 levels when euphoria about political change was in full swing.

By ZILLA EFRAT

Director, commerce and industry, of Johannesburg, Collin Wright, has just returned from the US with a number of commitments in principle for investment in SA.

These range from opening offices and investment in development projects to producing aircraft, electronics, computers and consumer products.

Mr Wright says the potential economic activity could be worth hundreds of millions of rands and, while the investments are planned for the city of Johannesburg, they could spill over into the rest of SA.

However, he adds that public announcements will be made when it is politically expedient to do so.

Sacob deputy director-general Ron Haywood says: "A lot more cheque books are starting to open, although they may not have been signed yet."

Plans

He says a number of foreign companies have been looking for joint ventures in SA and, in some cases, component assembly plants are being upgraded to full manufacturing facilities.

One Far Eastern country is looking at mining operations in southern Africa. In addition, US corporations such as Kodak, Coca-Cola and some motor manufacturers reportedly have investment plans for SA.

Mr Haywood says some multinationals, many of which held back their SA operations in the sanctions years, are now looking at expanding these.

They are increasing their local operation's export markets into Africa and sub-contracting international work out to them.

He says the old excuse of "we will only invest when we see South Africans having sufficient confidence to invest in their own country" no longer applies. It has been killed off by the announcement of projects like Alusaf, Columbus Stainless Steel and Namaqua Sands.

But he cautions that SA is unlikely to get large scale foreign investment until there is greater political stability.

As a further sign of renewed interest in SA, Mr Haywood has met representatives from 18 different countries so far this year. Many have been from new markets, such as North Korea, Pakistan and Arab Gulf nations.

If the trend continues, he expects 1993's numbers to beat the visits he received from more than 50 countries for the whole of 1991.

He says that while 1992 started off favourably, interest dried up after the logjam in political negotiations and the Boipatong massacre.

Safto international manager David Graham says visits by foreign delegations have been particularly hectic over the past three weeks.

They included missions from China, India, Thailand, Oman, Nigeria, Finland, Egypt, the US and several from Russia.

Mr Haywood says: "Just about every country that is a reasonable trading nation is visiting SA. They are also coming more openly than in the past."

Many are in SA for their second and third visits. While they still meet chambers of commerce, they are going more directly to companies and getting on with business.

But Mr Haywood warns: "Visitors come to SA with two-way trade, especially exports, in mind. While doors open to SA, we will also face increasing internal competition from foreign producers.

"SA producers will have to become more efficient to protect their own market, especially because of the possibility of lower tariffs in the future."

Boost

Foreign Affairs spokesman Patrick Evans expects the number of SA's representative offices abroad to rise by a quarter in the next financial year.

The growth of new foreign representative offices in SA, however, could be even higher. Mr Evans says that once a transitional government is in place and SA is heading towards elections, practically every African country will want to establish a representative office in SA.

Foreign investment in SA's manufacturing sector could also get a further boost. The Department of Trade and Industry says it has some special programmes planned, in co-operation with other government departments, to rekindle international interest in the sector.

Jo'burg fourth in 'cities of the future'

60

S/Times (Buss) 14/3/93.

By JOHN CAVILL in London

SOUTH AFRICA, Botswana and Namibia feature highly in a special report on prime growth investment sites around the world in the European edition of Corporate Location, a British monthly magazine published by an associate company of EuroMoney Publications.

The report — titled "Cities of the Future" — was prepared by a panel of 10 international consultants and specialists who looked at more than 70 centres.

Johannesburg was rated fourth among the "top 10 growth cities" — behind Santiago (Chile), Shanghai (China) and Budapest (Hungary).

But it was also linked with Gabarone, ranked fourth in a separate list of "movers and shakers", in which the panel considered smaller, up-and-coming locations, with Cape Town voted sixth.

Highway

The report cites Johannesburg's highly developed financial infrastructure and markets, which make it the source of 60% of SA's national economic activity, and makes predictions of a population of nine-million.

Gabarone, it says, completes the Johannesburg-Gabarone-Windhoek "triangle of growth" — which the reports says will be helped by a new highway linking the three cities in 1994-95.

"Windhoek just missed creeping on to the table" of the 10 movers and shakers, according to Corporate Location.

Cape Town is cited for its "international flavour", the presence of the petrochemical multinationals and about 2 000ha of industrial land available for development.

Drop in rate spurs investment

"Private investors either fence-sitting or previously more exposed to the stock market are showing more interest in prime property investments," says J H Isaacs investment sales director (Tvl) Hank Franco.

"With interest rates coming down, our perception is that good properties are becoming more valuable. Added to that is the effect of a poorly performing stock market for investors who view property as the more stable investment in the current climate."

Franco says that institutional and fund demand has also become more buoyant. Although yields have come down, Franco says that investors can still obtain attractive capital returns.

"Property investment acts as a strong hedge against economic and political volatility. We certainly don't anticipate any major movement out of property in the foreseeable future."

FOREIGN INVESTMENT the joker in the pack

Take-up improves for prime building stock

STAR 17/3/93.

(60)

■ Quick reaction: Recovery in the property sector normally lags the general economy by about 18 months. But, Anglo American Property Services director Graham Lindop believes, the next upturn will be different.

Property developers have put the lid on virtually all speculative development, effectively putting the lid on current high vacancy levels.

"In all my 23 years in property and four recessions I have never seen such a total halt to building activity," says Anglo American Property Services sales and marketing director Grahame Lindop.

Usually, recovery in the property sector lags the general economy by about 18 months. Grahame Lindop believes that, unlike other recessions, this one will be different.

"I don't believe the lag will happen this time. Once the economy improves, the take-up of vacant space will happen rapidly," says Lindop.

While low economic activity in SA has meant a real decline in local demand for commercial and industrial space over the past two years and most new lease deals concluded represented little more than tenants playing "musical chairs", new foreign investment is, in the words of Sanlam Properties investments general manager Fanie Lategan, "the joker in the pack" that could underpin long-term improvement.

Without that factor, Lategan does not see significant property sector recovery before the end of 1994. Demand could come from disinvested foreign companies returning to SA as well as companies with bases elsewhere in Africa relocating their headquarters to SA.

Brokers also report that an improved political scenario is bringing a rising level of demand for office and industrial space from foreign companies.

One of the most notable and publicised deals was that concluded recently by RMS Syfrets — the sale for R7,5 million of a new 2 500 sq m building in Skeen Boulevard, Bedfordview, to a Chinese company, the Great Wall Group.

Southern Life Properties have signed up a number of foreign companies in new lease deals, including for their recently completed Georgian-style low-rise office park, Hyde Lane on the corner of William Nicol and Jan Smuts Avenue.

A Belgian import and export company, Sagentra, is among new tenants and inquiries have come from companies in Mauritius, India and the United Kingdom.

SAPOA's Office Vacancy Survey indicated that demand for space in Johannesburg central business district and Braamfontein was still falling up to August 1992, however, RMBT's Stan Arenson, who also chairs the CBD Association, believes take-up of A-grade CBD space has improved in the past three months.

According to Arenson, with the CBD crime rate (excluding car theft) on the decline since December because of tighter security, perceptions are gradually improving.

He believes that it is not a fair reflection to consider the masses of "C" and "D" grade vacant CBD space in vacancy statistics. These are buildings which, according to Dunlop Heywood, senior property valuer, Charles Walker, have come close to the end of their useful life and can be regarded as "written off".

"They may well be renovated and upgraded but certainly not before the next major wave of investment, and financiers won't be rushing into that in a hurry," he said.

RMBT's statistics put A-Grade Johannesburg CBD vacancy at 6,6 percent which compares with a vacancy factor for Sandton A grade space of 14,7 percent, for Braamfontein of 19,2 percent and for Bedfordview of 19,9 percent.

The CBD's "B" grade space vacancy factor of 20,8 percent is disturbing but could, with an economic upturn, improve rapidly.

"Any tenant that is a large employer of blue-collar workers and people dependent on bus transport is committed to remaining in the Johannesburg CBD. We are retaining and gaining big tenants," Arenson said.

"There are at present about 450 000 people working in the city centre. In just two big tenants — the Standard Bank with the new phase 3 of Standard Bank Centre, and First National Bank's third and fourth phase of Bank City — means a total of 250 000 sq m of pre-let space coming on stream.

"More and more people will be working in the city and stimulating demand for services and commercial and retail space," said Arenson.

A number of institutions and property owners have mothballed older buildings meaning these will disappear from vacancy figures in their portfolios.

Old Mutual's Ian Watt says this is one of the major reasons for an 11 percent drop in the portfolio's vacancy factor in the past two months, combined with new deals signed with tenants who are looking for "more flexible, more efficient space".

Watt is careful to note that he does not see that drop in vacancy as new demand in the marketplace.

"Landlords and property owners must concentrate on protecting their existing tenant base and definitely not developing unless it is tenant-led," says Watt, adding that he believes the property market will remain tough for another two years.

"Landlords must recognise the changing face of SA business. Tenants of all categories are suffering. They can't just go on paying," says Watt.

FM 19/3/93

(60)

SA's BALANCE SHEET

Portfolio shifts

A sharp swing in the nature of foreign investment in SA during the Eighties, which should give cause for concern to both policy-makers and investors in general, has been revealed in a document published with the latest Reserve Bank *Quarterly Bulletin.*

It is the Bank's fourth census of foreign transactions, liabilities and assets. It comprises an analysis, by type of investment and sector, of direct and indirect foreign investment in SA and SA investment abroad as at December 31 1989.

The census shows a big shift in the relationship between direct and indirect foreign investment between the end of 1980 and the end of 1989.

Over this period, direct foreign investment fell from 48,3% of total investment to 23,7%. This movement reflects the wave of disinvestment associated with official sanctions and voluntary withdrawals.

The substitution of indirect (portfolio) investment for directly managed investments kept overall statistics at a reassuring level. But the decline of direct investment caused incalculable damage to the economy. The Bank points out the direct foreign investor hopes for a variety of benefits, over and above dividends and interest, from its holding. These include management fees, the expansion of markets and securing a source of raw materials.

The spin-off for the host country is an injection of state-of-the-art technology and diffusion of upmarket skills.

The census shows that, at the end of 1989, SA's foreign assets (excluding gold reserves) were about R48bn. Of this the non-monetary private sector owned R39,3bn in foreign assets — amounting to 81% of total foreign assets (excluding gold reserves). At the end of 1980, the non-monetary private sector held R8,5bn in foreign assets.

On the other hand, the composition of SA's overseas holdings shifted strongly towards direct investment — to 69% of total foreign assets (excluding gold reserves) at the end of 1989, compared with only 50% at the end of 1980.

About 70% of total foreign assets (excluding gold) at the end of 1989 were in the EC and 11% in North and South America. Of total foreign investment in SA, 50% came from the EC in 1989 — though this percentage had declined from 58% in 1980.

All these values are given in money of the day. So relating the various trends to GDP will be useful. The Bank provides figures for 1973-1989. Total foreign liabilities stood at R86,4bn at the end of 1989 which was 37% of GDP. This compared with R10,4bn, 54% of GDP, at the end of 1973. Foreign assets, including gold reserves, amounted to R51,2bn, 22% of GDP, at the end of 1989, compared with R3,4bn, 18% of GDP, at the end of 1973.

The ratio of total foreign liabilities to total foreign assets shifted from about 3:1 to 1:1,7 over this 16-year period. Foreign liabilities grew 8,3 times while foreign assets grew 15,1 times. This comparative analysis shows the debt crisis was one of liquidity rather than solvency.

The long delay in producing the census, despite the availability of computing systems, is attributed to the problem of getting about 80 000 recipients of the Bank's questionnaires to complete and return them.

At the editing stage many returns were incomplete or contradictory, which meant a further round of correspondence and analysis. ■

INTEREST RATES

Not very accommodating

FM 19/3/93

Banks are facing higher costs as the Reserve Bank attempts to simplify its accommodation procedures which could cause the general level of short-term interest rates to firm despite sagging demand.

Banks are accommodated at the Reserve Bank discount window to finance their cash shortages at the end of each day. The rates at which they are allowed to borrow depend on the liquidity of instruments offered as collateral. Together with the size of the shortage, the rates charged and the instruments available for discounting at each rate are important cogs in the Bank's monetary policy.

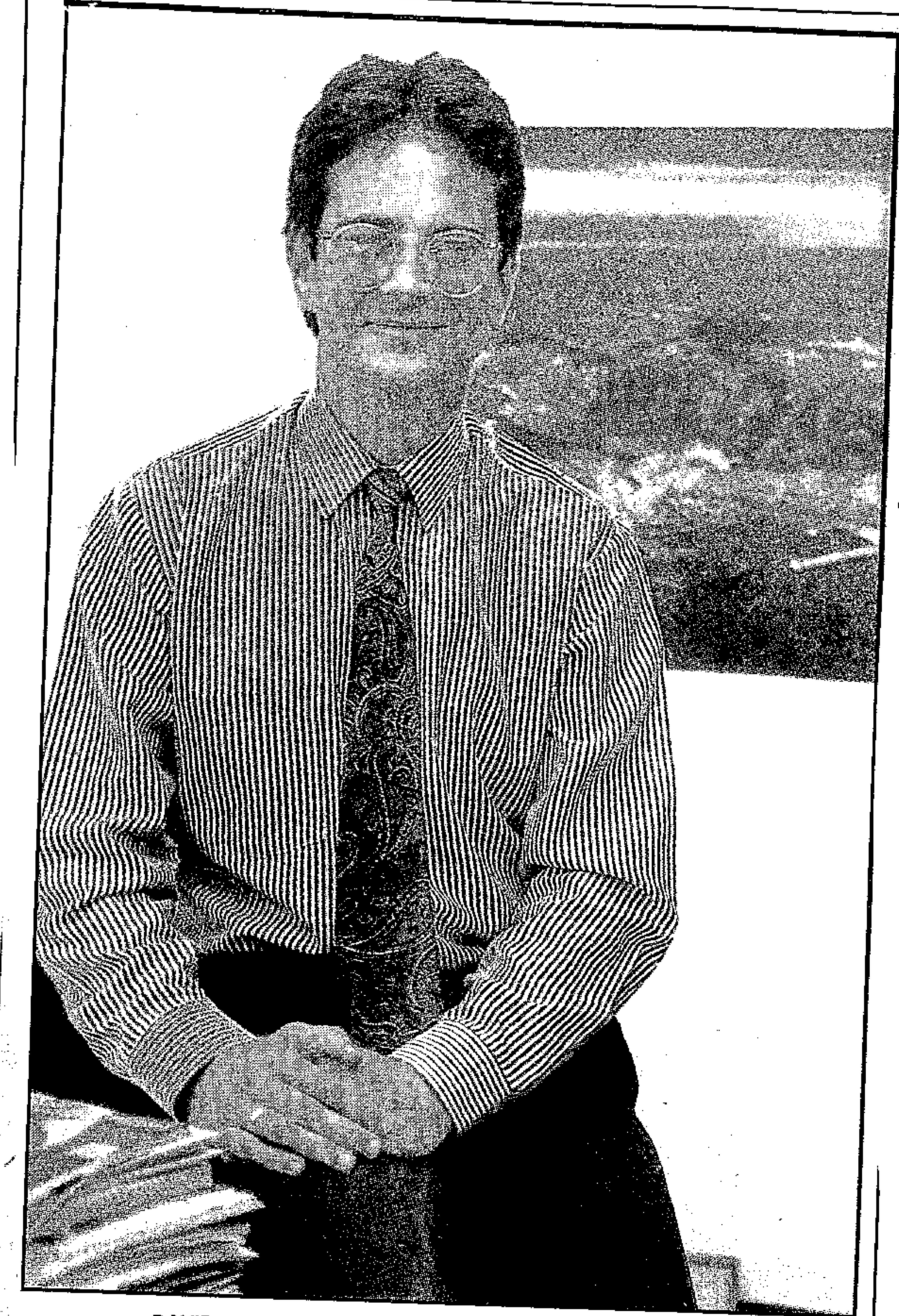
Now, amending legislation to the Deposit-Taking Institutions Act, to be known once more as the Banks Act, strips bankers' acceptances (guaranteed bills of exchange) of liquid asset status. This deprives the banks of a security which can be rediscounted with the Reserve Bank at a favourable rate.

Further amendments have been proposed which will put banks at an even further disadvantage by forcing them to pay even higher penalty rates.

Under the present system banks are accommodated over a spread of seven rates: Treasury and Reserve Bank bills at Bank rate, while penalty rates, 4,75 percentage points above Bank rate, are charged on long-term gilts. Until the amending legislation was passed this month the 91-day liquid bankers' acceptances played a crucial role in banks' financial management as they were rediscounted at only one percentage point above Bank rate.

The Bank now proposes to narrow the spread to three rates. Liquid Treasury bills, Reserve Bank and Land Bank bills, with a maturity of up to 91 days, will be accommodated at Bank rate. The same bills, with maturity between 91 days and three years, will be accommodated at a rate "to be set by the Governor." But all other instruments (including BAs) will be accommodated only at a higher, penal rate — above prime.

Rates could tick up because banks, which are short of liquid assets just prior to seeking assistance at the discount window, would have to bid up their deposit rates to avoid



DAVID BRIDGMAN ... ready to swing into action

PUSH FOR REINVESTMENT

(60) By JEREMY WOODS

THE setting of an election date for multi-party elections will trigger the biggest marketing drive for foreign investment South Africa has ever seen.

"If there is ever a signal for reinvestment in South Africa it must be the forthcoming election date," says economist David Bridgman of Wesgro, the Western Cape development organisation.

S/Times (Buss) 21/3/93.

All major cities — Cape Town, Johannesburg and Durban — are involved in the marketing push.

Cape Town alone is spending more than R2-million a year on its marketing drive and the other cities are spending similar amounts.

"We are busy preparing ourselves for the election date. Then we'll swing into action," says Dr Bridgman. "We are much more competitive than we think we are, and South African businessmen should wake up to the fact," he says.

A recent study by Brussels-based Plant Location International, a subsidiary of Price Waterhouse, concluded that SA was one of the most competitive places in the world to establish a manufacturing plant.

The main reasons cited were cheap electricity, outstanding physical infrastructure, good business infrastructure and competitively priced semi-skilled and moderately skilled labour.

"Commercial rands were used in the calculations done for the study, but an overseas manufacturer wanting to set up a plant here to export goods can use the financial rand with an effective 40% discount, plus tax incentives from the Regional Investment Development programme for plant costs, and GEIS when goods are exported," says Dr Bridgman.

"This can result in a pay-back period of between two and three years of the original investment," he says.

Investments in SA can be repaid to the country of origin in commercial rand or via dividends or interest.

'Strife keeping investors out'

(60) KELVIN BROWN

IT WAS impossible to expect foreign investors to invest in SA when local businessmen did not have enough confidence in their own country, Japanese ambassador to SA Katsumi Sezaki said yesterday. BDM

Political instability in SA was the main reason keeping Japanese investors out of the country.

Speaking at the Omega SA-Japan course in Japanese business management he said to date no Japanese businesses had invested in SA to any great degree. 24/3/93

Violence was detrimental to a creating a healthy investment climate, and it was natural forJapanese investors to adopt a wait-and-see attitude.

The 70 states and municipalities in the US which still maintained rigid measures against companies doing business with SA was another major deterrent, Sezaki said. It would help considerably if black political organisations dropped sanctions.

Major Japanese companies had large business interests in the US and did not want to damage their corporate image in that country.

But even if the ANC announced it supported the ending of sanctions, Sezaki said many investors would not come to SA because of the lack of certainty about the economic policies of the new goverment leaders. It remained to be seen what policies on foreign investment a transitional government would adopt.

"It is unclear what their views are on corporate taxes, work permits for foreigners, the percentage of local components, labour policies and assurance for remmittance." But it was encouraging to hear that ANC leaders were talking openly about market principles and the importance of the private sector.

There were also technical questions that had to be answered before Japanese investors made up their minds to invest in SA. The high cost of unskilled labour would have an adverse effect on investment in SA.

Labour costs in SA were expensive compared to Asian countries, Sezaki said.

Investors to be urged to 'take a long view'

Star 26/3/93. (60) (280) (7ths)

Staff Reporter

The South Africa Foundation would encourage international investors to take the long view on the potential of South Africa and continue to press for the lifting of remaining sanctions, director-general Kurt von Schirnding told the foundation's annual meeting, held in Sandton yesterday.

The meeting saw Meyer Kahn, chief executive of South African Breweries and a member of the Economic Advisory Council, take over the presidency of the foundation from Warren Clewlow. Kahn has served for several years as a trustee of the foundation.

Von Schirnding said the foundation would in coming years "engage our contacts in the major democracies to use their influence to ensure that South Africa becomes, and remains, a multiparty democracy with a market economy".

The organisation had stepped up contact with multinational agencies, such as the World Bank and International Monetary Fund, and was targeting a generation of rising young leaders who have had little exposure to South Africa, except in negative contexts.

The foundation's London director, John Montgomery, said in 1992 that British confidence levels in relation to South Africa sank to their lowest since President de Klerk's election. Although 1993 held more promise, "caution has become slower to ease".

From the Bonn office, Rudolf Gruber reckoned there was a keen awareness that Europe could not allow Africa to "collapse into anarchy and destitution" and that South Africa could be the key to redevelopment in the region.

Paris director Desmond Colborne made some stinging observations about South African "anti-diplomacy". He singled out the Springbok rugby team, but granted they "would yield pride of place to ex-President Botha, who had former German leader Willy Brandt body-searched before wagging his finger at him in Tuynhuys".

More recently, there was the advertising copywriter who informed people that "the wine on South African Airways flights would be a little Italian but that the pilot, thank goodness, would not".

Noting that Italy's Leonardo da Vinci anticipated air travel a good two centuries before Jan van Riebeeck got to the Cape, Colborne ventured: "Faux pas — false steps — happen when people don't watch where they put their feet. Perhaps they have their eyes on their navels instead. Too much inward-looking isolationism has made too many of us lose sight of how the world works."

70 countries sign on for first trade exhibition

S Times (Buss) 28/3/93

By ZILLA EFRAT

FOREIGN companies are likely to dominate the first South African International Trade Exhibition (Saitex).

So far, 70 countries have signed for the multi-sector show at the National Exhibition Centre, Johannesburg, in October.

Among them will be contingents from China, India, the Pacific Rim, Latin America, the Middle East, the US, Europe and Africa. Uganda, Saudi Arabia, Latvia and Nepal have booked space.

Foreigners are expected to make up 70% of exhibitors, well up on the 50% initially expected by Saitex management.

Canada is expected to launch its return to the SA market, providing agreement on an interim government has been reached.

The Republic of China (Taiwan) has booked the largest stand ever taken at an SA trade fair. The Indian exhibitors will bring 500 buyers with them.

Saitex marketing manager Pep Joubert expects between R1,5-billion and R2-billion worth in business — or 1% of SA gross national product — to be generated by the show.

A media campaign in Africa should draw an estimated 2 500 visitors. Another 2 000 are expected from the rest of the world.

Computers

Mr Joubert says about 40% of the international companies aim to source products in SA for re-export.

For example, a large Middle Eastern contingent will look for products to substitute imports from Europe and the US, especially in motor parts, pharmaceuticals and computers.

The departments of trade and industry and foreign affairs, Sacob, Safto, Handelsinstituut, Small Business Development Corporation and the City of Johannesburg are among those helping to promote the fair.

IDT defends its development role

BDAY 29/3/93

KATHRYN STRACHAN

AFTER coming under the spotlight in recent weeks, with protesting university students calling for its disbandment, the Independent Development Trust (IDT) is fighting back.

The SA Students Congress claims the IDT has failed hopelessly to meet students' funding needs — and their criticism is echoed by other organisations which say that despite the R2bn of taxpayers' money used set up the trust two years ago, housing and education backlogs are still staggering.

But IDT communications director Jolyon Nuttall said in an interview that most of the trust's projects aimed at assisting "the poorest of the poor" were well under way.

While the trust itself could not be the solution to SA's housing, education and unemployment problems, it had far exceeded its original brief by setting up community structures to take projects forward well after the trust's funds had expired.

"Sound development is not the speed with which you dispense money, but the sustainability of what is developed," said Nuttall.

The success and durability of projects — such as preschool care, school building, primary health care and the capital subsidy scheme — were dependent on the lengthy process of getting community involvement and acceptance.

"It is more important that communities have a sense of ownership of projects, rather than that they have development projects thrust on them.".

However, where the quick deployment of funding was crucial, such as for drought relief projects, the IDT could and did act with speed, he said.

The trust had also found that its mission — due to end in mid-1995 — could become permanent.

Nuttall said because so few organisations had the IDT's capacity and expertise to administer such large amounts of money and to set up necessary community structures, the trust's new policy was to make its ventures permanent, using funds from initiatives such as the national housing forum.

He said that by the start of this year, R2,1bn had been allocated to 450 projects ranging from massive school building to teaching patchwork to prisoners' wives in KwaZulu. Of this amount, R900m was already in use.

The IDT's capital subsidy scheme would result in 110 000 poor people, each with an average of seven dependants, owning a piece of serviced land. However, this R800m project will meet only 10% of total need.

Nuttall said that through a R300m venture, the trust hoped to reduce the backlog of 50 000 classrooms over the next two to three years. It also aimed to fund the building of 100 new clinics in rural areas, and to grant R120m over three years to welfare projects related to development.

The IDT had earmarked R70m over three years for pre-school facilities in the absence of government funding. Drought relief received R100m and tertiary education loans R80m.

By January, 92% of the projects were off the ground, and the 8% still to be activated were in "unreachable war-zones" such as Phola Park and areas near Maritzburg.

Call for export policies probe

ADRIAN HADLAND

PRETORIA — The export policies of multinational corporations now doing business in SA should be investigated by government, the SA Consumer Union has resolved. BDAY 29/3/93

Union chairman Lillbeth Moolman said the dumping of harmful or shoddy goods into SA could be detrimental to the health and safety of local consumers.

There was the possibility that some "global companies now operating across national boundaries may be infringing consumer rights", Moolman said. This was likely where a company's export policies did not comply with the stringent laws operating within the country of origin.

Among problems identified by the union were multinationals exporting substandard technology with poor environmental and health effects, together with a lack of "genuine motive" to create jobs and stimulate production.

"All governments must be sufficiently alert to the possible situation where ethics are sacrificed for profits and when long-term consequences prove to be detrimental to the environment," Moolman said.

The consumer union called on government to sign and implement the 1985 UN guidelines for consumer protection.

"We need fair rules and minimum standards to be established to promote the good conduct of transnational corporations, to preserve our natural resources and to safeguard the health and safety of consumers," Moolman said in a statement.

The union recently resolved to request Trade and Industry Minister Derek Keys to urge government to sign the UN guidelines.

Foundation on 'gateway to Africa'

ADRIAN HADLAND

PRETORIA — Promoting SA as the West's development partner and gateway to Africa was now a central objective for the SA Foundation, the organisation heard at its AGM in Johannesburg last week.

Paris director Desmond Colborne said that if effective triangular arrangements could be made between countries of the West, SA and African states, SA could contribute to the revitalisation of the continent. "We in the foundation are determined to show that in our part of the world Afro-pessimism does not apply," he said.

Funded by the private sector, the foundation has been working to attract investment to SA for more than 30 years. With offices in Bonn, Paris, London and Washington as well as representatives based in Singapore, Japan and a number of other centres, the independent foundation was described by its director-general Kurt von Schirnding as SA's pre-eminent business forum.

A foundation statement said: "Our core function is to sustain and expand the interest of foreign investors and financiers in the real potential of this society and the region."

Von Schirnding, in his address, said events since February 1990 had presented the foundation with a unique opportunity to market SA and the region.

Efforts in this regard would lead to the securing of trade and investment and establishment of a liberal democracy and a growing market economy.

He stressed the need for top-level personal contact between SA and foreign businessmen, an opinion to which all four regional directors adhered.

Colborne said while France provided 26% of Africa's total imports and Italy took up 18,6% of Africa's exports, when SA businessmen visited Europe they were "still more reluctant to go to Paris or Milan than to other economic centres". SA could no longer afford to miss the opportunities opening up in two such important members of the G-7 group, he said.

Bonn director Rudolf Gruber said Germany was SA's primary trading partner, after Britain, as well as the primary source of investment. But the steady decline of SA's contribution to Germany's foreign trade volumes — from 1,4% in 1975 to 0,7% at present — had resulted in SA being now far less important to Germany than Germany was to SA.

Washington director Michael Christie said it was essential that SA businesses and regional development organisations targeted specific areas which had investment potential.

"There is a general tendency to take a blanket pessimistic view about the state of SA's economy and our level of competitiveness," he said.

There did exist, however, many areas where SA could offer distinct advantages and opportunities for foreign investors and trading partners.

"We need to avoid blanket assumptions and become far more focused in what we have to offer."

London director John Montgomery said even Britain, in the depths of a bitter recession, was stepping up its commitment to SA with new aid, interest and projects.

A continuing and intensified effort by the British government to stimulate the SA economy by providing aid for health, education and housing schemes had gone largely untrumpeted. Perceived preoccupations about the state of the British economy belied the potential for increased trade and investment opportunities, Montgomery said.

Schirnding said an important objective of the SA Foundation was to bolster its domestic role.

B/DAY 29/3/93

(60)

SA faces big rivalry for foreign cash

Star 2/4/93

By Des Parker

DURBAN — South Africa's prospects for international investment hinge directly on the attitude a new government takes towards the domestic business sector, says Old Mutual's London-based investment director Kevin Carter.

He says perceptions of SA held abroad are likely to continue to be dominated by its political situation.

A new regime will need to make a special effort if it is to attract investment dollars because competition is growing rapidly for capital among newly-emancipated developing economies.

Durban-born Dr Carter said in a presentation to financial journalists here that an unprecedented overhaul of the world economy was taking place as a result of the freeing up of once centrally-controlled developing economies.

Because their wage rates were much lower than those of developed countries, these countries were increasingly attractive as investment destinations, which would lead to rapid growth in their economies.

By contrast, developed countries were stagnating, with structural unemployment a growing phenomenon and low and falling inflation a consequence.

This "mobilisation of low-cost labour" combined with falling money supply growth would result in low global inflation stretching at least into the next century.

On an index where expensive German manufacturing labour was 100 and low-cost China was one (Russia was below one), South Africa would probably weigh in at 10 or less.

It had competitive advantages in a number of areas, such as tourism and natural resources, but the key lay in a government sympathetic to the needs of business.

Worldwide

"Because investors have a choice, there is tremendous competition going on worldwide for the investment dollar.

"Countries which are unable or unwilling to make themselves attractive to foreign capital simply get none, or very little.

"So emerging countries typically attempt to outdo each other in the deregulation and liberalisation stakes in order to make themselves as relativeldy appealing as possible."

Dr Carter forecast a notable decline on Wall Street towards the end of the next 12 months as price:earnings ratios fell back to the 10-12 region in response to the reduced potential of American companies for recovery as a result of the changing world economy.

At the same time, institutional investors worldwide would look increasingly at the growth opportunities in developing countries.

They would place special emphasis on markets where they could get the best possible return for the least amount of risk.

He estimated they would shift increasing amounts of their portfolios to areas giving returns of 20 to 30 percent a year.

Visitor warns of investors' caution

Star 5/4/93

16

By Peter Fabricius
Political
Correspondent

CAPE TOWN — Former German Economic Affairs Minister Otto Count Lambsdorff has warned South Africa that it will take years before foreign entrepreneurs feel confident enough to invest in the country.

Lambsdorff, chairman of the Free Democratic Party, a member of the German coalition government and president of Liberal International, was speaking at an informal press briefing in the winelands.

He is visiting South Africa as a guest of the Democratic Party, a fellow member of Liberal International, and of the German embassy

He is meeting political leaders, including President de Klerk, ANC leader Nelson Mandela, IFP leader Mangosuthu Buthelezi, DP leader Zach de Beer, Cosatu general secretary Jay Naidoo and Mr Justice Richard Goldstone, head of the commission on political violence.

Lambsdorff said that even after a government of national unity was installed it would take years before foreign entrepreneurs were sure the climate was safe for investment.

"There would be no overnight miracle and he was concerned that so many people would be disappointed because they equated political freedom with material well-being.

They would have to learn to be patient. Even in former East Germany, into which the German government was pouring billions of marks, the results were not yet being fully felt by ordinary people.

He said he would not advise investors to invest yet. "I would say look carefully. Don't decide now. But don't go away either."

Move into SA, investors told

LONDON — Stockbrokers James Capel have urged international investors to move into SA now to reap high nominal bond yields, despite political uncertainty.

Capel analyst Jon Bergtheil said the investment picture had improved now that the ANC and government had pledged to hold a national election by April 1994.

"They said (on Friday) they will set a date within four weeks for an election. After that SA will have access to IMF and World Bank facilities — access to international capital it very much needs." US pension fund clients, in particular, were holding back until a date was agreed on.

"About 70% to 80% of people who have had moral concerns will drop them once that date is announced," Bergtheil said.

"Our biggest trade in the past two months has been with US funds, some of them municipalities, which are sensitive to ethical concerns and are often geared to black Americans."

Capel first recommended buying SA bonds in March on the back of a rising discount between the commercial and financial rands, indicating nervous foreign investor sentiment. That gap widened after the murder of SA Communist Party leader Chris Hani on April 10. BDM 11/5/93,

But bond yields moved higher, offering even better value.

"SA remains a buy, with yields at around 21,5%," said Bergtheil.

The financial rand correlated well with the gold price.

The domestic fundamental outlook was more bullish with inflation contained at 9,7%, money supply under control and an end to the severe drought of 1992, which on its own had caused a 2% drop in gross domestic product, Capel noted. — Reuter.

Unions widen the recruitment drive

BDM 11/5/93.

ERICA JANKOWITZ

COSATU affiliates are embarking on a drive to recruit monthly-paid, skilled workers in what has been termed the "second wave" of unionisation.

SA Labour Bulletin editor Karl von Holdt, writing in the latest issue of the journal, says Cosatu and Nactu have been successful in organising weekly-paid workers in lower skills categories.

However, these federations have been prevented from recruiting other categories of workers by closed shop agreements and restrictions placed on bargaining unit composition by recognition agreements.

Unions, having realised the limitations they have been placed under, are now looking at ways of getting around this obstacle.

For example, the NUM opened its 1993 wage proposals to the Chamber of Mines with a demand for the amendment of its recognition agreement to grant it "the right to represent employees in all categories of employment in the collective bargaining process".

Von Holdt says the NUM is not opposed to the closed shop per se, but wants the establishment of a multi-union shop which would allow unions to compete for members within the closed shop. It would also give members the freedom to choose which union to join.

Von Holdt says under present bargaining arrangements, talented worker leaders are often "promoted out of their bargaining unit and so out of the union".

Therefore, if unions can recruit more widely, they stand to gain additional members, their skills and "their influence in the workplace". Their subscriptions, usually set as a percentage of gross income, could also help the unions' cash flow problems.

However, Von Holdt recognises the role played by craft unions which have traditionally represented white collar workers. He says the benefits offered by these unions — such as pension and medical schemes — could not be matched by Cosatu.

Also, most Cosatu organisers have come through the blue-collar ranks and are unfamiliar with "grievances and working conditions of monthly-paid artisans, clerical workers and technicians", he says.

Von Holdt argues that in the medium term "craft unions are likely to survive and retain their influence".

Business urged to 'green your contract'

MARIANNE MERTEN

ENVIRONMENTAL issues which might affect business decisions have become part of a Johannesburg law firm's legal information sheet.

Werksmans' newsletter Envirowerks has highlighted environmental concerns such as integrated environmental management and how to "green your contract".

The most recent issue dealt with the consequences of SA's increasing international acceptance and return to international trade.

SA had been excluded from many environmental legislative developments governing international trade over the past 20 years, it said. Legislation which could "force compliance with or adoption of national domestic standards in other countries" would affect SA's trade potential.

Foreign investor confidence maimed by unrest — Stals

Star 16/4/93

(60)

By Sven Lünsche

Reserve Bank Governor Dr Chris Stals has described the unrest following the assassination of Chris Hani as a major setback to the process of rebuilding foreign investor confidence.

In an interview yesterday Stals said foreign investors had been encouraged by recent progress towards a political settlement.

"Following on the latest events, however, foreign investors have expressed their extreme disappointment with the turn of events.

"We are effectively back to square one," Stals said.

The crisis threatens to further strain the already squeezed balance of payments and the gold and foreign exchange reserves.

Over the past six months the reserves have plunged from $4,2 billion to $2,4 billion.

Since agricultural conditions have improved materially over the past three months, the decline can only be attributed to a continuation of the substantial capital outflows which began in the last quarter of 1992.

The latest events are not likely to alleviate the balance of payments problems, with grave consequences for economic growth.

Stals previously warned that the fall in reserves made an easing of monetary policy impossible. He reiterated this point yesterday.

"The further decline in the foreign exchange reserves prevents us from dropping interest rates, which would have been the natural course as credit demand in the economy is still very low," he said.

Chris Stals . . . back to square one

He added, though, that in view of poor credit demand, interest rate hikes were also highly unlikely.

Representatives of foreign businesses confirmed that investor confidence had been dealt a blow by recent events.

"This is not surprising, given that foreign media coverage of the assassination and the memorial services would have focused on the violence and thuggery," said Michelle Cohen, executive director of the American Chamber of Commerce.

"US investors are definitely more concerned than they have been for a long time," Cohen said, adding that several US businesses had recalled their local representatives in the wake of the violence.

She said trading with SA was becoming more expensive as companies had to pay a hefty insurance premium, which put SA in the company of Bosnia and Vietnam.

She added that many companies would wait until Monday, when Hani will be buried, before taking a decision on their role in SA.

Cohen's counterpart at the SA-German Chamber of Commerce, Klaus-Volker Schuurman, said the "tragic events" of the weekend would not be the material factor influencing the decision of potential German investors.

"German companies in general are awaiting more concrete evidence that political negotiations will proceed and details of the economic and social framework in which these negotiations will take place."

Schuurman was confident SA would remain an important trading partner for German industry.

Share prices on the JSE staged a strong recovery yesterday. The overall index, which shed 89 points on Tuesday and Wednesday, clawed back 47 points, while the gold index regained well over half of its 51-point loss of the previous days.

Dealers said, however, that the weaker financial rand — which shed 2c yesterday to R4,85 — provided foreign investors with cheap access to local counters, particular gold stocks which were buoyed by the strong gold price.

But local institutions stayed on the sidelines, concerned about the violence that could erupt on Monday.

Star 22/4/93

US-EC trade war averted by contract deal

STRASBOURG — The US and the European Community last night reached partial agreement in their trade dispute over public procurement contracts Although Washington still planned to go ahead with reduced trade sanctions.

As part of the agreement, both sides agreed to open their government procurement markets for billions of dollars in services and heavy electrical equipment.

The EC and US had withdrawn from what could have been the brink of a trade war, said Sir Leon Brittan, EC trade commissioner.

But he said the US could still ban EC telecommunications companies from competing for US government procurement contracts. — Financial Times.

Star 22/4/93

Eltsa goes into reverse

Star Bureau

LONDON — Eltsa (End Loans to South Africa), long-time campaigner for the economic isolation of SA, is studying ways to reverse its orginal goal.

With SA entering the post-apartheid phase, the movement hopes to stimulate investment in the New South Africa.

Just one indicator of how overseas perceptions have changed is that Eltsa's soul-searching comes at a time when SA faces some testing economic problems.

And since these are widely regarded as presenting serious obstacles to a peaceful future, Eltsa plans to make its programme a priority.

Co-ordinator David Craine says: "We are considering how, once sanctions are lifted, we could turn our activity round and encourage loans — or, at least, lobby for assistance to be given to the Southern African region through economic linkages."

No investment before peace, says Schwarz

Star 26/4/93 60

South Africa will not receive the hoped-for investment of billions of dollars until "it gets its house in order", the country's ambassador to the United States, Harry Schwarz, said yesterday.

Speaking at the launch of the Johannesburg Press Club, he told journalists that local businessmen would have to invest in South Africa first before foreign investment could be expected.

"But we have to get our house in order," he emphasised. South Africa had to solve problems such as political intolerance.

"If you can give us peace in South Africa, then we can get you investment."

Referring to the country's situation, Schwarz said the system that replaced apartheid would have to be democratic in the true sense of the word. — Sapa.

Star 26/4/93

(60)

ANC unveils foreign investor code

By Sven Lünsche

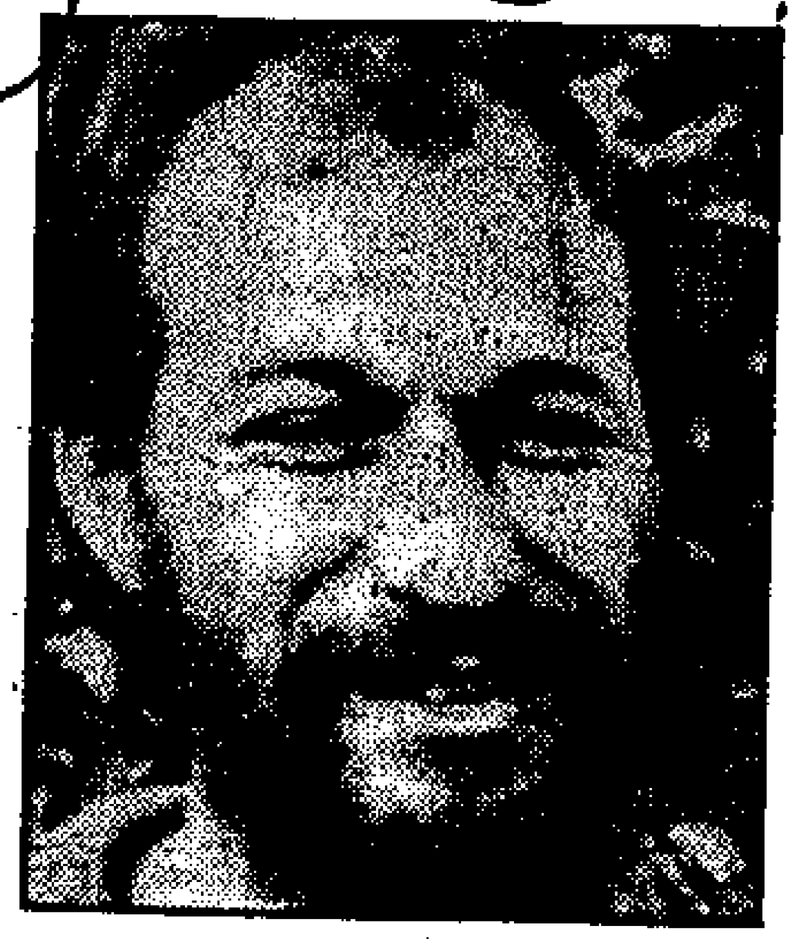
In a bid to rebuild investor confidence — shattered by the violence surrounding the funeral of Chris Hani — the ANC has disclosed first details of an "open" foreign investment code.

Trevor Manuel, head of the ANC's economic unit, says political stability, the end to violence and consistent economic policies are essential in attracting international investment.

In an address to the SA Institute of Chartered Secretaries and Administrators in Cape Town on Friday, Manuel said the ANC favoured "codification of investment policy in order to maximise transparency and certainty".

Key points include providing foreign investors access to foreign exchange for the purpose of remitting taxed profits, debt service on approved foreign loans and the repatriation of the proceeds on the sale of assets.

Manuel reiterated that exchange controls would be removed once stability returned to the economy and to the capital account of the balance of payments.



Trevor Manuel . . . comprehensive and sustainable growth and development

He said it was essential for countries outside the major world trading blocs to forge closer links.

"We will seek actively to promote co-operation in Southern Africa in ways that will correct existing imbalances and promote non-exploitative relationships."

The restructuring of the SA economy would be based on a "comprehensive and sustainable growth and development strategy, which simultaneously comprises redistribution, programmes to meet the basic needs of the majority".

Mike Levett, chairman of Old Mutual, told the conference that for the next four years growth in GDP would be no higher than three percent a year.

Levett said this meant, with redistribution continuing, that "white real incomes will continue their decline of the past decade and perhaps accelerate".

A change towards stronger growth would depend on three factors:

- A shift from an inward-looking, resource-driven strategy to one which was outward-looking and driven by manufacturing.
- The development of all South Africans to enable them to be productive members of society.
- The creation of legitimate institutions and processes through which change could be formulated.

Business urged to take risks for SA

Star 28/4/93

(60)

By Shirley Woodgate

Foreign investors are waiting to plough money into South Africa but this will not happen unless local businessmen take risks to make the new South Africa succeed, says United States ambassador Princeton Lyman.

Addressing a Seeff/Radio 702 business breakfast in Sandton yesterday, Lyman said: "We look to the politicians to take risks in reaching a political settlement, but there will be no progress unless the business sector is in the forefront of development projects and also takes risks."

Many businesses and institutions were involving themselves in housing and education, but they were the exceptions.

It was tempting for business to put its capital into safe financial investments and say the economy would suffer while violence existed; but this attitude contributed to the problem.

The international community's cautious approach to investment in South Africa mirrored the mood in the country, but the US was trying to create a more constructive climate, he said.

Foreign investment would not materialise if South African capital was leaving the country or being held out of the market place.

While he expected strong financial assistance from various quarters including the World Bank, foreign institutions could not move forward unless there was a clear message from South Africa, specifically from those who had called for sanctions.

"We have urged them to take the step," said Lyman.

But it was important to realise there would be a delay of up to two years before World Bank plans could be implemented.

Princeton Lyman . . . investors waiting.

Welcoming the ANC's decision to advance its call for lifting sanctions to the date of agreement for a transitional executive council and elections, Lyman said once the call was made the USA would repeal remaining restrictions.

The ANC and the IFP had moved in the right direction, which placed the responsibility on the private sector and the business community.

Sources for new foreign funding included pension and endownment funds in the US, many of them in the forefront of the push for disinvestment in South Africa.

"We are now investigating how, as the new South Africa approaches, these same leaders in disinvestment could become champions of investment in the country," Lyman said.

As an example of the kind of finance which could become available, he said the California State Pension Fund was worth \$64 billion (about R200 billion).

It was not far-fetched to expect that up to \$2 billion a year (R6,3 billion) could reach South Africa from this source.

But, Lyman said, none of these ideas would take root unless South African business was equally bullish.

\TIONS CONFERENCE—

Foreign investment's role 'small but useful'

61/977 30/4/93

FOREIGN investment is not a substitute for domestic capital formation nor for building industrial capacity as a country pursues economic development, says Malaysia's former finance minister Daim Zainuddin. (60)

Foreign direct investment constituted only a small portion of the gross capital formation of the rapid-growth Southeast Asian economies, and its major contribution was through "dynamic effects".

"Its impact, however, on the economy is disproportionately large due to the dynamic effects arising from a transfer of technology, managerial expertise, market access and reinvested profits," Zainuddin said.

These effects strengthened the link between trade and investment, and consequently a country's international and regional comparative advantage. It also changed the structure of economies, in a way particularly relevant to SA, away from dependence on primary commodities.

"Foreign direct investment is the main catalyst in transforming the primary commodity-dependent economies of the Asean-4 countries to a higher value-added industry-based economies," Zainuddin said. An example was the 12% growth rate in the manufacturing sector achieved over the last two decades in Malaysia, pushing this sector's contribution to GDP from 10% in 1960 to 29% last year. Other lessons to be learnt from it, Zainuddin said, was that liberal policy measures were not enough to attract foreign investment.

"Political stability remains a prime concern of foreign investors ... experiences have also shown that prudent macroeconomic management as manifested in stable economic policies coupled with outward oriented trade and industrial policies are basic features of an attractive policy regime for foreign domestic investment.

"It should be viewed as a complementary source rather than the main source of a country's capital formation. Eventually, indigenous industrial capacity needs to be built to maintain a country on its long-term growth path," Zainuddin said. — Sapa.

Dual tax draws flak from foreign bank

BDM 3/5/93

KELVIN BROWN

THE new secondary tax on distributed profits could be criticised for being economically inefficient and encouraging a greater concentration of SA industry, the Bank of Lisbon said in its April Economic Focus.

In the 1993 Budget company tax was cut to 40% and a 15% secondary tax on distributed profit was introduced.

By encouraging retention of profits, the dual profits tax would weaken the influence of SA's capital market.

"Investment resources retained by companies would not be subject to the test of the market, creating the danger that funds would not be invested efficiently."

There was also the danger that directors would treat retained earnings with less care since these were viewed as cheap capital. BDM 3/5/93.

The economy would be better served if companies were encouraged to distribute profits which they could not use effectively themselves. There would then be the chance that profits would be invested more effectively by shareholders. Capital market supporters claimed that shareholders tended to invest resources in the most economically desirable channels, the bank said.

Under the dual tax system there was the risk that some firms would put retained income into ventures that yielded a lower rate of return than if the money had been distributed to shareholders. "Some analysts argue that the average director thinks he will lose more in prestige when a project fails than he would gain when extaordinary profits accrue by taking a special commercial risk."

The dual tax system could further reduce competitive elements in SA's economy and strengthen corporate control. By encouraging retained earnings the new tax system would strengthen the position of large firms, which could use accumulated reserves to take over other companies since stringent exchange controls ruled out new foreign investments.

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Investors have nothing to fear, says Mandela

Star 5/5/93

(60)

By Tim Whitfield
Star Bureau

LONDON — The violence in South Africa cannot be stopped until a democratic government is elected, but overseas investors have nothing to fear if the ANC comes into power. This was the message Nelson Mandela put forward in London yesterday.

The ANC president seemed determined to allay fears of foreign businessmen during a press briefing only hours after arriving in Britain. But he warned that violence would continue until a democratic government was elected.

"As long as violence continues it will be difficult for businessmen to invest in our country.

"The ANC is taking measures to allay any fears from potential foreign investors.

"We have an investment code that emphasises there will be no appropriation, and that dividends will be freely transferable overseas.

"We have taken the position that as soon as the date for elections is announced, we will invite foreign businesses tc invest in our country.

"Violence is a serious obstacle to their doing so, but that can only be addressed when a democratic government is elected.

"The reasons the current Government cannot address the violence is because they have no legitimacy, lack credibility and are massively corrupt," he said.

A democratic government had the advantage of legitimacy and having the confidence of the political majority.

Mandela also touched on the reports that whites are leaving in anticipation of the ANC taking over government.

"The white community has had opportunities not available to the rest during the years of apartheid. But without them and their expertise it will be difficult to address the substantial socio-economic problems, therefore we make an appeal for them to remain in the country."

He added that the greatest threat to the peace process was not from black organisations ... the greatest threat was from the Right.

"We cannot ignore the Right because their supporters are firmly entrenched in Government structures."

Mandela met the Secretary-General of the Commonwealth, Chief Emeka Anyaoku, yesterday afternoon and today will meet British Prime Minister John Major, Foreign Secretary Doug las Hurd and the leader of the Labour Party, John Smith.

He leaves for Geneva tomorrow.

Flying the flag . . . Mandela in London. Picture: AP

SA shouldn't expect big inflow of foreign capital

W/Mail 7/5 - 13/5/93

Weekly Mail Reporter

CAN and should South Africa not only stop the "financial sanctions"-induced capital outflows that characterised the late 1980s but even bank on big new inflows?

Countries like Mexico and Argentina once considered lost in a sea of debt and unlikely to see new capital coming in again have seen huge new capital inflows in the 1990s.

But there was a suggestion at the Aspen Institute-Idasa conference that renewed inflows of capital to developing countries may not last.

MIT economics professor Paul Krugman suggested the new inflows could prove a speculative bubble. Unlike the 1980s bank loans which led to the debt crisis, the new inflows have gone largely into equities, with investors expecting big returns from the new economic policies adopted in those countries.

There is at least some possibility of a replay of the 1982 crisis. But even if there is no pricking of a bubble, inflows might dry up.

South Africa then might not be able to join the party. In any case, it will have to put together a convincing political picture to attract investors.

Krugman posed the question: If new inflows are on the cards, should South Africa try to prevent overheated capital inflows — or simply take whatever it can get? He did not attempt to provide an answer.

Foreign direct investment is another matter altogether.

Malaysia's former Finance Minister Daim Zainuddin noted foreign direct investment isn't only about money. As the Asian experience has shown, it has become important for aiding the transfer of technology and managerial skills.

However, Zainuddin suggested increasing protectionist pressures in developing countries and emergence of trading blocs could restrict trade and investment flows to excluded developing countries.

The business perspective on foreign direct investment was provided by Siemens executive director Gunter Gosmann, who noted that globally competitive companies centralised some activities and regionalised others.

In deciding where to put money, the specific costs of operating in a country were not the only consideration. Strategic reasons could come into play.

For South Africa, Gosmann's view was that stimulating investment can only be achieved by reducing government consumption spending and restoring investor confidence.

He stressed investor confidence could be restored by "clear political statements towards a free-market economy. These include economic factors relating to foreign markets and foreign participation, sound domestic economic conditions in which the area of industrial relations plays a major role."

Sowetan 11/5/93

SA business must start taking risks

■ *An edited address by* **PRINCETON N LYMAN,** *US ambassador to South Africa, made in Johannesburg recently before an audience of mainly white South African businessmen:*

THE EVENTS of the past few weeks have been tumultuous and emotionally draining. Whenever a major political figure is assassinated, it is a traumatic blow to the psyche and political culture of a country. I know that from the terrible days of 1963 and 1968 in the United States when assassinations shocked our country to the core. It has taken perhaps all this time for us to recover from them.

Thus it is natural and indeed necessary that the shock of Chris Hani's assassination have means of expression and outlet. And it is equally important that the murder be thoroughly investigated, right away, so that doubts and webs of conspiracy theory do not poison the political atmosphere for years ahead. I commend the Government for inviting international experts to add to its investigative team.

Deeply disturbing

It was of course deeply disturbing, and at times frightening, to see decent and disciplined occasions of mourning and protest used by some for violence and looting. But there is another side to these events that needs more emphasis than given in the media.

Hundreds of thousands of South Africans, torn by grief and shock, and many by anger, demonstrated their feelings in an orderly and disciplined way. Only a very small minority did otherwise and against the directions of the nation's leaders.

What this tells me, and it is important for the subject of the economic and investment prospects for the country, is that the overwhelming majority of South Africans, despite years — indeed in truth centuries — of discrimination and oppression, do not want to tear down this country, do not want to destroy the remarkable achievements that have been made but want to participate in them.

That is a far cry from Angola, or Somalia, or Yugoslavia, where people are prepared to destroy their own country in order to rule it. This feeling is precious in South Africa. It must not be wasted.

It will be wasted if the negotiations that have gone on for almost two years now do not reach fruition soon. It will not be enough simply to reach agreement, however. It must be an agreement that gives fundamental right to the majority.

Some still hope that democracy can be detoured, that under the facade of democracy an agreement can be reached which hobbles the authority of the majority. Let me be clear. No democracy works if power is absolute. The minority must have rights and protection. Power must have checks and balances.

All these can be built into the systems now under discussion — through a balance of central and regional authorities, through a bill of rights and a system of constitutional supremacy with a strong and independent judiciary, through a government of national unity.

Sufficient mandate

But there must also be rights of majority. The electorate must feel that its votes counts for something, that the party or parties that are in the majority have sufficient mandate and authority to lead the country in new directions, to provide for new dispensations, to make decisions and to overcome opposition after a fair debate and adherence to lawful and constitutional procedures.

Any agreement short of that, in my view, will not hold. Any system which portends deadlock and paralysis would be deadly. Indeed it may not be sustainable through the elections.

Now is the time for courageous decisions. We have witnessed an outpouring of not only grief and anger but continued dedication to South Africa. We must see democracy come while that spirit is still dominant.

Everyone knows that the economy is in deep trouble. The challenge that faces all of us, South Africans and the international community that has a stake here — and I would emphasise that the United States has a large stake here — is to make the future happen. It is tempting for business to put its capital into safe financial instruments and take few risks at this point.

The trouble is that this only contributes to the problem. We look to the politicians to take risks in a political settlement but we are asked to understand the businessmen and women's unwillingness to do so. We tell the political leaders that violence will inhibit confidence and the readiness to invest but we are told that we cannot expect the business community to take steps now to provide jobs or job-promoting training to the unemployed in the townships. That cannot be the stance to take.

There are several institutions which are developing scenarios for the future development of the country. But, in truth, these are still more the exception than the rule. While some of the principal businesses of South Africa are so engaged, the general climate remains deeply conservative.

The international community is also cautious.

We anticipate that the principal sources of assistance capital that will be available to South Africa will be the World Bank, the African Development Bank and perhaps the International Fund for Agricultural Development. The World Bank has already undertaken an overall analysis of the South African economy and several sectoral studies.

The next logical step is to develop a portfolio of specific project proposals. However, it cannot move forward on this unless there is a clear signal to the bank to do so from the various parties in South Africa, in particular those which have called for maintenance of sanctions. We have urged such a step.

Unless the banks begins now, a newly elected government a year from now will be faced with as much as two years wait before being able to utilise this assistance for the pressing needs of the

Chris Hani....death still reverberating in South Africa.

'The challenge facing us is to make the future happen'

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population. The psychological effect of this step will be important. It will further signal the constructive intentions of the liberation movement and will give impetus to new investment planning by the private sector.

It is not far-fetched to anticipate some \$2-3 billion annually eventually coming into South Africa from abroad, enough to help South Africa reach substantial growth levels.

Foreign capital

But none of these ideas will take root unless the South African business community is equally bullish. More bluntly, none of these sources of foreign capital will materialise if South African capital is either leaving the country or held out of the market place. South Africans cannot expect foreign institutions to substitute their capital for South Africa.

In every potential case I have cited above, one clear condition is that foreign capital be matched if not overmatched by South African investment in the same areas or instruments.

Thus the lead cannot come from abroad. Nor can the business community put the whole burden on the politicians. The politicians of this country have already gone a long way to assure the business community about future economic policy.

Taking the ANC as one example, the economic policy statements of the past year make little of nationalisation, place great weight on fiscal responsibility and look primarily to the private sector as the engine of growth.

If there is continuing doubt, I urge the business community to engage the political parties more on the issues. But keep in mind that this private sector approach by political parties such as the ANC, and over an even longer time by the IFP, place a responsibility on the private sector. The business community needs to demonstrate that this faith is not misplaced. If the only response is business as usual, the political support for these policies will evaporate. The South African economy stopped creating new jobs a long time ago, before sanctions were imposed. Sanctions and recession only reinforced the trend. There are deep structural factors that are inhibiting both growth and employment.

Structural change

The business community should not be silent on these matters. Rather, it should be in the forefront of developing proposals for structural change, for alternative tax and other incentives that will lead to far more job-creating investments. It should use the National Economic Forum to put forth a whole programme of this kind and commit itself to a programme of investments once the incentives are enacted.

It should be seeking out new investments that enhance demand and build skills within the black community. If the financial and management institutions appropriate for such investments do not exist, the business community should lead the way in creating new ones, not leaving this, as at present, largely to private non-profit agencies and charitable organisations.

As good as the latter are, they are not the captains of industry nor have they the depth of skills and market savvy to go very far.

What I am saying is that the private sector, which prides itself on analysing and taking risks, must now take some greater risks on behalf of growth and development. Those are not the kind of risks that it confronted in the past, indeed not those usually taught in business schools. They are, if you will, political-economic risks. But everyone is South Africa is being asked to take risks.

The minorities that have dominated this country and are most economically well-off are being asked to risk their futures in a democracy in which the majority is both of a different race and generally poor. The liberation movements are being asked to risk their credibility with their constituents by agreeing to coalition government and dependence on the private sector from which they have been traditionally excluded.

The vast majority of South Africans are being asked to risk their dreams of better education, housing, jobs and basic health services on a long-term programme of growth rather than a radical policy of redistribution. These are big risks but they are essential for each of these parties to take if South Africa is to come through this transition whole.

Common ground

The business community must equally be prepared to take risks on behalf of structural change, greater willingness to invest, dynamic programmes of affirmative action and far more dialogue with the future leaders of the country to find common ground. If South African business leads the way the international community will be there with you. But alone, we cannot do it.

'The challenge facing us is to make the future happen'.

S/Times [Buss] 16/5/93

Anglo's in the hunt

By JULIE WALKER

GENCOR chairman Brian Gilbertson's admission that there is a less-than-50% chance of the company's doing a deal with Shell on Billiton probably stems from the pre-emptive rights of the target firm's partners in various projects.

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One is a company owned by Minorco — Anglo American's foreign arm — and Anglo itself in the Chilean Collahuasi copper project.

According to the London Financial Times, Minorco-Anglo paid $190-million for a third stake in Collahuasi. Billiton and Falconbridge are equal partners.

If Billiton were to sell, it would have to give the partners an opportunity to match any offer by a third party. Anglo American says it would certainly exercise such pre-emptive right over Collahuasi.

Talk is that Anglo scrutinised the assets of Billiton with a view to their purchase, and found them wanting, other than Collahuasi.

Gencor will not be able to export cash to pay for Billiton. It has an exclusive 120-day option to work out a means of payment.

Investment: SA ranked seventh

JONO WATERS

SA HAS been ranked seventh as an investment area by an Australian mining magazine in a survey it carried out of 15 countries.

The latest Minerals Bureau Bulletin quoted Australian Mining Monthly as placing SA behind Chile, Indonesia, US, Canada, Australia and Argentina.

Chile rated tops in terms of land access for exploration purposes and low threat of land claims.

SA was low on red tape, but scored poorly in land claims, civil unrest and labour relations categories. Land access and the environmental controls affecting investment decision were perceived as better than the other countries.

(60) BiDAY 19/5/93

No surge in trade expected

B/Day 21/5/93

GERALD REILLY

PRETORIA — The lifting of Commonwealth sanctions against SA would not result in a sudden and spectacular increase in trade, said Safto official Bruce Donald.

He was commenting on a statement by Australian Foreign Minister Gareth Evans that Commonwealth countries could lift trade and investment sanctions "within weeks". Commonwealth secretary-general Chief Emeka Anyaoku also said sanctions would go once a date for SA's first nonracial elections had been fixed and a transitional executive council installed.

Donald said Commonwealth countries had never maintained a common sanctions policy against SA. Some member countries had been loath to lift even "people to people" sanctions.

Normal trade with the UK had resumed following the lifting of EC sanctions. To a lesser extent, the already expanding trade with African countries could be further stimulated when Commonwealth sanctions were totally abolished.

But the possibility of increasing trade with India and Australia was strong.

Australian embassy counsellor David Sprott said the Australian government would not assist in developing trade ties with SA. But trade did, however, take place — outside of prohibitions — on a company to company basis. Australian exports to SA last year totalled about R620m and imports from SA about R300m.

Sprott said it could not be expected that trade would suddenly take off. It would be a steady advance over a period of time.

World awaits clear signal from SA, says Crocker

B/DAY 26/5/93. (60)

RAY HARTLEY

INTERNATIONAL investors were looking for clear signals from all SA's political parties that the world should engage in SA economically before they would decide to invest here, former US Assistant Secretary of State Chester Crocker said yesterday.

"Investors are looking for more than one news bulletin. They are looking for a track record as well as the news bulletin. They are looking for some announcements, they are looking for some invitations," he said in an interview.

"They are looking for clear signals which must come from the highest level from all parties, saying 'now is the moment at which we want the world to engage here'."

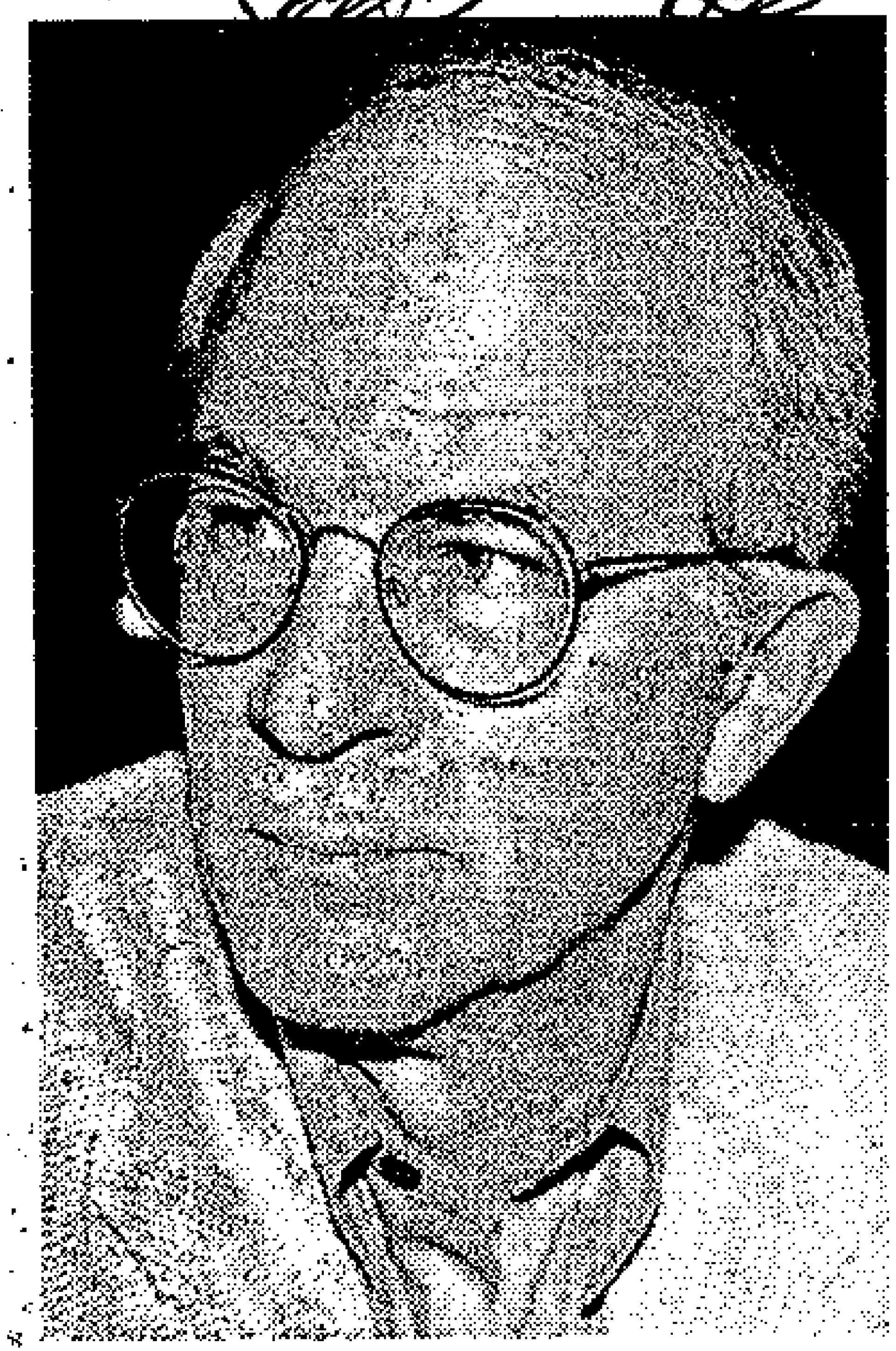
Crocker cautioned that to be effective, such signals would have to be accompanied by greater clarity on SA's future economic policy.

"Some people are going to say: what about the emerging policies of a transitional government, what about the policy statements that need to happen about all sorts of economic matters? They are not there yet."

Referring to negotiations, Crocker said he believed there was a "balance of impatience" among negotiators.

"I hope that is the case, because you cannot blow too many opportunities in this world when you are building a negotiated revolution.

"I definitely believe that this is the window (to the subregion). An entire year was lost after Codesa II and a huge price was paid. We can't remain optimists if this gets messed up again," he said.



● CROCKER Picture: ROBERT BOTHA

Crocker remained optimistic because of SA's talented leadership. "There is a sense in which time is passing for the leadership, and I think they know it, not least because the gap between the negotiators and the general public is huge.

"I do believe that there is a negotiating culture that has developed over the years. There is clarity about who the players are, clarity about what their positions are; the issues that are outstanding are no secret, and people know each other.

"SA's number one priority is SA, and if the handshake can take place and the TEC starts to function and we move towards the elections ... the main focus will be on how to build consensus about policies in SA.

"That is probably the number one policy," Crocker said.

There was a "tremendous gap between people who participate in the process and people who don't.

"I think there is always a sort of struggle between the people who are trying to shape events by talking about the future and negotiating it on the one hand and the happenings on the ground, and when those things get out of control there are very dangerous times," he said.

Investment hopes pinned on forum

BDM 27/5/93 ·

(60)

LINDA ENSOR

CAPE TOWN — Foreign investment is expected to flow into SA as a result of the World Economic Forum meeting on southern Africa, which will be opened in Cape Town by President F W de Klerk this afternoon.

The meeting is the first the World Economic Forum has held inside SA and the third on the southern African region. It is the first time, also, that eight SADC countries would be ministerially represented at a meeting inside SA.

The two-day conference, which takes place behind closed doors, will be attended by about 150 CEs from Europe, the US, Australia, India, SA and the southern African region.

Proceedings will be co-chaired by CNN senior vice-president Lou Dobbs, Development Bank of Southern Africa chairman Wiseman Nkuhlu, and World Economic Forum president Klaus Schwab. World Bank vice-president Edward Jaycox, SADC executive secretary Simba Makoni and African Development Bank vice-president Adewale Sangowawa are among those attending.

All the major political parties in SA will be represented. Topics for discussion include the creation of an attractive environment for investment in southern Africa; the views of southern African business leaders on their future; the role of regional and international organisations like the World Bank and stimulation of trade within southern Africa.

World Economic Forum executive Fred Sicre said the aim of the conference was to contribute to the development of the region and to the reintegration of SA into the region and the world.

The participation of CNN's Dobbs would ensure proceedings received worldwide coverage.

"One of the objectives of the meeting is to place southern Africa on the map for foreign investors. This is especially important at this time of recession and turmoil in the world when emphasis is increasingly being given to the formation of trade blocs," Sicre told media yesterday.

The World Economic Forum also wanted to boost investor confidence in the future of SA by allowing CEs experience of the country at first hand. Sicre said investment usually followed the holding of a World Economic Forum meeting in a country.

"Our role is to provide the framework in which investments can occur," Sicre said, adding that large multinationals throughout the world had expressed interest in SA as a location for possible investment.

Rembrandt chairman Johan Rupert will receive the World Economic Forum award for the global leader of tomorrow. He was selected from 200 candidates.

'IMF plan will draw investors'

B/DAY 28/5/93 (60)

LINDA ENSOR

CAPE TOWN — The adoption of an IMF structural adjustment programme by a new SA government would be a prerequisite for attracting foreign investment to the southern African region, Zimbabwean Agriculture Minister Kumbirai Kangai told a news briefing at the World Economic Forum yesterday.

Most countries in southern Africa had implemented IMF programmes, which he believed would play an important part in luring foreign investors. Zimbabwe, for instance, was looking at policies and structures which inhibited investment.

Zambian Finance Minister Ronald Penza said SA would have to undergo the same structural adjustment process as other southern African countries and eliminate regulations and exchange controls which inhibited free trade. There would be no reason to fear SA's regional domination if SA's economy opened up to competition under such a programme.

Deregulation, privatisation and lifting exchange controls would be necessary, Penza said. Zambia had nine companies valued at about 1-billion kwacha waiting in the privatisation pipeline.

He did not believe IMF assistance resulted in a loss of autonomy.

Penza emphasised that political stability and the process of democratisation were also important preconditions for foreign investment.

Botswana Minister of Mineral Resources and Water Affairs and Acting Minister of Commerce and Industry Archibald Mogwe emphasised the need for liberal fiscal policies and tax holidays to attract investment.

Financial assistance should also be provided to encourage investors to train locals in commercial skills.

Mogwe hoped that the new SA would not be protectionist or stifle development of competitive industries in other parts of southern Africa by preventing access to its markets.

Penza said he did not foresee the creation of a southern African trade bloc but merely a regional organisation. He envisaged a single currency in the long term.

Kangai said the OAU had set a target date of 34 years hence for subregions to join in an African economic community.

Confidence 'was up' (60)

FOREIGN business attitudes towards SA could be improving, a survey commissioned by accountants KPMG Aiken & Peat found.

"Confidence in the country's future was strong, and had increased from the previous survey. There was fairly strong disagreement with the contention that SA was not a safe place for business people to visit," the firm said.

The survey was conducted between November last year and March 1993, before the assassination of SACP leader Chris Hani.

S/DAY 28/5/93.

S. Times [Buss] 30/5/93

Foreign investors wait on sidelines

ALTHOUGH conditions on the trade front show signs of promise, the prospects of foreign investment in SA on a notable scale before new elections are faint.

This comes as no surprise to South Africans who have been presented with the argument that an interim government and subsequent free elections will be the quick fix to economic ailments.

But Safto senior manager, international division, Mike Veysie, warns that South Africans should not pitch their hopes too high on the results of the formation of an interim government.

Growth

"Foreign investors will probably hold back until the dust has settled and unrest has been brought under control."

ANC co-ordinator of trade and industrial policy Tito Mboweni agrees, saying: "Foreign investors won't rush to SA until they see signs of political and economic stability."

Mr Mboweni expects a time lapse of three to four years after elections for SA to become attractive to foreign investors.

He also believes that the present Government's economic structure plan is unreasonably optimistic.

"Should the elections go ahead next year, the ANC's own economic projections, from an optimistic stance, suggest that SA may achieve real growth of 4% by 1999."

Mr Mboweni says a new government will enable the country to lay the foundation for growth. SA needs to secure formal facilities to boost trade.

Europe is already an important export market for SA, but trade with the EEC is unlikely to increase much until SA becomes an associate member of the Lome Convention. Lome is a formal preferential trade agreement between the EEC and several Eastern and Southern African countries.

Mr Mboweni says a new political dispensation will enable SA to gain membership to numerous trade organisations and thereby entry to new markets.

It is also crucial that SA adopts a structural regional development approach in Southern Africa. The formation of a Southern Africa trade bloc in which SA could play an integral role would provide benefits.

Nedbank assistant general manager, international and treasury division, Nico Germishuyse, says that SA, based on its infrastructural development, has enormous appeal for foreign investment as the hub in a future Southern Africa trade region.

Block

However, SA has to adopt a more active role in developing the generation of income in the region.

"Unless the region becomes viable, the international business community is unlikely to show much interest."

Another stumbling block in the way of increased trade and foreign investment is SA's trade and exchange-control mechanisms.

Sheffield Chamber of Commerce and Industry chief executive John Hambidge says SA's prospects are encouraging, but "the biggest problem is trade barriers protecting its industry".

Mr Hambidge says a phasing out of protection over four to five years would be reasonable.

"The market has to be freed and UK businesses are waiting for a sign that this will happen."

Mr Mboweni is critical of the protectionist policy. He says the way to make SA a top exporter of manufactured goods is to encourage competition in industry.

"The reason SA has not succeeded in exporting manufactured goods is that we cannot compete in price."

The Industrial Development Corporation suggests a progressive reduction in protection coupled with a lower company tax rate.

Department of Trade and Industry (DTI) deputy director-general Gerrit Breyl says import protection will in future be largely determined by the General Agreement on Tariffs and Trade. Gatt will allow SA to phase out import tariffs over five years, he says.

However, SA is unlikely to eliminate protection. The Government is considering having SA classified a developing country under Gatt. That would provide certain preferential advantages in the short to medium term.

The DTI's general export incentive scheme (Geis) has come come under fire because of abuse and fraud which are believed to have cost the taxpayer millions.

Mr Mboweni sees the scheme as nothing more than subsidisation of exports, "which has been a waste of the taxpayers' money".

He says the volume of SA exports is immaterial.

"You have to look at the net capital inflow derived from exports which shows that Geis has not worked.

"SA needs a structured policy to encourage exports. But unlike the current system, it should be aimed at human resource and technological development and investment in industry."

Mr Germishuyse says an export scheme should aim at providing jobs, competitiveness, production of manufactured goods and enhancing the value of the rand.

Human

Nedbank chief economist Edward Osborn says: "Geis incentives have not been particularly impressive in their encouragement of manufactured exports and there is good reason to believe that a large proportion of Geis payments are being made gratuitously to exporters who would be exporting anyway.

"In the dire fiscal circumstances of the country at present this would appear to be unnecessarily wasteful. For this reason Geis support should be made available only to those who can demonstrate such a need."

Although Geis has been abused, Mr Breyl says the DTI has not lost faith in the scheme.

"We have upgraded our control systems and are taking action against all guilty parties."

The World Bank has indicated that Geis has proved to be an essential ingredient in SA's drive to encourage exports.

Foreign banks to oversee Alusaf loans

MATTHEW CURTIN

ALUSAF has appointed the foreign merchant banks which will oversee more than R2bn in finance needed to cover the imported components of its R7,2bn expansion project. B/Day 16/6/93

It is expected that the total R2,7bn worth of loan finance will be secured in principle by the end of July. The loan finance complements the R3bn equity backing already secured from Gencor, institutional investors, Eskom and the IDC, in addition to an R800m IDC loan.

Finance director Paul Snyman said yesterday project finance for the expansion had proved to be one of the largest private sector facilities offered in SA because the existing Alusaf smelter would be such a small part of the completed project.

Alusaf's current capacity is 170 000 tons a year, but the new facilities will add another 466 000 tons a year while the old smelter is being upgraded.

He said non-equity finance was made up of R2bn in export credits backed by local guarantees with a total value of R2,7bn, plus the IDC loan. 60

Most of the overseas finance was in the hands of a consortium of French banks — much of the capital equipment and technology for the new smelter is being sourced from France — but German, UK and Swiss banks would also be involved.

Only technical issues remained to be

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Alusaf

B/Day 16/6/93

☐ From Page 1

resolved with regard to finance secured from local banks to cover the R700m domestic cost component of the project.

The funding arrangements thrashed out in recent weeks with Absa, First National Bank, Nedcor and Standard Bank would be ready for final approval by the Alusaf consortium and bank boards in the first half of July.

Snyman said that Alusaf's qualification for Section 37E of the Income Tax Act, providing for the accelerated write-off of capital costs, would see the project "picking up capital allowances as and when spending occurred". 60

That left little room for "creative financing arrangements such as leasing".

SA needs helping hand — Ackerman

(60)

Star 16/6/93

With South Africa's political rehabilitation nearly complete, the challenge facing the international community was to give urgent and active encouragement to socio-economic recovery on which the success of the country's democracy might depend, Pick 'n Pay chairman Raymond Ackerman told an international gathering in Barcelona yesterday.

Opening the CIES International Conference on the Environment, Ackerman told delegates it was now imperative and necessary for the international community to become involved in South Africa's socio-economic development.

"The forthcoming elections will substantially restore South Africa's international credibility, and complete the process of political rehabilitation.

"It is now time for the world community to invest in South Africa's progress to democracy by pro-actively facilitating the country's economic recovery."

Up to now political problems had overshadowed other pressing issues on the national agenda, not least among which was the urgent need for an integrated environmental strategy in Southern Africa.

"Sustained economic growth and social justice must be the twin foundations on which the new South Africa's environmental policy should be based," Ackerman said.

The conference is being attended by chief executives of the world's leading food industry groups, European Community representatives and diplomats. — Sapa.

BUSINESS DAY, Friday, June 18 1993

SA 'vying for investment'

B/Day 18/6/93

MATTHEW CURTIN

IT WAS naive to think the depth of SA's economic difficulties alone would attract the foreign investment needed to help solve them because the international flow of capital was not driven by charity, Netherlands Economic Affairs Minister Koos Andriessen said yesterday. (60/483)

SA was competing with Mexico, Far Eastern countries and eastern Europe for investment, he said. (7428)

Only identification of correct economic priorities and creation of an environment to attract foreign capital would lure investment back to SA, once political stability was achieved.

Andriessen said SA would develop "an attractive investment risk profile" if it met these targets and achieved 4% to 6% economic growth, coupled with a continued weakening of the rand.

Andriessen was speaking at a lunch in Johannesburg hosted by Investec CE Bas Kardol and attended by 30 business and diplomatic representatives including former Anglo American chairman Gavin Relly, newly appointed Metropolitan Life chairman Nthato Motlana, and Sacob chairman Raymond Parsons.

He is heading a 25-member fact-finding team representing the Netherlands government and business on a brief tour of SA at the invitation of the Trade and Industry Ministry.

Andriessen said he was not pessimistic about the overall outlook for SA, but he was "cautious" about a new government's ability to choose the right agenda given the multitude of problems confronting the economy.

Although the economic difficulties confronting SA were more severe than those in the US and EC, the critical issue was the same: international cost competitiveness of local industry.

He had attended the recent OECD meeting where his counterparts in member governments had shown a "very pessimistic outlook in the medium term".

German and US officials said the immediate problems of sustaining growth were not worrying them.

The problem was, instead, the inability to remain competitive internationally, and the resulting unemployment and the drain on social security.

The EC had fallen behind the US, which had fallen behind the Far East in the drive to become a low-cost industrial producer, Andriessen said.

S/Times (Buss)
20/6/93

SA firms favoured at a cost of R1bn a year

By CIARAN RYAN

THE Government is adding an estimated R1-billion to its annual purchasing bill by favouring SA suppliers.

The policy has been exposed by the world's leading trade authority, Gatt, which met government representatives this month.

Government departments and provincial administrations buy supplies worth between R6-billion and R8-billion a year.

Government procurement policies have been attacked by the ANC for allegedly favouring big business.

The National Economic Forum is discussing the matter and measures to increase small and black businesses' share of tenders are expected to be implemented before the end of the year.

SA agreed to phase out or reduce several local content preference schemes to bring it more into line with General Agreement on Tariffs and Trade rules.

Suppliers have, according to Gatt, been allowed preferential margins of 30% to 40% if they meet local content requirements.

Industries in homelands (regional growth points) get 5% to 10% and a railage rebate of up to 60% of transport costs. Electronic goods suppliers have been allowed to add 35% to their price and still win tenders. Companies with SABS ratings can add 2,5% to their prices.

Regional preferences will be phased out by the month-end and foreign companies which meet SABS standards will also be able to add 2,5% to their prices.

Price preferences of up to 35% for SA-made electronic equipment are being scaled down.

Electronic equipment accounts for less than 10% of government purchases, says State Tender Board chairman Kobus Coetzer.

"The decision to do away with price preferences for local suppliers is a government decision," he says.

"The State Tender Board operates in a totally transparent manner. All tender awards are published in the Government Gazette and we have to give reasons why a cheaper tender was refused."

Imported goods account for 30% to 40% of Government purchases, according to Stefan Schutte, administrative secretary at the Department of State Expenditure.

He disagrees that local content preference margins are 30% to 40%, as claimed by Gatt.

Mr Schutte says the average local content preference is "no more than 10% in respect of all imports where electronic goods receive as much as 20%". The preferences cost SA no more than R320-million.

Chamber of Commerce economist Ben van Rensburg says SA will have to phase out all protection, including those applying to government procurement, as the country normalises its trade relations.

"But 350 000 to 500 000 jobs have been lost since 1989 and we must be careful not to damage employment creation any further."

One of the more controversial schemes is the ad hoc preference for SA products which have "little or no tariff protection" and where the price difference is marginally in favour of imports.

In this situation the State Tender Board may refer the matter to the Board on Tariffs and Trade.

Gatt says: "Where tenders are equally priced, even after deduction for preferences, the board gives priority to supplies made in SA."

China's example a lesson for SA

Sowetan 25/6/93

By Jeremy Cronin
of the SA Communist Party

HOW many times has the ANC been told to drop its alliance with the SACP "because it will scare off foreign investors"? And how many times, for the same reason, has the SACP been advised "to change its name"?

The late Chris Hani had a fairly definitive, one-word reply to this line of argument: "China."

Hani led an official SACP tour of China in 1992. He was not uncritical of all they saw. But he could not help noticing that, in striking contrast to Yeltsin's official anti-communist Russia, foreign investors were queuing up to invest in the People's Republic of China.

Yet China continues to be ruled by a Communist Party.

Far from withering away, last year the Chinese Communist Party accepted nearly 2 million new members, taking its total to 52 million.

The Chinese Communist Youth League, for its part, has 56 million members, and it remains by far the largest organisation of youth in the world.

Doesn't this scare foreign investors?

Apparently not. Five years ago, amid signs of a major economic boom in China, the big multi-nationals like Chrysler, Volkswagen and Phillips scrambled to get in. China's economic superpower neighbour, Japan, was late on the scene but in the past year Japanese investment has suddenly soared, almost trebling to US$ 2,2 billion.

For their past, the Chinese have welcomed this investment, most often in the form of joint ventures.

But they have taken care not to allow it to subvert their own economic reform package which includes a strong state sector and a consumer-led growth path.

For South Africa, the Chinese example has a few basic lessons:

- Foreign investors are not going to trigger a sustainable boom; for that you have to rely on your own resources;
- For foreign investors the prime question is profits, not the colour of your flag.

Nobody is arguing that we should simply mimic the Chinese. But this fastest growing economy on earth does underline one simple truth: there are other options in the world than the IMF's "export-orientated growth", "drastic privatisation", and the slashing of popular consumption levels.

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Star, 23/6/93 (60)

We will have to woo investors – economist

By Peter Davies

It will be far more difficult to reverse economic sanctions than it was to impose them, Sacob chief economist Ben van Rensburg said yesterday.

Van Rensburg was referring to the sudden climate of economic expectancy created by the "South African Democratic Transition Act" proposed by US senators Nancy Kassebaum and Paul Simon. The Act will lift virtually all remaining sanctions and actively encourage foreign aid, private investment and development loans to South Africa.

Van Rensburg says that if and when sanctions are lifted, the country should not expect to "sit back and watch all the money pour in".

He says South Africa will have to make a concerted effort to woo potential investors but he nevertheless views potential sanctions-scrapping as a positive step forward.

"The whole world is currently under enormous economic pressure. Everyone is looking for new opportunities in a world flooded by mass communication. It's very difficult to establish investment opportunities that no one else has tried to develop.

"South Africa is under the magnifying glass. It's therefore vital to get the right systems in place as soon as possible." These systems include a transitional council seen by the outside world as totally representative, and agreement on an election date.

"Expectations out there are high because of a new set of voters. They are expecting a better life. If the new political system is not going to provide it, we are heading for trouble," he said.

Equal investor rights — with ANC curbs

S/Times (Buss) 27/6/93

By NORMAN WEST

FOREIGNERS will have the same rights as domestic investors during the interim government phase, says a new ANC policy document.

It proposes that future policy remove complex incentive packages and prevent the exploitation of labour.

The guidelines propose an open approach to foreign investment.

Safeguards should be provided for foreign investors. But they could be blocked from investing in certain strategic areas, such as land and natural resources. They might be required to enter into joint ventures.

Companies owned or controlled by non-residents or in which they have a large holding could have limits placed on their borrowing.

Restrictions would ensure the proper capitalisation of foreign investments, as well as retain funds for SA borrowers.

Privileges and investment incentives could be granted to previously disadvantaged groups. They would not be extended to foreign investors.

The document says ANC policy is to secure economic growth in a society that is politically and socio-economically stable and democratic. This is the most favourable environment for both foreign and domestic investors.

The document says that in the event of nationalisation there would be fair compensation in accordance with accepted principles of international law.

The ANC says the apartheid legislative process that governs investment at present is a major obstacle to growth and development.

ANC proposals for the interim stage indlude:

- Labour practices in accordance with all basic International Labour Organisation conventions.
- Investment to enhance job creation.
- Employment practices must counter discrimination in the workplace.
- Investment must incorporate environmentally sound and clean practices and technology;
- Investment should, in particular, incorporate affirmative action programmes.
- Investment must contribute to the security of employment of South Africans.

These principles should be incorporated in the policies of a democratic government and should apply to all investors.

The ANC says that in the interim phase "we will campaign for these principles and will support the further development of codes of conduct, along with Cosatu and the SACC".

Investment 'carrot' defined

B/Day 29/6/93

TRACY SCHNEIDER

MULTINATIONAL corporations were eager to invest in SA, but urgent structural readjustments were needed to create an environment conducive to investment, a report by the UN Economic and Social Council said.

Economic policy measures highlighted by the report included scrapping the dual exchange rate, pushing for privatisation, expanding the manufacturing base and liberalising industry regulations.

Published in the latest journal of the RAU Institute for American Studies, the report said SA needed foreign capital that could be channelled into labour intensive industries.

SA had seen 51 new investments since 1989. The cumulative value of 20 exactly measured investments amounted to over \$700m. These were concentrated in the motor sector (27,5%), beverages (19,65%), electronics (15,7%), chemicals and oils (11,8%) and engineering (11,85%). The balance were in construction, pharmaceuticals, paper and packaging and steel and allied industries. (60)

Investments by non-American multinationals in 1992 were even greater, with 508 corportations having direct investments or employees in SA, compared with 454 in 1991.

However, political uncertainty since February 1992 had made foreign investors cautious. Major deals to be announced by Apple, Pepsi, Heinz and Sara-Lee were put on hold following political uncertainty and heightened violence in June 1992.

The report said companies were looking to SA's long-term potential and high profit yields. US investments of \$900m in 1991 yielded profits of \$126m.

A single exchange rate system would lower the commercial rand, making exports more price competitive abroad.

Removing distortions, including artificially high levels of liquidity and oligopolies, would encourage inward investments by transnational corporations.

BIDay 30/6/93

Mandela calls for investment

SIMON BARBER

WASHINGTON — ANC president Nelson Mandela delivers a powerful appeal for "massive" foreign investment in the latest issue of Fortune magazine and says he will be urging President Bill Clinton to launch a "Marshall Plan" for SA when they meet on Friday.

"Our whole position is that we should forget the past. Let us concern ourselves with the present and the future. Let us build a new SA," he tells readers of the influential business publication. (60/280)

The appeal, in an interview with managing editor Marshall Loeb earlier this month, appears to conflict with Mandela's newly stated intention to delay calling for the removal of remaining sanctions. This has come as a disappointment to both the Clinton administration and US companies which had counted on him using his 12-day US tour to declare SA open for business.

Ambassador Harry Schwarz yesterday questioned the political wisdom of his sanctions stance, saying the ANC was in danger of being blamed by voters for retarding SA's economic reconstruction.

In the interview, Mandela said all that was needed before he would call off sanctions was a firm election date. "We have already agreed on naming a transitional executive council."

He said: "Only 3% of those who finished school this year could finds jobs in the formal sector. It is a serious situation and it can only be remedied by massive investment in our country. That is why we are keen to review sanctions."

□ To Page 2

Mandela

BIDay 30/6/93 (60)(280)

□ From Page 1

All foreign companies would be "guaranteed" against expropriation or nationalisation, he said, pledging in addition that "they will be able to recover their profits and dividends — all of them".

No restrictions would be placed on types of investment, but the ANC was "very keen to invest in such a way that there will be a creation of jobs for our people, a generation of wealth".

Priorities would be the development of a manufacturing base and infrastructure, including "ambitious housing schemes", because "these two areas will provide the most employment opportunities".

There would be no penalties for US companies that had stayed in SA despite the ANC's sanctions call. "This is not the time for us to be thinking in terms of revenge, in terms of punishing anybody. We are saying let bygones be bygones."

On the question of unbundling, Mandela said "our only interest is that there should be free competition". He hoped the conglomerates would unbundle on their own. "Although state intervention is something that is known throughout the world, we would like to avoid it except where it is absolutely necessary."

One area where "state action" might be required was land redistribution. But this could be done "without nationalisation, without depriving individual owners of their land". For example, "vast tracts of barren land" owned by the SADF could be made available "to address the claims of people who were removed by force and to ensure there is equitable distribution".

In addition to investment, Mandela hoped SA would receive substantial aid from the West "in the interest of making democracy take root". He would be asking Clinton to take the lead in establishing "a form of Marshall Plan". Once its "neglected ... human resources" had been developed — another area in which foreign companies could make an important contribution — SA could become "a mecca ... a powerhouse for Africa".

Mandela assured US businessmen he was "neither a socialist nor a capitalist. I am a pragmatist. All I want is that the living standards of our people be raised."

UK broker forecasts SA export-led recovery

Star 30/6/93

60

By Neil Behrmann

LONDON — SG Warburg Securities, the large UK securities house, is recommending selective purchases of South African equities and bonds.

Following the revival of the gold price and steep depreciation of the rand against the dollar, Warburg predicts that there will be an export-led recovery in the SA economy.

Contraction

After the contraction of 2,3 percent in 1992, the economy will grow by 0,5 percent this year, says Warburg in a lengthy report.

Growth will improve in the fourth quarter and gain momentum to 2,5 percent in 1994, Warburg forecasts.

Prospects for an upturn before the end of 1993 will not be dependent on export growth alone.

Net foreign outflows of capital must be arrested and private sector capital investment resumed. A further reduction in interest rates would also boost the economy.

Warburg, brokers for Anglo American, "believes firmly that a deal on federalism will be made, even though uncontrolled social unrest poses a serious potential threat to negotiations."

Assuming negotiations remain on course, Warburg forecasts:

- Normalised international commercial relationships.
- Access to foreign capital from the IMF and possibly the World bank.
- Partial relaxation of exchange controls.
- An increase in overseas demand for SA bonds, mining, industrial and financial equities.

Warburg says there are fewer than 10 out of more than 100 listed rand bonds with sufficient liquidity for international investors.

Weakness of the rand, particularly against the dollar, implies that the bonds require a yield of around 20 percent for the international investor.

The volatile financial rand is a further disincentive, although the discount to the commercial rand might narrow in 1994.

Bonds recommended for the overseas investor are Eskom E158, E168 and E169, Govt RSA 150 and Transnet T004.

Warburg is concerned about the poor marketability of SA equities.

Capitalisation

The total market capitalisation of 70 mining and mining financials is only $39 billion, and $55 billion for the 70 leading industrials and financials.

Only Anglo American and De Beers have a market capitalisation over $5 billion.

Four companies led by Richemont, followed by SA Breweries, Gencor and Liberty Life trade on market capitalisation of $3 billion or more.

The majority of companies have capitalisations of well under $1 billion. These are tiny amounts in the huge international capital market.

Since a large proportion of the shares are tightly held, the market liquidity of these companies is a disincentive for foreign institutions.

The financial rand market, through which the securities must be bought, is also very narrow.

The total finrand pool — total value of foreign holdings in South Africa — is estimated at a mere $15 billion to $20 billion.

Warburg contends that gold shares are less attractive following the remarkable run this year and that the industrial sector appears fully valued and "remains vulnerable to short term correction".

Financials in the banking and insurance sector, however have the attraction of "solid earnings growth prospects and good relative value".

The brokers recommend purchases of Amgold, Freegold, Vaal Reefs, Randfontein, Barlow Rand, Kersaf and Liberty Life.

NEF compromises on foreign investment

W/Mail 9/7 – 15/7/93

By REG RUMNEY

OF the reports issuing from the National Economic Forum this week, agreement on foreign direct investment represents real compromise.

The report is in an addendum to the forum's long-term working group report.

Consider the different places labour, business and government may be coming from on this issue.

For labour, the issue is protection of union rights and creation of jobs. Not so long ago, the union movement, suspicious of the multinational corporations, produced a foreign investment code punitive to foreign companies.

For business, attracting outside investment is essential, even if this means tax and other incentives and special treatment (unionists would say maltreatment) of labour.

For the government, the issue is revenue and management of the economy.

The compromise is that tax incentives or relaxation of labour law should not be granted foreign firms. Instead, reasonably low and stable corporate tax rates should apply and all firms should live with the same labour laws. Further, a broad range of incentives developed under a coherent industrial policy should apply equally to foreign and local investors.

Incentives themselves are not problematic, notes the document, but incentives aimed simply at attracting foreign investment without looking at a broader industrial strategy are.

The compromises come within the acknowledgment by all three groups that foreign direct investment (FDI) is a necessity.

Labour did not agree that South Africa needed to look outside for investment capital, but there was general agreement FDI was needed for other reasons and was supplementary rather than prime. The general conclusion was that low business confidence was deterring both foreign and domestic investment, and that foreign investors look to domestic investors for the signal to invest.

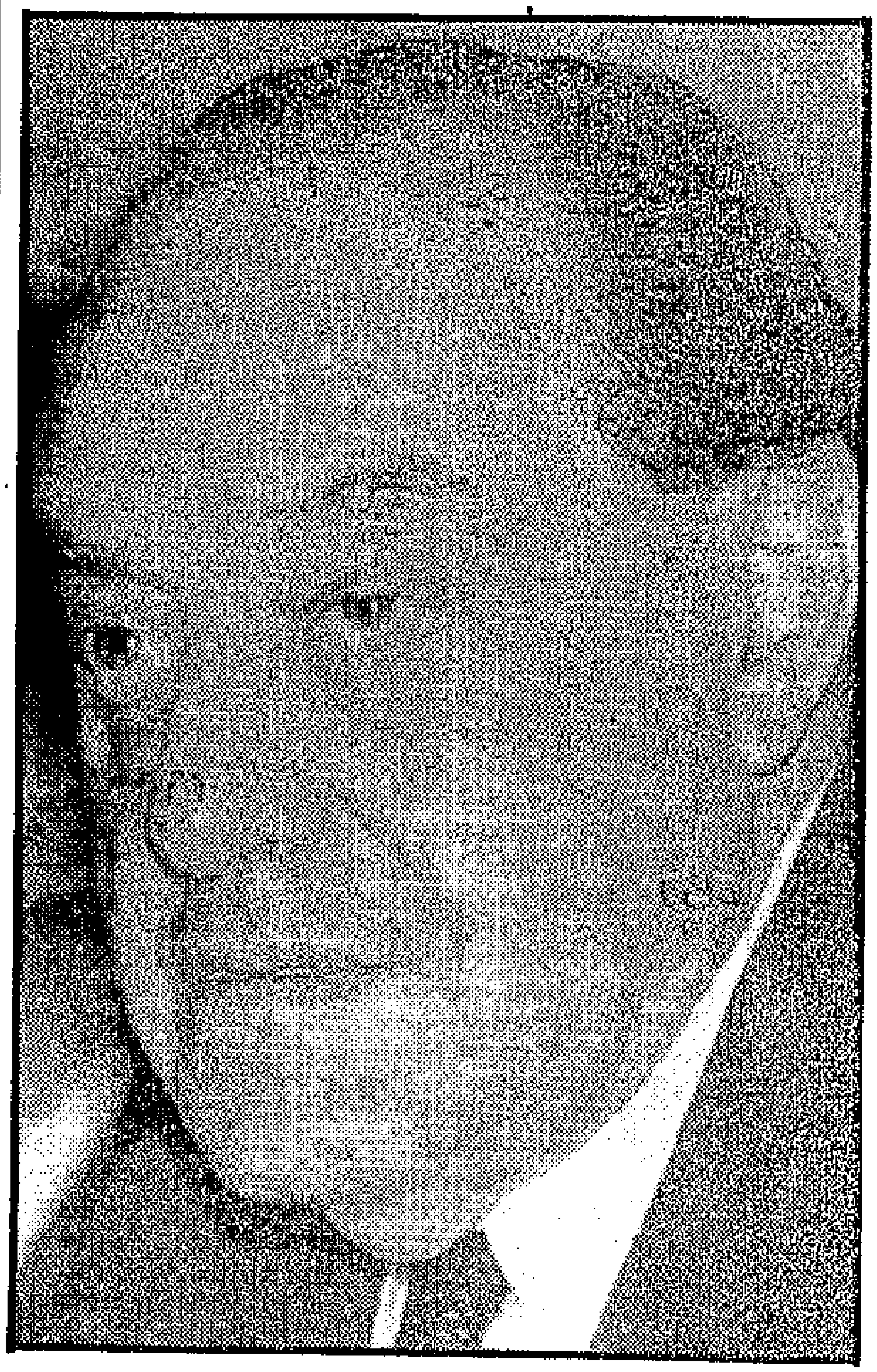
"Therefore the first step towards encouraging foreign investment is the creation of an economic climate which encourages and stimulates domestic investment."

The group looked at the effect of FDI on the balance of payments, and came to the conclusion that net FDI could play a role during the transition from being a net capital exporter to having access once more to international capital markets. High inflows of FDI, primarily for fixed investments and largely in the form of equity, also reduce the need for indirect loan finance and diminish the danger of a foreign debt trap. Naturally, this does not apply while the financial rand is still in force, since it is designed to neutralise capital outflows against inflows.

The NEF group recognises that the quality of FDI is more important than quantity, with the priority being the strengthening of the long-term growth potential and competitiveness.

The need to attract commercially useful technology, often brought in by transnational corporations, was identified as important. Moreover, policy should encourage transnationals to train South Africans in new technologies and encourage technology transfers in other ways, as well as transfer some of their R&D activities to South Africa.

FDI is also important, found the group, in providing access to foreign markets for our manufactured exports. As well as the obvious spin-off of funds and technology, a rapidly rising proportion of world trade now takes place within companies.



SHOUL EISENBERG . . . a moving force in Israel and an endorsement for SA's economy

Billionaire pathfinder backs SA investment

ST Times (Buss) 18/7/93

By JULIE WALKER

SHOUL EISENBERG, who is worth an estimated \$1,5-billion, believes South Africa can attract foreign investment and reach high employment only if the Government provides sufficient incentives.

Mr Eisenberg is famous for having put money into countries where even angels feared to tread — Japan, South Korea, the Philippines and China.

He has a 15-year start on companies considering investment in China today. He believes there is room for co-operation between China and South Africa.

His visit to SA this week was to meet political and business leaders and to announce a major trade fair for 250 SA companies in Beijing. The fair is organised by Times Media, owner of the Sunday Times.

Mr Eisenberg says Chinese companies would be willing to invest in industrial ventures in SA. China is courted by the world because of its vast infrastructural needs. The Chinese Government encourages foreign investors, whereas there is little incentive for them to put their money in SA.

A proponent of the lifting of currency curbs, Mr Eisenberg believes that incentives, such as land availability, tax advantages, cheap loans and favourable raw-material import duties, should take priority over the removal of exchange control.

When most companies were pulling out, Mr Eisenberg invested in SA through KNJ-Sukhulu, the listed manufacturer and trader of industrial and consumer goods.

Sukhulu's Lou Ichikowitz met Mr Eisenberg in his adopted Israel several years ago and they forged a friendship based on like-mindedness. (60)

Mr Eisenberg was the moving force behind Israel's repeal of restrictive investment legislation and the country now offers attractive advantages to foreign investors.

One of his companies is the major shareholder in Israel Corporation, which has 50 subsidiaries employing 8 000 people. Its turnover is \$2,5-billion. (25)

Mr Eisenberg is surprised that even the smallest consumer items are imported by SA which has the raw materials, labour and infrastructure to make them. He is also startled by the fact that some companies charge domestic buyers more in order to subsidise low-priced export sales.

He says SA could benefit from the technical China's expertise in small industries and manufacturing ventures. There is a ready market numbering 600-million to the north of SA

But SA needs stability and co-operation among all its people. It can be done.

In China, 90% of the people belong to a single group. But the 10% who do not number 120-million people — three times SA's population. But they are accommodated.

If Japan and Germany can succeed without any raw materials to speak of, think of what SA could do if everyone pulled together, he says.

With his record, Mr Eisenberg's interest in SA is an endorsement of its potential.

Hefer denies he's quitting

By CIARAN RYAN

ABSA chairman Herc Hefer has dismissed talk that he is about to leave the bank following the resignation of Piet Badenhorst.

But speculation continues that Absa is keen to revamp its leadership image after Mr Badenhorst's disastrous court battles with sports promoter Peter Mancer.

Insiders say Mr Hefer's close ties with Mr Badenhorst and his involvement with dead oil tycoon Marino Chiavelli continue to plague the bank.

An Absa spokesman says: "Mr Hefer is not aware of any plans to remove him."

JSE rules catch Kruger short

ST Times (Buss) 18/7/93

By ZILLA EFRAT

THE investigation into the Greg Blank scam uncovered other unrelated irregular share dealings on the JSE — those by top broker Frikkie Kruger who the JSE expelled this week.

The Office for Serious Economic Offences investigation's findings were evaluated by Transvaal Attorney-General Klaus Von Lieres und Wilkau, who said there had been insufficient evidence to justify a prosecution.

The JSE followed up on Attorney-General's leads and expelled Mr Kruger, one of the JSE's best-known brokers, on Thursday after finding him guilty on 49 charges.

Most are believed to have happened when he was a partner at broking firm Frankel Kruger (named after Mr Kruger). The firm has since changed its name to Frankel Max Pollak.

Mr Von Lieres says he will now reconsider whether there is enough evidence to prosecute Mr Kruger when he receives the transcript of the JSE's internal hearings, expected to be handed to him early this week.

Mr Kruger, described as likeable "salt of the earth type of guy", joined Frankels in 1976 but left shortly after the Greg Blank story broke in 1991. He is said to be in his mid- to late-40s.

He is believed to have a flashy lifestyle, owning a game farm in the Northern Transvaal and a big house at the coast

He is said to have made and lost millions on the JSE's floor by being a large risk-taker and with "a contrarian investment approach".

Brokers say Mr Kruger virtually ran his own business and was responsible for the bulk of the Frankel's dealings with Sanlam.

Sanlam senior general manager investments Ronnie Masson says his institution has received no information about the case.

He adds that Sanlam has done regular checks on all transactions with brokers and has, up until now, found no evidence of any irregularities. "If new facts come to light, we will, of course, take action."

The charges on which Mr Kruger was convicted by the JSE include:

- Making a secret profit out of deals on behalf of clients at the expense and to the prejudice of clients;
- Requiring clients to pay to their prejudice an excessive price for shares purchased with the excess accruing to his benefit;
- Adopting a method of dealing with clients that caused a broking firm to act in breach of its duty of good faith towards clients;
- Entering into transactions that were fictious and which were effected to the prejudice or potential prejudice of the JSE;
- Concluding transactions on behalf of clients in such a manner that a benefit accrued to employees of the clients instead of the clients.

Mr Kruger was expelled on 39 charges after appearing before special meetings of the JSE's General Committee in June and July.

He was suspended as a broking member on six charges and a lesser sentence was imposed on four charges.

Foreigners tool up for a new era

By ZILLA EFRAT

FOREIGN-OWNED companies which stagnated in South Africa during sanctions are tooling up for a new era. Their prime target is exports to Southern Africa. S | Times

Ingersoll-Rand has spent R5-million on expanding its plant and expects to treble its capacity in three years at a cost of about R20-million.

Ingersoll-Rand SA managing director William Mallory says many foreign-owned companies are expanding and hiring staff. [Buss]

They are believed to include Joy Manufacturing and Eimco, Sulzer Bros and Atlas Copco. 12|9|93

Mr Mallory says Ingersoll-Rand, subsidiary of a US group which operates in 108 countries and has annual sales of more than $4-billion, stayed in SA during sanctions to support its customer base. But it stood still.

But Mr Mallory's mandate now is to boost exports to 17 African nations.

Mr Mallory will also oversee the entry of products previously not marketed in SA — machinery for the paper, pulp and sugar industries.

Two divisions — one for bearings and the other for door hardware — will be established. (60)

SA has infrastructure and communications systems. Its banks are represented throughout Southern Africa and the rand is readily accepted in the region. (44)

Many Americans are discovering that several African companies have opened purchasing offices in SA.

Some US engineering firms have opened shop in SA, including Texas-based Brown & Root which focuses on energy and petrochemicals.

Bechtel Corporation, believed to be America's largest engineering construction firm, is said to be looking for offices in SA.

US food giant goes for R90 million SA venture

(60) (PBB) ARG 28/9/93

Business Staff

IN a deal worth an effective R90 million, international food giant Pillsbury is to establish a joint venture in South Africa with Foodcorp.

The move is expected to significantly enhance the Malbak group company's earnings growth, product range, market penetration and export potential.

The vehicle for the joint venture is a new company, Pillsbury Brands Africa (PBA), in which Pillsbury and Foodcorp will each hold a 50 percent interest, with Foodcorp having management responsibility.

Pillsbury will pay cash for its half of PBA, which will then acquire Foodcorp's Table Top operation for a combination of shares and cash.

Some R76 million will flow into South Africa by way of cash earmarked for equity capital.

The remaining R14 million will be applied toward assuming 50 percent of Table Top's debt.

PBA will manufacture and market Pillsbury products throughout southern Africa.

The Minneapolis-based Pillsbury is part of the food sector of Grand Metropolitan plc, one of the UK's largest international companies with annual sales in excess of $14 billion.

John Speirs, Pillsbury's international president, says his company has been working on the deal for two years in anticipation of sanctions being lifted.

"We feel this is an opportune time to explore the vast promise of South Africa and its emerging economy.

"We're making a very fast start in this marketplace to be among the first in a wave of American companies that are certain to be investing in South Africa.

"This joint venture provides us with an exceptional opportunity to build our Pillsbury megabrands in an area with outstanding growth potential.

"We intend to use a combination of our technology and Table Top's infrastructure to establish Pillsbury and Green Giant as the premium added-value brands in South Africa."

Foodcorp chief executive Dirk Jacobs notes that in addition to its strong brands, Pillsbury will be contributing a product range which meshes with Foodcorp's, as well as a high level of marketing and technological expertise.

"By tapping into this expertise, PBA will be able to introduce exciting new line extensions and differentiated products, giving a considerable boost to the South African frozen vegetable market."

And Foodcorp's infrastructure "was such that the new company would be able to manufacture a significant range of Pillsbury products without making a substantial investment in new plant or equipment."

Another major advantage of the joint venture is that Pillsbury's international infrastructure will facilitate the expansion of Foodcorp's already significant export activities.

Pillsbury-derived products will accelerate Foodcorp's penetration of its existing international markets, notably in the Middle and Far East.

And, notes Mr Jacobs, PBA will be allowed to supply those Pillsbury markets where it is cost-competitive.

Pillsbury and Foodcorp will also examine the prospects for expanding into additional international markets through PBA.

Mr Jacobs says the deal will be earnings positive for Foodcorp from the first day.

Caltex chairman calls on US businessmen to invest in SA

ARG 28/9/93

PETER FABRICIUS
The Argus Foreign Service

NEW YORK. — The chairman of Caltex — the American company with the biggest workforce in South Africa — has urged fellow Americans to invest in the country.

Caltex's 50-year history in South Africa reflected the confidence it felt in the country's future, Patrick Ward told a conference organised by the United States National Foreign Trade Council and South African stockbrokers Frankel, Pollak Vinderine on US Investment in the New South Africa.

South African politicians and businessmen and American entrepreneurs and officials joined in the greatest show of unity yet seen to sell South Africa to America.

The lifting of sanctions last week removed all obstacles. Trevor Manuel, head of the African National Congress's economics department, extolled the advantages to investors of South Africa's fiancial and physical infrastructure.

"I know I must sound like a door-to-door salesman for Ace brushes," he quipped, "but you could do a hell of a lot worse than invest in South Africa."

About 200 representatives of top US firms listened intently, and many said afterwards they had liked what they had heard and would research further.

Mr Ward said that as an industrial nation South Africa satisfied important requirements for foreign investment.

"You can find world-class infrastructure, varied entrepreneurial opportunities, a modern financial and legal system, mineral wealth, raw materials, plentiful and rich agricultural land and a talented work-force.

"South Africa also offers a rapidly-broadening consumer base and an excellent distribution point to other countries in Southern Africa."

Mr Ward also listed risks — including violence, productivity levels, training labour and uncertainty about future economic policy.

John Sims, former vice-president pf Digital Equipment, which opened in South Africa this year, stronlgy advised other American companies to follow.

US Assistant-Secretary of State for Africa George Moose said Americans had played a part in bringing down apartheid.

"Now... we must turn our attention and efforts to a new phase of that struggle.

"As investors we can contribute to — and benefit from — a new, stable South Africa."

Code of conduct not only for US firms, says Brown

(60) WM 3-9/12/93

Weekly Mail Reporter

US Commerce Secretary Ron Brown made it clear this week that a South African code of conduct applying only to US firms was unacceptable to America.

Brown said in a lunchtime speech on Monday he expected the new government would legislate a code of conduct.

He expressed opposition to such a code applying only to the US and not to [illegible]mpanies or to each country hav-[illegible] which

Investment Corporation (Opic) agreement by Brown and Finance Minister Derek Keys.

The Opic provides political risk insurance for US investors and investment financing programmes and should facilitate the flow of US investment into South Africa. He said it also served as a signal that the US is committed to a new business relationship with the emerging South Africa.

Brown's trade and investment mission comes in the wake of US President Bill Clinton signing legislation lifting [illegible]nctions.

'SA of little interest to US'

(60) CT 8/12/93

Business Editor

A TEAM from the Board of Executors (BOE) was invited to the US a month ago to make a presentation to a major financial institution "on our ability to handle equity funds", chairman Paddy Wilson said after the AGM yesterday.

But he did not think there would be serious interest in SA by foreign investors until there was stability and they had seen the new administration would follow sound economic policies.

However, although he thought there was a rough ride ahead for SA in the months leading up to the election he was genuinely optimistic about prospects for this country. "I think SA has incredible potential."

He had been encouraged to read that ANC president Nelson Mandela had recently warned supporters that it would take time for their expectations to be realised.

Business Report

'Scrap US code on SA'

From SIMON BARBER

WASHINGTON. — Commerce Secretary Ron Brown yesterday called on the Massachussets legislature to drop its plan to enshrine in law a code of conduct for US companies doing business is SA.

"The new government of SA must take the lead in establishing its own rules and regulations," Brown said. "It will be democratically elected, it will be controlled by the majority of the South African people, and my judgement is we ought to take the cue from them."

The Massachussets assembly is on the point of adopting a new SA investment measure based on the SA Council of Churches voluntary code. Leaders
of the effort have told company lobbyists they will only drop the intitiative if they receive an explicit letter from the ANC.

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Brown, who has been energetically promoting investment in SA since his return from a five day mission last week, warned that there was "strong competition" for US investment dollars.

CT 8/12/93

He quoted a senior executive as having told him: "I'm going top be in a fight within my company about whether to put money in China, or Latin America
or SA. And if there are obstacles that make SA less enticing, I'll go someplace else."

He urged those who were interested in US corporate social responsibility overseas to limit themselves to offering "counsel and advice" but to leave the actual decision to South Africans.

Affirmative action at SABC slated

THE appointment to top SABC posts of people with strong ANC affiliations but little or no broadcasting experience is "affirmative action gone wrong", says columnist and Tribute editor Mr Jon Qwelane.

Mr Qwelane said in an interview yesterday that the most suitable people for the posts should be those with broadcasting experience.

The SABC announced last week the appointment of Mr Zwelakhe Sisulu, editor of the pro-ANC Sunday Nation, as special assistant to the SABC's executive director Mr Wynand Harmse.

It also announced the appointment of Mr Govan Reddy, former editor of Africa South, as chief executive of radio and Mr Solly Mokoetle, formerly from the ANC's Radio Freedom, as senior manager of regional radio.

"If this is affirmative action, then it is not the way to go about it," Mr Qwelane said.

"The SABC should have started by promoting the many black people within the SABC who have more than 15 years' experience and degrees in mass communication, or the many qualified black people on Bop TV, Venda, Capital Radio and Radio 702."

Mr Raymond Louw, chairman of the Campaign for Independent Broadcasting, said he was concerned personally about the appointees' lack of experience.

The Media Workers Association of South Africa said it would discuss the matter.

● News emanating from the new-look SABC is still biased toward the government, according to the Broadcasting Monitoring Project. — Staff Reporter, Sapa

CT 10/12/93 (60)

What foreigners see in SA markets

CT 30/12/93 (60)

JOHANNESBURG. — The avalanche of overseas investment in equities and gilts, sustained by the weak finrand, has been the feature of stock and bond markets in 1993, says Martin & Co director Richard Jesse.

He said yesterday it was well appreciated that the surge in foreign buying had been triggered by the country's readmission to global financial circles, particularly the high-profile visit F W de Klerk and Nelson Mandela made to the US in September. That was underscored by their Nobel Peace Prize.

Finrand

However, it was less well understood that leading industrial and mining finance counters, despite being at unprecedentedly expensive ratings, presented "relatively attractive" returns for foreigners because of the finrand discount. Gilts were similarly affected.

Jesse said that, with the discount, SA shares compared favourably with the yields available in other emerging markets, increasingly the target of US fund managers.

The JSE's Overall and Industrial indices closed yesterday at a historic price:earnings ratio of 18, its highest since 1969, but equivalent to a discounted ratio of about 14.

That was a more expensive rating than the Hong Kong index in early December, on a historic ratio of 13, but cheaper than New Zealand (17), South Korea (19), Indonesia (19), Thailand (20), Singapore (25) or Malaysia (27).

An overseas investor has to use finrands to buy SA shares or bonds, in terms of Reserve Bank exchange control rules, but has the bonus of being able to remit dividends at the commercial rand rate, so that a dividend or bond yield is automatically augmented by the finrand's discount to the commercial rand. The finrand discount has ranged from 14% to 38% this year, standing at 22% yesterday.

Jesse said the finrand factor meant there was effectively "a double market" in equities, with foreigners calculating value at one level, and local investors at another.

Another force driving foreign interest was "fashion", Jesse said, particularly in the US. There was political appeal to "infrastructure" or "mass market" investments such as Eskom bonds, the Water Stock 01 bond issued to fund SA's share of the Lesotho Highlands Water project, and companies such as Murray & Roberts, Tiger Oats or Ellerines.

Institutions

Offshore demand for shares such as Sasol and Engen, tainted by deregulation, pharmaceutical companies, caught up in the debate over SA's exorbitant drug prices, or government bonds had been minimal.

Jesse said local institutions such as Old Mutual, Sanlam and Liberty Life were in the uncomfortable position of chasing increasingly expensive stock in a market where they were no longer the principal influence.

FNB confident of foreign firms returning to SA

160

Business Staff CT 31/12/93

FOREIGN companies that disinvested from SA may soon be looking to return, writes First National Bank's chairman Bazil Hersov in the group's annual report.

Hersov says that the gameplan would be to use SA as a way of entering the African continent.

He says that "SA is a natural base for expansion into Africa with its sophisticated infrastructure and telecommunications network.

"Foreign companies who remained in SA and did not disinvest will probably want to upgrade their existing facilities and finance expansion into sub-Saharan Africa.

In 1993, FNB opened a new division to deal with foreign currency transactions in Africa.

Among others, FNB acts as a "market maker to bankers on the sub-continent" and quotes spot exchange rates against the US dollar to correspondents "as far afield as Kenya and the Indian ocean islands".

The bank has actual banking interests in Southern Africa's Botswana, Namibia and Malawi.

Looking locally, Hersov says "there are encouraging signs that domestic consumption is picking up even though the world economic recovery may be muted".

The group is also "hopeful" that there will be increased credit demand and lower interest rates in 1994, he says.

Hersov adds "in light of the more favourable political prospects for the country — the domestic economy is being viewed by the directors much more positively than this time last year".

The group increased its earnings by 17% to 716c (611c) a share for the year to September 1993 and anticipates "real earnings growth for the year to September 1994".

FOREIGN FIRMS IN SA - GEN

1994 - 96.

Opic (60) mission due in February

CT 12/1/94

JOHANNESBURG — The Overseas Private Investment Corporation (Opic) announced yesterday that it would lead its first "high-level" mission to SA next month to put US firms in contact with potential black partners.

Washington's official foreign investment promotion arm, Opic specialises in assisting US companies investing in foreign — especially developing — countries. It insures US companies against political risks emanating from political violence, inconvertibility of currency and expropriation.

Opic has been instructed to target SA as a key element of President Bill Clinton's administration's strategy to promote free market growth under a new government.

The delegation is particularly interested in meeting business leaders from the disadvantaged community.

It is expected to include representatives of about 20 to 25 US companies. Opic spokesman Jon Haber said in Washington: "We're looking at companies that are interested in partnering SA black businesses."

The mission, co-sponsored by the US Agency for International Development, will visit Johannesburg from February 20-23, Durban from February 24-26 and Cape Town from February 27 to March 2.

Apart from business leaders, the delegation is expected to hold discussions with main political players in SA.

Since its inception in the 1970s, Opic has supported investments worth nearly \$60bn and created 100 000 jobs overseas.

Sullivan now seeking new set of principles

AUG 27/1/94 (60)

☐ Business back in SA — guidelines needed

PHOENIX. — The Baptist minister who led the move to take business away from South Africa in a crusade against apartheid is leading the move to re-enter the market.

The Rev Leon H Sullivan, author of the "Sullivan Principles" of integration and equal opportunity, is organising a group of black leaders to set up guidelines to encourage business to return to South Africa.

"If we're not careful, political apartheid could become economic apartheid," Mr Sullivan said yesterday.

Seventeen years ago, Mr Sullivan unveiled his principles, urging major companies to apply integration and equal opportunity in their South African branches .

Mr Sullivan now has put together a group that will meet tomorrow to discuss guidelines for returning businesses.

He said participants will include United States representative Donald Payne, former Los Angeles mayor Tom Bradley, the presidents of Hampton and Clark Atlanta universities, and Lindiwe Nabuza, an African National Congress representative from Washington.

ANC officials have said the return of foreign investment should be used to boost blacks' economic power. They have said foreign companies that return should make a point of doing business with black-owned companies and of hiring blacks.

Mr Sullivan's effort comes as American companies which withdrew business from South Africa are now returning or considering such moves.

Minneapolis company Pillsbury in October entered a joint venture with a South African company that is introducing their food products in the country, said spokesman Terry Thompson.

Mr Thompson said the South African company with which Pillsbury entered into the joint venture, Foodcorp, was singled out by the ANC as one with which outside companies should do business because of its stand on equality.

IBM is considering a return, said Mark Holcomb, an IBM spokesman in Washington.

Mr Holcomb said IBM recently bought an indirect interest in the South African firm left over from IBM's departure in 1987.

In the interim, IBM continued to fund education, job-training and community activity programmes in South Africa, Holcomb said.

Mr Sullivan said the return of business must be done in a socially responsible manner, with companies being aware of such issues as equal pay and the advancement of blacks.

"We want to draw up guidelines. Someone has called it 'Sullivan's principles, the sequel," he said. — Sapa-AP.

Ericsson, NEC set to move into new SA

(60) CT 29/4/94

From MELANIE SERGEANT

CAIRO. — Major multinationals including Ericsson and NEC are set to move into SA.

At the International Telecommunications Union's Africa Telecom 94 conference and exhibition in Cairo this week, many multinationals interviewed said they were excited about entering the SA market.

Motorola GM for the UK, Middle East and Africa Mike McTighe said the market was a large one, given its high population and the fact that it is an "easier adapter of new technology than many other developing nations".

He said Motorola hoped to have tis SA office open by June, and was setting up a "major roadshow" to show off its full line-up of products.

He said the company was already appointing distributors for its cellular phones, and other product lines which range from modems to cellular phone infrastructure equipment, chips and components, would be distributed through "various organisations in SA which do not have conflicting product lines."

He said: "We will find the right partners, some of which have already indicated they could drop the brands in favour of selling Motorola products."

He does not rule out local manufacturing, but says the first priority is to supply products in the market through existing channels.

Japan-based NEC is also eyeing SA. NEC Africa division manager Koyanagi Yoshiyuki said his group could set up offices in SA during next year as 1994 budgets were already allocated.

"We have already tendered for various telecommunications projects for Telkom, Transtel and Sentech, and have an order from Transtel."

He said NEC was highly sensitive to dealing with SA because of its large customer base in the US which would have objected strongly to any trade in SA during sanctions. "Now we are excited about entering SA. We already have offices in Harare, Lagos, and Cairo, and SA would be a logical next move into this continent," he said.

Already working closely with SA's Plessey Tellumat with its supply of cellular phone infrastructural equipment in Swedish group Ericsson, which is now opening up the company Ericsson Project Services in SA.

Ericsson Vice President Ingemar Nilsson said: "We have plans to open industrial activities in SA, and will look at possible local manufacture if volumes can justify it. However, we will not reinvent the wheel, but will rather use as much of the current manufacturing infrastructure as possible."

Czech

S.Times

exporter

(Buss)

plans SA

11/5/94

venture

EASTERN Europe's only razor blade manufacturer, Astra, is planning to start production in South Africa through a joint venture with local firm CZ SA, writes **ZILLA EFRAT**.

The Czech company, which already sells its products in 140 countries, has a three-phase plan to enter the southern African market, says George Michlo, marketing consultant to CZ SA which distributes products from Slovakia and the Czech Republic.

Over the next three months, Astra intends setting up a distribution store in SA which will also service markets in Botswana, Zambia and Kenya.

According to Mr Michlo, Astra's blades will land in SA up to 40% cheaper than any competing product on the market.

He adds that Astra will establish a packaging line in the Durban area within the next year — a move that will create jobs for around 45 people.

If the product is successful, Astra intends starting a production line in SA during the following year. To do this, it will bring in its own equipment worth about $10-million.

(60)

Local production is expected to result in between 70 to 80 new jobs and to reduce production costs by a further 25%.

Last year Astra was privatised and became a public company. It now employs 600 people.

Barclays considers SA option

(bl)

CT 16/5/94

Own Correspondent

LONDON — Barclays, Britain's biggest bank, is among leading British financial groups considering a return to SA.

Barclays sold out of what is now First National Bank in 1986 in response to US pressures and the anti-apartheid campaign in Britain, which slashed its student market share.

A spokesman said at the weekend: "Obviously we are keeping our position regarding SA under review.

"In due course we may set up a representative office there.

"We provide trac‹ › finance for customers who do business in SA and these services will increase.

"If we do return it will most likely be in support of that corporate business and not as a retail bank."

The spokesman said that, contrary to London reports, it had no plans to establish an SA operation of its merchant banking and securities arm, BZW (Barclays de Zoete Wedd), which has nearly £50bn in funds under management.

● The announcement last week of a deal in which Nedbank acquired 20% of Equator Bank, a subsidiary of world banking group HSBC Holdings, opens up vast possibilities for mutual co-operation and cross-referral of business between the two companies.

Equator specialises in financial advisory services and trade finance in sub-Saharan Africa.

Nedbank will buy shares in Equator Holdings Ltd, the parent comupany of Equator Bank, from Wardley International Ltd, an indirectly-held, wholly owned subsidiary of HSBC.

Equator Bank has its headquarters in Connecticut and offices in eight countries. It specialises in business in sub-Saharan Africa.

Nedcor CE Richard Laubscher said the investment was the last building block in its strategy fo: : :b-Saharan Africa.

Equator Holdings, established in 1975, manages two Africa equity funds, and a $75m fund is being organised. This will invest in private sector companies.

HSBC Holdings is one of the largest banking groups in the world, with total assets of about $300bn. It has more than 3 000 offices in 65 countries.

HSBC's public relations manager Alex Cheeseman said the deal with Nedbank would give HSBC access to business opportunities in SA.

● Meanwhile, a study by the Unisa School of Business Leadership has found that SA banks are unlikely to succeed in making a significant and profitable entry into foreign banking markets.

The study into the international competitiveness of the SA retail and corporate banking industry found that 52,45% of interviewees from various banks, industry analysts and corporate clients, completely excluded the possibility of expansion into foreign markets in the retail sector.

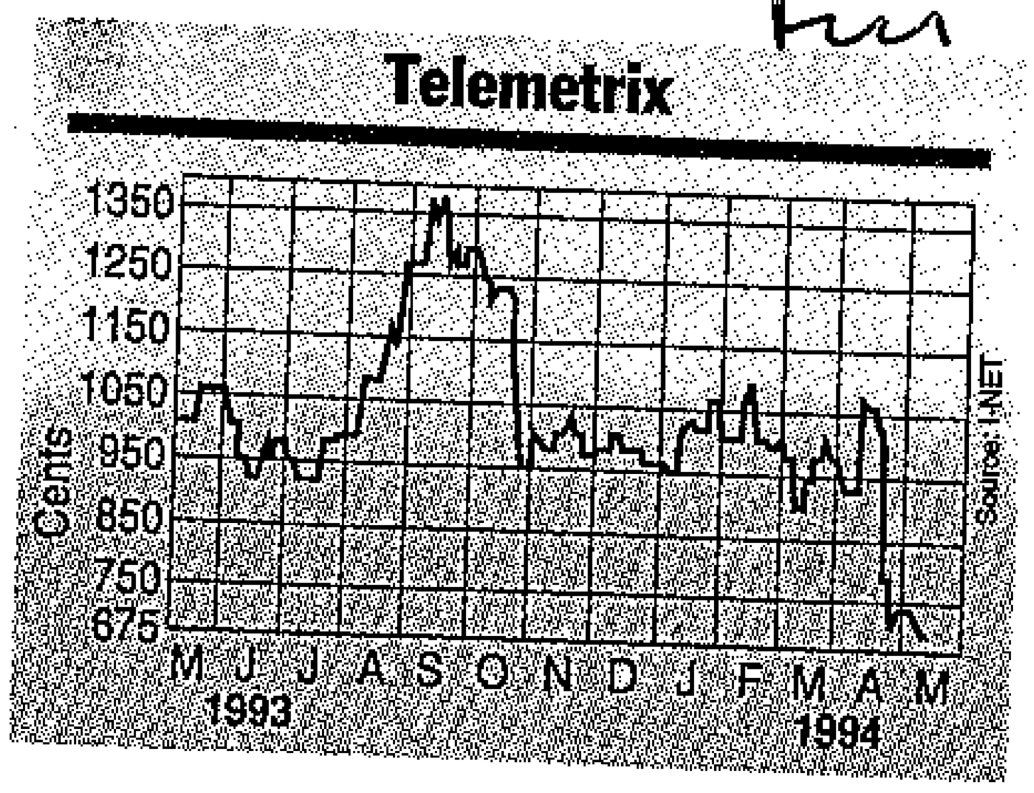
TELEMETRIX.
FM 20/5/94

He's not concerned

Activities: *The UK group has subsidiaries in the US and Europe and designs, makes and distributes a wide range of electronic systems, products and components.*
Control: *W P Venter Family Trusts (39,8%), Altron (6%).*
(61)
Chairman: *A S Walsh; CE: T Curtis.*
Capital structure: *91,3m ords. Market capitalisation: R64m.*
Share market: *Price: 700c. Yields: 0,7% on dividend; 7,2% on earnings; p:e ratio, 14,0; cover, 8,5. 12-month high, 1 350c; low, 700c. Trading volume last quarter, 391 000 shares.*

Year to Dec 31	'90	'91	'92	'93
ST debt (£m)	2,5	2,0	1,9	0,2
LT debt (£m)	6,0	6,2	2,0	nil
Debt:equity ratio	0,47	0,27	nil	nil
Shareholders' interest	0,38	0,43	0,54	0,65
Int & leasing cover .	7,8	6,5	25,0	—
Return on cap (%) ..	10,8	12,8	19,7	25,7
Turnover (£m)	72,5	83,7	100,6	123,3
Pre-int profit (£m) ...	4,2	5,3	10,3	15,9
Pre-int margin (%) ..	5,8	6,3	10,2	12,9
Earnings (p)	2,0	2,1	5,0	8,5
Dividends (p)	0,6	0,6	0,8	1,0
Tangible NAV (p)	14,2	15,6	22,3	30,2

FM



Over the past eight months, nonexecutive director Bill Venter has watched his family's paper portfolio shed R241m. That's because electronics and information systems group Telemetrix's share price has fallen from R13,50 to R7.
(61)

But Venter doesn't appear too concerned. Management efforts, he says, are being concentrated on cost reduction through re-engineering established products and launching a host of new products, along with new investment in automated production facilities.

Operating margins will be the focus of attention to ensure cash generation sufficient to fund the necessary working capital.

Telemetrix has always boasted a broad international base. The UK- and SA-listed group has investments in the US, the UK, Europe and the Far East. But two poor quarters from one of its investments, US-listed GTI, prompted the rapid decline in the share price.

GTI announced 1994 first-quarter results of US13c a share (1993: 30c). Telemetrix CE Tim Curtis warns that pricing pressures which began in the fourth quarter are affect-

20/5/94

ing GTI's sales and margins on networking products in the US. However, the company is addressing the lower price levels by cutting costs and moving production to a new plant in the Philippines, an action which once again confirms the widespread belief in the Eastern work ethic.

In 1993, GTI contributed 60% of Telemetrix's operating profit; so it's understandable that the market reacted so strongly to the results. But the counter's fall to 700c needs to be put in perspective. In 1991, the share was issued at R1,40. A year later it fetched R3,25.
(61)

By September last year, it had soared to R13 on an extremely high p:e of 54,6. Not that this rating was unjustified; Telemetrix had just reported a 100% jump in earnings for the half-year to June.

Year-end results told a slightly more sobering story. Earnings were 70% up — on the back of a lower tax charge and smaller minority interest. The principal props supporting this performance were subsidiary semi-conductor maker Zetex, which increased operating profit by half, and telecommunications test equipment maker Trend, which quintupled profits. Interest-bearing debt fell to £200 000. This is a vast improvement on 1991's £8,5m borrowings when gearing was 47%.

Investors, attracted by the opportunity of investing directly in the international electronics industry, are probably disappointed by the developments since year-end. However, order books are full and provided the steps initiated by management prove effective, the downward trend might well have reached its nadir.

Kate Rushton

UK group to invest in SA businesses

74

Own Correspondent

61

LONDON. — The British government's development arm, the Commonwealth Development Corporation (CDC), has decided to invest in private sector initiatives in South Africa.

CDC chief executive Mr Roy Reynolds said the corporation would open its office in Johannesburg in September. CT 19/5/94

The corporation has about R8 billion invested in 51 countries worldwide and is the British government's main instrument for promoting the private sector in the developing world. It provides long-term risk capital in the form of equity and loans, as well as management and technical expertise.

It is one of the largest development groups in Africa and has a total of £217 million (about R1,85bn) available for new investment this year.

Discussions have already been held with the SA government, Mr Reynolds said.

He said black managers and businessmen would receive preference and a venture capital fund would probably be established to provide risk capital for small- and medium-scale enterprises.

Rules for foreign banks to enter SA due soon

(60)

BD 21/2/95

SAMANTHA SHARPE

THE Reserve Bank and the parliamentary finance committee met yesterday to discuss the requirements for foreign banks wanting to open branches in SA, Registrar of Banks Christo Wiese said yesterday.

Parliament passed a Bill that enabled foreign banks to open branches in SA in its last sitting, but the regulations governing entry still had to be adopted by the finance standing committee. Publication of the regulations is expected in the next few weeks.

The latest international player is the US-based Chase Manhattan Bank, which took the decision to reopen its SA office late last week.

Chase Manhattan's re-entry — the bank withdrew in 1986 — followed moves by the largest US banking group, Citibank, to open an investment and commercial operation by July. Regional economic revival and the growing offshore operations of SA companies were behind the group strengthening its presence.

German banking group Commerzbank announced recently that it would open a branch in Johannesburg in May. The bank had set up a representative office last year.

Dutch-based Internationale Nederlanden Bank of Holland is expected to join the list in the near future.

Equator Bank — owned 60% by the Hong Kong Shanghai Banking Corporation, 20% by a Nedbank affiliate and 20% by members of its management team — opened an office last week. The organisation works exclusively in Africa and has identified SA as a growing investment market.

NEWS FOCUS

SA the launchpad as banks eye Africa

(60) BD 20/3/95

LONDON — Robert Fleming & Co, the UK bank that advised Internationale Nederlanden Groep NV on its takeover of the UK's Barings group, has made a big new emerging-markets move of its own in SA.

Fleming announced last week that it planned to take a 50% stake in the domestic business of Johannesburg-based Martin & Co, SA's leading institutional brokerage firm, in a partnership to be known as Fleming Martin. Fleming officials say they hope to build it into a pan-African investment bank covering sub-Saharan Africa.

The Wall Street Journal Europe reports that the venture will be modelled on Jardine Fleming, the bank's successful 25-year-old Asian investment-banking partnership with Hong Kong trading house Jardine Matheson.

"Jardine Fleming's success has lain in having a strong international partner tying up with a strong local partner," says Roddie Fleming, an executive in Fleming's corporate finance arm. "We hope for the same success from combining our international contacts with the local contacts of Martin."

How far such ambitions are fulfilled is likely to depend as much on political and economic developments in Africa as on the flair of Fleming and Martin managers. But investment bankers are enthusiastic about the region.

Britain's SG Warburg Group has a link with another SA broker, Ivor Jones Roy & Co, and has advised SA companies in a couple of international transactions.

Other banks, including the US Goldman Sachs Group and Morgan Stanley Group Inc are also active in the area.

"SA is the launch pad for Africa," says Warburg executive Oliver Baring, a veteran SA specialist. "It's very exciting."

No financial details were disclosed for Fleming's latest initiative, and officials at the UK bank declined to elaborate on the planned joint venture's strategy.

In Johannesburg, however, Martin & Co senior partner Winston Floquet said the joint venture would involve itself in new equity issues and cross-border merger and acquisition activities.

Martin employs 132 people, while Fleming has an office in Johannesburg and stockbroking interests in Botswana, Ghana, Mauritius and Zimbabwe. Fleming already has a joint venture with Martin for international sales of SA equities to UK and US institutional clients.

The paucity of details about the new initiative was entirely in character for Fleming, which only began publishing its accounts just over a year ago. A quirky institution that retains many characteristics of a family company, Fleming has offices in 32 countries and is a leading participant in emerging markets.

But though proud to occupy a role in the forefront of international banking, it likes to think of itself, in the words of its CE John Manser, as "by and large an understated organisation".

Its shares are not publicly traded, and around one-third of its capital is still in the hands of the descendants of its 19th-century Scottish founders. (The rest is held by institutional investors and present and former employees.) Several family members work in the company, including Roddie Fleming and his brother Adam, who heads its SA office. Its chairman is Robin Fleming, another family member.

The bank has grown in the past few years into a respected and profitable powerhouse, thanks in large degree to its business in Asia.

In the six months ended September 30 1994, it made pretax profit of £97,4m, up from £91,6m in the same period a year earlier. Around 40% of pretax earnings came from Jardine Fleming, up from 33% a year earlier.

Profit for the year ending March 31 are not expected to match the £210m earned in 1993/94, but they still are likely to be at the high end of the UK investment banking spectrum, alongside Schroders and well ahead of Warburg.

"Flemings is a well-focused and profitable bank," says an executive at a rival UK investment bank. "It has succeeded by concentrating on specific niche areas of business and staying out of sectors where it stands less chance of making money."

Amid the turmoil caused by the collapse of Barings, doubts have been raised about the future of other small investment banks. With a capital base of around £850m, twice that of Barings before its collapse — Manser says Fleming is strong enough to forge ahead in the sectors it has chosen to specialise in.

Fleming has been particularly successful thanks to its ability to manage joint ventures. Jardine Fleming, for example, though 50% owned by Jardine Matheson, is in effect an integral part of the investment bank.

In the US, Fleming operates a thriving partnership in fund management with T Rowe Price of Baltimore, Maryland, Rowe Price Fleming International.

In the Asia-Pacific region, Jardine Fleming has set up joint ventures with local brokers in several countries, including Indonesia and Thailand.

One of the most recent, in Australia, is Jardine Fleming Ord Minnett, a stockbroking firm with a [illegible]f of 600. Worldwide, Fleming empl[illegible] 6 500 people, including nearly 3 000 [illegible] Asia and the Pacific Rim.

To be sure, there ha[illegible] been setbacks. In the 1980s, Fleming made an ill-fated excursion into the US by buying a Wall Street broking firm called E[illegible]rstadt, which it closed in 1989.

Late last year, Fleming acted as bookrunner and joint global coordinator for a $900m issue of shares by Pakistan Telecommunication, only to see the shares bomb after the issue closed because of the discovery of a mistake in the prospectus for an earlier domestic issue.

Still, Fleming has avoided some pitfalls that other rivals have succumbed to. It abstained from buying a UK stockbroking firm at the time of London's Big Bang in 1986. It has kept out of the bond sector, avoiding the losses that have hit other investment banks recently.

Though Flemings lacks a significant investment-banking presence in the US and it is not a market-maker in UK equities, it aims to build itself into a top house for continental European equities. And following its expansion into Australia, Africa is one of its next targets.

Starting with SA, Roddie Fleming predicts, investor interest will spread through the continent, leadin[illegible] stock markets in other African countr[illegible] — AP-DJ.

Foreign firms keen on housing

(60) [illegible]

Business Day Reporter

FOREIGN companies are eager to get involved in the potentially lucrative field of low-cost housing in SA.

Three approaches for SA partners are included in this week's list of joint venture offers, made through the Trade Department's investment centre. All offer different types of technology.

There is also an inquiry from an Italian civil engineering company looking for partners in construction projects ranging from roads to nuclear power plants.

The offers are: BD 3/4/95

☐ BRITAIN: A British company wishes to form a joint venture with an SA company for the supply of low-cost, durable, speedily manufactured and erected housing units, made from pre-fabricated foam glass panels using local resources.

The foreign investor will provide a foamed glass manufacturing unit. Bricks, made on site, will be provided by the local partner. Local expertise will also be used for site plans and design work.

☐ JAPAN: The Japanese company wishes to enter a joint venture with a suitable local company to build low-cost, single-storey houses using a highly technological PVC extrusion. The houses can be completed within five days and are maintenance free, with a life expectancy of 70-80 years.

☐ UNITED STATES: The US company wishes to establish a joint venture with a suitable SA partner interested in developing affordable houses, schools and other buildings, using fly ash-based wall board panels. The wall board panel is cost effective, fire retardant, possesses high sound transmission coefficients and is high in insulation value.

The foreign partner is willing to contribute a fully automated turnkey plant, know-how, training, technical support, and cash equity.

The SA partner should be a highly experienced developer and have the ability to procure low-cost housing contracts.

☐ ITALY: An Italian civil engineering company wishes to form a joint venture with a suitable SA company for the construction of roads, railways, tunnels, metal structures, special foundations, dams, nuclear and thermoelectric power plants, special works in reinforced concrete and industrial plants.

For further information, contact Pheko Weeto at (012) 310-9800 or Helen Dawson at (012) 310-9789 at the Trade & Industry Department's Industrial Development and Investment Centre, fax: (012) 322-4523.

International banks return

(60) ST(BT) 21/5/95

By JULIE WALKER

THE return of several banks which left these shores because of sanctions pressures has picked up since April 27 1994.

Among the first back, with little fanfare so far, is Citibank, which led the exodus in 1986. Vice-president Terry Davidson, who is in charge of the South African branch in Rosebank, Johannesburg, says the local operation is a combination of a traditional corporate bank based on core products such as loan liquidity, foreign exchange, trade finance, lending, deposit-taking and transaction services, and an investment bank focusing on capital markets, corporate finance and an intermediary role between issuers and investors.

Emerging markets account for 45% of Citibank's global profits, and Mr Davidson says a presence in South Africa will offer an excellent complement to African and global operations.

Citibank is represented in 94 countries and has assets of $250-billion.

Barclays is another well-known name that has returned to South Africa after pulling out in 1988. Its commercial operations were renamed First National Bank and the Barclays plc shareholding went to Southern Life and Anglo American. The returning Barclays will be a much smaller affair.

Managing director Philip Howell says the bank will start with 15 staff in trade finance and other selected areas until it is reestablished.

International Bank of Southern Africa was formed last year out of the former operations of Commercial Bank of Namibia. Based in Parktown, Johannesburg, it offers a range of services aimed principally at multinational companies operating in southern Africa. The bank has three shareholders — Germany's Dresdner (which manages the bank), France's Banque Nationale de Paris and Belgium's Banque Bruxelles Lambert.

Commerzbank, another German bank, opened an office in Johannesburg at the beginning of May, operating from the Carlton Centre.

Many foreign banks operated in South Africa uninterrupted by political events, among them the Bank of Taiwan, Bank of Athens, Bank of Lisbon and Societe Generale.

The Bank of Lisbon was recently sold to Mercantile Bank but the Portuguese seller, Banque Ultramarino, now holds 22% of Mercantile.

There have been several important moves in the stockbroking and financial services community ahead of the deregulation of the Johannesburg Stock Exchange on November 8.

Finance house Warburg has taken a stake in Ivor Jones Roy; Smith New Court is buying into Davis Borkum Hare; James Capel has joined with Simpson McKie, and Frankel Pollak Vinderine has taken two partners, Yamaichi of Japan and Donaldson, Lufkin & Jenrette of the US. Martin & Co is in a joint venture with Robert Fleming as Fleming Martin in London.

Banks will be permitted membership of the JSE from November. They face the challenge of either buying into an existing JSE member or poaching staff to set up by themselves.

Most of the better JSE firms have already tied up with multinationals.

Other international groups have established offices in Johannesburg to ride the burgeoning financial services market. Cazenove and Barings, now ING, have opened offices.

Among insurers, General Accident is proud to have been in the country since 1908 and has 14 branches around the country. One of South Africa's top 10 insurers, it operates in 40 countries and employs 23 000 people. The global group made £428,3-million pre-tax profit last year.

Food giants in battle for slice of local cake

ST(BT) 21/5/95

(60)

By ZILLA EFRAT

THE so-called "Cola Wars" sparked by Pepsi's return could be followed by a similar battle between fast-food giants McDonalds and Burger King.

McDonalds, the world's largest hamburger chain with 15 000 outlets in 80 countries, has been looking at the SA market for about two years.

It placed an advert in Business Times to recruit staff late last year and has gone on record saying it is about to look for SA franchisees.

Burger King, which ranks second in the world with 7 700 stores in 57 nations, will not disclose its plans. It does, however, appear to have started looking at the SA market.

Still, any entry into the market by either may take some time. Both are embroiled in legal battles over their trademarks in South Africa, which may cause delays.

The McDonalds case goes to court on August 28 and observers say Burger King may wait for the outcome before launching its own attack.

While McDonalds may have the head-start here, this is unlikely to give Burger King the same headaches that fellow US group Pepsi faced when it returned last year.

On its re-entry, it found that rival Coca-Cola controlled more than 77% of the market.

Coca-Cola had disinvested in 1986, but it left behind a successful company which held its SA master licence and supported its bottlers.

On the other hand, when Pepsi pulled out more than a decade ago, its local license holder never got off the ground and was liquidated in 1990.

Now it has formed a joint venture called New Age Beverages in which black SA and US investors have a stake. It also built its own bottling plant in Germiston.

Pepsi has said it will invest R400-million in the SA operation over the next three years. So far about R80-million has been spent, but industry experts believe it is not enough to challenge the might of Coca Cola.

Pepsi has to counter Coca-Cola's huge investment in distribution. The latter's coolers in South Africa alone are said to be worth at least R250-million.

In addition, a large marketing and advertising drive is required to win back customers.

At the same time, a new contender has been fast making inroads into retail and wholesale store soft drink sales.

The Cotts Corporation of Canada, which arrived in South Africa mid-1993, creates a unique brand and taste for each chain which often sells it for about 20% less than Pepsi or Coke.

Cotts claims to have cornered between 30% and 50% of the markets in which it operates. It has also been expanding its SA production facilities and opened a new factory in Cape Town in February.

On the food side, US-based Pillsbury became one of the first foreign investors in the post-sanctions era. This group, which sells its goods in over 100 countries, paid R90-million for a stake in a joint venture with Foodcorp late in 1993.

Its entry was soon followed by US group CPC International, which bought a 50% stake in Tongaat Consumer Foods for R92-million.

Meanwhile, Heinz, the US food giant which had earlier pulled out of talks with Foodcorp, confirms that it is still actively looking at the SA market.

New US entrants on the confectionary side include Hershey and Mars. Rather than investing, both have appointed distributors.

It will be difficult to catch up with established players in the market like Switzerland's Nestlé and British-owned Cadbury Schweppes.

Both have been selling their products here for more than 100 years.

JSE-listed Cadbury Schweppes employs just under 4 000 people in South Africa, while Nestlé employs about 6 000.

Nestlé recently said it would invest a further R600-million in its operations and Peter Bester Check, Cadbury Scweppes's chief executive, confirms that his group will increase its investment in markets which are re-entering a growth phase.

unions in South Africa Picture: HERBERT MABUZA

The East meets Africa in Newcastle's factories

By CAROL PATON

ON THE road into Newcastle is a sign that welcomes visitors in Chinese.

The sign — put up by Charlie Huang, a Taiwanese jersey manufacturer and an IFP member of the Newcastle town council — has welcomed more than 1 000 Taiwanese who have established 67 factories and invested approximately R190-million in the town.

Mr Huang's factory, with its freshly swept forecourt, guarded by two huge stone lions and surrounded by pink and white flowering plants, looks like a small piece of the Republic of China.

But he and his fellow industrialists, mostly clothing manufacturers, have begun to see that Newcastle is a world apart from their homeland.

"We came here because labour is cheap, but found that productivity is low. We thought the low wages would make up for it," says Mr Huang, who for the first seven years of his operation received a subsidy of R80 a month for every worker he employed.

Now, without a subsidy, Mr Huang must pay his workers R480 a month — compared to the R130 a month he paid when he first arrived in 1988.

Added to this, the South African Clothing and Textile Workers Union (Sactwu) has flourished and now has 33 disputes with Taiwanese bosses, many of them for paying salaries below the minimum wage.

Says Mr Huang: "Unions shouldn't be allowed here. In Taiwan we don't have unions — we work hard. If the unions give trouble, we'll close the doors."

In response, Sactwu organiser Alpheus Mdluli says: "Workers say: 'Let them pack and go.' This type of investment must be reviewed — it isn't the kind that we want at all."

For Sactwu, dealing with the Taiwanese has been frustrating: most of the bosses refuse to meet the union, don't arrive at conciliation board hearings and ignore Industrial Court rulings.

With the union and the Taiwanese industrialists at loggerheads, the town council's plans for local development are in jeopardy.

The Taiwanese industries, which include clothing, knitwear, shoes, toys, plastic products, watches and clocks and a diamond-cutting works, boosted Newcastle's economy dramatically after the council launched an aggressive overseas marketing campaign in 1983. Says Ferdi Alberts, assistant town secretary: "From 1987 to 1989 we established one factory a month from the Far East."

In spite of the council's success, 45 percent of Newcastle's population is unemployed. Mr Alberts says the only investors willing to take the risk remain those from the Far East.

Faced with few options, the council is determined to make the relationship with the Taiwanese work through securing a pact with labour. The council's RDP committee — of which Mr Huang is the deputy chairman — plans to involve business and labour in making a decision about the future of investment from the Far East.

"We will form some sort of pact. Unions are here to stay, but they must also accept there's a cultural difference when it comes to the Chinese," says Mr Alberts.

In other words, concessions must be made. Taiwanese employers want the minimum wage scrapped and replaced by a bonus system linked to productivity where workers are paid only for the work they do.

But if pay is linked to productivity, responds Mr Mdluli, what happens if a worker is off sick or on annual leave?

The Taiwanese and council would like Sactwu to agree to a moratorium on strikes. "We can't abandon strikes as long as there are no fair hearings, no communication and people are not earning a living wage," says Mr Mdluli.

It also seems the industrialists would like to secure this pact without talking to labour at all. "We're tired of dealing with this union — we can't sit at the table all day talking," says Mr Huang.

Instead, he exhorts his workers to work harder. "'You must work hard,' I tell my workers," says Mr Huang, almost shouting.

ST 17/9/95 (60)

Hansard

QUESTIONS

†Indicates translated version.

For written reply: (60)

Foreign companies: businesses in SA

85. Sen M G E WILEY asked the Minister of Trade and Industry:†

(a) How many foreign companies established businesses in South Africa in 1995, (b) what are the names of these companies, (c) under what business sector such companies fall and (d) how much money these companies have brought into the country?

S140E

The MINISTER OF TRADE AND INDUSTRY:

(a) According to information obtained from the Registrar of Companies, 177 foreign companies established in South Africa during 1995.

(b) The names of the companies are contained in the annexure to this reply.

(c) The businesses fall within the following sectors:

Sector	*Number*
Financial and similar institutions	90
Trading	47
Manufacturing	13
Construction	7
Transport	13
Mining	1
Agriculture	1
Community service	5

(d) The exact amount of money/investment that these companies brought into South Africa is not recorded in the data available from the Registrar of Companies.

Total foreign investment flows however are recorded by the South African Reserve Bank and statistics from that source indicate that during 1994 South Africa's nett total inflow stood at R5,4 billion, while in 1995 the nett total figure was R21,7 billion.

It should be noted that these figures include all foreign investment, not only that related to the foreign companies listed in this reply. Section 33 of the South African Reserve Bank Act (No 90 of 1989) precludes the release of the names of investors and the amounts invested.

ABN Amro Bank NV (Inc in Amsterdam)

Adviesbureau Meijnik BV (Inc in the Netherlands)

Aero Zambia Ltd (Inc in Zambia)

Aeroflot-Russian International Airlines (Inc in the Republic of Russia)

Afcare International Inc (Inc in the State of Arizona USA)

Africa Coins (Pty) Ltd (Inc in Namibia)

Afrilink Corporation (Inc in the USA)

Agrifarm International SA Ltd (Inc in Cardiff)

Air Tanzania Corporation Establishment Order 1977 (Inc in Tanzania)

Albany Rental Supply Ltd (Inc in the United Kingdom)

Alphametal Overseas (Inc in the British Virgin Islands)

Amec Procress and Energy International Ltd (Inc in Delaware USA)

Angus Fire Armour (SA) (Inc in England)

Arjo Wiggins Merchants SA (Inc in the United Kingdom)

Arkport Investments Ltd (Inc in the British Virgin (Islands)

Asco Controls BV (Inc in the Netherlands)

Asco Joucomatic ZA BV (Inc in the Netherlands)

Avesta Sheffield AB (Inc in Sweden)

Bacco (Inc in Swaziland)

Bally Gaming International GMBH (Inc in the Federal Rep of Germany)

Banque Indosuez (Inc in France)

Bay Networks Europe Inc (Inc in the State of Delaware USA)

Bedale Ventures Ltd (Inc in the British Virgin Island)

Belgolaise Bank (Inc in Belgium)

Belingham Property Company (Inc in the Republic of Mauritius)

Binney and Smith (Europe) Ltd (Inc in England)

Bovis International (Inc in England and Wales)

Breco (South Africa) Ltd (Inc in the British Virgin Islands)

Brettshneider Company Ltd (Inc in the British Virgin Islands)

Bridgestone Corporation (Inc in Japan)

British Aerospace (International) Ltd (Inc in United Kingdom)

Britz Africa (Pty) Ltd (Inc in Victoria Australia)

Brown-Forman Worldwide LLC (Inc in the State of Delaware)

Brunswick (South Africa) Ltd (Inc in Cardiff United Kingdom)

Burrow Binnie International Ltd (Inc in the Isle of Man)

Busines Studies (Inc in England)

BV International Ltd (Inc in Ireland)

Cape Burlington (Inc in England and Wales)

Capricorn Africa Economic Associates Ltd (Inc in Kingdom of Swaziland)

Cargo Service Centre France BV (Inc in Amsterdam the Netherlands)

Carrabelle Ltd (Inc in British Virgin Islands)

Chamfron Ltd (Inc in the British Virgin Islands)

Charles Stewart Mott Foundation (Inc in the State of Michigan USA)

Cine Musica Inc (Inc in State of Illinois USA)

Circle International Inc (Inc in Delaware USA)

Citibank NA (Pty) Ltd (Inc in the USA)

Commerzbank Aktiengesellschaft (Inc in the Federal Rep of Germany)

Compuware Corporation (Inc in the State of Michigan USA)

Conference and Speakers International (Inc in Mauritius)

Contiki (Southern Africa) Ltd (Inc in Bermuda)

Cuso (Association Inc under Section 21A) (Inc in Canada)

D and PL South Africa Inc (Inc in USA)

DCM Overseas (BVI) Ltd (Inc in British Virgin Islands)

Deelan Management Ltd (Inc in UK and Reg in Singapore)

Eastern Securities Inc (Inc in The British Virgin Islands)

Eastman Chemical BV (Inc in The Netherlands)

Emirates (Inc in Dubai United Arab Emirates)

Energizer (South Africa) Ltd (Inc in the USA)

Enterprise Air-time Systems Ltd (Inc in the United Kingdom)

Equator Advisory Services (Inc in the Bahamas)

Equator Bank (Inc in the Bahamas)

ESA Enterprises SA (Inc in Panama)

Etal Ltd (Inc in Jersey)

Europe Energy Environment Ltd (Inc in the UK)

Everhigh Assets Ltd (Inc in the British Virgin)

Field Systems Designs Ltd (Inc in United Kingdom)

Fifeshire Fishing (1993) Ltd (Inc in Principality Liechtenstein)

Fleetgaurd International Corporation (Inc in Indiana)

FMW International Insurance Brokers Ltd (Inc in England)

Food for the Hungry International (Association Inc under Section 21A) (Inc in Geneva)

G and H Montage Geselsschaft (Inc in Jersey)

G Tech South Corporation (Inc in the USA)

Gaumont Ltd (Inc in Jersey)

GEC Alsthom International SA (Inc in Paris France)

Gemini Trade Consultants Ltd (Inc in the Dublin Ireland)

Genre Investments Ltd (Inc in Iurks and Caicosis Lands)

H I Africa Ltd (Inc in the United Kingdom)

Hambros Bank Ltd (Inc in England)

Herbalife Intenrational South Africa Ltd (Inc in California of the USA)

Hewlett-Packard Trading SA (Inc in Geneva Switzerland)

Hyatt International (Europe Africa Middle East) Ltd (Inc in Switzerland)

Imperial Tobacco South Africa SA (Inc in Panama)

Intel South Africa Corporation (Inc in Delaware)

International Business Link Inc (Inc in the British Virgin Islands)

International Republican Institute (Inc in terms of section 21A) (Inc in the USA)

Internationale Nederlanden Bank NV (Inc in the Netherlands)

J W Rushton (Inc in the State of Utah)

Jaakko Poyry Project Services BV (Inc in the Netherlands)

Japan International Volunteer Centre (Association Inc under section 21 (Inc in Japan)

John Laing International Ltd (Inc in England)

John Syllas Transport (Inc in the Republic of Botswana)

Johnson Harvey AG (Inc in Switzerland)

Jumbo Electronics Company Ltd (Inc in Dubai United Arab Emirates)

Kanematsu Corporation (Inc in Japan)

Kangol (Inc in the United Kingdom)

Kier International Ltd (Inc in England)

Kreative Informations Konzepte (Inc in England)

LG International (UK) Ltd (Inc in United Kingdom)

Lloyd's of London Press Ltd (Inc in England)

Lowe Bell Communications Ltd (Inc in England)

Lufthansa Cargo Aktiemgesellsschaft (Inc in Germany)

Lummus Contracting BV (Inc in Netherlands)

M and R International Inc (Inc in Delaware USA)

Malaysian Resources Corporation Berhad (Inc in Malaysia)

Matanga Trading (Inc in Ireland)

McKinsey Inc (Inc in the State of Delaware)

Michell Learning Global Operations (Inc in Australia)

Mikohn Europe BV (Inc in the Netherlands Holland)

Moonstone Diamonds (South Africa) (Inc in Western Australia)

Multi Properties Ltd (Inc in England)

Murphy Pipelines Ltd (Inc in England)

Music Unlimited (Inc in Guernsey)

NV Besix SA (Inc in Belgium)

National Housing Enterprise Corporation (Inc in the State of California)

Navistar International Overseas Corporation (Inc in Delaware USA)

Nera US (Inc in Norway)

Novaride Ltd (Inc in the United Kingdom)

Nutri-Metics International (South Africa) (Inc in Australia)

Oudendijk Import BV (Inc in the Netherlands)

Overseas Bachtel Inc (Inc in the USA)

PGE Group Ltd (Inc in British Virgin Islands)

Pakistan International Airlines Corporation (Inc in Karachi)

Phoenix Venture Parners Ltd (Inc in the USA)

Publishing Distributors International (UK) (Inc in England)

Quaypower Properties Ltd (Inc in England)

RJ Reynolds Tobacco International BV (Inc in Hilversum the Netherlands)

Rendic International Corporation (Inc in Florida USA)

Rhodes Productions Ltd (Inc in England)

Ridgeback Investments Ltd (Inc in the British Virgin Islands)

Rollring PS Drehverbindungen und Walzlager GMBH (Inc in Germany)

Rolls-Royce International Ltd (Inc in the United Kingdom)

Rosenbluth International Ltd (Inc in Pennsylvania)

SCII International SA (Inc in France)

SPJT-Societe Prospection Et-D'Inventions Techniques (Inc in France)

Saville and Holdsworth International BV (Inc in Urecht-Netherlands)

SGP Verkehrestechnik GMBH (Inc in Virginia Austria)

Siel Ltd (Inc in India)

Simar Automatisering BY (Inc in Netherlands)

Solgar Vitamins Ltd (Inc in the United Kingdom)

Southampton Metals Ltd (Inc in Bermuda)

Standard Microsystems (Europe) (Inc in United Kingdom and Ireland)

Stanley Works (Nederland) BV (Inc in the Netherlands)

Stanlou Investments (Pty) Ltd (Inc in Namibia)

Stern Stewart Management Services Inc (Inc in United States of America)

Sterndale Enterprises Public Limited Company (Inc in England)

Sunkyong Ltd (Inc in Korea)

Symbol Technologies Africa Inc (Inc in Delaware USA)

Tajiri Holdings Ltd (Inc in the States of Jersey)

Technical Procurement Services International (Inc in Jersey)

Techno Source USA (Inc in New Jersey USA)

Telemser International (1995) Ltd (Inc in Israel)

Templeton Investment Managment (Inc in Singapore)

The International Import and Export Company Ltd (Inc in Cardiff Wales)

The Jewellery Chain (Inc in Australia)

Thegra Continentou BV (Inc in Dongen Netherlands)

Trafford Investments Ltd (Inc in the Isle of Man)

Trans-Tec Services Inc (Inc in the USA)

Transcontinental Real Estate Inc (Inc in the British Virgin Islands)

TRW Occupant Restraints South Africa Inc (Inc in the USA)

Turner Properties Ltd (Inc in the British Virgin Islands)

UB International Ltd (Inc in United Kingdom)

UHC Holdings Rsallc (Inc in USA)

UHC Overseas RSA Inc (Inc in United States of America)

Ulysses International Resources Ltd (Inc in Victoria British Columbia)

Ulysses Mines Ltd (Inc in the British Virgin Islands)

Unisys South Africa Ltd (Inc in Delaware USA)

United Aire Lines Inc (Inc in the State Delaware USA)

Unitrans Lesotho (Inc in Lesotho)

Univet Ltd (Inc in Ireland)

Varsam Investments (Pty) Ltd (Inc in Namibia)

Vicsa Computercraft (Inc Victoria Australia)

Warner Music Enterprises Inc (Inc in the USA)

Waterton (Inc in Hong Kong)

Whitehorse Publications Ltd (Inc in England)

Wilson Sporting Goods Co (Inc in the State of Delaware)

Winter-Bouts Ltd (Inc in the Netherlands)

York-Miac (Inc in the State of Delaware USA).

Funds promised by foreign countries

41. Sen J SELFE asked the Minister of Housing:

(1) Whether her Department was promised funds in the form of donations by any foreign countries during the period 27 April 1994 up to the latest specified date for which information is available; if so, (a) what amounts were promised and (b) by which countries;

(123)

(2) whether any of this money has been spent; if not, what are the reasons for the delays; if so, what portion of the funds received from each of the said countries had been spent as at the latest specified date for which information is available?

S223E

The MINISTER OF HOUSING:

(1) Yes.

(a) and (b) R120 million from the European Union
R95 million from Sweden
R20 million from the Open Society Foundation
R143 million from the Federal Republic of Germany
R12,76 million (US $2,9 million) from the United Nations Development Programme (UNDP)
US $,6 million from USAID.

(2) The amounts of R120 million from the European Union for the integrated development of Cato Manor and the R95 million from Sweden for various projects are in the process of being finalised contractually with the donors. The funds have therefore not been received.

The amount of R20 million received from the Open Society Foundation has been deposited into the account of the National Urban Reconstruction and Housing Agency (NURCHA), which is a section 21 company.

The amount of R143 million received from the Federal Republic of Germany has yet not been spent due to the negotiations for the establishment of a Rural Housing Loan Fund. It is envisaged that a formal agreement will be reached soon and that the contracts will be signed.

As far as the amount of approximately R12,76 million (US $2,9 million) is concerned, R660,000 was earmarked for preparatory assistance to the Department of Housing for the implementation of the People's Housing Process. This amount has already been spent. As an outcome of the preparatory phase, a Programme Support Document for the Capacitation Programme of the People's Housing Process was prepared and accepted by the Department of Housing and the UNDP. The balance of R12,1 million will be utilised for this purpose. The document is presently at the UNDP in New York for consideration and approval after which expenditure will take place.

The amount of US $1,6 million has been made available to the Department of Housing for management capacity building and technical assistance. Of this amount R568 000 has already been spent while the balance will be drawn incrementally acording to needs. So far these funds have been applied mainly for the establishment of risk interventions in the housing market as provided for in the White Paper on Housing, such as the National Housing Finance Corporation.

National arboretum: Grahamstown

151. Sen E K MOORCROFT asked the Minister of Water Affairs and Forestry:

(1) Whether he has recommended that Grahamstown become the centre for a national arboretum; if not, what is the position in this regard; if so,

(2) whether any progress has been made in this regard; if not, why not; if so, what progress;

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

S239E

The MINISTER OF WATER AFFAIRS AND FORESTRY:

(1) Yes.

(2) Yes. A trust was registered on 9 April 1996. An executive officer will be employed to establish and manage the arboretum and to undertake further fund-raising.

(3) No.

Previous minister: days spent outside Republic

155. Sen W F MNISI asked the Minister for General Services:

(a) How many days in 1995 did his predecessor spend outside the borders of the Republic, (b) what was the (i) purpose, (ii) destination, (iii)

NEWS FOCUS

Zenex, Exxon's SA heir, remains much of a mystery company

(60) BD 18/7/96

Reinie Booysen

OF ALL the creatures left behind in SA by disinvesting multinationals during the 1980s, Zenex, the fuel retailer, must be the most peculiar.

Zenex has studiously resisted publicity over the years, and deflected questions about the precise nature of its residual overseas links. This is surprising for a company solely aimed at benevolence towards SA blacks.

Some things, however, are well known: when US-based Exxon, one of the world's largest companies, withdrew from SA in 1986, it sold its SA subsidiary, then operating as Esso, to a trust based in the tax haven of St Helier, Jersey, in the Channel Islands.

The company was renamed Zenex, and its products and service stations re-branded in a livery which still bears a striking resemblance to that of Esso stations around the world.

When Exxon withdrew from SA it was under immense pressure from anti-apartheid activists. "A great deal of every AGM in the US was spent defending its presence in SA," recalls Zenex MD Paul Richards.

The solution, Exxon decided, was to withdraw, but seem benevolent while doing it.

Thus a deal to sell the assets to a trust devoted to the "enhancement and improvement of education and training" of blacks in SA.

Exxon naturally wanted to get every last dollar out of SA, so it loaned the trust the money needed to buy Esso SA, and the trust agreed to repay the loan over 10 years — which Richards says it finally did in 1994.

The exact size of this loan is one of the many questions about Zenex which intrigue local oil industry people.

Neither the trustees nor Exxon have ever been prepared to divulge this information.

Indeed, it is not even possible to put the question to the trustees: Richards and other employees at Zenex refuse to tell anyone what the trustees' telephone or fax numbers are — although Richards politely offers to relay questions to them.

The trustees are scattered around the world: Rob Patterson, a Canadian, is a retired vice president of the Royal Bank of Canada; Giovanni Theodoli, who lives in Rome, is a retired CE of US-based Chevron's European operations; and Michael Richardson is a trust law expert resident in St Helier.

The "protector" of the trust — a functionary which Jersey law apparently requires — is an Austrian, Albert Celerin.

Flavour

The trustees employ the services of a consultant to advise them on the management and operations of Zenex.

Last year the trust was given a "more SA flavour", says Richards, when Sizwe Nxasana, a chartered accountant from Durban and a Development Bank of Southern Africa director, was taken on board.

On behalf of the trustees, Richards offers two main reasons why they need not reveal details like the size of the loan from Exxon: it is private information; and knowledge of the loan would enable others to calculate Zenex's profitability.

Whether this would prejudice Zenex is debatable. Engen and Sasol, for example, as listed public companies, break out their profitability in fair detail, and it is by no means obvious that transparency has been harmful to their business operations and prospects.

But, then again, Zenex's profitability might be so great as to be deeply embarrassing to those in the oil industry who complain about low margins and profitability consequent upon the current regime of tight price regulation.

With the last loan repayment instalment being paid in 1994, one could argue that the reason for locating the trust in Jersey no longer exists.

But there are no immediate plans to relocate it.

"The trustees have consulted many different people, and concluded that it would be prudent to keep the trust in Jersey. Once the trust moves to SA, it cannot move back to Jersey again," says Richards. "But it is certainly not cemented in stone that the trust will remain abroad forever and a day."

Richards says that, while there is no plan to do so, the trust may in the future wish to sell Zenex, in which case it would be able to repatriate the money to Jersey, where it would be invested and the proceeds devoted to the trust's charitable objectives in SA. Essentially, the trust might consider disinvesting a second time.

Certainly, there would be no shortage of buyers. According to some SA oil executives, Zenex is the best-run little oil concern in the country, producing extremely handsome returns from its tight operations.

Nonetheless, with only 2,5% of the SA fuel market, it must be the most vulnerable of local operators in the event of full-scale deregulation — which makes it one of the favourite take-over targets in the industry.

Richards says he has had several approaches over the years. The most intriguing possibility, some oil executives believe, is that Exxon still retains some kind of clawback option, to give it a way back into SA.

"My understanding from the trustees is that Exxon does not retain a clawback option," says Richards, but he admits that he has yet to see the trust document, and therefore cannot "categorically rule out" this possibility. He argues that this is an unlikely scenario: "Wherever you look at Exxon's retail operations in the world, you will notice they take no interest in small bits and pieces.

"They either get into a market in a big way, which enables them to have a significant say in the market's development, or not at all. On top of that, Exxon has withdrawn from the rest of Africa, so it is extremely unlikely that they have any interest in SA," he says.

As the only SA fuel retailer without a stake in a refinery, conventional oil industry wisdom is that Zenex would not survive for long on its own in a deregulated market.

Richards disagrees: "Deregulation does not scare us. We are confident that we would compete and prosper."

While regulations exist, however, it is clear that Zenex's profitability is significantly enhanced by its low overheads, and the regionally focused structure of its network in Gauteng, the Durban-Maritzburg conurbation and the Western Cape.

With SA's fuel retail prices set to ensure a 15% average return on the oil companies' marketing assets, Zenex is one of very few companies which do not know the meaning of risk. "We don't have the distribution and logistical overheads of our competitors," says Richards.

What must be of some concern, however, is the future security of its supply arrangements. At present, Zenex gets the bulk of its oil product supplies via "processing contracts" at the Sasol/Total Natref refinery in Gauteng and Caltex's Western Cape refinery — a common arrangement in terms of which refiners effectively rent spare crude processing capacity at their refineries to others. Both are so-called "deemed processing contracts", which means that Sasol and Caltex procure the crude for Zenex.

Until mid-1995, Zenex had a relationship with Engen, but this ended when Engen increased its processing fee.

In a fully deregulated market, these arrangements will doubtlessly come under strain as price competition intensifies.

Competitors eyeing Zenex's most juicy retail sites could severely undermine their value by refusing to supply Zenex with petrol and diesel. Zenex might be able to import clean oil products at competitive prices, but in the long run it would probably be too risky.

The most likely outcome, it seems, is a take-over, either by an oil company, or even a retailer, like Pick 'n Pay, planning a major entry into the fuel market. Zenex may be only 2,5% of the market, but it is probably the juiciest bit.

In the meantime, the trustees and management are increasingly turning their attention on the original raison d'être of Zenex: charity.

A local trust — the Zenex Foundation — was established last year, with the aid of a R20m donation from the company for the current year to October. Richards says this foundation will in future receive all the non-retained earnings of Zenex — apart from the money remitted to Jersey annually to cover the trustees' fees and other costs — although he declines to give any detailed figures.

Charity arm

In the years before the Exxon loan was repaid, Zenex's in-house charity arm was the Zenex Educational Foundation, which received "over R1m a year", derived from a legal provision which permits companies to donate up to 5% of pre-tax profit to charity.

Education and adult literacy programmes have been among the major beneficiaries, says Richards. This arm has now been absorbed into the Zenex Foundation. Plans to launch and raise the public profile of the Zenex Foundation are being made. President Nelson Mandela has had to turn down an invitation to the launch, but CE Kobus Visage is hopeful that Deputy President Thabo Mbeki will be able to make it.

A decade since its charitable purpose was plotted by Exxon, it is an intriguing new beginning for Zenex: 10 years ago Mbeki might well have been among the protesters outside Exxon's AGMs.

Now he will be able to celebrate the good that Exxon's heir can do for his people.

Unanswered questions about Zenex continue to intrigue local oil industry people. Picture: TREVOR SAMPSON

US companies spearhead direct investment in SA

(60) (~~[illegible]~~) ST (BR) 28/7/96

By ZILLA EFRAT

US FIRMS have been entering and expanding operations in South Africa almost twice as fast as companies from all other countries combined.

This according to Peter DeSimone, editor of the Washington-based Investor Responsibility Research Centre's recent survey of 2 000 multinationals with direct investment, employees or non-equity links in South Africa.

The survey found that 57% of all new companies entering South Africa over the past two years have been from the US. Many were re-establishing ties broken off in the 1980s.

In the past year alone, the number of US firms with direct investments or employees in South Africa has grown from 208 to 262, the value of their assets by 29% and the number of employees under their management by 33%.

US companies account for more than a quarter of the 883 multinational firms with employees or direct investments in South Africa. But while they collectively employ 60 000 of the 500 000 employed by multinationals in South Africa, US firms are not major employers, says DeSimone.

For example, the combined employment in South Africa by the largest five US firms is roughly 12 000 — a number dwarfed by the largest single multinational employer in South Africa, British firm Lonrho at 23 000.

Among the US firms, only Sara Lee ranks among the top 20 multinational employers.

Britain is the largest foreign employer in South Africa with German and US firms competing for second place.

Since the 1994 elections, the all manufacturing sector has attracted the most multinational entrants (24%), followed by the wholesale trade (21%) and transportation and communication (20%).

DeSimone says these companies have responded to SA's recent economic growth and changes in its regulatory environment which have made some sectors more open to foreign competition.

He says in recent years large green-field investments in manufacturing and other industries have been relatively rare. However, several foreign investors, particularly Malaysian conglomerates, have invested in new property developments.

"A few other foreign firms have set up facilities in the financial services and the consumer products manufacturing sectors."

The survey also found that foreign firms in South Africa are highly concentrated when it comes to location. More than 80% of their operations are in Gauteng.

TOP 10 FOREIGN EMPLOYERS IN SA

	COMPANY	COUNTRY	EMPLOYEES
1.	Lonrho	United Kingdom	23 000
2.	GEC Alsthom	The Netherlands	8 751
3.	Volkswagen	Germany	7 179
4.	Nestle	Switzerland	6 878
5.	BTR	United Kingdom	6 391
6.	Unilever	United Kingdom	6 369
7.	Daun et Cie	Germany	5 350
8.	Cadbury Schweppes	United Kingdom	4 592
9.	Siemens	Germany	4 493
10.	Rolls Royce	United Kingdom	4 468

Graphic: FIONA KRISCH Source: IRRC

FOREIGN FIRMS IN SA.

1997

US firms boost SA payrolls

Malaysia and Japan also increase stakes

(60)

ANC 12/7/97

ALIDE DASNOIS
Business Editor

American companies added 11 000 employees to their payrolls in South Africa over the past year, a survey by a Washington-based think-tank has shown.

The survey by the Investor Responsibility Research Center found that between May 1996 and May 1997 United States-based companies increased their staff complements from 60 000 employees to 71 000, making them among the fastest-growing foreign employers in South Africa.

Firms from Japan, Malaysia and Canada also boosted their staff numbers by more than 20%.

But, the survey found, though employment by foreign firms rose 10% over the year, growth was generated mostly by the arrival of new companies, and not by additional recruitment by existing companies.

Totals employed by companies were down in May 1997 compared to May 1996, and more than 70% of the European companies that responded to the survey said they cut down on staff over the year.

The centre found that the most enthusiastic investors in the country were US-based companies, which brought in US $2,4-billion (R10,8bn).

Malaysian companies came close behind, with new investments and reinvested profits of US$ 997-million (R4,5-bn). The share of assets owned by Malaysian firms in South Africa has jumped from 1% of foreign owned assets to about 5%.

In all, foreign firms ploughed more than US $2,8 billion in new investments into the country over the year, more than triple the amount that came into South Africa a year earlier. Including reinvested profits, foreign direct investment topped US$7,8-billion.

Biggest single investments were the sale of stakes in Telkom to SBC Communications of the United States and to Telekom of Malaysia.

A Malaysian firm was also involved in another of the biggest deals when Petroliam Nasional bought a 30% stake in Engen for $435 million after an unsuccessful bid by Mobil.

Sowetan (Bus.) (60) 23/9/97

Four SA firms form database company

Maxwell Pirikisi and Sapa

FOUR blue chip companies – Nedcor, Old Mutual, Dimension Data and Wooltru – have teamed up to form an innovative computer database company to reduce costs and utilise their diverse customer base.

Nedcor managing director Richard Laubscher said yesterday that the four companies wanted to create South Africa's first Virtual Private Network (VPN).

The VPN service enabled different computer systems in different locations to share and exchange information.

Companies using the system would be able to cut their operational costs by sharing the core network infrastructure, management and technical support teams.

Dimension Data would provide key technology and network management, while the other partners would avail core aspects of their existing network infrastructure.

Dimension Data chairman Jeremy Ord said the world-wide shortage of information technology skills and resources had been a driving force behind the growth of VPN's around the world.

"The need to share resources is particularly relevant in South Africa, where appropriately skilled network technicians are increasingly difficult to recruit and retain," he said.

Laubscher estimated the company would enjoy bottom-line profit of around R50 million in its first year of operation.

Old Mutual managing director Gerhard van Niekerk said the joint venture was a "win-win situation" for all concerned and would reduce further large scale capital investment.

Wooltru chairman Colin Hall said the ability to use information to accurately track market and individual client trends would raise the capacity of the retail group to meet the needs of the customer. The venture is the first of its kind in South Africa.

Gauteng	12
Total	115
(iii) Western Cape	0
Eastern Cape	1
Northern Cape	0
Free State	2
Mpumalanga	2
KwaZulu-Natal	1
North West	0
Northern Province	2
Gauteng	5
Total	13

(NB: Persons charged in 1996 are only now beginning to appear in court, due to the postponement of cases and the granting of bail.)

(c)	Western Cape	46 plus 1 hand grenade
	Eastern Cape	62 plus 1 hand grenade
	Northern Cape	0
	Free State	7
	Mpumalanga	12
	KwaZulu-Natal	26
	North West	15
	Northern Province	17
	Gauteng	66
	Total	251 plus 2 hand grenades

Provinces: tourism

193. Mr E K MOORCROFT asked the Minister of Environmental Affairs and Tourism:

What was the estimated (a) number of tourists who visited each of the provinces in 1996 and (b) income from tourism in that year? C206E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(a) The estimated number of tourists who visited each province in 1996 was:

Province	Air Arrivals	%	Domestic Travel	%
Gauteng	931 000	66,5	2 400 000	15
Western Cape	721 000	51,5	1 920 000	12
KwaZulu-Natal	399 999	28,5	4 800 000	30
Mpumalanga	287 000	20,5	1 120 000	7
Eastern Cape	224 000	16,0	2 240 000	14
North West	105 000	7,5	1 440 000	9
Free State	70 000	5,0	960 000	6
Northern Cape	70 000	5,0	320 000	2
Northern Province	70 000	5,0	800 000	5

(b) The estimated tourism income generated by these figures was approximately R31 billion for the year 1996 which is made up of:

International Market Revenue = R12 bn

Domestic Market Revenue = R19 bn

SANDF staff: absence

195. Mr J SELFE asked the Minister of Defence:

(1) (a) How many persons were employed by the South African National Defence Force as at the latest specified date for which information is available and (b)(i)(aa) what was the total number of man-days lost as a result of absenteeism during the latest specified period of 12 months for which information is available and (bb) what percentage of the total number of working days during this period does this figure constitute, (ii)(aa) to what causes was such absenteeism attributable and (bb) how many man-days were lost due to each of these causes and (iii) what was the average number of employees absent on each working day during the above-mentioned period;

(2) whether he or the SANDF has taken or intends taking any steps aimed at reducing the absenteeism rate in the SANDF; if not, why not; if so, what steps? C208E

The MINISTER OF DEFENCE:

(1) (a) As on 31 May 1997, there were 99 324 persons employed by the SANDF.

(b) (i) (aa) Total number of man-days lost to absenteeism – 324 931.

(bb) Percentage man-days lost out of the total man-days available – 1,63%.

(ii) (aa) Causes of absenteeism;

(i) Absent without leave (AWOL), [transport problems, imprisonment, financial problems, domestic problems, indiscipline, substance abuse, traditional ceremonies such as initiation].

(ii) Medical reasons.

(bb) Percentage man-days lost to;

(i) AWOL – 1,37%.

(ii) Medical – 0,26%.

(iii) Average number of employees absent each working day;

(aa) AWOL – 1 366.

(bb) Medical – 258.

(2) Yes. The SANDF is continuously taking steps aimed at reducing absenteeism. They include:

(a) Discharge of members who are AWOL for more than 183 days.

(b) Vigorous application of the Military Discipline Code (MDC).

(c) Command communication sessions to inform members of the procedures for obtaining official leave and the consequences of AWOL. A system for long weekends has also been created to accommodate transportation problems. Public or private transport has been arranged if a sufficient number of members travel in a specific direction.

(d) Consultations with commanders, welfare officers and chaplains is strongly recommended for professional support and to solve social and domestic problems.

(e) Appeals to medical officers to authorise sick-leave only when necessary.

(f) Demands for medical certificates for periods of absence due to illness.

Deportations

199. Dr G W KOORNHOF asked the Minister of Home Affairs:

(a) How many persons were deported from South Africa to their countries of origin in (i) 1996 and (ii) during the period 1 January 1997 up to the latest specified date for which information is available and (b) what are the (i) names of these persons and (ii) reasons for their deportation in each case? C212E

The MINISTER OF HOME AFFAIRS:

(Reply bound in Annexures of House – see M337/97.)

Foreign companies: business concerns established in SA

204. Mr A E VAN NIEKERK asked the Minister of Trade and Industry:† 60

(a) How many foreign companies established business concerns in South Africa in (i) 1996 and (ii) the first four months of 1997, (b) what are the names of these companies, (c) under what industrial sectors do such companies fall and (d) what, according to the South African Reserve Bank, did the total net inflow of foreign investments amount to in each of the above-mentioned periods? C217E

The MINISTER OF TRADE AND INDUSTRY:

South Africa does not currently have a comprehensive investment tracking system that could record all of the information on the basis requested. For this reason Investment South Africa (ISA) has been mandated to establish such an investment tracking system. The Department of Trade and Industry obtained the following figures from the offices of the Registrar of Companies, the Board for Regional Industrial Development and the South African Reserve Bank. Their figures indicate that:

(a) The Registrar of Companies indicated that a total number of 225 foreign companies registered during 1996 and the first four months of 1997.

(b) Enclosed are the names of those companies registered during that period (Annexure A). *[Partially illegible reply furnished by Department.]*

(c) The Board for Regional Industrial Development indicated that investments by foreign companies were made in the following industrial sectors:

- food products and beverages,
- textiles, clothing and leather,
- wood,
- refined petroleum,
- paper,
- basic and other chemicals,
- rubber,
- plastics,
- non-metallic minerals,
- structural metal,
- fabricated metal and metalwork service,
- household appliances,
- electrical machinery and apparatus,
- radio, television and communication equipment,
- transport equipment,
- furniture and,
- jewellery sector.

(d) The South African Reserve Bank indicated that the total net inflow of capital not related to reserves, was R 3,9 milliard for 1996. No figures are available for the first four months of 1997. The records of the Board for Regional Industrial Development show that R 1,9 milliard was invested by foreign companies during the period under review.

Annexure A

Co Numb	*Company Name*	*Inc. . . .*
960003310	Swiss Singapore overseas enterprises	(Inc in Singapore)
960004110	Polygram International Holding BV	(Inc in the Netherlands)
960008510	African Reinsurance Corporation	(Inc in Nigeria)
960004910	Baikal	(Inc in Russia)
960031210	Asia Technology Partners Inc	(Inc in the State of Il)
960040510	Sevenseas Security Ltd	(Inc in the Isle of Man)
960042910	Canterbury International Ltd	(Inc in New Zealand)
960048910	RS Components Ltd	(Inc in the United Kingdom)
960055710	The Thomas Cook Group	(Inc in the United Kingdom)
960055810	Bain and Company South Africa	(Inc in the USA)
960080710	LA Bourgogne Property Ltd	(Inc in the British Virgin Islands)
960080210	Act Medisys	(Inc in England)
960097010	Information Handling Services South Africa	(Inc in the State of Del)
960097410	Solomon Associates International Inc	(Inc in USA)
960136810	Dunraven Property Services Ltd	(Inc in the United Kingdom)
960136910	AMOCO South African Petroleum (BVI) Corp	(Inc in the British Virgin Islands)
960152910	Air Action International	(Inc in the British Virgin Islands)
960160010	Ameron B V	(Inc in the Netherlands)
960164010	CBS Inc	(Inc in the State of New ?)
960166910	Southernera Resources	(Inc in Canada)
960167110	Dainippon Screen (UK)	(Inc in the UK)
960197810	Konoike Construction Co Ltd	(Inc in Japan)
960200210	Lanapoule BV	(Inc in Netherlands)
960205110	Masterfridge	(Inc in Swaziland)
960217910	Roha Dye Chem	(Inc in India)
960224110	Finex Management Ltd	(Inc in British Virgin Islands)
960225610	Baldwin South Africa Inc	(Inc in the State of Del)

Co Numb	*Company Name*	*Inc. . . .*
960230010	Crysler International Services SA	(Inc in Delaware)
960258310	Cultor Food Science BV Inc	(Inc in Amsterdam the Netherlands)
960260410	Cargolinx Airlines International SA	(Inc in Luxembourg)
960267210	CIC Holdings Ltd	(Inc in the Republic of ?)
960285710	Effemex Ltd	(Inc in the USA)
960318510	Knightbridge Properties Ltd	(Inc in the Republic of ?)
960326510	Eagle Ottawa South Africa	(Inc in the United Kingdom)
960326810	Hogglunds Drives Aktiebolag	(Inc in Sweden)
960343910	Papergraphics Ltd	(Inc in England)
960345910	Church Raitt Orr Ltd	(Inc in Guernsey)
960371310	Turner International (UK) Ltd	(Inc in the United Kingdom)
960347510	Quinfiles (UK) Ltd	(Inc in the United Kingdom)
960376310	Intelligroup Inc	(Inc in New Jersey)
960386610	Management Planning Systems Inc	(Inc in Oklahoma)
960401310	MPC Medical Products Consultants BV	(Inc in the Netherlands)
960428210	LPI Ltd	(Inc in England)
960434510	Surveyor Indonesia	(Inc in Jakarta Indonesia)
960434610	IBC Group Inc	(Inc in Delaware)
960437810	Atronic Casino Technology Distribution GMB	(Inc in Germany)
960441510	Morgan Grenfell and Co Ltd	(Inc in England and Wales)
960452510	Attachmate Sales UK Ltd	(Inc in the UK)
960453510	Simplex South Africa LLC	(Inc in the United Kingdom)
960454010	Regus International Holding BV	(Inc in the Netherlands)
960461410	RP Scherer Ltd	(Inc in the United Kingdom)
960475110	Furisa Ltd	(Inc in the Republic of ?)
960478010	International Company Services (SA)	(Inc in Turks and Caicos?)
960479210	AIM Africa	(Inc in Idaho USA)
960481110	Hoskyns Application Products (International)	(Inc in Ireland)
960488310	Eurotrade Marketing Ltd	(Inc in the Republic of ?)
960494110	Compagnie Maritime Zairoise	(Inc in Zaire)
960495110	Justchi Dealers	(Inc in ....)
960501110	Societe Fonciere Immobiliere et de locatio	(Inc in France)
960510010	Windber International	(Inc in the BritishVirgin Islands)
960573110	Gold Tip Enterprises	(Inc in Jersey)
960580710	Morrison Property Development Ltd	(Inc in the United Kingdom)
960584310	Clean Air Company	(Inc in Holland)
960584410	Ripcort Ltd	(Inc in Amsterdam)
960598810	D-Groep BV	(Inc in the Netherlands)
960619310	Societe Generale	(Inc in France)
960628510	Quaker South Africa Inc	(Inc in Delaware)
960629910	Worldwide Television News Corporation	(Inc in Delaware)
960632710	Minuteman Press International	(Inc in New York USA)
960666610	ABSA Asia Ltd	(Inc in Hong Kong)

Co Numb	Company Name	Inc. . . .
960669810	Xyplex Inc	(Inc in United States of America
960669910	Ruck International Management Consultants	(Inc in Colorado USA)
960670110	Cornelis Vrolijk International 11 BV	(Inc in Republic of Netherlands)
960693910	Euromoney Training (Jersey) Ltd	(Inc in Jersey)
960719810	Wabco Sandown	(Inc in Netherlands)
960728710	Nikia Investments Ltd	(Inc in the British Virgin Islands)
960740110	Ekuiti Meranti (M) SDN BHD	(Inc in Malaysia)
960742410	Armada Shipping SA	(Inc in Cyprus)
960752510	LMF International Ltd	(Inc in the British Virgin Islands)
960753310	The Savant Group Inc	(Inc in Delaware)
960753410	South African Freeads Ltd	(Inc in United Kingdom)
960755410	Gemini System Solutions	(Inc in the United Kingdom)
960764010	Seer Technologies Inc	(Inc in State of Delaware)
960765110	IBRD Rostrum Global Ltd	(Inc in England)
960771610	Barra International Ltd	(Inc in the State of ?)
960772810	Jat Yugoslav Airlines	(Inc in Belgrade Yugoslavia)
960777510	SMEC International	(Inc in Australia)
960779710	Christoffel-Blindenmission EV	(Inc in Germany)
960798010	Air Technology Ltd	(Inc in ....)
960798110	LCM Holdings LDC	(Inc in the Bahamas)
960798210	Compagnie General de Geophysique Societe	(Inc in France)
960798610	Veritas Venture Capital Management	(Inc in Israel)
960805610	Virgin Atlantic Airways Ltd	(Inc in the United Kingdom)
960806310	Maginet South Africa Inc	(Inc in the State of ?)
960814610	AMOCO South Africa Exploration (BVI) Corp	(Inc in the British Virgin Islands)
960840010	Geocal Societe A Responsabilite Limitee	(Inc in France)
960845410	New South Africa Pizza Company LLC	(Inc in the USA)
960848310	Briggs of Burton Ltd	(Inc in United Kingdom)
960857810	Turbo Jav Inc	(Inc in the British Virgin Islands)
960864210	MWG Associates Ltd	(Inc in Gibraltar)
960866210	Dillo International	(Inc in Swaziland)
960872410	Bellwood Properties Ltd	(Inc in the British Virgin Islands)
960905310	Bel Ombre Development Corporation	(Inc in the Tortola British.)
960910210	Five Assegai Ltd	(Inc in the British Virgin Islands)
960928710	Giemil Enterprises Pte Ltd	(Inc in Zimbabwe)
960952510	Clive Allen (Pty) Ltd	(Inc in Swaziland)
960953210	Deutsche Telekom AG	(Inc in Germany)
960994610	UBU Investments Ltd	(Inc in the British Virgin Islands)
961033210	BT (Worldwide) Ltd	(Inc in the State Delaware)
961033310	Booz Allen and Hamilton (South Africa) Ltd	(Inc in the State of Cal.)
961074410	Playbill (UK)	(Inc in the United Kingdom)
961083010	Protein Technologies International Sales I	(Inc in the USA)
961087910	IWD Strapping Sales	(Inc in Australia)
961104810	Atomaer (RSA)	(Inc in Western Australia)

Co Numb	Company Name	Inc. . . .
961116210	Cabletron Systems Ltd	(Inc in Cardiff United Kingdom)
961131910	Dunlop Slazenger International	(Inc in the United Kingdom)
961137710	Kerafeal Llc	(Inc in the USA)
961138610	PC Supplies Ltd	(Inc in the Isle of Man)
961138710	Seismograph Service Ltd	(Inc in the British Virgin Islands)
961160010	Windsorton Management Company	(Inc in Jersey)
961162910	Anite Systems Ltd	(Inc in England and Wales)
961164310	Amway South Africa Llc	(Inc in United States of America)
961172210	Telecom Italia SPA	(Inc in Italy)
961184910	Metalspray International LC	(Inc in Virginia)
961189910	Utrechtse Beheer Maatschappij Catherinje B	(Inc in Netherlands)
961201510	Air Cargo Partners	(Inc in United Kingdom)
961201810	Parsons Group International	(Inc in the United Kingdom)
961214310	Oudendijk Beheer BV	(Inc in Netherlands)
961217210	Airlanka	(Inc in Colombo Sri Lanka)
961220310	Guilford Limited Ldc	(Inc in the British Virgin Islands)
961233010	M and P Memorial and Burial Consultants	(Inc in Bophuthatswana)
961253710	Lexion Consultants Ltd	(Inc in the British Virgin Islands)
961262210	Independent Television News	(Inc in the United Kingdom)
961286210	Calter Limited SA	(Inc in Panama)
961289110	Africa Resources Limited	(Inc in the British Virgin Islands)
961304110	Adro Technologies	(Inc in the England Wales)
961312710	Certina International Investments	(Inc in the British Virgin Islands)
961317310	DE and S Africa Inc	(Inc in the United States of America)
961357010	Waiviata	(Inc in Australia)
961371610	Le ma CA SRL	(Inc in Italy)
961371710	Labor Sarda Sud SRL	(Inc in Italy)
961371810	Labor SRL	(Inc in Italy)
961379910	Time SRL	(Inc in Italy)
961381410	Karam Chand Thapar (Africa)	(Inc in Mauritius)
961382110	Laboroma SRL	(Inc in Italy)
961405810	Watkins Security International Inc	(Inc in the USA)
961407310	Systems Decision Management	(Inc in Western Australia)
961408110	McGraw-Hill International Enterprises	(Inc in the State of New?)
961459610	TRW Systems Overseas Inc	(Inc in the United States of America)
961488510	Devtech Systems Inc	(Inc in the USA)
961488610	Mathieson Properties Limited	(Inc in Western Somoa)
961496410	Virgin Telecom Limited	(Inc in Ireland)
961496510	Guardforce International Transportation Li	(Inc in Ireland)
961500910	ABT Associates South Africa Inc	(Inc in Delaware USA)
961511610	Remington Consumer Products Limited	(Inc in England)
961521910	Inroads Africa Inc	(Inc in British Virgin Islands)
961522410	Jet Organisation Limited	(Inc in Ireland)

Co Numb	Company Name	Inc. . . .
961532210	MacGregor (GBR) Limited	(Inc in the United Kingdom)
961587110	Meubex Company Limited	(Inc in the British Virgin Islands)
961600410	Salvor-Hotels Mozambieque Investimentos TUR	(Inc in Mozambique)
961607310	Brown-Forman Beverages Africa	(Inc in Bermuda)
961656010	Rotork PLC	(Inc in England)
961675410	Haas Consult Southern Region Africa GMBH	(Inc in Germany)
961695610	Hitachi Zosen Corporation	(Inc in Japan)
961700010	Highbury House Communications PLC	(Inc in England)
961735510	Nippon Express Co Ltd	(Inc in Japan)
961735610	TCM Europe Inc	(Inc in the USA)
961754410	Perfect Goal Enterprises Ltd	(Inc in the British Virgin Islands)
961769610	The National Smaal Industries Corporation	(Inc in India)
961817610	State Bank of India	(Inc in India)
961825710	Bred Ltd	(Inc in Island of Guernsey)
961826110	The Bank of Tokyo-Mitsubishi Ltd	(Inc in Tokyo Japan)
961826210	ASW-South Africa Inc	(Inc in the State of Ili.)
970002310	White Bonnet Properties	(Inc in the British Virgin Islands)
970010910	Cromwell Group (Holdings) Ltd	(Inc in United Kingdom)
970013010	Merchants of South Africa Ltd	(Inc in British Virgin Islands)
970013110	Cape Town Properties Ltd	(Inc in British Virgin Islands)
970031410	Hitachi Europe Ltd	(Inc in England)
970033910	Zambian Express Airways (1995)	(Inc in Zambia)
970037810	Norwegian People's Aid	(Inc in Norway)
970039610	LG Electronics Inc	(Inc in Seoul, Korea)
970056510	Compagnie Generale De Batiment Et De Const	(Inc in France)
970057610	Hornit Ltd	(Inc in the City of ?)
970057810	Mallan World International Inc	(Inc in the Republic of South Africa)
970058210	Achaues Institute for Entrepreneurship So??	(Inc in Australia)
970061010	Equator Africa	(Inc in the United Kingdom)
970061110	HSBC Equator Bank	
970064810	Sacher Associates	(Inc in Australia)
970069110	Impregilo SPA South Africa	(Inc in Italy)
970085410	Digicorp European Sales	(Inc in Belgium)
970091510	Portlet Ltd	(Inc in the British Virgin Islands)
970109710	Iscor Holdings (BVI) SA	(Inc in the British Virgin Islands)
970172110	Crossware BV	(Inc in the Netherlands)
970178710	Morgan Guaranty Trust Company of New York	(Inc in New York)
970186810	SNC-Lavalin International	(Inc in Montreal Canada)
970227810	Kizorek	(Inc in the USA)
970251510	Waardzicht International	(Inc in the Netherlands)
970271310	Musto's International Import and Export Co	(Inc in Swaziland)
970286610	Engineering Export Promotion Council (Indi??	(Inc in Calcutta India)
970295710	Airlie Properties Ltd	(Inc in the British Virgin Islands)

Co Numb	Company Name	Inc. . . .
970298610	Litton Marine Systems BV	(Inc in the Netherlands
970306510	Korea Exchange Bank	(Inc in Korea)
970342710	Lockheed Martin Overseas Services Corp	(Inc in the State of De.)
970350410	Shinahwon General Trading Co	(Inc in the Republic of South Africa)
970359310	Solvay Duphar BV	(Inc in the Netherlands)
970371010	Holistic Systems	(Inc in England)
970374710	Olympic Amis	(Inc in Dublin Ireland)
970374810	O and M Africa BV	
970375010	New Zealand Post	(Inc in New Zealand)
970396910	Blackstairs Marine Corp	(Inc in British Virgin Islands)
970432410	Blenny Enterprises	(Inc in the British Virgin Islands)
970453510	SAUR Services	(Inc in United Kingdom)
970470610	Lifescreen	(Inc in Ireland)
970485210	The Kingfisher Group Ltd	(Inc in Isle of Man)
970492110	Irdeto Consultants BV	(Inc in the Netherlands)
970522710	Safari Ostrich Producers Corporation	(Inc in Namibia)
970525210	Article 19 Research and Information on Cen	(Ass Inc Under Section 2)
970540210	AC Nielsen South Africa BV	(Inc in the Netherlands)
970560010	Shippin Consolidated Holdings	(Inc in Zimbabwe)
970593410	Ruritania Ltd	(Inc in the British Virgin Islands)
970602010	Marazul Investments SA	(Inc in Panama)
970621310	Zimbabwe Express Airlines (Private) Ltd	(Inc in Harare Zimbabwe)
970630810	Control Components Inc	(Inc in the USA)