FOREIGN FIRMS IN SA – SWISS

From

1977 — 1985

1991 — 1992

67

N. Mercury 20/7/77

Everite's sales volumes fall

JOHANNESBURG — Everite announced here yesterday an estimated unaudited consolidated group profit of R7 750 000 for the year ended June 30, compared with an actual profit of R11 103 000 the previous year. Estimated turnover dropped from an actual figure of R53 108 000 to R50-million.

Group profit after tax was estimated at R4 422 000 against an actual figure of R5 576 000 in 1976, the announcement said. Estimated earnings per share were 27,3c (34,5c actual) and a final dividend of 9,5c per share has been declared for an unchanged total dividend for the year of 15c per share.

The decline in the volume of sales experienced in the first half year continued at an accelerated pace during the second half year reflecting the deep recession into which the building industry has now sunk.

The declining profit trend as a result of the above factors has been counter - balanced to some extent by a dividend from Asbestos Investments, amounting to R1 020 000 for the year (1976 nil). — (Sapa.)

Local computer terminal is a money saver

Sunday Times (Business Times) 21/8/77

By TONY KOENDERMAN

ANKER Data Systems, the Swiss-controlled cash register company, is marketing South Africa's first locally made point-of-sale computer terminal.

Managing director Gerhard Kopatz says the new ADS 4900 will sell for about a third less than the comparable imported product.

Developed at a cost of about R250 000, it has a local content of 80 per cent.

"We are aiming for sales of R1,5-million by the end of this year," says Mr Kopatz. This would give ADS a penetration of 30 per cent in a market which he reckons is worth R5-million a year — and growing fast.

Compatible with any mainframe computer, the ADS 4900 is suitable for use in supermarkets, banks, building societies and similar outlets.

Anker claims a 35 per cent share of the market for cash registers, both electronic and electro-mechanical.

•Pictured Right: Mr Kopatz shows off Anker's new Brainchild, the ADS 4900.

EMBARGO : 7 NOVEMBER 1977 AT 13H00

67

ADDRESS DELIVERED BY MR. G.J.J.F. STEYN, SECRETARY FOR COMMERCE, ON THE OCCASION OF THE OFFICIAL COMMISSIONING OF THE NO. 3 KILN OF MESSRS ANGLO-ALPHA CEMENT LIMITED AT DUDFIELD ON 7 NOVEMBER 1977

Mr. Byland, Your Excellencies the Ambassadors of Switzerland and France, Distinguished Chief Minister Mangopi, and other distinguished guests:

It is a source of great personal pleasure to me to address you briefly on the occasion of the official commissioning of our host company's third kiln at its Dudfield cement factory.

During my nearly 40 years of official life, I have been closely associated with, and have come to appreciate some of the complex problems with which the South African cement industry is being confronted from time to time.

I have/...

I have also gained an insight into some of the more important cost and other considerations which have to be born in mind by our cement producers in the planning of their operations. Hence, I welcome the opportunity of dealing with some of these issues in the course of my address to you since I believe that an understanding thereof is essential to a proper appreciation of the significance of the occasion for which we have gathered here today.

But, before doing so, let me say immediately that I have been tremendously impressed by the magnitude and the highly sophisticated nature of this particular plant. This venture, amongst others, serves to illustrate the great progress which mankind has already made with the harnessing of electronic devices and equipment to the benefit of modern industry and society.

I wish/...

I wish to pay a warm tribute to the management and staff of our host company for this major achievement, which constitutes yet another important milestone in the success story of its operations in South Africa.

Since its modest beginnings in 1934 this company has progressively expanded and diversified its operations to the stage where today these operations include a wide variety of activities, ranging from cement manufacturing, stone quarrying and the manufacture of ready mixed concrete, and which has caused the Anglo-Alpha group to develop into one of the largest industrial undertakings in South Africa as well as a major supplier of materials to our building and construction industries.

But, in the course of its acquisition of these various interests, Anglo-Alpha has also diversified its activities even further into the chemical and specialised contracting fields as well as the manufacture of paper sacks, luggage craft, leather, canvas and of woollen and textile goods.

It is/...

It is not surprising, therefore, that the Group's total assets already amount to some R250 million while its total turnover exceeds R132 million per annum. Moreover, the Group at present employs some 6 500 people and, with the establishment of its factory here at Dudfield, it has also made a major contribution to the implementation of the Government's policy of decentralisation of industries which is aimed at achieving more balanced economic growth throughout the country.

But what makes the erection of this modern kiln all the more commendable from our broader national point of view, is the fact that it constitutes an outstanding example of our host company's confidence in the economic future of our country at a time when so many of our businessmen show a tendency to be unreasonably hesitant and even pessimistic in this respect.

There/...

There is, however, a second, and perhaps even more important, feature of this venture on which I would like to place emphasis at the present stage of South Africa's economic development. And that is the immense material benefits that can be derived from the establishment of constructive partnerships between foreign capital and know-how and South African enterprise in the further exploitation of our country's vast raw material resources. I wish to stress that, as a matter of policy, the South African Government attaches great importance to, and welcomes the continuation and expansion of joint undertakings of this nature. We firmly believe that trade and investment ties between countries should be established and expanded purely on the basis of economic considerations, because it is only in this manner that the prosperity and progress of all peoples of the

world/...

world can be promoted on a sound and lasting basis.

If I may now, for a moment, highlight some of the special features of our cement industry, I would like first of all to remind you that this particular industry is one which probably suffers most under the impact of the proverbial saying that familiarity breeds contempt. People simply accept its existence and continued viable operation as a foregone conclusion. And, hence, there is also in our community a regrettable lack of proper appreciation of the vital role which the industry is playing in the domestic economy and, indeed, in the life of every citizen of our country. Its products are daily visible to all members of the public and, in consequence, are very much taken for granted by the nation as a whole. I submit that this is a situation which hardly does justice to the

great/...

great economic value of the industry's product to the community as a whole.

The cement industry not only represents one of the main suppliers of materials to the building industry which, in turn, is such an important contributor to the economic wealth of our country, but it is also a significant employer of our people and an equally significant user of a wide variety of local materials and services. In addition, the industry has in recent years become an important earner of foreign exchange through its exports.

One need merely look at such figures as the cement industry's total annual production: the number of people employed by it: the industry's annual salaries and wages bill: its account with the South African Railways and with private transport undertakings and its expenditure on

fuel/...

fuel, spares, replacement parts, repair services and a host of other essential purchases, to realise that we have to do here with an industry of truly great proportions in the national economy.

By the same token the building industry, with which the cement industry is so closely associated, is a vital sector of our economy. There are various reasons for this. Firstly, there is the country's ever-growing needs of new buildings for mining, industrial, commercial and service establishments created by the expansion of the economy and the rapid urbanisation of our population. In addition, there is the rapidly rising demands made on the building industry's services which stem from the initiation of new infrastructural and other projects, as well as our country's enormous needs of housing of all types for all our population groups which are due to the concentration and natural growth of our population

as/...

as well as the higher living standards attained by all sections of the community. These developments augur well for the medium and long term prospects of the building industry and for all other industries allied to it, of which the cement industry is undoubtedly one of the leaders.

However, experience has shown that the rate of growth of the building industry fluctuates considerably from time to time. This situation, of course, also exerts a significant influence on the levels of production of the cement industry, and consequently complicates the proper planning of its manufacturing operations. To this must be added the fact that new manufacturing capacity of considerable proportions must be created in the cement industry from time to time in order to enable the industry to achieve the benefits associated with the economies of scale, while there is also a

relatively/...

relatively long lead time between the planning and the commissioning stages of new capacity expansions in this particular industry.

The cement industry is, therefore, faced with fluctuating conditions of inadequate and surplus capacity. The former invariably causes cement shortages which disrupt building activities and lead to public criticism of the industry's inability to meet the country's needs while the latter, namely conditions of surplus capacity in the industry, detrimentally affects its unit costs of production.

These capacity variations inevitably create formidable problems for the cement manufacturers - problems for which there is apparently no easy solution. It is, nevertheless, a matter to which the cement manufacturers, with the assistance of their Association, should devote their constant attention in an attempt to minimise the harmful

effects/...

effects on the industry which stem from such periodic fluctuations, and consequent imbalances in the supply of, and the demand for cement.

The prolonged conditions of economic recession in South Africa have caused a particularly sharp decline in building activities which, in turn, has seriously affected the domestic demand for cement as well as capacity utilisation in the cement industry. Sharp fluctuations in the demand for cement again make heavy inroads into the financial viability of the cement industry, the more so since the industry's progressive conversion to automation requires very heavy capital investments which is evidenced by the fact that the erection of this third kiln at the Dudfield plant has involved our host company in an investment of some R53 million.

The ratio of fixed to variable costs in the industry is obviously much higher in the case of the automated factories than is the case

with/...

with the conventional type of factories. And this makes it particularly difficult for the automated factories, but to a lesser extent also for other cement producers, to achieve any significant cost savings during periods of declining outputs.

We find, therefore, that in times of economic recession when building activities invariably suffer serious setbacks with a consequent steep decline in the demand for cement, the prices of this product are normally kept at levels in excess of what may be regarded as reasonable purely in the light of prevailing economic conditions with the result that these unduly high cement prices have a further adverse effect on the already reduced demand for cement.

I mention this particularly feature of the industry's pricing structure not in any critical sense, but merely to highly a problem

which/...

which is of direct concern of all of us who are so deeply conscious of the need to restrain increases in building, and especially housing costs in the country.

Cement is, of course, subject to price control. I know that it is being argued in certain circles that there is no need for the maintenance of price control in respect of cement since there are many independent cement producers in the country which excludes the possibility of excessive prices being charged for this product. However, it should be borne in mind that the cement products have been authorised by the Government to rationalise the distribution of cement through one central marketing organisation in order to achieve certain cost savings for the country as a whole. Since this arrangement has largely eliminated competition between the cement manufacturers in the marketing of their product, the Government considers it necessary

to/...

to retain its present control over cement prices.

I am, of course, also aware of the fact that it is being alleged that the application of price control in respect of cement militates against the expansion of the industry's capacity so as to enable it to keep pace with the growth in demand under normal conditions.

This argument is, however, not completely valid since the Government did some time ago formulate, in consultation with representatives of the industry, a new and very realistic basis for the application of control over cement prices which took full cognisance to the problems peculiar to the industry and which also provided adequate scope for our cement manufacturers to build up reserves, or attract outside capital, for investments in new plant capacity so as to cope with increases in demand.

I readily concede that the Government has not found it possible

in/...

in recent times of severe economic recession to apply this revised price control formula to the full extent in its consideration of the cement industry's periodic price applications with the result that the price increases approved by it have generally been less than those applied for by the industry in terms of the revised formula. But, in arriving at these decisions, the Government necessarily had to take account of the very serious conditions of recession prevailing in the building industry, as well as the fact that major increases in cement prices, even if justified in terms of the new formula, would merely have depressed still further the already low levels of demand for cement However, I do not believe that this situation can justly be regarded as a permanent departure from the new price control formula, or as an indication that the Government, as a matter of policy, wants to exercise price control in respect of cement in a manner which shows no regard at all to the equally important objective of ensuring

the/...

the necessary expansion of the industry's plant capacity.

The industry maintains that the special concessions embodied in the new price control formula are still inadequate to meet the purposes which they were intended to serve. Hence, the industry has requested me, in my capacity as Price Controller, to give further consideration to the matter. With this end in view, I have recently obtained the Government's approval for the establishment of a special Study Group, consisting of senior members of my staff and representatives of the industry, with a view to investigating the matter and submitting recommendations to me on a price formula for cement which would ensure both a reasonable price and an incentive

for/...

for the further expansion of production facilities for this very important product. This Study Group has already commenced with the task entrusted to it.

Finally, I would like to emphasise that the Government has always looked sympathetically at any additional investments which the industry may have found it necessary to make from time to time for the purposes of expanding its plant capacity and introducing cost-saving production and distribution techniques. I wish to assure the industry that this traditionally sympathetic approach of the Government towards its particular needs and problems has not in any way been permanently impaired by the severe conditions of recession with which our country has been confronted during the past three years. And, despite all the difficulties with which the industry has had to

contend/...

contend as a result of the exceptionally steep decline in building activity, I firmly believe that its medium and longterm prospects are probably far more promising than even the most optimistic forecasts by our cement manufacturers themselves would seem to indicate. My message to you today is, therefore, one of great faith in the future of this industry which plays such a vital role in the domestic economy.

I now have great pleasure in declaring that this third kiln of the Dudfield factory of Messrs. Anglo-Alpha Cement Limited has been officially commissioned today, and in extending to the company, as well as its management and staff, my sincerest wishes for the attainment of new successes in its future operations.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE DEPARTMENT OF COMMERCE

PRETORIA

FIN. MAIL 2/12/77

CODES OF CONDUCT

A Swiss role

(67)

Yet another code of conduct for foreign firms in SA is in the offing — this time from Switzerland.

The *FM* understands that a working group has been set up in Switzerland to frame the code. It includes the ministries of trade and foreign affairs and representatives of commerce and industry.

The *FM*'s correspondent in Zurich reports that the code is likely to call on Swiss subsidiaries in SA to counter apartheid. But the guidelines laid down would be recommendations. Sanctions against defaulters are not foreseen.

The Swiss plan follows the EEC code adopted in Brussels in September. The Swiss are not members of the EEC, but the Nine approached the 24-member Organisation for Economic Co-operation and Development (OECD) urging the adoption of a code.

Although OECD member nations decided in Paris last week that the OECD was not the proper organisation to draw up and monitor a code, they were sympathetic to the broad outline of the EEC code and also felt that some form of co-ordination among the major capitalist powers was desirable. The Swiss accordingly decided to go ahead with a code. They have also been in contact on the issue with Canada and the US.

Swiss banking sources in SA believe that direct Swiss investment in SA is worth only about R500m. The major Swiss firms in SA include Roche, Brown Boveri, Nestlé, and Ciba Geigy.

CODES OF CONDUCT

Not a yodel

(67) FM 7/4/78

Swiss firms with SA subsidiaries have stymied their government's plans for a labour code for Swiss companies in SA.

Shortly after the EEC code of conduct was made public last year, the Swiss government met representatives of commerce and industry to discuss the drafting of a Swiss code (*FM* December 2). Switzerland is not a member of the EEC, but the government hoped that the OECD would sponsor a code. When the OECD declined to do so, the Swiss government mooted the idea of going ahead on its own.

The idea has now been dropped, however — partly because of the lack of a co-ordinated OECD effort, but mainly because of the opposition of Swiss businessmen. They strongly resisted the drawing up of any code, and the government decided not to go ahead.

Instead, a joint government-business committee has urged Swiss firms in SA to adhere to the Urban Foundation/Saccola code, which is much weaker than the EEC code. Moreover, the Swiss government will not make any attempt to monitor whether or not Swiss firms in SA follow the Urban Foundation code.

Apex slaan slag

67

RAPPORT 7/5/78

DIE Apex-groep van Vereeniging het 'n lisensiëringsooreenkoms met Safe and Reinforcement, van Switserland, aangegaan om moderne S-gegote skuurmateriaal in Suid-Afrika te vervaardig.

S-gegote skuurmateriaal word hoofsaaklik in die mynbedryf gebruik, en onlangse toetse met hierdie materiaal by Sishen het getoon dat die gebruiksduur van draaibrekerkonkawe met soveel soos 1 200 persent verleng kan word.

3/11/78

67

F.M. 3/11/78

UNION RECOGNITION

Swiss role

FM 3/11/78

For the second time in as many weeks, an employer faces court action because of the lock out of a black worker. This time the threatened action is civil, rather than criminal.

The firm is Swiss based multinational Forbo Krommenie and the complainant a shop steward of the unregistered Transport and General Workers Union. The action flows from a protracted recognition dispute at the firm's Durban plant which culminated in a brief work stoppage last week.

According to the union, the vast majority of Krommenie workers are union members. A petition signed by 84 of the firm's 100-odd workers has been presented to management requesting union recognition. But, while management has met union officials, it refuses to grant recognition.

Krommenie's liaison committee, five of whose six members are union shop stewards, (according to the union) has also discussed recognition with management. Last month, however, management turned down a request from the shop stewards to discuss the issue and is now seeking to dissolve the existing liaison committee and hold fresh elections. Workers have refused to participate in new elections, says the union.

Matters came to a head on October 20 when a worker told his colleagues in Krommenie's Novilon department that he had been dismissed. His colleagues requested a meeting with the firm's production manager who told them the man had resigned.

According to the union, the workers rejected this explanation and argued that management had breached its own disciplinary procedure which states that a worker must be warned three times before he is dismissed.

The union says the production manager replied that management could dismiss workers whenever it chose and that, if the workers did not like it, they had five minutes to leave the plant. All 12 workers in the department who were present then left. A 13th man joined them the next day.

The union says it contacted management after the incident, which sparked off a work stoppage elsewhere in the factory, and offered to intercede to get the 13 men back to work. Management turned this down, but agreed to take the men back if they met certain conditions.

Union reference?

According to the union, all but one of the men have now been taken back on condition they have nothing to do with "outside parties," a reference to the union. The worker who has not been taken back is a shop steward who has had a number of clashes with management and it is he who claims he has been locked out.

He alleges that he and his fellow workers left because management changed their conditions of employment — a lock-out — and that he is entitled to reinstatement.

Krommenie MD W M Mets tells the *FM* the firm is not prepared to discuss the union recognition issue until after the Wiehahn Commission reports. He "is not prepared to say" whether the union represents a majority.

Management, he says, wants new

The inclusion of LANDCULT instead of MORGENS greatly increased the explanatory power in the variation of yield from 11% to 29,1%. What is also interesting is that the coefficient of LANDCULT is positive indicating a direct relationship between the two. As explained earlier, these two variables (YIELD and LANDCULT) were both probably related to family income or wealth and that families with higher incomes were capable of cultivating more land, buying better seed and more fertilizer thus obtaining higher yields.

The number of unspecified children (HUC) only just becomes significant in equation (6) and has a negative coefficient. A possible explanation for this is that unspecified children may well refer to younger children and that an adult woman might have to stay at home to look after the children. This could therefore lead to a fall in yield.

The significance of HUC falls away when the number of wage-earning females and males are combined in the composite variable HWA in equation (7). HWA becomes more significant indicating that the absence of adults from the fields because they were earning wages lowered the yield.

Thus far we have considered and analysed maize cultivation in the homelands. What emerges from the study is the complex interdependence of many of the factors: the size and proportion of land cultivated and the yield obtained from such cultivation all have an affect on each other and are all in turn probably influenced by the overall wealth of the family. We turn to another aspect of a homeland family's wealth, namely their livestock.

2.7 Cattle

Workers were asked: "Does your family own any livestock?" If they replied in the affirmative they were asked to specify the number of cattle, sheep, goats, pi[...] possessed. Table 16 specifies the distr[...]s' families.

committee elections because the present committee's term of office is due to expire on January 1: The elections have nothing to do with the present dispute, says Mets.

He denies any victimisation by management. Workers who were taken back were told that they could channel grievances through the liaison committee. Nor, he says, was there a lock-out. The worker who claims he was dismissed resigned and the others "stopped work and walked out." Krommenie has never opposed unions in principle but is waiting for the Wiehahn report, says Mets.

(67)

Swiss win R17m generator order

5/11/78 Sunday Times

SWISS-owned International Machinery Supplies (Pty), the company which successfully negotiated the R1 000-million Koeberg nuclear power station contract for a French consortium, has won orders valued at R17-million for power generating and ancillary equipment.

By IAN MUIL

The bulk of this is for emergency generating equipment for the mining industry, which plans to spend R60-million on emergency units over the next four years.

Most mines in South Africa do not have emergency power generation units and the recent New York power failure disaster resulted in the decision by the mining houses to embark on a crash installation programme.

The first of these orders have now been placed.

Anglovaal has ordered five 1 100 kW emergency diesel generators from IMS for the group's Hartebeestfontein gold mine.

IMS is currently negotiating with the other mining houses.

Compact

Although most of the orders are expected to be for diesel powered generators, General Mining has opted for a R2-million gas turbine installation because it is more compact and lighter and thus able to be transported from mine to mine.

Other orders IMS has secured for emergency generating units are with Escom for 12 1 000 kW units for the Matla power station, 12 1 000 kW units for Duvha power station and two 1 000 kW units for the Drakensberg hydro-electric scheme.

Herbert Berger, an IMS executive, told me the units will be assembled in South Africa.

Local content will rise to as much as 60 per cent by weight by sub-contracting out such items as foundation frames, cooling systems, fuel tanks and compressors. The generators are imported from France and Norway.

In ancillary equipment IMS has been awarded a R3-million Escom contract for the supply to Arnot power station of three 65-ton per hour horizontal tube mills.

Grinding

The mills are used for grinding coal burnt in the colliery and the installation by IMS of these horizontal mills could signal a large-scale switch by Escom from vertical to horizontal mills.

SA coal has been found to be unusually abrasive and results in high maintenance costs because of wear and tear on the vertical ball and roller mills currently used by Escom.

viz. Major Divisions 3, 5 and 8 (Manufacturing, Construction, and Financing, insurance, real estate and business services). Major Divisions 9 and 4 (Community, social and personal services, and Electricity, gas and water) were covered to some extent by a questionnaire sent to some Provincial hospital services departments, Bantu Affairs Administration Boards and Municipalities and Local Authorities. Major Divisions 1 and 2 (Agriculture, hunting, forestry and fishing, and Mining and quarrying) were expressly excluded from the report by the terms of reference.

The report is biased towards Manufacturing and Construction, and related services. The main reason for this is that it was easier to cover large concentrations of employment in the economy by interviewing firms in these sectors than by spending time on the other sectors where there are relatively fewer large firms. Also, in the case of Manufacturing it proved possible to obtain a list from the Bureau of Market Research at the University of South Africa of all the manufacturing firms in each of the geographical areas we were to cover.

1/ See Standard Industrial Classification (SIC), Department of Statistics, Pretoria 1974, for breakdown of economy into Major Divisions etc.

Swiss Minister condemns apartheid

(67)

RDM 18/11/79

BERNE. — The Swiss and Nigerian Foreign Ministers yesterday condemned South Africa''s apartheid policies in a communique attacking human rights violations throughout the world.

The two Ministers, in a joint statement issued here and in Lagos after a two-day visit to Nigeria by Swiss Foreign Affairs Minister Mr Pierre Aubert, also called for new negotiations for a just international economic system.

South Africa is a major trading and investment partner of Switzerland.

But the communique said Mr Aubert had made it clear apartheid was "conradictory not only to the traditions and ideals of the Swiss people, but also the human rights principles recognised by the international community".

"The two Ministers condemned human rights violations throughout the world and apartheid in particular,'' said the four-page statement. The visit was the first to Africa by a Swiss Minister.

Mr Aubert told the Nigerian Foreign Affairs Commissioner, Major-General Henry Adefope, that Switzerland had embargoed arms supplies to South Africa.

Mr Aubert and a five-man delegation also had a half-hour meeting with the Nigerian head of State, Lieutenant-General Olusegun Obasanjo. Other delegation officials held separate talks with their Nigerian counterparts about Swiss-Nigerian relations. — Sapa-Reuter.

The basic of productivity
growth is t st-practice'
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producers i esses are
asymptotic) output per
worker slow el attained
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Plewman's a atic 'best-practice'
techniques n production are
forthcoming ing to the 'best-
practice' p the stylised
assumption will not predict...

Detailed discussion of probable productivity changes in individual cases is beyond us. There are simply a few points that can be jotted down rather randomly. The constant-productivity assumption for copper is worrying because of recent increases; however, we know that the Phalaborwa Mine will have to switch from open-cast to underground by the mid-1980s and so recent gains may be lost.[60] The same assumption is even more worrying in the case of asbestos which seems to have experienced productivity growth for some time. The evidence from the 1970s (and back well into the 1960s) is that there has been no regular productivity advance in chrome mining. There do not seem strong reasons for objecting to the Plewman projections for iron ore, manganese and coal.

We shall accept the constant output per head assumption for gold mining. In the case of platinum the evidence is less clear and we would prefer to leave the door open for some (perhaps slow) growth of platinum output per head. And the same holds for diamonds.

3.4.3 Employment projections, 1980-2000

It may be more helpful to approach these employment projections by presenting numbers of workers who are to be employed in 2000 - rather than rates of growth of employment over time.

Mennonite Central Committee se Konferensie oor: 'Die Rol van Geskiedkundige Vredeskerke', Gaborone, Botswana. Verhandeling voorgelê oor: 'The Role of Churches in Promoting Justice in Southern Africa' (Oktober).

Konferensie van die Afrikaanse Calvinistiese Beweging, Potchefstroom (Oktober).

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

Die Direkteur het aktief gebly in die Suid-Afrikaanse Instituut vir Rasse-Verhoudinge as 'n lid van die Weskaap-Distrikskomitee, die Nasionale Uitvoerende Komitee en van die Raad.

Hy is Voorsitter van die Quaker Service Fund in die Kaap, die diensafdeling van die Godsdienstige Vriendekring (Quakers), wat gemeenskapsontwikkeling op die platteland en in die stadsgebiede bevorder.

Die Direkteur is gekies as lid van die Raad van die Vereniging vir Sosiologie in Suidelike Afrika. Hy is ook 'n lid van die Suid-Afrikaanse Sosiologiese Vereniging en van die Internasionale Sosiologiese Vereniging. Hy is aangestel as die Suid-Afrikaanse afgevaardigde in die Raad van die Internasionale Sosiologiese Vereniging vir die tydperk 1978-1982.

WAARDERING EN DANK

Ek is altyd dankbaar vir die geleentheid wat die jaarverslag bied om my waardering te betuig aan lede van die Akademiese Advieskomitee en die Beheerraad vir hulle leiding, aanmoediging en belang in die aangeleenthede van die Sentrum.

Die Universiteit van Kaapstad het benewens 'n bydrae tot die bedryfskoste van die Sentrum, ook vir die Sentrum sedert sy stigting in kantoorruimte voorsien. Met die uitbreiding van personeel het ons die huisie op die laer

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra: dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies ... In die Memorandum en ...

67

Star 15/8/79

Swiss firm is in the money club

LONDON — A Switzerland-based firm has become the first foreign member of the exclusive club of London money-brokers after a four-year fight, including a complaint against the Bank of England to the European Economic Community in Brussels.

The Bank of England said it had added to the list of recognised brokers in Britain allowed to handle foreign exchange and currency deposits the name of Sarabex Limited, a company with strong middle East connections.

"It now joins 12 other brokerage firms who buy and sell foreign currencies and place deposits on behalf of clients rather than for their own account," the Bank of England said. Three other firms handle foreign exchange only. — Sapa-Reuter.

Professor J.F. ...
Professor J.F. Brock
Mnr C.S. Corder*
Professor W.H.B. Dean*
Dr J.P. Duminy*
Professor G.F.R. Ellis
Biskop A.W. Habelgaarn
Mnr E.V.E. Howes*
Professor M.F.Kaplan
Ds. W.A. Landman
Mnr G.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

55

Rapport 25/11/79

114

Regering sal oor steenkooluitvoer weer moet besin

DIE kwessie of dit raadsaam is om Suid-Afrika se steenkool op groot skaal uit te voer terwyl die wêreld 'n oliekrisis ondervind, het vandeesweek weer sy kop uitgesteek toe die voorsitter van Johannesburg Consolidated Investments (JCI), sir Albert Robinson, in sy voorsittersrede gesê het dat die Regering se houding, volgens sy mening, té versigtig is oor die uitvoer van steenkool.

Sir Albert het gesê hy meen die huidige beperking van 44 miljoen ton steenkool vir uitvoer, insluitende antrasiet, kan aansienlik opgestoot word sonder om die land se langtermyn-energiebehoeftes enigsins in gevaar te stel.

Energiebron

Hy is van mening dat Suid-Afrika teen die huidige tempo van verbruik genoeg steenkool vir ongeveer 200 jaar het. Daar is ook genoeg uraan om steenkool en olie as energiebron in die toekoms aan te vul.

Daar bestaan op die oomblik groot geleenthede vir die uitvoer van steenkool dwarsdeur die wêreld en hierdie geleenthede moet benut word. Hoewel beperkinge in laai- en vervoergeriewe vir die uitvoer van steenkool wel voorkom, is dit probleme wat baie maklik oorkom kan word, sê sir Albert.

Kenners in Suid-Afrika is op die oomblik in twee kampe verdeel oor die uitvoerprogram van steenkool of dit moet versnel word en of matige uitvoer gehandhaaf moet word om genoeg reserwes in die grond te laat vir toekomstige gebruik.

Diegene wat ten gunste van verhoogde uitvoer is, is van mening dat die wêreld voor die jaar 2000 gedwing sal word om alternatiewe energiebronne te vind en dat steenkool net 'n oorgangsrol sal speel. As ons gevolglik nie nou van die uitvoergeleenthede gebruik maak nie, sal die inkomste wat ons uit steenkool kon verdien het vir altyd verlore wees.

Konferensie

Dan is daar dié skool wat van mening is dat ons eerder 'n versigtige houding moet inneem en sien hoe dinge ontwikkel; dat ons maar liewer die verhoogde inkomste wat ons uit steenkool kon verdien het moet prysgee.

Kenners waarmee Sake-Rapport vandeesweek gepraat het, sê daar kan slegs oor hierdie vrae besin word as die land 'n omvattende energieplan het. Die eerste minister, mnr. P. W. Botha, het egter vandeesweek by die belangrike konferensie met vooraanstaande sakemanne in Johannesburg laat deurskemer dat so 'n plan dalk binnekort opgestel kan word.

Nog 'n faktor wat tot die meningsverskil, of ons meer moet uitvoer al dan nie, aanleiding gee, is die feit dat daar nie ooreenstemmigheid oor Suid-Afrika se steenkoolreserwes bestaan nie.

Uiteenlopende vooruitskattings oor ons steenkoolreserwes doen op die oomblik die ronde. Daar moet natuurlik besef word dat reserwes verander soos die prys van steenkool verander en dit is dus nie moontlik om 'n definitiewe syfer te noem nie.

Die Petrick-kommissie het byvoorbeeld gevind dat Suid-Afrika 94 000 miljoen ton steenkool in situ het.

Die voormalige Minister van Mynwese, mnr. Fanie Botha, het in April vanjaar in die Parlement gesê dat hy opdrag aan die Departement van Geologiese Opname gegee het om nuwe steenkoolreserwes vir die land uit te werk. Mnr. Botha het destyds gesê daar word gewerk op ongeveer 24 000 miljoen ton steenkool wat ontgin kan word, maar hy het bygesê dat hy van mening is dat die syfer maklik tot 70 000 miljoen ton opgestoot kan word.

Grondstof

Hy het ook bygevoeg dat as die wêreld die vraag na steenkool begin afplat, steenkool uitsluitlik gebruik sal word as 'n grondstof vir chemiese produkte. Wanneer hierdie stadium bereik word, sal Suid-Afrika waarskynlik genoeg steenkool vir die volgende 400, 500 of selfs 600 jaar hê.

Die jongste skattings van Suid-Afrika se steenkoolreserwes is dat die ontginbare reserwes teen vandag se tegnologie en ekonomiese beperkings sowat 61 000 ton beloop. Teen die huidige verbruiksvlakke is dit genoeg om vir die volgende eeu te hou.

Intussen wil dit voorkom asof 'n mens moet wag totdat 'n omvattende energieprogram vir die land uitgewerk is, voordat daar besluit kan word om ons uitvoer van steenkool drasties te verhoog. — **Daan de Kock.**

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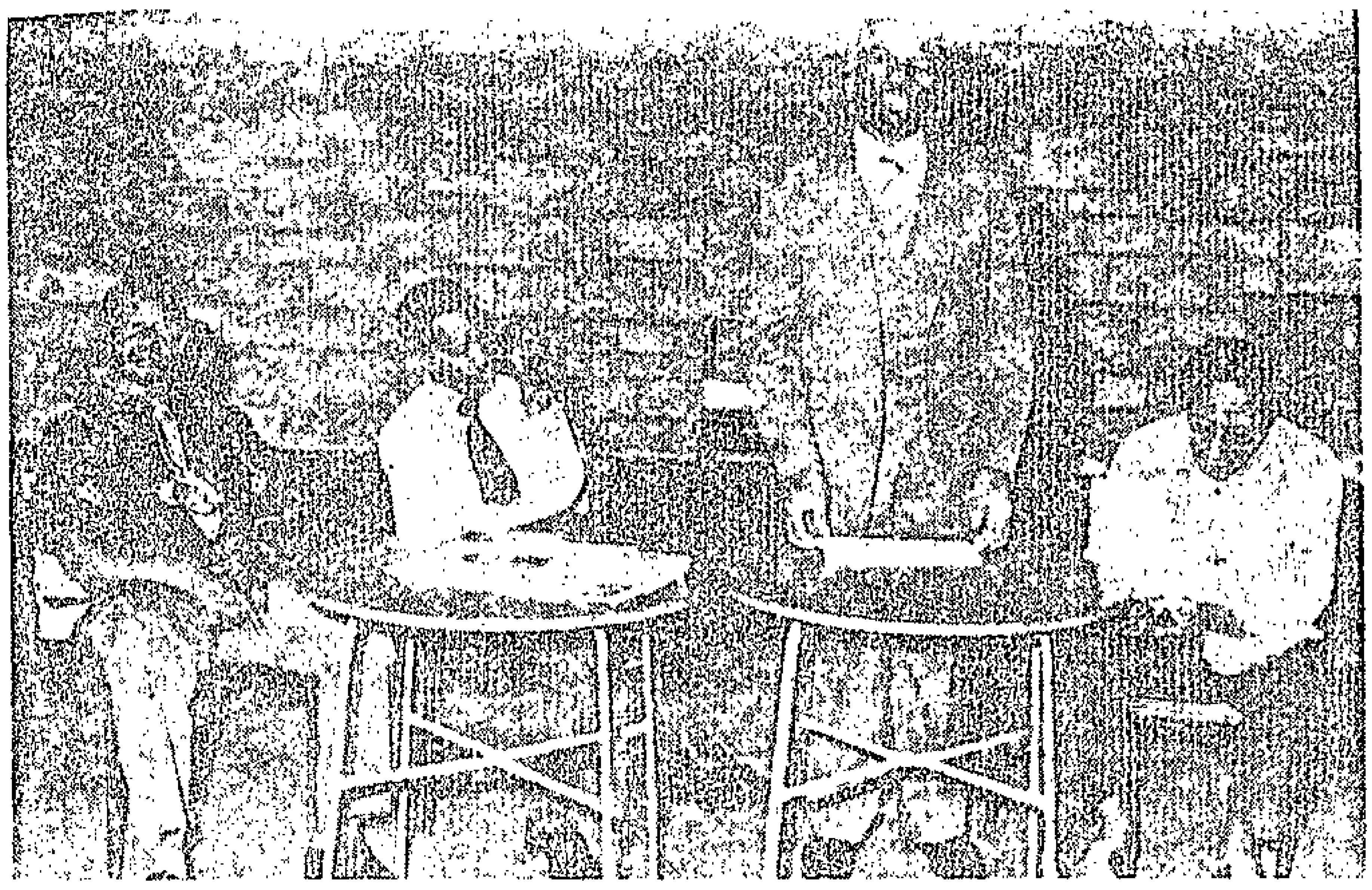
(Seneca, Epp. 47)



(From left) Mr Curtis Nkondo, Dr Nthato Motlana, Mr Thomazile Botha, and Bishop Desmond Tutu at this week's conference.

CODES OF CONDUCT A 'DAMP SQUIB'

By ZWELAKHE SISULU

ARE the codes of conduct for foreign companies operating in South Africa a damp squib or a downright failure?

Both the European Economic Community code of conduct and the Sullivan Principles have been in operation for more than a year, but their effects are still to be felt.

The codes were introduced in response to mounting pressure on foreign governments not to invest in the country.

The thinking was that disinvestment would be detrimental to black workers' interests — and that foreign companies could play a role by improving the quality of life of the black worker.

The ripple effects of the improvements, it was envisaged, would transcend the work situation and would flow over to the socio-economic sphere.

However, flaws in the implementation of the codes have rendered them bereft of any effectiveness.

This lack of effectiveness can be summed up under the following:

- Lack of legislation or penalties in Europe and the United States to make the codes enforceable.
- The difficulty in creating an effective monitoring machinery that would be independent of company managements.

Because of this, the implementations have had to rely solely on the goodwill of individual companies.

A contributing factor to the lack of application of the codes is a fear by British and American companies that they have to compete with other foreign companies, particularly Japanese ones, whose countries do not insist on a code of conduct.

This is the same inhibition which has driven the two governments to resist disinvestment for fear that if they did so, other countries would move in and consolidate their position.

The codes came in for heavy criticism during a Press conference this week which highlighted the labour situation in Port Elizabeth.

The conference was held by Mr Thozamile Botha, Mr Curtis Nkondo, Dr Nthato Motlana and Bishop Desmond Tutu.

Trade unions are particularly sensitive on the issue of the codes.

"The codes are very good on paper but they don't have teeth because there is no sanction — they are just empty," said Mr Leonard Sikhakhane, chairman of the Black Consultative Committee of Trade Unions.

"For the codes to be effective, the unions must be allowed to grow within the company and the codes must be monitored by the workers themselves," he said.

Workers were not even aware of the existence of the codes and any changes which may result from the implementation of the codes are perceived as a change of heart by the company.

Although the codes emphasise the need for trade union recognition, companies often ignore this.

Company managements have also developed a selective application of the code requirements.

SUNDAY POST's sister newspaper Post's Job Watch Team, who monitored the implementation of the codes, visited 40 multi-national companies this year.

In one company, which represented the selective approach, they found there was "lots of training, but mostly in areas that do not prepare workers for senior positions. Invariably the excuse would be that there are no suitable people to train for the senior jobs. Black education was blamed."

Job Watch also found that "upward movement" that does take place does not stem from the "ending of apartheid" but because of a shortage of white skills.

Trade unions charge that since the responsibility of implementing the codes are left to companies, their existence as unions is being made obsolete.

"The codes can't be particularly effective because they don't lead to union recognition. In any event, they cannot replace organising by trade unions," Fosatu's general secretary, Alec Irwin said.

According to unions, far from generating union interest, the application of the codes in fact militated against unions to such an extent that they are sometimes seen as a direct threat to the efficacy of trade union activity.

Trade unions suggest that even if applied, the codes must not be seen as an end in itself — but as the beginning.

In addition to the two codes of conduct, yet another two exist. These are the South African ones, formulated by the Urban Foundation and the South African Employers Consultative Committee on Labour Affairs (Saccola).

The South African code of employment practice has reportedly been adopted by between 15 000 and 20 000 companies but there has been no feedback on their progress.

While the three codes have existed side by side, they do not seem to have had a liberalising effect in business practices.

Mr Thozamile Botha maintains that: "The problem is political and you cannot separate the interest of the worker in his work situation from his out of work situation."

What is clear is that as long as the codes cannot be enforced — they are doomed to fail.

Argus 7/4/81

German, Swiss banks fund SA

67

Argus Correspondent

ZURICH. — West German and Swiss banks have now taken over the bulk of international lending to South Africa, a seminar on bank loans was told yesterday.

French banks also continue to provide funds but several British, US, Dutch and Canadian banks have stopped doing business with Pretoria, it was said.

A report to the 'international seminar on bank loans to South Africa' was made by the Rev David Haslam, secretary of the 'End Loans to South Africa' movement.

The seminar was convened by the UN Special Committee on Apartheid, the World Council of Churches and the Swiss Anti-Apartheid Movement.

In the Netherlands, Mr Haslam told the three-day seminar which began on Sunday that AMRO, ABN and other Dutch banks had stopped lending to South Africa.

In Britain the Midland Bank made a similar decision while in the US, the Chemical Bank, Chase Manhattan and others 'have indicated they would make no more loans.

'Citibank remains the main offender in the US,' Mr Haslam said.

Canada's Toronto Dominion Bank had also stopped further dealings with Pretoria.

'It is, however, the German and Swiss banks which have taken over much of South African lending.'

The decision to hold the seminar in Zurich backfired on the organisers, and not only because it aroused Swiss Government displeasure.

Zurich was selected because of its status as world financial centre and because all foreign reporters in the city are specialists in financial and economic news.

But all these reporters were concentrating yesterday on the annual report and Press conference given by Alusuisse, the big Swiss aluminium corporation and one of the 'enemies' of the anti-South African investment militants.

The foreign Press corps is concentrated in Geneva and only two correspondents, including one from the Soviet news agency Tass, attended.

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TABLE 1

STATE HEALTH EXPENDITURE IN SOUTH AFRICA
1975/76 - 1977/78 (R MILLIONS) (Current prices)

		1975/ 1976	1977/ 1978	% Change	1975/ 1976	1977/ 1978	% Change
Dept. of Health Vote	W	44,9	54,7	+21,8			
	B	67,4	82,1	+21,8	0,38	0,4	5,2
(a) Homelands		9,2	26,1		2,4	2,3	
(b) S.A.Bantu Trust		55,2	32,4		8,0	4,6	
Subtotal (a) + (b)		64,4	58,5	- 9,1	10,4	6,9	-42,5
Prov. Subsidies Cape	W	61,7	78,1	+26,5	0,5	0,5	0
	B	119,8	150,9	+25,9	17,5	17,5	0
Natal	W	16,6	20,2	+21,6	0,62	1,8	190,3
	B	52,1	63,1	+21,1	3,9	4,4	12,8
O.F.S.	W	19,0	23,0	+21,0	4,4	3,8	-13,6
	B	20,0	24,2	+21,0	1,0	2,5	150,0
Tvl.	W	82,4	102,4	+24,2	44,2	52,9	19,6
	B	70,4	87,7	+24,5	4,2	4,0	- 4,7
Grand Total		618,7	744,9	+20,3	87,1	94,7	+ 8,7

(Inclusive of Municipal Subsidies)

Source: Department of Health, Pretoria.

(W = WHITE; B = BLACK (including so-called 'Coloured' and 'Asian'))

1.1 Department of Health

The Department of Health receives its finance from two parliamentary votes - the Health vote, and the Health (Hospitals and Institutions) vote. This is used to finance (directly or via a subsidy to municipalities) the provision of tuberculosis, leprosy and mental hospitals as well as district medical and nursing services and medical poor relief. It is also responsible for ancillary services such as State laboratories, the control of infectious diseases and environmental control. The expenditure shown in Table 1 also includes the subsidy paid to the South African Medical Research Council.

. / ..

minister is more the "sick comforter" than the healer, and as such plays a vital role, especially among the chronic, the incurable and the elderly.

A fourth category of remedies are directed at those conditions which normal medicine either does not recognise or cannot cure. Three examples cropped up in the course of formal interviewing, but several people knew of similar cases. One lady successfully cured warts by rubbing a green bean on the affected spot and burying the bean in the garden. A child who was unable to speak, but who was otherwise bright and normal was taken to a faith healer who was unable to help. A girl who had been under a doctor's care for "nerves" woke one morning unable to open her eyes or swallow. She was taken straight to a faith healer who restored her faculties through prayer. There are no faith healers permanently resident in the township, but their whereabouts are known. Also, there are no doekums (Malay healers who combine some practical herbal knowledge with faith healing and quackery), although people know of their activities in other areas.

The foregoing four categories are those of the observer rather than the actor in the situation, although they would be recognised by most as being a ... ation of their attitudes and actions.

... of the body deemed responsible ... of the ...

... component is also signi... obviously related in part to what ... is punished by nature, if not by a ... in spicy foods and in alcohol is punished by nature, if not by a ... more personal power. Dirtiness is likewise punished by infections, whether the dirt be associated with unclean hands or sexual promiscuity. Health may be restored by the expulsion of the filth that is causing the discomfort. These values are rarely articulated in specific terms and are certainly not as strongly held by the people of Ocean View as they appear to be in some African communities, but they do help to explain some behaviour. Significantly, purgatives and stomach pain remedies feature very strongly in the area of Dutch medicines, but they are also common in the patent medicine range and in the list of folk and herbal remedies - in the latter case as herbs which "clean the system" or "the blood".

The third major folk category is that of rheumatic or arthritic pain. As we have observed earlier, the intractable nature of these pains and their association with older folk who have more time to dwell on them, makes them a major medical problem, for which remedies are desperately sought. Informants noted that some remedies provided by doctors have unpleasant side-effects of which they were not warned, or that a medicine which worked well initially seems to lose its potency after a long period of use. So the search goes on, more for relief than cure, and some people deliberately stop going to their regular doctor in order to give

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Swiss share in new SA bank

ROM 8/4/81

THE International Bank of Johannesburg has been formed with an initial authorised capital of R4-million, of which R2-million is paid up and which will be held equally by Bank Holding Corporation of South Africa and an undisclosed Swiss-based bank.

Bank Holding Corporation's deputy-chairman, Dr Fred du Plessis, says the bank will be involved primarily in international banking, offering its services in particular to those companies, both South African and foreign, which have an important volume of import and export business.

He was unable to divulge the name of the overseas bank, but said "it is one of the biggest international banks".

He said the advantages to the bank holding group included the ability to participate in the network of a big international bank; channelling business through the new bank which might have been directed through several South African banks.

For the first time an international bank was willing to put in risk capital with a view to doing business.

Dr Du Plessis said the bank would offer a full range of banking services to its corporate customers, including cheque accounts.

The shareholders saw scope in South Africa for a bank specialising in international operations.

Dr Du Plessis will be chairman of the new bank and the managing director is Mr Gerard F O'Farrell, until recently chief executive of a bank in Saudi Arabia. — Reuter.

some other remedy a chance, or, as one sufferer put it, "to give my tummy a rest."

Headaches probably make up the next largest category, but here the pattern of response is different. Headaches tend to be associated with the general health of the sufferer and, apart from herbal and Dutch remedies which "clear the head" via the nasal passages, or which "cleanse the system" the only headache remedies were in the patent range.

Sprains, strains and bruises, usually contracted during vigorous physical exercise, but also in the course of heavy work can be treated with kelp (sea bamboo) bound to the tender muscle, massaged with buchu and vinegar, or treated with the same range of balms as are applied to rheumatic pains.

Cuts, abrasions and boils can be treated with folk, herbal and patent medicines, but more serious accident cases tend to be taken straight to hospital, especially if they occur outside the home.

Finally, like the observer, the people are aware of disorders which lie outside the range of normal medical treatment, particularly those associated with mental processes. Fits, impairment of normal faculties (deafness or dumbness), madness and psycho-somatic disorders create anxiety as they are not easily understood, remedied or controlled. Alcoholism, which may involve similar symptoms and confinement to a mental institution, is clearly the consequence of a man's own ... of his body, although the problem is so widespread that few are ... those who are alcoholics. The biblical ... ession by devils probably plays a part ... en as being inadequate in such cases and ... the help of the faith healer or doekum

... medicare is knowledge on the part of the ... ge is of two kinds - knowledge of the ... e source of correct treatment. In part I ... elf-diagnosis, or diagnosis by a lay ... d the responsibility for the treatment. ... first few hours or even days in the onset ... s made by the laymen are crucial. Informa... ate confines of the home within the ... are known to be very clever with herbs, even ... more important are nurses and other people with some medical training who live in Ocean View itself. The better educated and more self-confident informants tended to consult nobody short of the doctor or clinic sister, others used the knowledge of their friends and neighbours in times of doubt.

One informant had two books which she consulted when necessary - R.S. Copeland: Dr Copeland's Home Medical Book (Geo. Harrap, London, 1935) and Dr Chase's Recipes, the front of which was missing. The latter volume was given to the informant's mother when she married in 1903 and covers the treatment of diseases, nursing, food for the sick, useful recipes and the handling of domestic animals.

Between the people and the doctors' surgeries there are other options in the form of the pharmacists in Fish Hoek, the nursing sister at the Ocean View Clinic, and the mid-wives. There is no pharmacy in Ocean View, and it is highly unlikely that anyone would take the trouble to make a special journey to a

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	STD8-9	I	2	2
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	SUBA-2	I	1	3
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	STD6-7	I	1	2
	STD8-9	I	3	14
	STD10	I	15	2
SKLDMAN	NONE	I	1	2
	SUBA-2	I	13	15
	STD3-5	I	2	1
	STD6-7	I	2	14
	STD8-9	I	0	0
	STD10	I	1	4
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	STD3-5	I	2	2
	STD6-7	I	4	13

Star 2/10/81

67

Swiss-SA appointments

Swiss-South African Reinsurance Company says that Mr Reynald Boutin from the parent company in Switzerland will be joining the actuarial team of the life department.

Mr Ron Head has joined the company and will be stationed in Cape Town in charge of short-term operations.

Mr Ken Lake has been appointed to take charge of personnel.

THE ARGUS, FRIDA

Workers say police assaulted them

Argus 24/9/87 67

By Vuyo Bavuma

CONTRACT workers for the firm Everite allege they were assaulted by police and bitten by police dogs during a raid on their hostel in Brackenfell

They say the raid was over the use of a piece of land that separates the hostel from the factory.

Spokesmen for the more than 500 workers claim that on weekdays they are allowed to use the land to go to and from work. However, at weekends it becomes "sacred" — allegedly because a "white area" adjoins it — and they are harassed and arrested if they use it. They claim it is the only way get to and from the hostel.

SUNDAY

On Sunday, September 12, they say, armed police with dogs raided the hostel and arrested about 20 people for trespassing. Many were bitten and some had weals from police batons. At least two later received medical treatment.

Those arrested paid R10 admissions of guilt

The workers, who did not want to be named, today alleged that the raid was unjustifiable and "awful."

"The raid was conducted in our own area, which is very far from the so-called sacred place we not allowed to be on."

COMPANY

They said the workers' committee had met Everite officials about the matter, but the company "seemed reluctant to handle it."

The personnel manager of Everite, Mr H van Jaarsveld, said today the police "were merely doing their duty of cleaning and protecting the area".

"The raids are aimed at illegal squatters who sometimes stay on the piece of land. The illegal squatters sell liquor, and there are also illegal women staying there.

RESPONSIBILITY

"It is the responsibility of the police to protect the area, just like any other urban place," he said.

Asked if Everite workers had been arrested in the raid, Mr van Jaarsveld said it was probable because "some of the illegal squatters ran into the hostel.

"So when the police went in to apprehend them, unfortunately some workers were implicated. But we are still waiting for the police to give a full report about the matter. They are still investigating."

COMPLAINTS

Police liaison officer Captain Jan Calitz said police had gone to the area surrounding the hostel in a crime prevention exercise following constant complaints of illegal dealing in liquor.

Sixteen people, including three women, had been arrested and had paid admission of guilt fines for trespassing. One allegation of assault by police was being investigated.

The police had not entered the hostel building, Captain Calitz said.

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NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

D. Dispatch 1/1/83

President backs Maseru raid

(67)

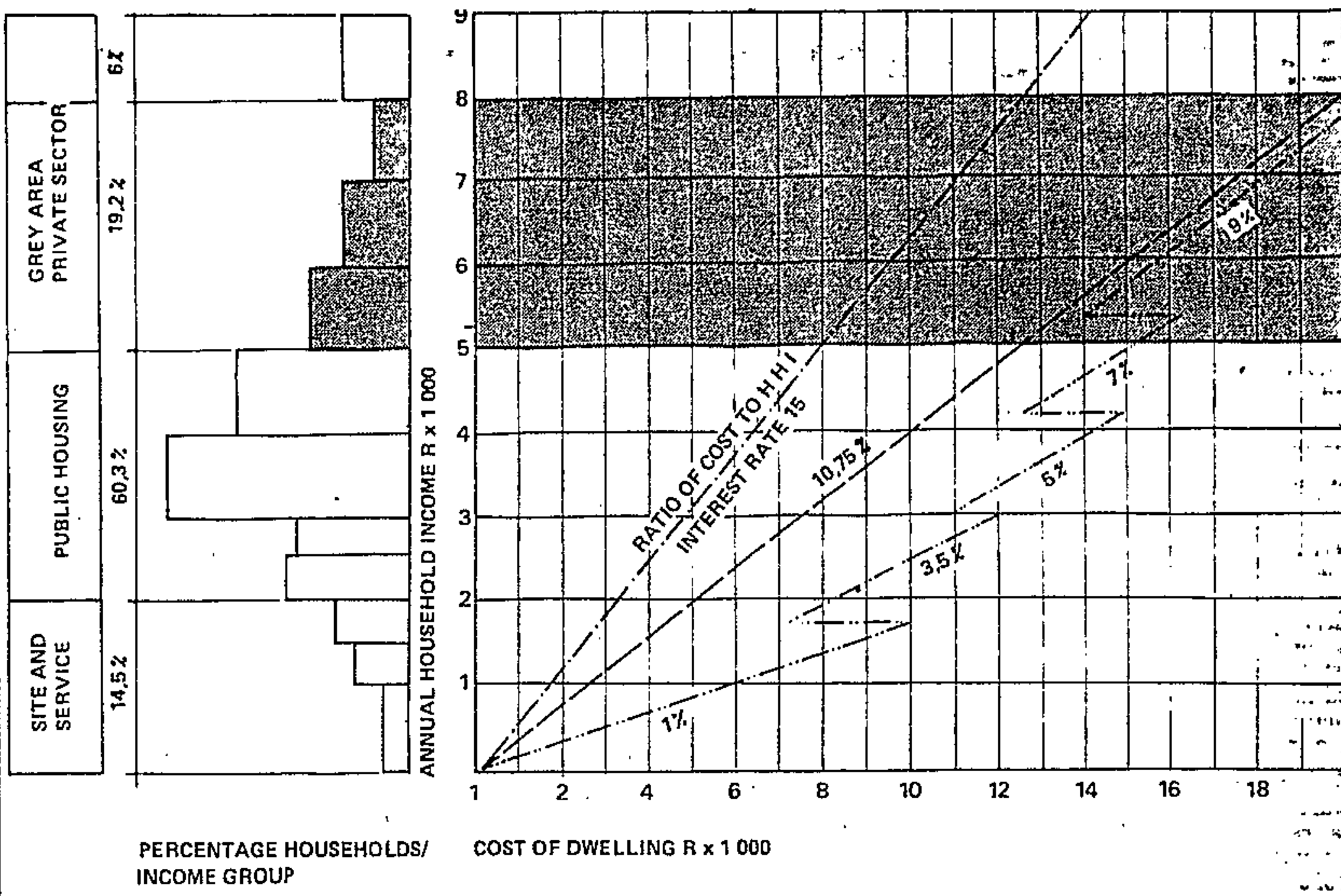
UMTATA — Transkei's State President, Paramount Chief Kaiser Matanzima, yesterday, for the first time, commended the attacks on ANC targets in Maseru last month by the South African Defence Force.

In his New Year message, President Matanzima said the discovery of "the plot by the forces of evil and darkness" to assassinate the leaders of Transkei during the Christmas festivities, "averted ghastly and atrocious acts of sabotage".

"We live to see how successful terroristic and revolutionary ways of attaining freedom will be. Transkei's policy has from time immemorial been and is still one of peaceful negotiations with the powers that be," he said.

The policy was a heritage which had developed into what Transkei was today and anyone who saw Transkei in 1963 should be impressed with the fast development which had taken place over the past 20 years, he said. — SAPA.

More messages, P7.



The graph shows what price house a person can afford to buy on his household income (HHI) at the normal interest rate of 15%, and how he can be pushed into a higher "affordability" range if the interest is subsidised to 10,75% or less. The figure assumes that the person will spend 25% of his income on the repayments, which will be over 25 years.

Everite keep options open

RDM. ~~[illegible]~~ ~~[illegible]~~ 67 11/2/83

HOME FRONT

WHEN Everite employees in East London were told the company would consider setting aside an area and putting up houses for them, the employees said no.

"Because we work together doesn't mean we want to live together," they said.

They even rejected a variety of house plans and preferred to buy administration board-built "box" houses because they felt they were better value.

Dr Llewellyn Lewis, marketing manager of Everite Ltd, tells the story to illustrate the need for keeping one's options open on the housing front.

He believes building or providing actual housing is not the only way open to companies who want to help their employees house themselves.

"Every little bit helps," he told HOMEFRONT.

That help can also be in the form of encouraging employees to buy their homes, sorting out the regulations and helping the authorities streamline the administrative process.

"I don't believe housing should be tied to employment," he says. "Obviously, if a company has helped a lot with housing it will need security for its money, and the employee must then expect his house to be coupled to the employer.

"But generally a person shouldn't have to fear he will lose his house because he loses his job."

Although Everite's own business is building materials — roofing, fascia boards, ceilings, slates, moulded articles — it does not have a house building scheme for any of its employees.

The onus is on the employee to house himself ... but he also knows Everite will advise him on finance and how to go about negotiating a building society loan and acquiring home ownership.

The company does not itself provide loans, although it may help an employee of sound financial standing with bridging finance.

Everite also helps the wider public by issuing a free booklet on "Home ownership — all you need to know" for urban blacks (Obtainable from Ms L Fourie, Marketing Department, Everite Ltd, 20 De Korte St, Braamfontein. TELEPHONE: 39-5411).

The company also gives even the small home-owner advice on matters such as roof costs and the effect of pitch, material or colour.

While Dr Lewis believes that socially responsible companies can and should become involved in the housing process, he stresses that social responsibility can only work if it is coupled with profitability.

The problem there is that 75% of people cannot afford to buy the kind of house the private sector can afford to build.

A survey of urban black households on the East and West Rand in 1980 showed that 75% earned less than R5 000 a year and could not, therefore, at normal interest rates, afford a house costing more than R8 000 (see graph).

Dr Lewis says that unless black incomes rise substantially, interest rates drop or subsidies enable more people to afford housing which the private sector can then build on large scale, the Government is still going to have to provide most of black housing.

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The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.

4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

EDSON

Everite seeks substitute for asbestos in fibre-cement

ARGUS 13/10/83

67

EVERITE has been carrying out research on the use of alternatives to asbestos in fibre-cement products and some promising developments are in sight, its chairman, Mr H Thoeni, says in the annual report.

He says meanwhile the company shares public concern about the effect on health of breathing in asbestos fibres.

It has invested heavily in measures to control respirable asbestos fibres at all work places in the fibre-cement division to international safety standards.

NO RISK

"Everite is convinced that, under present safety and health conditions and providing recommended precautionary measures are observed, there is no abnormal risk to employees in the fibre-cement industry nor to contractors who use fibre-cement products containing asbestos."

Mr Thoeni expects the recession to continue until at least mid-1984.

But in spite of this and the effects of the drought he expects profits to be close to the past year's performance.

The group lifted after-tax profit for the year to June by 16 percent to R15,4-million and turnover by 7 percent to R176,1-million.

SURPLUS CASH

"The improvement in profit is mainly due to increased investment income arising from surplus cash, a lower Lifo stock adjustment and fees earned for participation in lessor trusts formed for the lease of certain manufacturing facilities.

"A further contributing factor was tight cost and staff complement control."

Dividends were maintained at 50c a share.

Audrey d'Angelo

CAPE TIMES 19/4/84

Everite workers strike for 5 hours

By RIAAN DE VILLIERS
Labour Reporter

HUNDREDS of black and coloured workers struck for five hours at Everite's Brackenfell asbestos manufacturing plant yesterday morning in support of a demand that two men in charge of black hostels on the site be fired.

Workers returned to work pending a meeting between union officials, shop stewards and management yesterday afternoon.

But the dispute was not resolved and the union warned later that further industrial action was "imminent".

According to a statement by Everite, union officials also warned management yesterday that "violence could ensue" if the hostel supervisor was not removed from his accommodation.

Management had therefore "reserved the right" to use additional security measures, the statement said.

Union officials were reporting back to workers last night.

Mr David Lewis, general secretary of the GWU, said the talks had deadlocked when management refused to fire the two men and also rejected a "union compromise" that one of them be suspended pending a disciplinary inquiry.

Mr John Wayland, regional manager of Everite, said a worker delegation had demanded the dismissal of the hostel manager and supervisor on Monday.

At yesterday's meeting, management insisted on a full investigation before suspensions or dismissals could be considered and proposed a full inquiry today.

CAPE TIMES 1/5/84

Hearing 'clears' Everite man

67

Labour Reporter

EVERITE announced yesterday that a superintendent at its black worker hostels had been "cleared of charges brought against him by fellow employees" at a disciplinary hearing.

The hearing came after workers struck briefly at the company's Brackenfell asbestos manufacturing plant two weeks ago in support of a demand that the hostel superintendent and supervisor be fired.

They claimed they had been ill-treated by the two men concerned. Workers, the General Workers' Union — to which most of them belong — and management eventually agreed on a disciplinary hearing.

Everite said yesterday the hearing had been presided over by a senior personnel executive of the company and had been attended by an employee representative who was also a GWU shop steward.

The hearing had sat for nearly 20 hours and heard 22 witnesses.

The statement quoted Everite's regional manager, Mr John Wayland, as saying there were "no grounds to justify disciplinary action against the supervisor".

The hearing to investigate allegations against the hostel manager — who has been on leave — would be held "shortly", it added.

Union officials could not be reached for comment. At the time of the strike, they warned further industrial action could result if the issue were not resolved.

Chopper used to fight fire

Staff Reporter

THE Department of Forestry yesterday used a helicopter to dump water on a runaway fire on the slopes of the Twelve Apostles range of Table Mountain.

The Assistant Deputy

Cabinet to revie 100km/h speed

Political Staff

SOUTH AFRICA'S maximum speed limit of 100km/h is to be reviewed by the Cabinet and it is possible that an announcement will be made this week during the budget debate on the Department of Mineral and Energy Affairs.

Several organizations, including the AA, have appealed from time to time for an increase in the limit.

The annual report of the department, which has been tabled in Parliament, said that fuel conservation measures such as the speed limit were constantly reviewed "in the light of prevailing circumstances".

The expected imbalance between petrol and diesel consumption did not materialize last year because of a reduction in diesel sales resulting from the drought and a slowdown in the economy. There had also been a marked increase in the sale of petrol.

"It may therefore not be necessary to stimulate petrol sales by, for instance, increasing speed limits to rectify a possible imbalance — to balance the barrel should trend in tinue,"

"Repr garding the pres have h ceived dation will be Cabinet said.

The debate to be cussion tions a ca's oil is sch place i Friday, limit is cussed.

Too late for classification

BIRTHS

HANEKOM. — To Chrismar and Petrus a girl, born on April 30, at the Jan Marais Clinic. Thanks to doctor and staff.

DEATHS

FREEMAN. — Victoria May R.R.C, passed away peacefully on Saturday, April 28. Fondly remembered by Margaret. No flowers by request, donations if so desired to Animal Welfare Society, P.O. Box 5395, Walmer, Port ELizabeth, 6065.

BUTCHER. — Alfred Gordon, passed away peacefully on Sunday, April 29, 1984, aged 74 years. Deeply mourned by his loving wife and family. Memorial service at the Human and Pitt Chapel, Church Street, Wynberg, today, May 1, at 2pm. Cremation private. Donations in lieu of flowers may be sent to charity of own choice. Arrangements Human & Pitt, Wynberg. Phone 77 1101.

BRIGGS. — Reg. Sadly missed, but always remembered. To the Briggs family, your loss is greater than ours. Thoughts are with you all. Richard, Jeremy and Neil.

GUTHRIE. — Alexander, passed away peacefully April 29. Deeply mourned by his wife Jean and family. Service at Maitland Crematorium Chapel on Wednesday, at 9.20am. Arrangements Goodall & Co. Phone 24 3357.

HARRISON. — Michael William, passed away peacefully April 30. Deeply mourned by his loving wife Aimee, children Robert, Adrian, Odette and Sonja. Service at Maitland Crematorium, Wednesday 2nd, at 1.20pm. Arrangements Goodall & Williams, Wasserfall & Hardick. Phone 47 1150.

LAMPRECHT. — Oom Bill passed away suddenly on April 30. Deeply mourned and sadly missed by Raymond, Iris and children.

HUSKISSON. — Victor Joseph, passed away suddenly on April 30. Deeply mourned by his mother, brothers, sisters and families. Service at the DR Church, Kommetjie Road, Fish Hoek, on Wednesday, May 2, at 2pm; thence to Noordhoek Cemetery. Arrangements Human & Pitt. Phone 77 1101.

LAMPRECHT. — Elias Albertus (Bill), aged 75 years, passed away suddenly on Monday, April 30. Deeply mourned by his wife Sadie, and son Aorian. Service at Huis Luckhoff, Alma Road, Rosebank, on Wednesday, May 2, at 11am. Private cremation. Arrangements Goodall & Williams, Wasserfall & Hardick. Phone 47 1150.

LAMPRECHT. — Bill, my beloved husband, suddenly passed away on April 30. Deeply mourned by his beloved wife Sadie.

LAMPRECHT. — Pappie and Oupa passed away suddenly. Deeply mourned by his daughter Petro, son-in-law Dennis, grandchildren Monique and Mark.

LAMPRECHT. — Bill, Pappie and Oupa passed away suddenly. Deeply mourned by his son Adrian, daughter Hazel, grandchildren Dirk, Estelle

24 provis seats nan

Staff Reporter

THE Delimitation Commission yesterday announced the 20 provisional constituencies for the Cape Peninsula and four for the Port Elizabeth-Uitenhage complex in terms of the the new dispensation for the "coloured" House of Representatives.

They are: Tafelberg (including Walvis Bay), South Cape, Retreat, Grassy Park, Ottery, Liesbeek, Rietvlei, Hanover Park, Silver Town, Elsie's River, Bonteheuwel, Heideveld, Manenberg, Strandfontein, Bishop Lavis, Matroosfontein, Pinedene, Mitchells Plain, Belhar and Kasselsvlei.

The PE-Uitenhage constituencies are: Chatty (including Uitenhage), Bethelsdorp, Gelvandale and Schauderville.

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'Missing' h safe at hc

Staff Reporter

MEMBERS of the Mountain Club of South Africa and Metro Rescue personnel combed the slopes of Table Mountain yesterday in search of four "missing" hikers who had already made their way down after spending the night huddled together above

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"We down vine about

ARG453/5/84 67

'Affront to integrity'

Labour Reporter

THE clearing of an Everite hostel supervisor by the management of the company was "an affront to the integrity and honesty of witnesses in the inquiry and the 700 workers supporting them", according to the General Workers' Union.

The GWU claims majority support at Everite's asbestos-product plant and its transport division, Cape Hauliers.

The GWU said the result of the inquiry, which the management initiated after hundreds of workers downed tools in support of a demand that the hostel supervisor be dismissed, reflected "prejudice on management's part".

Workers have alleged the supervisor, who lives with them in the company's Brackenfell hostels, was guilty of "severely ill-treating" them.

The union spokesman said workers planned to "take action in the hostel enviroment", but declined to spell out details.

Workers threatened similar industrial action after the first stoppage if the supervisor was not dismissed.

After the stoppage Everite's regional general manager, Mr John Wayland, said the company would hold an inquiry to investigate workers' allegations.

He announced this week that the inquiry had "cleared" the supervisor.

The GWU spokesman said the issue had been mistakenly turned into "a dispute over management prerogative, whereas it is simply a case of workers demanding that they be free of undue management control in their free time."

Workers held, allege assault

Labour Reporter

THIRTY-FIVE workers were arrested and alleged they were assaulted during a joint Western Cape Development Board and police raid near the Everite asbestos plant hostels in Brackenfell last week, the General Workers' Union said in a statement yesterday.

Those arrested spent the weekend in police cells and the injured received no medical treatment, the statement claimed.

It said eight of the workers had approached the police yesterday to lay charges of assault. Union lawyers would also investigate possible civil action.

It warned that tensions were "running high" at the Everite hostel and added: "If the police carry on in this way and if management does not take steps to defuse the tension, they risk an escalation of conflict."

The latest incidents follow continued friction between the union and Everite management.

Union members were released on Saturday afternoon on payment of admission of guilt but were "unaware of the charges in respect of which they are supposed to have admitted guilt", the statement said.

It said the police raid had coincided with the continued boycott of hostel kitchen and bathing facilities by workers, in protest against the conduct of the hostel manager and supervisor.

Captain Gerhard van Rooyen, a police liaison officer, said yesterday the allegations were being investigated and a statement would probably be issued today.

1984

21/7/84 C. Times (67)

Strikers halt Everite plant

By RIAAN DE VILLIERS
Labour Reporter

ALL BUT 10 of the more than 700 workers at Everite's asbestos products plant at Brackenfell went on strike yesterday in protest against the arrest of five union shop stewards by police earlier this week.

The dispute deepened later in the day when management representatives rejected all demands framed by workers at a mass meeting at their hostel. Workers then decided to continue their strike on Monday.

Striking Everite workers stream out of the factory gates in Brackenfell early yesterday morning.

Demands

Among the demands were that management should withdraw charges against the shop stewards, who are being held at the Brackenfell police station.

While the full implications of the strike were not clear, a management spokesman acknowledged that all but 10 black workers were on strike and that the plant was at a standstill.

The strike follows increasing friction over the past few months between workers — most of whom belong to the General Workers' Union — and management at the large multi-national company.

After added friction between workers and the hostel management over the weekend, workers allegedly damaged the hostel supervisor's office on Monday night. Police arrested the five union shop stewards on Wednesday.

Union officials later accused Everite of "collaborating with the police in victimizing union leaders".

After a stormy meeting at their hostel on Thursday night, workers clocked in early yesterday morning but massed at Everite's gates. The strikers included workers at Everite's transport subsidiary, Cape Hauliers.

Later they streamed to their hostel, where workers and union officials addressed a mass meeting.

After being approached by the company's personnel manager, Mr Neil McLeland, workers agreed to elect a deputation to put their demands to management.

These were that criminal charges against the arrested men should be withdrawn and that all internal disciplinary hearings should be dropped. These demands were later rejected by management.

A management spokesman rejected charges that the company had victimized union leaders.

"There is no question of the disciplinary action or reports to the police bearing any ulterior motive towards the union," he said.

In a later statement, Mr Dave Lewis, the GWU general secretary, said the union "utterly rejected" management's denial of collaboration with the police.

He said all five shop stewards had been arrested in the company offices after being called in by management.

Mr Lewis said: "A major multi-national company that is prepared to use the South African Police in this way can only expect the harshest possible response from the international trade union movement."

Mr Lewis said the strike would be discussed at the union's annual national conference being held this weekend. "We will also discuss how to take the matter up with the rest of the trade union movement," he added.

GWU warns Everite of trade union action

23/7/84 C-Times

By RIAAN DE VILLIERS
Labour Reporter

THE General Workers' Union yesterday warned that it would seek national and international trade-union action against the Swiss multinational Everite company if it failed to accede to the demands of more than 700 workers striking at its Brackenfell plant.

This was contained in a resolution adopted at the 12 000-member union's annual national conference held in Cape Town at the weekend.

Everite workers downed tools on Friday in protest against the arrest of five union shop stewards and disciplinary action taken by the company against a sixth.

Workers voted to continue striking after management had rejected demands that they withdraw criminal charges and all disciplinary hearings.

The conference declared that Everite was engaging in a "systematic campaign of victimization of union shop stewards in co-operation with the police" and it therefore strongly endorsed the workers' decision to strike.

It demanded that Everite reinstate the dismissed shop steward and withdraw charges against others.

Failing this, it would inform the next meeting of the feasibility committee setting up a new federation of independent unions and the Building Workers' International that Everite was in "flagrant violation" of internationally-accepted principles of freedom of association.

It would urge the South African and international labour movements to "seek compliance with these standards," it added.

Meanwhile, Everite yesterday rejected previous GWU accusations that it had collaborated with the police in victimizing union leaders.

Mr Evert Claasen, its personnel director, confirmed that the company had laid a complaint of breaking and entering and of malicious damage to property following damage caused to the hostel manager's office on Monday.

'Labelled'

Following a police investigation, management was instructed to call five shop stewards from their work places on Thursday. These men were arrested and would appear in court today.

"These logical consequences of a criminal action have now been labelled as sinister 'police collaboration' and 'victimization of shop stewards' by the GWU.

"We suggest however that the union should look no further than the behaviour of its members to discover the reasons for police involvement and for internal disciplinary hearings that are the cause of the current work stoppage," he said.

Union demands that disciplinary procedures should be withdrawn sought to give "privileged status" to the shop stewards concerned and were a "direct attack on management's inalienable right to discipline", he added.

(67) C-Times 24/7/84

Farm killings: Youth in court

Staff Reporter

A 16-YEAR-OLD youth pleaded not guilty in the Robertson Magistrate's Court yesterday to two charges of murder arising from the death of two labourers on a Robertson farm earlier this month.

The appearance of the youth is a sequel to the fatal shooting of two farm labourers, Mr Hans Luttig, 20, and Mr Piet Pietersen, 35, on the farm Groot Vlakte on July 14.

The youth, who may not be identified, pleaded as follows:

- Not guilty to murdering the two men but guilty to the alternative charges of culpable homicide.
- Guilty to breaking into the house of Mr J S Cilliers and stealing a shotgun worth R200 and ammunition worth R8.

(The magistrate noted a plea of not guilty after questioning).

- Not guilty to attempted murder — he denied that he had attempted to murder Mrs Chrystal Kuün by shooting at her. He said he had aimed at a dog but the shot had gone high and he had not seen Mrs Kuün standing at a window.
- Guilty to pointing the shotgun at both Mr Willem Marthinus Folcher and Mrs Alice van Rooyen.
- Guilty to possession of a firearm without a valid licence.

The hearing was adjourned to August 29 for a decision by the Attorney-General. The youth is to remain in custody.

Mr M P H Stander was the magistrate. Miss H S Lombaard appeared for the State. The youth was not represented.

Everite strike: New prospect of settlement

By RIAAN DE VILLIERS
Labour Reporter

PROSPECTS for a settlement of the Everite strike appeared to improve yesterday when officials of the General Workers' Union and worker representatives presented management with amended demands at talks held yesterday afternoon.

The demands were tabled after five shop stewards, whose arrest triggered off the strike last week, rejoined their fellow workers.

They were released on bail of R50 each after appearing in court yesterday morning. They were not asked to plead to charges of housebreaking and an alternative charge of public violence. The hearing was adjourned to August 8.

The five shop stewards later joined union officials and other worker representatives in talks with management.

Steward excluded

However, a sixth shop steward who has been suspended from work by the company pending an appeal against a decision taken at an internal disciplinary hearing last week that he should be dismissed, was excluded from the talks.

Mr Dave Lewis, the GWU's general secretary, said later that workers had proposed that the sixth shop steward be permitted representation by shop stewards and a union official at his appeal — and that a mediator should be present.

They had also proposed the rectification of a "major grievance" of hostel dwellers. Management had then agreed to "wide-ranging talks" over conditions at the hostel.

He said workers had resolved to go back to work this morning until they heard from management at 11am.

'Extremely bitter'

Describing the demands as "very reasonable", he said workers were still "extremely bitter and resentful" over management's actions.

"They are pleased that the arrested shop stewards are back, but they say management is not responsible for their return," he added.

The Swiss multinational company's asbestos products plant at Brackenfell appeared to be at a complete standstill yesterday.

However, a spokesman was quoted as saying that "limited production" was taking place.

A management spokesman later confirmed that management had agreed to consider a "broad range of issues" raised and would respond to them today.

- The union resolved at its annual national conference at the weekend to seek national and international trade union action against Everite if it failed to accede to worker demands.

LWF delegates to see 'torture film'

From JOHN BATTERSBY

BUDAPEST. — Delegates to the seventh annual assembly of the Lutheran World Federation will see a 30-minute film entitled "The Torture of a South African Pastor".

The film deals with the case of a Lutheran minister from the Venda homeland, Dean Simon Farisani, and includes his own testimony of alleged torture by the Venda security police.

Dean Farisani, 36, who will be addressing the assembly tomorrow was recently paid a substantial sum in an out-of-court settlement for damages suffered as a result of alleged torture by the Venda security police.

Dean Farisani's case has attracted widespread international attention and has rallied concerned Lutherans from more than 100 countries to his cause.

The film will be shown on Friday before next Wednesday's crucial debate on the proposed suspension of the white Lutheran churches in South Africa and South West Africa because of their failure to condemn apartheid publicly and merge with the black churches.

- An African motion to suspend two white South African churches from the LWF has thrown the seventh assembly into confusion.

The South African suspension bid has emerged as the major issue of the conference — the biggest gathering of Christians ever held in an Eastern Bloc country.

Now the LWF executive committee has decided to hold an open hearing on Southern Africa later this week to allow free discussion on the subject before a proposal goes forward for debate next week.

SABC Olympic effort

Staff Reporter

THE SABC is still continuing its efforts to beat the Olympic blackout and to worm its way around the International Olympic Committee's denial of press accreditation to journalists and correspondents covering the Games for South African news services.

Negotiations between the SABC and the giant American Broadcasting Corporation for a series of delayed transmissions on the Games events (which would highlight ...

Auckland Park said yesterday.

Meanwhile, the SABC had bought tickets for all the important events and their reporters, Kim Shippey and Friedel Hansen, would be filing stories from Los Angeles on each day's events in their capacity as spectators.

According to the spokesman, both reporters would not be entitled to make use of official Olympic press facilities, but using other facilities, would supply telephonic reports from Los Ange-

Political comment by A H Heard, G E Shaw, J V Scott and M P Acott. Cartoons by Tony Grogan. Headlines and sub-editing by A J Moth, W C Odendaal and E I Zinn. All of 77 Burg Street, Cape Town.

Too late for classification

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Everite strike ends after negotiations

C-Times 25/7/84

Labour Reporter

THE strike of more than 700 black workers at Everite's Brackenfell plant has ended after lengthy negotiations between management, General Workers' Union officials and worker representatives yesterday.

However, it appeared from statements from both parties that months of friction at the plant may continue.

The union warned later that the settlement would be of "short duration" unless management "radically changes its attitude to industrial relations".

Mr David Lewis, the GWU's general secretary, added that management could expect further conflict if it continued to treat every worker grievance as "evidence of provocation and agitation" and continued to "involve the police in industrial relations".

Let out on bail

The strike was sparked off last week when police arrested five union shop stewards on charges of breaking and entering and malicious damage to the hostel manager's office.

They have been let out on bail and their trial was adjourned to next week.

Mr Evert Claasen, Everite's personnel director, said in a statement that management had "consistently refused" a GWU demand that the charges should be withdrawn or that it cancel internal disciplinary hearings.

The parties had agreed that a "task force" of management representatives, hostel residents and the Western Cape Development Board investigate worker allegations about the hostel.

He said he was "satisfied" with the agreement as the company was "not prepared to condone criminal actions or relinquish its inalienable right to exercise discipline".

Legal action by union

While the strike was "unfortunate and unnecessary", management was willing to continue negotiating a recognition agreement with the union in a "spirit of goodwill".

Mr Lewis said the union would take legal action against the company if an appeal against the dismissal of another shop steward tomorrow failed.

He added the company had further agreed to an "urgent investigation" into the "acute grievances" of workers living in the hostel by three shop stewards and three management representatives.

29/1/85

67

Importance of Swiss visit stressed

BISHO — Although Ciskei has not been given international recognition since she became independent three years ago, she had not been isolated.

This was said by Mr Ray Mali, chairman of the ruling Ciskei National Independence Party, on behalf of President Lennox Sebe, who is in hospital, at a banquet for visiting Swiss experts.

He said President Sebe's vision and foresight had established an maintained contact with international states far beyond the shores of the continent of Africa.

"His goal has always been to work for the elimination of those aspects which militate against the recognition due to our country, Ciskei, and in pursuance of those ideals he has not spared himself and has played a leading role by becoming personally involved in contact with other states."

Mr Mali, who is a member of the committee of four standing in for President Sebe, said President Sebe had realised the importance of the Swiss visit and had insisted that it should go ahead as scheduled, despite the fact that he had not been able to play an active role in the itinerary.

He said the visitors were experts in various walks of life. Their expertise included important fields such as legal matters, tax structures, banking and agriculture.

They had had long dicussions with representatives of the government, visited many areas of Ciskei and when they returned home would take with them a vivid picture of what Ciskei had to offer, the extent of its potential and the sincerity of its people.

"It is my wish and that of the government of Ciskei that our friends will now evaluate the evidence which has been gathered from this visit and endeavour to implement, within the framework of their individual abilities, that which will enhance and accelerate the process of achieving the goals we have set ourselves, said Mr Mali.

"It is my conviction that each and every one of our visitors will prove to be a worthy ambassador to Ciskei, not only within the boundaries of Switzerland but in all those countries with which they, in the course of their daily pursuits, make contact."

Mr Mali said Ciskei was headed by a dynamic leader who would never rest until a high standard of living had been attained for its peoples. Ciskei was a state on the move: It was a state where the interests of the entrepreneur were protected.

New factories were going up daily at Dimbaza and Fort Jackson, small businesses were coming into their own as hundreds of people had been given the opportunity to turn their talents to profit in buildings specially erected for this purpose.

He said a new tax structure, which was designed to promote the interests of the businessman and the welfare of the country's people, was to come into operatio on March 1.

A law reform body was presently engaged in removing laws which were not considered necessary and had already been instrumental in placing on the statute book the Deregulation Act, which had eliminated a multitude of laws and was designed to promote the interests of small businesses.

The Ciskei Government would leave no stone unturned to ensure that the people living under its care would be assured that they enjoyed the benefits of impartial justice.

"The administration of Ciskei is unbending in this regard and will not tolerate any influences which operate in conflict with these ideals," he said. — DDR.

Areas of Swiss-Ciskei co-operation suggested

BISHO — Although Ciskei was not endowed with mining potential it was possible that the utilisation of metal deposits in the country's sands might provide a significant additional source of revenue, said Ciskei's Swiss representative, Dr J. Bollag.

He was speaking on Monday night, at a banquest organised for a Swiss delegation visiting Ciskei.

He named seven areas of possible co-operation between Ciskei and Switzerland.

Dr Bollag said the delegation felt strongly that the potential of tourism could be increased and new areas could be developed. There was a growing field for tourist activities. Ciskei had a great number of features attractive to the tourist, for example its amicable and friendly people, its mountains and its game reserve.

On the question of industry he said the delegation's visit to Dimbaza revealed firstly that industry was already there and secondly that the results of the present industrial activities were positive in regard to the employment provided and the financial results obtained.

Experience, labour and financial facilities were all available in an attractive form to the investor.

He said those members of the mission interested in agriculture had been impressed by what they saw.

The world's needs for

DR BOLLAG

agricultural and dairy projects were becoming more sophisticated from day to day. Apart from providing the food products required for Ciskei's own population, there was no doubt of possibilities in growing food for export.

"The pin-pointing of those possibilities, their realisation, their marketing outside Ciskei may well provide the basis for a long lasting and mutually interesting co-operation" he said.

Dr Bollag said extensive discussion on energy and water had taken place.

"It is the mission's opinion that there is a field of possible co-operation on the lines of unconventional energy production — wind, sun, bio-mass-generation, and the utilisation of wood-waste.

"On the other hand, it would be possible to revive the Hogsback pump storage scheme for which a feasibility study was carried out some years ago."

He said the setting up and completion of Ciskei's capital city, Bisho, the inception of new industries, the settlement of additional population in agricultural areas, tourism and the extension of health service facilities, meant additional housing, shopping and utility buildings. The form under which Switzerland could participate in such development was still not clear, but this area of activity might provide the opportunity.

"Proper communication in the above areas would open wide avenues of co-operation between Switzerland and Ciskei," Dr Bollag said. — DDR.

67

Ciskei is trying to attract Swiss bankers

By LOUIS BECKERLING
Business Editor

JOHANNESBURG — Ciskei is actively encouraging Swiss banks to open branches in the territory — and a Swiss delegation has visited Ciskei to investigate such a possibility.

This was revealed at a Ciskei investment conference here today.

Mr Leon Louw, a member of the recently dissolved President's Advisory Council and a chief architect of Ciskei's tax haven legislation, disclosed news of the Swiss visit at the conference.

Addressing some 100 prospective investors — many of whom chose to remain anonymous — Mr Louw said he was opposed to the creation of a Central Bank in Ciskei.

"When it comes to applications by importers for foreign currency, I would recommend that Ciskei remains a member of the Rand Monetary Union and under the authority of the SA Reserve Bank."

Mr Louw's comments came in reply to a question from one of the delegates, Mr Ben Pretorius, of Industrial Mining Supplies, who said his company was considering investing in Ciskei.

"To give effect to your proposals to introduce banking secrecy in Ciskei you will have to establish a Central Bank," said Mr Pretorius. "Are you going to do that?"

Mr Louw replied that his recommendation to Ciskei was to encourage the introduction of branches of Swiss banks, where numbered accounts could be operated. He was opposed to the creation of a Central Bank "which might begin snooping around".

Earlier, delegates were told by Mr Frans Meisenholl, managing director of the Ciskei People's Development Bank, that since the announcement of a tax haven in Ciskei "no fewer than 30 new industries are presently being established in Ciskei, and no fewer than 60 new applications are being considered".

The conference was staged at the Sandton Sun Hotel by the CPDB to publicise the formal introduction on March 1 of the Company Tax Ammendment Act, Number 16, of 1984.

● President Lennox Sebe has failed so far to put in an appearance today at the conference.

President Sebe, who was recently reported to have suffered a mild heart attack, is said to be receiving treatment for "strain" and is under doctor's orders not to fly.

S A makes Eurobond deal

67 NM 30/4/85

CAPE TOWN— South African Finance MInister Barend du Plessis signed a Eurobond deal with joint lead managers Commerzbank and Union Bank of Switzerland (Securities) to borrow $75m.

Mr Du Plessis said the bond, a six-year bullet issue with a coupon of 12,5 percent and an issue price of 99,5 percent, was doing well on the secondary market.

Payment date is April 30 and the bond has been on the market since April 2.

He said the foreign debt of the South African central goverment was R3,6 billion on March 31 this year, or $1,9 billion.

He said the level of foreign debt could not be regarded as excessive and amounted to 10 pc of central government's total debt in 1984.

Prospects

Du Plessis said South Africa's international loans reflected the widespread confidence of investors in the long-term growth prospects of the South African economy.

Du Plessis said that between 1978 and 1984 South African public sector borrowers succeeded in reducing premiums payable above the London interbank offered rate (Libor) to very moderate margins.

In 1978, the average maturity of marketable central government debt was 42 months, rising to 62 months in 1984, he added.

Nedbank, London, is one of the managers of the $75m Eurobond. — (Reuter)

Ciskei-Swiss bank to be established

Dispatch Reporter (67)

BISHO — President Lennox Sebe concluded an agreement yesterday with a Swiss banking consortium for the establishment of a Ciskei-Swiss Bank of Ciskei, the director of communications in Ciskei, Mr Headman Somtunzi, announced yesterday.

President Sebe is currently visiting a number of European countries.

In a statement released here, Pres Sebe said the bank would open its doors for business at Bisho by the end of the year or early next year. 9/7/85

The agreement provided for a 40-60 shareholding between a Ciskeian bank corporation and the Swiss consortium respectively.

He said the signing followed months of negotiations between him and the Swiss financiers.

The chief characteristics of Swiss banking would be provided for in reformed banking legislation to be introduced in Ciskei as a result of the agreement entered into in Zurich.

It was announced that the capital resources of the bank would be fairly substantial to put the bank in a position to make a significant contribution to Ciskei's economic development in due course. D. Aifeld

Pres Sebe said he regarded the signing of the agreement as a significant breakthrough for Ciskei.

"This step is a logical consequence of the economic reforms Ciskei has undertaken during the past year and again underlines our commitment to the system of free enterprise and financial discipline.

"We have restructured the economic climate in Ciskei to a tax haven of world ranking standards and this bank agreement will serve as an additional incentive to investors in Ciskei, offering them a banking service not normally available in Africa," he said.

European firms to stay in SA despite unrest

STAR. 7/8/85 (67)

LONDON — European business leaders are showing few signs — in public or private — of adjusting their attitudes to South Africa in the light of recent unrest.

Whether British or German, French or Swedish, company executives with substantial operations in South Africa still believe they are a force for good, and that they are contributing to the improvement in living standards and civil rights for blacks.

Most find apartheid abhorrent and many believe it is hurting the development of the South African economy and their businesses.

Some are reducing their presence in the country, but few admit to thinking seriously of total withdrawal.

European industry leaders also believe that full economic sanctions would do more harm than good.

They would be difficult if not impossible to enforce, and ineffective as a means of pressuring the Government to abolish apartheid.

The disruptive effect on the economy would, the industrialists believe, hurt blacks more than whites.

These are the main points mentioned in an informal survey of business attitudes to South Africa carried out in the past few days by *Financial Times* reporters.

Even though these views are well known and relatively uncontroversial, few leading European industrialists were willing to express them publicly.

Some European companies with large South African operations, such as ICI, Nestle, Siemens and Unilever, refused to answer questions at all about their interests there.

Those who did respond were emphatic that their operations are, as Sir Timothy Bevan, chairman of Britain's Barclays Bank, said last week, "a force for good".

They said they provide blacks with good employment opportunities and are at the forefront of efforts to remove apartheid in the work force.

Sir Timothy said Barclays' South African subsidiary employs 40 percent of all blacks in the banking sector.

Dr Rolf Sammet, chief executive of Hoechst the West German chemical company, said the company's black employees in the Cape were earning more than double the rate recommended by the European Community Code of Conduct.

Almost all the companies contacted said their South African operations complied with the EEC code, and, in most cases, surpassed its minimum requirements.

Getting out

The exceptions are the mining finance companies, because by law black workers may not obtain a blasting certificate and this limits promotion potential.

Many European industrialists have thought of getting out of South Africa altogether, but have discarded the idea.

Lars-Ivar Hising, executive vice president of Sandvik the Swedish tools group, said: "We believe the best way to contribute to an improved situation, even in a small way, is to remain on the scene."

Anton Schrafl, deputy chairman of Holderbank, the Swiss cement concern, says the group has never thought of leaving South Africa, where it has been since 1938.

Rowntree Mackintosh said pulling out of its Wilson-Rowntree subsidiary would entail either closing down a company employing 2 500 people or merely passing ownership to someone else.

"This subject has been debated, but withdrawal was not considered to be in the interests of the business, its employees or the blacks in general," a spokesman said.

This does not mean many companies are still investing heavily in South Africa. Many are just maintaining their existing interests, and others are reducing their presence.

Prudential Assurance sold 32 percent of the shares in its South African subsidiary in 1983 through a public share offer for £14,8 million. Associated British Foods sold its 52 percent stake in a South African company in the same year for £198 million cash.

Also in 1983 Metal Box sold its 51 percent stake in its South African subsidiary in return for £40 million cash and 25 percent stakes in two South African companies.

Metal Box said it did the deal mainly to reduce its borrowings, but acknowledges that the political and social climate was a factor.

Even Consolidated Goldfields, the British mining finance group founded 100 years ago to develop South African gold mines, is much less dependent on South Africa than it was 30 years ago.

Goldfields embarked on a diversification programme in the 1950s and today 75 percent of its £675 million in net assets are outside the country.

Rio Tinto-Zinc's last major investment in South Africa was the Palaborwa copper development in 1963, although the Rossing uranium development in Namibia began in 1975. Only two percent of RTZ assets are now in South Africa, and less than four percent in Southern Africa, including Namibia and Zimbabwe.

Barclays Bank has reduced its stake in its South African subsidiary from 55 percent to 50,4 percent by the simple expedient of not taking up its shares in rights issues. But the £133 million investment is still a significant one and the subsidiary's £6 billion in assets represents 8,5 percent of the Barclays total.

Standard Chartered, the other British bank with a major stake in South Africa, has also been running down its interest by standing back from rights issues of Stanbic, and now holds only 42 percent of it.

Influence

A few European companies, notably Daimler Benz and Volkswagen and France's Compagnie d'Electricite, have been building up their South African investments.

Daimler Benz has invested more than R200 million in the country since 1981 and has boosted its stake in its South African holding company to the controlling 50,1 percent level. This not only secured its business interests, said the company, but also gave it more influence on the work and social conditions of its mainly black labour force.

GGCE's CGEE-Alsthom subsidiary has injected R4-million into boosting the capital of its electrical equipment assembly subsidiary in the past four years. — *Financial Times*.

Pressure spreads for cash boycott

67

By Trevor Walker

German and Swiss banks are coming under increasing pressure to join the capital boycott of South Africa. STAR

Reserve Bank Governor Dr Gerhard de Kock was to brief Swiss banks today on ways that they could help the South African Government solve its financial problems.

But according to news agency reports, bankers have said that while the Swiss would listen to him sympathetically, pressure was increasing for them to take a more cautious approach to South Africa.

The trading course of the rand has become entirely political, and economic factors are being ignored.

9/9/85

SNOWBALLED

The decision by America's second-largest bank, Chase Manhattan, to pull out of South Africa might have been due to its poor international lending position, but the decision has nevertheless snowballed in the political and banking arena.

There were reports at the weekend that German banks were being pressed by shareholders to slow their rate of lending to South Africa.

It would seem that Dr de Kock's overseas "explanatory visit" has failed and the ball is firmly back in the politicians' court.

The rand opened a ½c lower at 38 US cents today — and then almost immediately began to weaken further to 37c. It reached an all-time low of 35,50 on the day the markets were closed, ending at 36,65c.

Today, the dollar continued to surge on foreign exchange markets amid signs of a recovery in the pace of US economic growth.

● See Page 12.

De Kock will find Swiss very cautious

STAR 9/9/85

ZURICH — The governor of the South African Reserve Bank is due to brief Swiss banks today on ways they can help the Pretoria government solve its financial problems.

Banking sources said Dr Gerhard de Kock was expected to explain to representatives of the three largest Swiss banks the reasons for his country's decision a week ago to suspend debt repayments for four months.

They said that while Swiss bankers would listen sympathetically to Dr de Kock, pressure was building for them to take a more cautious approach to South Africa.

One sign of the pressure has come from Switzerland's central bank, which despite the country's ties to South Africa, has no plans to receive Dr de Kock.

Mr Hans Meyer, a top official of the Swiss National Bank, said last Wednesday that central banks should be wary of helping South Africa out of its current crisis.

On Friday he told Swiss television: "I would have great understanding if Swiss (commercial) banks would be more cautious towards South Africa."

Swiss bankers pointed out that on a purely economic basis South Africa remains a good credit risk. Its diversified and fairly healthy economy could easily support even larger foreign debts without difficulty.

But its debt has grown increasingly short term.

For several years Swiss banks have increased loans to South Africa steadily. They did so again in 1984, a rise of 600 million Swiss francs (R660 million) to 4,5 billion francs (R4,9 billion) even though their deposits from South Africa were falling sharply.— Reuter.

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BANKING

Ndays 17/10/85 (67)

Putting his mouth where his money is

The Argus Foreign Service correspondent in Geneva reports

THE president of the Switzerland's biggest commercial bank has taken out full-page advertisements in Swiss newspapers explaining why he is against South African sanctions.

Nikolaus Senn, president of the Union Bank of Switzerland, says he is convinced the Pretoria Government is sincere in seeking "genuine reforms."

The bank has assets of R185-billion.

An interview given recently by Mr Senn to a newspaper in German-speaking Switzerland has now been reprinted in full in the advertisements placed by the UBS in newspapers in French-speaking Switzerland.

The main points made by Mr Senn were that he did not believe sanctions would bring about change in South Africa, while further Western investments would.

"Because of its history and the structure of its population, South Africa cannot simply be judged in the light of our European conceptions," he said.

The state of emergency was serving mainly to prevent excesses between the blacks or against the coloured population.

Mr Senn said he still believes in the possibility of peaceful evolution.

"On the basis of my meetings with South African political and economic leaders, I acquired the conviction that the present Government wants to promote genuine reforms aimed at progressively eliminating racial discrimination," the banker said.

"I do not believe the the problems of South Africa can be resolved by force, at least not without the deaths of hundreds of thousands of people. All those who think it is necessary to join the revolutionaries in order to speed change are doing the black population a disservice."

Mr Senn rejected the argument that foreign investments maintain apartheid. Investment created employment and promoted economic development.

It had "absolutely nothing to do with giving support to any particular political regime. The same thing goes for credits and loans. The act of according a credit to a Government signifies one's recognition that it is solvent and in no way whatsoever means taking any political position."

Mr Senn said his and other Swiss banks did not intend to take over from banks which were refusing to renew loans to South Africa. "But we are continuing our business relations which have existed for decades. This means we do not intend to reduce or to increase our operations with South Africa."

Business as usual with Swiss banks

90/9/85 . Mercury

67

Mercury Correspondent

GENEVA—Swiss banks would maintain a 'business as usual' attitude to South Africa, the Union Bank president, Dr Niklaus Senn, said last night after a day of informal talks with Dr Gerhard de Kock, governor of South Africa's Reserve Bank.

Interviewed on Swiss television, Dr Senn said Swiss banks would maintain their level of business with South Africa but would not take over business withdrawn by U S banks.

While the Swiss view was that reform in South Africa was too slow, the economic outlook remained good.

Dr de Kock said Swiss banks knew the South African economy was healthy and the situation was not as serious as newspapers and television portrayed.

Sanctions announced by President Reagan would have as much effect on neighbouring countries as on South Africa.

Dr de Kock said the purpose of his visit was to exchange mutual information with Swiss bankers.

The Swiss Finance Minister, Dr Otto Stich, has been meeting bankers to discuss a 'common strategy' on South Africa but confirmed that business would continue as before.

FOREIGN FIRMS IN SA – SWISS.

1986 – 1990

Sanctions fear blocks Richards Bay sale

Saudi buyer backs off at last minute

20/7/86

SUNTIMES

67

By Kerry Clarke

A SWISS-owned, Rotterdam-based engineering consultancy has backed off buying Triomf's Richards Bay plant on behalf of a Saudi-Arabian family because of increasing sanctions pressure on South Africa.

George Roberts, managing director of Industrial Plant & Machinery Distributors, an appraisal and auctioneering business, says the Arab buyer wanted to buy the plant as a going concern.

A figure of about $30-million (R79-million) had been discussed.

The plant is believed to be valued as a going concern at about R170-million.

Foskor denial

Mr Roberts began talks with the Saudis in June and earlier this week he still thought there was a chance of the deal going through.

However, on Thursday evening the decision to terminate negotiations was made.

Mr Roberts is now negotiating with an Israeli firm which could be interested in arranging for a consortium to buy the plant.

Foskor managing director John Stanbury denies that his organisation is interested in the plant.

Foskor supplied the Richards Bay factory with between 200 000 and 300 000 tons of rock phosphate annually. Mr Stanbury says the closure will not cause undue disruptions to SA's rock-phosphate industry. Foskor's supply to Richards Bay accounted for no more than 10% of its annual sales.

Business alarm

The largest sulphuric and phosphoric acid producing plant in the southern hemisphere had been running at a net loss for several years. In the year to June the loss is believed to have been less than R10-million.

The prospect of one of Zululand's seven major industries closing has alarmed business and local authorities.

But the factory has been given a reprieve by the liquidators who will keep it running until September 15 on reduced staff.

The news editor of the Zululand Observer, Sue du Preez, says workers made jobless and businesses affected by the loss of contracts and customers will be helped.

Mrs du Preez says the Richards Bay Town Council will not suspend electricity and water supplies to the plant.

Small Business Development Corporation spokesman Tony Kedzierski has promised assistance through the SBDC's emergency fund to small businesses. The SBDC will also help to find employment for retrenched workers.

The Empangeni and Richards Bay Sakekamers, the Zululand Chamber of Commerce and the Chamber of Industries have all called on members to give preference to retrenched employees.

Richards Bay Sakekamer chairman, Rita Kruger, says they will call on Natal employers not to advertise their vacancies nationally.

Written off

The ripple effect on businesses of the closure has caused concern. Loss of spending power will adversely affect the Zululand economy. Credits held by workers at furniture, clothing and other stores might have to be written off.

The prospect of 200 houses in the white areas, and even more in the black areas, standing unoccupied is worrying building societies and other mortgage lenders.

Triomf made extensive use of one line of the marine effluent disposal system and it is expected that its financial commitment to the Umhlatuzi Water Board is substantial.

Fibre-cement industry takes knock

BUS DAY

67

MICK COLLINS

THE fibre-cement industry's immediate difficulties are reflected in the recent preliminary results announced for Everite.

The Swiss-controlled company, which derives approximately half its turnover from the fibre-cement division, posted a 64% decline in net profit to R5,5m.

Manufacturing plants for the whole industry, which were designed in the 70s to meet the mass housing market, are running at 40% capacity with 80 000 tons of pipe and 130 000 tons of building materials forecast for this year.

And now the threat of sanctions may well curtail efforts to introduce a range of asbestos-free, fibre-cement products.

Manufacturers stress that local asbestos and cement supplies are plentiful, but alternative fibres used in new technology products are all imported.

"Strict sanctions will obviously undermine our alternative fibre programme," says Everite's technical manager Hans Guettinger.

"This will be a disappointment to us as we have already spent an estimated R13m on new technology over the past six years."

The weak rand and the high cost of imported fibres have already had an adverse effect on the development programme.

Wages hike

A WAGE agreement was concluded this week by the Chemical Workers' Industrial Union and Ciba-Geigy, the Swiss pharmaceutical manufacturing company.

A statement issued by the union said the 200 CWIU workers are to receive an increase of R153 a month (87 cents an hour) from January 1, 1987. This brings the minimum wage to R4,10 an hour. The R153 a month represents a 27 percent increase on the minimum wage.

"The CWIU is in the process of several wage negotiations and the topping of a R4 an hour minimum wage at Ciba-Geigy represents the beginning of a concerted attempt by the union to achieve minimum wages of R4 per hour plus in 1987," said the statement.

A Ciba-Geigy spokesman said the minimum wage increase of 27 percent only applied to nine of the CWIU members. He added that an average increase in wages for the remaining 191 members was 20 percent.

He, however, confirmed that workers would receive R153 a month (87 cents an hour) from the beginning of next year. — Sapa

Sowetan 22/10/86 (67)

Swiss companies face 'micro-boom' over sanctions

1/11/86

W/E Post

67

SWISS companies are already experiencing a "micro-boom" in getting increased orders as threats of sanctions become reality.

This was revealed in Port Elizabeth this week by Dr Paul Norman, a world-renowned authority on specialised welding applications.

He was in the city during a countrywide tour, representing UTP Welding, Switzerland, the company that supplied electrodes to manufacture and maintain oil rigs in the North Sea.

He said the company was being "flooded" with inquiries through its South African branches for electrodes for use on more specialised metals as other welding companies were being forced to reduce or halt their involvement in the country due to sanctions.

Reasons were:

- Dealing with a Swiss-based company "guaranteed" continued technical back-up and supply.
- The economic climate had resulted in many companies repairing rather than replacing equipment, so requiring more sophisticated welding techniques and increasing demand.
- Developments in welding devices which cut costs to a fraction of those previously.

As a result, said Dr Norman, the Swiss company was actually increasing its staff in South Africa.

Dr PAUL NORMAN

Nestle to stay in SA despite withdrawals

BUS DAY 26/11/86

GENEVA — Nestle SA, Swiss-based food conglomerate, has no plans to pull out of SA despite withdrawals by Barclays Bank and US companies, CE Helmut Maucher said in Vevey yesterday.

He said: "At Nestle we say we were there before apartheid, and we hope to be there after. It doesn't serve the interests of workers or the country's economy to pull out." — Sapa-Reuter.

Swedish move will hurt few

TOTAL anti-SA sanctions being prepared by Stockholm are not expected to start a Swedish corporate run from the country.

Sapa-Reuter reports Swedish opposition parties yesterday backed the government Bill banning trade with SA.

And Prime Minister Ingvar Carlsson promised it would become law next week.

Swedish companies in SA believe their network of foreign suppliers will render harmless the cutting of all bilateral trade ties.

But their business would be paralysed if a trade ban covered the foreign holdings of parent companies with SA subsidiaries.

While no details of the proposed sanctions have been disclosed, Swedish companies in SA are openly sceptical that this will happen.

67

4/3/87 (28) B/Day (819)

Fears that supply-lines will be cut

Swedish firms in SA say sanctions will have no bite

B/Day (67) 9/3/87

SWEDISH companies operating in SA believe Stockholm's proposed trade ban will have a negligible effect.

HAMISH McINDOE

Banning bilateral trade is unlikely to start a corporate run from SA and it will probably ricochet onto Sweden's steel industry, which uses SA minerals.

What Swedish companies fear is a widening of the ban to stop the foreign subsidiaries of parent companies from supplying their SA holdings.

On paper, they would be paralysed and about 2 000 jobs could be lost unless local buyouts or a switch to 100% local content can be arranged.

Some of the six Swedish industrial companies operating in SA are already heavily sourcing from foreign subsidiaries. Diversified engineering firm Alfa Laval imports most of its equipment used in SA's dairy, beverage and food industries from its parent's subsidiaries in several European countries and Japan. It will divest only if its foreign supply network is cut. MD Haydn Thomson said: "We'll stay here as long as we are legally able to do so."

Some Swedish companies — including Alfa Laval — are openly sceptical that Stockholm could legally — or effectively — break this supply network.

Not so Swedish government officials in SA, who say companies are oblivious to the political realities in Stockholm.

First Secretary at the Swedish Legation in Pretoria, Bengt Herrström, said: "I have not heard that clamps on the foreign subsidiaries of Swedish multinationals are actually being written into measures."

The possibility that Swedish firms will not be allowed to repatriate their profits is not seriously being entertained by companies at this stage and Herrström does not believe such a proposal is being considered in Stockholm.

Latest trade figures show the level of SA's exports to Sweden slumped by 70% to R33m in the nine months to last October against the same period in 1985, while SA imports from Sweden fell by 29% to R187m in this period.

Most visible casualty from bringing trade levels down to zero is Transatlantic Shipping Agency's (TSA) 83-year-old dedicated sailing schedule to Sweden. TSA will not comment on the ban until its contents are known, possibly by July 1.

Tougher Swedish sanctions follow the failed attempt in the UN Security Council to impose binding anti-SA measures on its members. This would automatically have stopped most foreign subsidiaries of Swedish parent companies from supplying their SA holdings.

Sweden slaps ban on all trade with South Africa

The Star's Foreign News Service

STAR 3/3/87

STOCKHOLM — Sweden is to impose a total boycott on trade with South Africa in a move that marks a unique departure from its traditional policies.

Swedish neutrality has previously ruled out the country's participation in any trade sanctions except those agreed by the UN Security Council.

Following the failure of the Security Council last month to agree on binding sanctions in the face of vetoes from the US and the UK, Sweden has decided to take unilateral action.

The decision came even though Mr Sten Andersson, Swedish Foreign Minister accepted that the boycott was a breach of the international trade law embodied in the General Agreement on Tariffs and Trade. The embargo will come into force in October.

The Swedish Foreign Ministry said yesterday that the government had decided to act because of the "unique" circumstances in South Africa.

VIOLATION

In no other country was the "systematic violation of a majority people's fundamental rights constitutionally entrenched as in South Africa".

Initially, the embargo covers goods and not services, and the government is for the moment not taking any direct action to force Swedish companies with subsidiaries in South Africa to dispose of their local operations, although continuing links will now be circumscribed.

Under previous measures, it is already forbidden for Swedish companies to invest in South Africa.

Mrs Anita Gradin, Sweden's Foreign Trade Minister, admitted yesterday that any moves to force Swedish companies to pull out of South Africa would raise considerable legal problems and could give rise to substantial damages claims from Swedish corporations.

South Africa accounts for some 0,3 percent of Sweden's total exports, which have comprised chiefly machinery, pulp and paper, vehicles and office equipment.

R500m investment by SAB ... announcement of a

CAPE TIMES 23/3/87 (67) (443) 497

Everite bids R65m for T & N division

JOHANNESBURG. — Everite Limited is to acquire the building products division of Turner and Newall Holdings Ltd (T & N) for R65m.

T & N would be issued ordinary shares in lieu of cash, representing 25% of Everite's enlarged capital.

A holding company, Everite Holdings Limited (Evhold) is to be formed, which after the issue of shares to T & N, would hold 56,2% of Everite's ordinary issued share capital.

Everite would seek the approval of shareholders to form Evhold by way of a three-for-one capitalization issue of additional ordinary shares out of non-distributable reserves. The three additional shares would be exchanged for one Evhold share. Thus, 25% of ordinary shareholder's investment would be in Everite Ltd and 75% in Evhold. — Sapa

BDay 11/4/87 (67)

Lion Match to be sold after takeover

Own Correspondent

LONDON — Wilkinson Sword's SA unit, Lion Match, is to be sold off "as soon as financially feasible", after the group's takeover by Swedish Match.

The Swedish government's ban on trade with SA stops short of ordering the immediate closure of all Swedish companies' operations in SA.

But Swedish Match, which is now unchallenged as the largest match maker in the world, is emphatic that it will waste no time in shedding the SA part of its Wilkinson acquisition.

Sanctions veto by UK, US condemned

67

8645 10/4/87

280

NEW YORK. — The United States and Britain have vetoed a bid in the Security Council to impose sanctions on South Africa and their action was at once condemned as support for mining companies.

In the vote last night, nine of the council's 15 members favoured the draft, aimed at forcing South Africa to implement an eight-year-old UN independence plan for SWA/Namibia.

The United States and Britain were joined by West Germany in casting negative votes. France, Italy and Japan abstained.

It was the second time in less than two months that the United States and Britain blocked a sanctions resolution. On February 20 they vetoed a call for a selective embargo aimed at changing South Africa's apartheid policy.

"GREEDY"S

A leader in this latest sanctions move, James Gbeho of Ghana, condemned the vetoes. He said they placed the interests of such companies as De Beers, Anglo American Corporation, Rio Tinto Zinc "and other greedy and callous transnationals, over the sacred rights of Namibians".

"The negative votes today have served the only purpose of making Pretoria proud of its friends," he said.

Mr. John Birch, for Britain, rejected the charge.

"We share with all delegations the same concern, the same objective toward Namibia, which is that Resolution 435 should be implemented."

"Where we differ is over the means of achieving it and this is a perfectly legitimate difference of opinion." — Sapa-Reuter naira (about R5 400) bail. — Sapa-Reuter.

ARGOS 10/4/87.

Bid to make bank quit SA fails

ZURICH. — A group of shareholders has failed in a bid to make Switzerland's largest bank pull out of South Africa and donate one percent of its profits to help other indebted nations in Africa. The group made the bid at a meeting of the Union Bank of Switzerland. — Sapa-Reuter.

Belfast 'under siege'

(67)

67 BD 3/7/87

Swedish firm to challenge SA trade ban

STOCKHOLM — A major Swedish engineering group yesterday challenged a Swedish government ban on trade and investment in South Africa, saying the boycott would merely benefit the South African Government.

The Atlas Copco AB president, Mr Tom Wachtmeister, said an enforced pull-out would hand his company's market share over to a rival.

He said withdrawal could also damage the economies of South Africa's black-ruled neighbours, which benefitted from investment supplied by Atlas Copco, a mining and drilling equipment maker.

Though the company's total 1986 sales to South Africa were just 90 million crowns ($14 million) out of total of 11 billion crowns ($1,74 billion), Mr Wachtmeister said it was still of great strategic importance.

"All new developments in our area, all the activity in a recession-hit sector are in South Africa ... our presence there is strategically vital."

An Atlas Copco pull-out would leave the market open for the South African-based Boart, the mining group owned by the giant Anglo American group, he added.

"They would be able to take over our market share at home and grow without competition ... and inevitably be in a stronger position to expand into our markets abroad," he said.

The Swedish bill to boycott trade, passed in May, bans direct trade in either direction, with certain exceptions where sanctions would benefit South African companies and disadvantage Zambia, Zimbabwe and Botswana. — Sapa-RNS

Swedish tycoon slams SA boycott

PETER STACEY
Mining Editor

TOM WACHTMEISTER, president of Sweden's Atlas Copco, a world leader in mining equipment manufacture, has criticised his government's stance on SA.

The Swedish firm has a 22% interest in Benoni-based Delfos and Atlas Copco, a major supplier of drilling and other machinery to SA mines and industry.

Wachtmeister, in the company's annual review, re-iterated his company's commitment to the SA market.

"I regret the decision of the Swedish government to single-handly institute a boycott on trade between Sweden and SA," he said.

"It is based on a misjudgment of the situation in Southern Africa and of the consequences for the countries in the region.

"For both humanitarian and commercial reasons Atlas Copco is greatly interested in the peaceful development of Southern Africa.

He also alluded to the threat to the almost total dominance of world markets by Atlas Copco and its Finnish rival, Tamrock, posed by Boart/Seco, SA's answer to Scandinavian technology.

Swedish tycoon slams SA boycott

PETER STACEY
Mining Editor

TOM WACHTMEISTER, president of Sweden's Atlas Copco, a world leader in mining equipment manufacture, has criticised his government's stance on SA.

The Swedish firm has a 22% interest in Benoni-based Delfos and Atlas Copco, a major supplier of drilling and other machinery to SA mines and industry.

Wachtmeister, in the company's annual review, re-iterated his company's commitment to the SA market.

"I regret the decision of the Swedish government to single-handly institute a boycott on trade between Sweden and SA," he said.

"It is based on a misjudgment of the situation in Southern Africa and of the consequences for the countries in the region.

"For both humanitarian and commercial reasons Atlas Copco is greatly interested in the peaceful development of Southern Africa.

He also alluded to the threat to the almost total dominance of world markets by Atlas Copco and its Finnish rival, Tamrock, posed by Boart/Seco, SA's answer to Scandinavian technology.

Lion strike-out was no secret (just to employees)

By HILARY JOFFE

THE latest in disinvestment moves — the sale of Lion Match by Swedish Match — was an open secret in business circles. The only ones who weren't informed seem to have been the employees.

Business circles had been tipping Rembrandt or United Tobacco to purchase Lion and the only real surprise was the eventual purchaser, South African Breweries.

But while the Lion Match sale was no secret in business circles and shareholders were warned that it was about to happen, workers did not seem to have been informed of the change. Sources in the union which organises Lion Match plants, the Congress of South African Trade Union's Paper Wood and Allied Workers' Union, say they read about the deal in the newspapers.

The giant Rembrandt Group had been shopping in the disinvestment market lately, with its acquisition from British-based Consolidated Gold Fields of a 10 percent stake in Gold Fields SA, in a move seen as a rebuff to the Anglo American corporation.

What SAB bought — for R8,8-million — was the 64 percent of Lion Match's share capital owned ultimately by Swedish Match.

The Lion Match story began in March last year when Swedish Match, the world's top match manufacturer, announced its intention to buy British-based Wilkinson Sword, its closest rival in the match business, from United States company Allegheny International. The Swedish takeover included Wilkinson Sword's subsidiaries in England (Bryant and May), Brazil and majority shareholding in South African Lion Match.

The *London Financial Times* reported Hans Larsson of Swedish Match as saying the company "would dispose of Lion Match when a commercially viable opportunity arises".

The Swedish government has banned trade with South Africa but does not necessarily oblige multinationals to close their South African operations.

Lion Match's interests include Wilkinson Sword razors and razor blades, packaging (Interpak) and electrical appliances.

According to stockmarket analysts, Lion Match will fit well into the SAB stable, with its focus on the manufacture of consumer goods.

The buyout is small stuff for SAB though, adding only about two percent to it's "bottom line" of R294-million.

The SAB statement issued on Tuesday said: "The acquisition of Lion Match will not have any immediate material effect on either SAB's earnings per share or net asset value per share. However, Lion Match's activities are considered complementary to those of SAB's portfolio of businesses which are principally engaged in meeting mass market consumer needs. The acquisition of Lion Match is thus considered an important step in the development of SAB's manufacturing interests."

As one of the largest industrial companies quoted on the Johannesburg Stock Exchange, SAB could easily manage the buyout, analysts say.

Swedish Match's priority was to get cash for Lion Match — as disinvestors they didn't want Lion Match paid for in South African shares.

Almost 36 percent of SAB's shares are owned by the Premier Group, another 12 percent by Old Mutual and the rest by institutions and the public. The Premier Group, in turn, is ultimately controlled by Anglo American and Liberty Life.

The price of Lion Match shares went up by R1 on Wednesday after the SAB buyout was announced. The shares have not been very tradeable, because such a high proportion of the them were in the hands of one foreign company.

But the price rose once the deal was announced because of the SAB offer to minority shareholders, analysts say. SAB had to make an offer to the minority shareholders — a JSE regulation obliges companies to do this in cases where there is a change of control of a listed company.

Minority shareholders are being offered SAB shares or cash for their Lion Match shares, and a special dividend will be paid on Lion Match shares in August. Analysts suggest shareholders will do better to take the SAB shares than the cash.

17-23/7/87 W/Mail

67

CAPE TIMES 2/7/87

Swedish ban on SA challenged at home

STOCKHOLM. — A major Swedish engineering group yesterday challenged a Swedish government ban on trade and investment in South Africa, saying the boycott would merely benefit Pretoria.

Atlas Copco AB president Mr Tom Wachtmeister told reporters that an enforced pull-out would hand his company's market share over to a South African rival.

He said withdrawal could also damage the economies of South Africa's black-ruled neighbours, which benefit from investment supplied by Atlas Copco, a mining and drilling equipment maker.

"All new developments in our area, all the activity in a recession-hit sector are in South Africa ... our presence there is strategically vital," Mr Wachtmeister said.

An Atlas Copco pull-out would leave the market open for the South African-based Boart, the mining group owned by the giant Anglo American group, he added. Sapa-Reuter

280

67

CAPE TIMES 2/7/87

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67

Leyland saga ends with SA buy-out

Roman Szymonowicz ... we're our own masters

67

By Don Robertson

ANOTHER foreign motor manufacturer has fallen into South African hands.

After 11 months in which a successful conclusion to a buy-out was uncertain, Leyland SA management has reached agreement with the British-based Rover Group.

In the 11 months Associated Automotive Distributors (AAD) had two managing directors, closed several branches and underwent a major restructuring.

Under its new management team and its new name, the company hopes to push turnover to R100-million this year and run at a profit while it consolidates its position in the automotive market.

Offshore money

The deal, negotiated for an undisclosed sum, was concluded on January 5, having been announced in February last year.

Backing the deal are Trust Bank and Volkskas and a "reasonable" financial contribution comes from an offshore source. Controlling the offshore interest is new managing director Roman Szymonowicz, who insists the company is wholly SA owned and has no link with Rover from which it was bought.

Mr Szymonowicz says the two banks will continue to support AAD.

The Rover Group will also offer AAD components, technology, franchise opportunities and an improved supply agreement.

Mr Szymonowicz says the reason for the delay in concluding the deal was the requirement by Rover that a sound business base be established and that the company be SA owned.

However, it is believed that financial backing was another stumbling block and it was not until Mr Szymonowicz arrived in July that the deal looked like going through.

Mr Szymonowicz became managing director after the amicable departure of Noel Williams who succeded Brian Fuller who was on secondment from Rover.

Unlike the withdrawal of General Motors and Ford, Rover has not paid off Leyland SA's debts, which are "not onerous".

Rover's decision to disinvest was in line with its attempt to privatise its operations internationally. But with the injection of funds by the management team, AAD is "financially sound", says Mr Szymonowicz.

Last year AAD incurred a large loss, but is now trading profitably.

"We have turned the company around and are now in a consolidation phase," says Mr Szymonowicz.

"Now that we are in control of our own destiny we will change the structure of the company."

This will involve a move from being an original equipment manufacturer, although production of the HLC bus with 85% local content will continue. The Tiger luxury buss will also be aggressively marketed and a new minibus chassis is available.

Expensive

AAD will also continue to operate in the heavy truck sector.

Recognising that tooling for new models is expensive, Mr Szymonowicz says it will be undertaken only if it is possible for the company to make a profit. However, development of existing models will continue.

More emphasis will be placed on the heavy 4x4 market with two models — a diesel Land Rover and a fuel-injected Range Rover — being launched in the first quarter of this year.

The Unipart parts service will be expanded to cover the complete range of vehicles, not only Leyland as in the past, and the workshop services will include all vehicle makes.

This will result in a significant switch in the contribution to profits by the various divisions.

Referring to the company's relaunch, Mr Szymonowicz says: "We have suffered some pain in the past few months, but I have full confidence in the management team. Our group policy is profit growth through expansion, productivity and improved efficiency."

Staff cut

AAD recently spent R1,5-million on a computer system linking all branches.

With the staff cut from 3 500 at the peak in 1982 when Leyland SA made a large range of passenger vehicles, the company now employs only 400, which Mr Szymonowicz says is about the optimum.

The management buy-out was negotiated by chairman Francois Jacobs, a member of the State President's Economic Advisory Council, Mr Szymonowicz, Mike Elsbury, Piet Rademayer, Meiert Grootes and Jack Massardo. Retired chairman Ellis Rhodes-Harrison is also a shareholder.

There is a possibility of going for a JSE listing, but it will not be necessary to raise capital.

A trust fund has been established to spread the benefits of equity participation for all employees.

D/D 24/3/88.

Dairy export prices rise

67

GENEVA — Minimum export prices for dairy products were increased by between 5 and 10.5 per cent by the International Dairy Products Council, the world trade body GATT announced.

Under the International Dairy Arrangement, minimum export prices for milk powders, milk fat and some cheeses are reviewed annually. There are 16 signatory members of the arrangment, including the 12-nation European Community counted as one.

"The new prices reflect more favourable world market conditions for dairy products and the recent successful efforts by participants to contain milk production and deliveries," a GATT communique said. — DDC

IDC considers firm offers

Groups vie for Alusaf control

Sowetan Bus 21/4/88

From MICK COLLINS

MAJOR private sector conglomerates are vying for control of government's R500m aluminium concern Alusaf.

Firm offers for the giant Richards Bay facility are currently under consideration by Alusaf's major shareholder, the Industrial Development Corporation (IDC).

'Sensitive'

Confirmation that the bids for one of SA's main strategic industries had been received was given yesterday by IDC MD Koos van Rooy.

However, Van Rooy said the issue was "sensitive" and would not be drawn on which private sector companies were involved.

"Yes, we have received concrete offers and are talking to various parties.

"It is awkward to speak about who is involved as we are still evaluating the situation. We are also having discussions with our Swiss partners."

Asked if the Swiss would retain an interest in the business once it had been sold, Van Rooy said: "They will have to evaluate their own position. It is very difficult to say how they will react, which direction they will take."

Van Rooy said a formal announcement on who would take over could be expected soon.

The development follows top-level secret talks held with private sector concerns as early as December last year, when bids were invited.

Alusaf, which has an annual turnover of R600m, has been described by Van Rooy as being ripe for privatization.

The privatization move is in line with President P W Botha's economic package for SA announced in February, in which he specifically referred to certain IDC holdings which would be privatized.

IDC sources said the privatization would not automatically mean an immediate listing on the JSE, due to the current depressed state of the market.

Expansion

Recent major expansion at the Richards Bay plant has seen Alusaf's capacity doubled.

The company has a staff complement of 2 800 and exports 50% of its annual production of 170 000 tons of aluminium.

Industry sources said the retention of the Swiss interest in the company was vital due to its world-wide contacts and its technological know-how.

The IDC has a controlling interest in four major industrial concerns — Atlantis Diesel Engines, Alusaf, Foskor and tea producer Sapekoe.

67

BUSINESS

D.18 6/5/88

(67)

Rowntree takeover: cocoa price threat

LONDON. — A takeover of British chocolate maker Rowntree Plc, which is under siege by Switzerland's Nestle SA and Jacobs Suchard AG, would create a group with massive purchasing power on the world cocoa market.

Commodity analysts say dealers will have fewer players in the market with opportunities to do business lessened.

Analysts said cocoa buying power could become concentrated even further after General Cinema Corp, a cinema-based US group with soft drink interests, said it would increase its minority holding in Cadbury-Schweppes Plc, Britain's largest chocolate maker and soft drinks group, and might eventually seek control.

They said General Cinema might sell off Cadbury's chocolate business to Suchard if Suchard withdrew from the Rowntree fight.

The General Cinema announcement followed the launch last week of a £2,1 billion hostile bid by Nestle for Rowntree, which in turn opened up the possibility that Suchard might make a rival bid. Suchard raised a recently-built stake in Rowntree to 20,79 per cent.

Analysts see the takeover bid by Nestle as part of a trend towards concentrating the European confectionery industry in fewer hands in readiness for the removal of all barriers to trade within the European Community in 1992.

Cadbury bought French chocolatier Chocolat Poulain late last year and Suchard, whose brands include Toblerone bars, took over Belgian confectioner Cote d'Or SA.

But cocoa dealers seemed more worried by the prospect of Suchard capturing Rowntree, because of its internal push to have control at all stages of purchasing, production and retailing.

Suchard already has a foothold in the London cocoa market through a substantial minority stake in London trade house E. D. and F. Man. Suchard is closing its London trading arm, Sopra (UK) Ltd, this summer, moving operations to the Netherlands where it owns a cocoa processor.

There was speculation among London traders that Suchard might want to foster more direct links with cocoa producers. No comment was available from Suchard.

Some dealers were concerned that Nestle or Suchard, with Rowntree under their belt, might buy more cocoa direct from producers instead of through the trade. There was some danger of dealers being pushed to the sidelines, they said.

Other dealers felt such fears were exaggerated. The greater concentration of power in chocolate would make little difference, and manufacturers would still want the flexibility offered by the trade as cocoa suppliers, they said.

The attention centred on Rowntree came at a time when chocolate makers were enjoying windfall profits from cheap cocoa and rising consumption, analysts said.

Demand was strong in Western Europe because low cocoa prices had allowed manufacturers to keep retail prices stable while increasing chocolate bar sizes. Chocolate retail prices have not declined nominally, but in real terms they have been falling for about two years.

Cocoa prices themselves were at their lowest for more than five years following four years of surplus production, and in real terms were at present among the lowest in history. — Sapa-RNS

DLD 17/5/88

67

£2,1bn offer for Rowntree public

LONDON — Swiss food giant Nestle SA formally published a £2,1 billion offer for British candy firm Rowntree Plc yesterday amid speculation that rival Jacobs Suchard AG would make a counter offer.

Nestle managing director, Mr Helmut Maucher, said in a letter to Rowntree shareholders which accompanied the offer: "We are convinced that a merger of Rowntree and Nestle's chocolate and confectionery business is in the best long-term interests of both companies."

Rowntree, makers of the popular chocolate bar Kit-Kat and children's favourite, Smarties, has rejected the bid from Nestle, which last week boosted its Rowntree holding to 14,7%.

There was strong press and market speculation that rival Swiss group Suchard, which holds 29,9 per cent of Rowntree, might launch a counter offer.

Suchard was rebuffed last week by Rowntree when it issued an invitation to talk. Under British takeover rules, it cannot buy any more Rowntree shares unless it makes a full bid.

By midday, Rowntree shares were up 24 pence to 906 pence from their Friday close.

Mr Maucher told shareholders that Rowntree did not have the resources to compete alone in increasingly competitive world markets and needed a partner of Nestle's size.

"Nestle and Rowntree have highly complementary businesses and the value of our offer reflects the additional potential that Rowntree will have as part of the Nestle Group," he said in his letter. — Sapa.Rns

BDay 20/7/89

Major losses for strike-hit companies

(67) SIPHO NGCOBO

TWO strike-hit companies, Swiss multinational Everite and local furniture retail giant the Joshua Doore group, have both had severe production and turnover losses, their industrial relations spokesmen said.

A third, Plascon, is to be taken to court for allegedly firing about 300 of its estimated 700 striking workforce, an SA Chemical Workers' Union (SACWU) spokesman said yesterday. A company spokesman could not be reached for comment.

A total of 4 000 workers at the three companies are still on strike.

A Joshua Doore spokesman said the 35 stores affected by the strike had done no business for four weeks, which had led to dramatic turnover losses, while picketing at the stores had severely affected collections.

The dispute between the workers, all Ccawusa members, and Joshua Doore is a result of the company's retrenchment of 469 workers. The union has demanded their reinstatement.

Everite industrial relations spokesman Brian Gibson said production was still being adversely affected as the wages strike by an estimated 3 000 workers, all Construction and Allied Workers' Union (Cawu) members, entered its eighth week.

Richemont turning corner

Star 21/2/89

Diagonal Street

MAGNUS HEYSTEK

The Compagnie Financiere Richemont (Richemont) has somehow failed to live up to expectations and is currently trading at a discount of about 26 percent to net asset value. But current talk among brokers is that this anomaly is due for correction and that a further firming in the price is in the offing.

Yesterday Richemont again was on the list of actively traded shares and the price rose by 30c to close at R12,90.

Richemont has been called the ultimate rand-hedge share; a share that every South African should have in an investment portfolio.

Richemont is a Swiss investment holding company based in Zug and has interests and holdings in several international industrial and financial groups, some of which are global household names, including Cartier, Baume et Mercier, Dunhill, Piaget and Rothmans.

The Richemont group has brought together under its umbrella those demerged European and North American assets and businesses previously held by the Rembrandt group, headed by Dr Anton Rupert.

Control of Richemont still rests with the Rupert family, via a family-controlled trust in Switzerland.

The rationale behind the listing was to prepare for the creation of a single European Community market in 1992; a move that will create the largest market in the world.

Richemont's portfolio can be broken down into fairly even proportions consisting of luxury goods (a third of assets); tobacco (a further third); financial services and, to a lesser extent, natural resources.

In greater detail, Richemont's holdings consist of the follwing:

- Luxco, an unlisted company with a stake in Cartier Monde.
- Rothmans International, specialising in tobacco and luxury consumer articles.
- Transatlantic Holdings, with stakes in several British financial services firms; in particular Capital & Counties and Sun Life.

Donny Gordon's Liberty Life, incidentally, owns major stakes in the two latter companies.

An analysis by Swiss private bankers Pictet & Cie reveals that most of the Richemont subsidiaries have recorded steady, if not spectacular, results over the years.

Cartier, the jewellery firm (controlled by Rothmans), has registered an annual rate of growth in sales in excess of 20 percent. The 1988 results look as if they will turn out to be just as good. Trading profits are set to increase by 25 percent.

At first glance these profit/growth figures might not seem spectacular, but remember, these results are recorded in a virtually zero-inflation environment.

(67)

The same holds true for the other major subsidiaires in the Richemont fold, even in the case of Rothmans which has tended to suffer from the anti-smoking campaign.

With the international tobacco market showing little real growth, this has been counteracted by an increase in margins.

Pictec & Cie expects Richemont to declare an increase of 20 percent in net earnings for the 1989 financial year. With prospects for the year ahead still looking bright as consumer spending in Asian market continues to grow, it forecasts growth of 15 percent in 1989/90.

Comparing current P/E ratios of similar international holding companies with that of Richemont, Pictet & Cie reckons that Richemont is currently under-valued by 20 percent, and perhaps even more.

At September 30 last year the net asset value of Richemont was equal to SF3677,2 million. Compared to this, the market capitalisation at end-January amounted to only 74 percent of the NAV, so the shares are trading at a large discount to the value of the underlying assets.

Because investment holding companies trade at a discount to NAV, it considers this has been overdone in the case of Richemont. Especially if one takes into account that Richemont has virtually no debt and has access, directly and indirectly, to R4,3 billion, which could be used to finance further expansion.

Lombard denies 'Swiss aid'

GRETA STEYN

RESERVE Bank deputy governor Jan Lombard yesterday denied a foreign news report that Swiss banks had helped SA with R7bn in credit since 1986.

Commenting on a report filed by the African News Organisation (ANO) from Geneva yesterday, Lombard said the figure was "grossly over-stated".

The ANO report said: "Since 1986 — when the world community started imposing sanctions against SA — Switzerland has granted Pretoria almost 5 000-million Swiss francs in credits and loans."

ANO was quoting from the final report of the international hearings on the activity of multinationals in SA.

The alleged aid translates into about R7,4bn — more than half the total foreign loan repayments between 1985 and 1989.

The report said: "Three-fourths of the credits are given to Pretoria in hard currency with clearing in gold. The Zurich international financial market sees annually over 300 tons of South African gold operations which have been excluded from Swiss statistics since 1980."

Lombard said the figures sounded "way in excess of our dealings with banks in Switzerland". Economists said yesterday the report was apparently referring to short-term credit facilities — strictly speaking not a loan — extended to the Reserve Bank as bridging finance to tide it over periods of pressure on the foreign reserves.

These "overdraft" facilities are often in the form of loans against gold and are generally not disclosed to shareholders.

Lombard noted that "anyone can blow the situation out of proportion by using gross (instead of net) figures."

ANO said the Swiss aid had been "like an oxygen feed for the crisis-stricken SA economy".

Reserve Bank figures show the Bank makes substantial use of foreign bridging finance in times of pressure. In 1988, its foreign liabilities (related to reserves) jumped by R1,9bn, followed by an increase of R904m in the first quarter of 1989. It is believed the second quarter saw an even larger in-flow of short-term foreign credit.

(67)

7/8/89

Ciba-Geigy steps into Canadian takeover battle

(67)

Star 13/9/87

LONDON — Ciba-Geigy, the Swiss chemicals and drugs company, has moved to take control via a US joint venture of Connaught BioSciences, a leading Canadian vaccines maker, in a move which could lead to a new shake-up in the world pharmaceutical industry.

The Swiss company, the world's fifth biggest medicines group, has offered $652 million to buy Toronto-based Connaught, which is among the top three North American vaccines producers.

The deal would be effected through JV Vax, a US joint venture between the Swiss company and Chiron, a small Californian biotechnology group with which Ciba-Geigy has a number of collaborative research programmes.

However, Connaught is already the target of a rival proposal from Institut Merieux, a vaccines maker controlled by Rhone-Poulenc, the French state-owned chemicals and drugs group. Institut Merieux has proposed merging with Connaught in a share swap.

Connaught shareholders are due to vote on this deal on September 28, and Ciba-Geigy said its offer would be conditional on them rejecting the French bid.

A takeover of Connaught would continue the recent series of drug-industry mergers involving some of the biggest companies in the business.

In the past few months, the UK's Beecham has joined forces with SmithKline Beckman of the US while Squibb and Bristol-Myers, both of the US, have linked. A further merger has been between two other US companies, Merrell Dow and Marion.

Under the terms of the proposed deal, Ciba-Geigy would provide most of the cash for the Connaught acquisition, but over several years Chiron would be able to provide share capital in the new venture.

Ciba-Geigy said a merger involving its US joint venture and Connaught would create a beautiful marriage. It said the Canadian company, which specialises in vaccines for influenza, diptheria and whooping cough, would provide development and marketing skills which would complement the research ideas of Ciba-Geigy and Chiron.

Ciba-Geigy and Chiron are working on a number of new vaccines using new techniques in genetic engineering. These products could be used against diseases including malaria, herpes and AIDS.

The two groups have also formed a joint company to develop and sell vaccines. So far this company, called Biocine, has no revenues.

In recent years Ciba-Geigy, like many other large European drugs companies, has been keen to expand in North America. Yesterday it said that if the Connaught deal was accepted the Swiss company's alliance with Chiron could eventually develop into one of the world's top vaccines groups.— Financial Times.

Richemont profit surges by 34%

(67)

ROBERT GENTLE

LONDON — Richemont, the Swiss-based company 50%-owned by the Rupert family of SA, yesterday announced a 34% surge in interim pre-tax profits to £95,1m (£70,9m).

Attributable net profits rose 38% to £64,6m (£46,7m), yielding earnings a unit of £112,30 (£81,30).

Richemont, listed in Zurich, Geneva, Basle and Johannesburg, operates in the fields of luxury goods and tobacco, which bring in about 39% and 33% of the business respectively.

Interests in tobacco products stem from a 63%-plus controlling stake in Rothmans International.

Analysts expect major changes in Richemont's interests following the other main move of the half-year — the taking of control at Rothmans following a buyout Phillip Morris's stake.

Among the moves expected is a flotation of Cartier. B/Day 24/11/89

Rothmans yesterday announced a 21% increase in half-year pre-tax profits to £189m (£156m).

Gross sales revenue rose 19% to £2,98bn (£2,5bn), with strong growth coming from Dunhill and Cartier. Sales revenue also benefited from the weakening of sterling.

The group is now sitting on net liquid funds of £481m (£454m), a level scheduled to increase even further in the second half.

The bottom line showed a 28% rise in earnings a share to 30,5p (23,8p). The interim dividend a share rose a massive 77% to to 6,2p (3,5p).

B|Day 15|11|89 .

67

Well rehearsed script for Richemont's Rothmans bid

LONDON — The script for Richemont's bid for Rothmans International employs every buzzword and many of the plot devices seen in the biggest takeover battles of the past year.

Brands, demergers, enhancing values for shareholders, continental European companies run by South Africans, how best to re-invest the cash harvest from tobacco companies. These familiar lines, widely rehearsed in bids for Consolidated Gold Fields and BAT Industries, are back.

This time, however, the shadows from backstage are the only show. Richemont affects to be a most reluctant bidder. MD Johann Rupert said last week: "I would suggest that it's not in anyone's interest to accept." On the terms he is offering, he is unlikely to be disappointed.

Richemont, moreover, said it planned no immediate management changes at Rothmans, although with many executives in their late 50s and early 60s, Rupert added: "It's clear that some succession planning is in the offing."

Rupert would hardly be in a position to complain about Rothmans' performance anyway. His family has held effective control over the British group since 1972, a position barely affected by Philip Morris's eight years as a shareholder.

Indeed, analysts appeared more surprised at the price at which the Philip Morris stake was being handed over than at the deal itself. That, suggested one pundit, had looked increasingly likely ever since the Rupert family set up Richemont, a listed Swiss-based company, last year to hold Rembrandt's non-SA interests — thereby giving them added incentive to regain control of Rothmans cash flow.

● RUPERT

Four years earlier, any plans Philip Morris may have had for using its 25% stake in Rothmans as a platform for more significant things were stymied by an EC ruling. This restricted the voting holding to 25% and denied Philip Morris any managerial role at Rothmans.

But if the natural buyer and natural seller were obvious, the London market seriously overestimated the price and terms on which the deal might be done. Rothmans shares had risen from around 425p a year ago to more than 600p by mid-July and were 669p ahead of the bid. By contrast, the value of the Richemont offer is estimated by the Swiss group's advisers at only 588p a share — and even then the payment is not in cash, but in unlisted loan notes.

For Richemont, Rupert just smiled sweetly and said the price that emerged was just "a matter of negotiation".

But if Philip Morris had exited for the best, if less than glorious, terms it could extract, a questionmark remains over where the Rothmans price goes next.

Not unnaturally, Richemont appears to be doing its best to prevent a wave of selling. The deal was announced a tantalising two weeks ahead of Rothmans' interim results, and the bidder said it would discuss "ways of enhancing the value of shareholders' interests in Rothmans group companies."

Over what that might mean, Rupert was studiously vague. But it seemed to cut little ice with a number of analysts, nor with Rothmans chairman David Montagu. "I haven't the remotest idea what we're going to do," he commented.

The group's ownership structure gives Rupert an advantage denied Patrick Sheehy at BAT. "Few companies are offered the luxury today of long-term planning," Rupert says. "You do not build value overnight. You build value over five to ten-years." — Financial Times.

Cautious second look firms pre-bid shares

ROBERT GENTLE

LONDON — Tobacco and luxury goods group Rothmans International firmed 19p to £6,27 on Monday in what appeared to be a cautious re-appraisal of the implications of last week's dramatic change of control.

That move, which saw the Rupert family's 50%-owned Swiss-based investment company Richemont move into the driving seat, had sent the shares plunging to £6.

William de Winton of stockbroking house Hoare Govett said the market would soon get over its initial lukewarm response and realise Rothmans shares had good long-term prospects.

Valuation

De Winton, co-author of a report that earlier this year predicted the Richemont move, said Rothmans shares were worth much more than their present market price.

The report, working on the basis of Rothmans' break-up value, said total asset valuation was about £2,9bn — or £9,32 a share.

De Winton said he had no doubt Richemont was working on a restructuring that would increase shareholder value. This was likely to include flotation — which could be worth £770m — of luxury goods group Cartier.

Paris-based Cartier, which manufacturers and markets luxury watches, lighters, writing utensils and leather goods, is 47% owned by Rothmans. Richemont has a controlling stake.

Meanwhile, the British luxury consumer goods group Dunhill, in which Rothmans has a 55% stake, is expected to announce record interim profits today.

SHIPPING FIM 20/4/90

Suing Sweden

Western governments have long forced business to foot the cost of sanctions against SA. Companies lose heavily when they're compelled to sell off their SA subsidiaries at bargain basement prices or to search for another supplier when their SA imports are prohibited.

Now a Swedish firm, the Transatlantic Shipping Co, which had served SA for nearly a century, is suing the Swedish government for US$14,56m for forcing it to stop calling on SA ports. The line's two roll-on, roll-off ships, the *Kolsnaren* and the *Elgaren*, built specifically for the SA trade, had to be sold at a loss of about $6m. Retraining the ships' staff cost Transatlantic another $3m.

The 21 000 t specialist liners were built as a back-up for the container ships that began serving the Europe-SA trade in 1977 (*Business* March 16). Two years ago, with the ships' annual turnover exceeding $15m, the Swedish government banned them from operating in SA. Negotiations on compensation ended in a stalemate and the legal process began. The final verdict is not expected for years.

The ships, among the most advanced liners on the route, were bought by the French company, Compagnie Maritime. One continues to serve SA, wearing the Tricolour when it pulls into port; the other is trading in the Pacific. ■

67

FW to ask Swiss to invest in SA

By Peter Fabricius and Sapa

ZURICH — President de Klerk flew to Switzerland today for high-level talks with political, business, and financial leaders in Europe following his successful one-day visit to West Germany yesterday.

Mr de Klerk and Foreign Minister Pik Botha, who stayed in Bonn last night to attend a dinner with the powerful Deutsche Bank while the rest of his entourage went to Zurich, were flying to Berne today for a meeting with Swiss Foreign Minister Rene Felber and Economic Affairs Minister Jean-Pascal Delamuraz for discussions on developments in South and southern Africa, and bilateral matters.

A meeting and luncheon hosted by the president of the Swiss confederation, Mr Arnold Koller, was scheduled.

During his two-day visit, Mr de Klerk, Mr Botha, and senior officials in the delegation will have a number of meetings with influential Swiss businessmen and financiers.

The emphasis during these discussions will be on persuading the Swiss that South Africa presents good investment prospects, despite its political instability.

In what is expected to be the keynote speech of his 18-day European tour, Mr de Klerk will address the Swiss/South Africa Association in Zurich tomorrow.

Useful meeting

After an "especially friendly" meeting with President de Klerk in Bonn yesterday, West German Chancellor Helmut Kohl hinted that he would help fight European sanctions.

Sources close to his office said Mr Kohl promised that West Germany would provide financial help for the return of political exiles to South Africa and to give them vocational training.

Mr Kohl's office said the meeting was especially useful before the European Community's imminent reappraisal of its stand on sanctions.

West Germany, with its large technical and financial commitments in southern Africa, should play a bigger role in the region, Mr de Klerk said.

● Mr de Klerk categorically denied at a media conference in Bonn yesterday that South Africa was building submarines with German plans.

He said he wanted to respond to recent renewed speculation that South Africa was building a submarine, using German blueprints, against the terms of the international arms embargo.

"During my time in the Cabinet, and also in my term so far as President, the question of obtaining (submarine) plans from Germany has never been discussed or raised," he said.

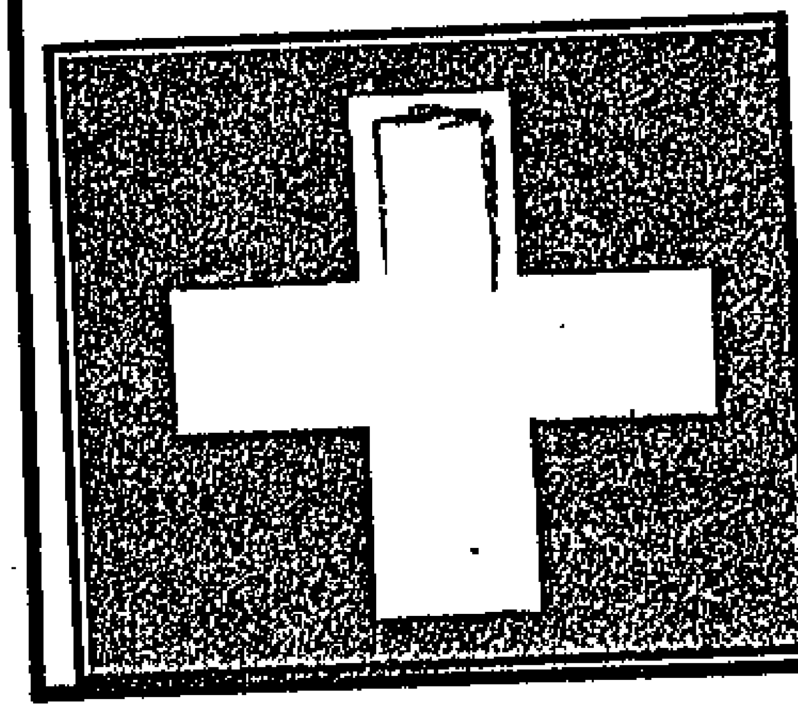
van der Westhuizen resembles a traffic officer as he directs various parties in the entourage to the waiting transport.

"People think of me as a walking information bureau."

Up to four matric pupils share a text book at a school in Soweto.

Bid to enhance ties with Swiss

STAFF REPORTER



The President in Europe

Star 22/5/90

67

President de Klerk arrives in Switzerland today hoping to tighten South Africa's economic ties with this small but wealthy European country.

Trade links between the two nations have been strong, with the Swiss only adhering to the UN arms embargo.

A spokesman from the Department of Foreign Affairs said relations between the two countries have been characterised by "healthy trade relations, flowing particularly from Switzerland's locality as the centre of the world gold market — which is a lucrative business for Swiss banks and in turn a source of revenue for the (South African) Government — and increasingly, the world's diamond trade."

However, despite its traditional open trade policy, Switzerland, according to the DFO spokesman, has been careful not to allow itself to be used to circumvent sanctions.

The spokesman said the presence of about 9 000 Swiss citizens in South Africa ensured a healthy cultural interchange between the two countries, while at a diplomatic level Switzerland represented South African interests in Peru and Iran.

Switzerland, according to a spokesman for the Swiss Embassy in Cape Town, is the eighth biggest importer of South African goods and the 11th biggest exporter of goods to South Africa.

Last year, Swiss imports from South Africa (excluding gold) totalled a record 1 177 million Swiss francs (about R1 950 million), compared to 880 million Swiss francs (about R1 450 million) in the previous year. South African imports from Switzerland, on the other hand, totalled 517 million Swiss francs (about R860 million) in 1989 compared to 470 Swiss francs (about R780 million) the previous year, according to the Swiss Embassy spokesman.

The Swiss spokesman said his country had not imposed sanctions against South Africa because of its strict principle of neutrality and willingness to serve as interlocutors in international relations. That was the reason for the Swiss attitude of reaching out to and maintaining good relations with both the Government and the ANC.

"We have never imposed sanctions against South Africa because of this country's violation of human rights. If we did that, then we would not know what to do with the other countries which also violate human rights," said the spokesman.

He said that although no Swiss head of state had ever visited South Africa, the two countries had always had cordial relations. He said Foreign Affairs Minister Pik Botha passed through Switzerland last year while on a European visit.

De Beers, consortium in talks on delinking

Star 23/5/90 (67)

By Magnus Heystek, Finance Editor

A meeting was held yesterday between De Beers and the consortium of local financial institutions which has proposed a bold plan to delink the shares of De Beers and its Swiss counterpart, Centenary AG.

The development follows on the announcement that De Beers has lodged a formal complaint about the matter at the JSE.

Yesterday the financial world was still buzzing with excitement about the ingenious scheme, which would effectively delink the stapled unit, something De Beers itself is shying away from at this stage.

A veil of secrecy was drawn over yesterday's meeting, with nobody prepared to comment on the matter, which has aroused considerable interest and controversy worldwide. Although nothing is known about the discussion, it is not the first time the two sides have met.

On Monday De Beers took the unusual step of making a formal approach to the JSE committee in order to record its dissatisfaction with the proposed scheme by consortium Syfrets Asset Management/Finansbank/George Huysamer to effectively delink the De Beers/Centenary AG units.

This has dampened euphoria over the stock.

On the JSE yesterday morning it opened at R103, down from the previous day's closing of R106,75. But it soon firmed to trade at around R104.

The scheme was first revealed in The Saturday Star after considerable speculation in the markets following a massive increase in turnover in De Beers shares last week.

More than R125 million worth of shares changed hands, pushing the price up to a record high of R110.

Some brokers and analysts are confident that the scheme will work and should prove to be a boon to what is called the "undervalued assets" of De Beers' international assets.

Others see it as "hair-brained and unrealistic".

Officially, De Beers has said that "delinking the units would be contrary to the company's stated intention".

Unofficially, analysts are saying that De Beers intends delinking the shares on its own accord in about four years' time.

One analyst, who has asked not to be identified, says De Beers has apparently given an undertaking to the Swiss authorities not to delink the shares for four years.

One reason has to do with capital gains tax, and the other is that Centenary AG has at present no cash on its balance sheet.

It will take about four years for Centenary AG to build up sufficient cash reserves to support any downturn in the international diamond market.

The key to the scheme now lies with institutions. They have until this afternoon to decide whether to lodge their De Beers shares with Syfrets, for which they would receive delinked shares in a new company to be formed.

For the scheme to have any chance of surviving, the consortium needs the commitment of at least 26 million shares, otherwise the market capitalisation would be too small to attract institutional and international attention.

No one at any institution is prepared to comment on the deal. Several say they have been presented with the proposed scheme of arrangement, but none have yet made a decision.

Despite the euphoria generated by the scheme, analysts are still bullish about De Beers' prospects once Centenary AG is listed on the Swiss stock exchange in about two week's time.

The diamond market is still very firm and prices at recent sights have been excellent, says diamond analysts John Taylor at James Capel in London.

Shopping trip . . . President F W de Klerk and his wife Marike examine a racquet on Zurich's famous Bahnhofstrasse yesterday. On the left is an unidentified salesman.

Star 24/5/90

Still too early to increase loans, say cautious Swiss

(67)

ZURICH — When President F W de Klerk went shopping along Zurich's famous Bahnhofstrasse yesterday, he was walking just a few metres above huge stores of gold — much of it South African — in Swiss bank vaults.

But those bankers are unlikely to recycle much of this wealth to South Africa in fresh loans until they are convinced political peace has cemented chances for stable economic development in a post-apartheid society.

"The economy in South Africa will develop magnificently as soon as an agreement is reached that guarantees the democratic rights of all members of the society. A political solution has to come first, and economic development will follow," one banker said.

Yesterday Mr de Klerk held private meetings with business leaders.

Switzerland has never imposed sanctions on South Africa.

But it limits new loans to R540 million a year to prevent Swiss banks being used to circumvent sanctions other countries have imposed. Mr de Klerk raised this subject at yesterday's talks, but got no response.

"He mentioned it and then it was finished," government spokesman Michel Pache said. "Things will stay the same. It is too early to speak about this."

Bankers said they were pleased Mr de Klerk had had the chance to outline his political aims, but said his trip would not change their lending habits.

Swiss banks, which once helped finance the electrification of Soweto, have curtailed their lending to South Africa. Their South African assets stood at R3,88 billion at the end of 1988, the latest statistics available.

Trade between the two countries has grown in recent years, but is still well below its peak in 1982, though trade figures exclude gold, of which Swiss banks are major buyers.

The World Gold Council, an anti-apartheid group, estimates Swiss banks buy around two-thirds of South Africa's annual 600 ton gold production, but official statistics are secret. — Reuter.

Richemont's results justify share price rise

(67) Star 28/6/90

Finance Staff

Swiss-based luxury group Richemont, which controls Rembrandt's former overseas interests, has justified its recent strong share price performance with a 37,4 percent rise in earnings in the year to end-March.

The company says pre-tax profit rose by 24,15 percent from £467,5 million to £580,4 million, on a 23,4 percent improvement in turnover to £5,905 billion (£4,784 billion).

Net attributable profit before extraordinary items increased by 37,4 percent to £146,3 million (£106,5 million), which translates into earnings a unit of £254,70 (£185,40).

The dividend has been raised 22,2 percent to £41,25.

The results from the previous year have been restated to take account of the consolidation of Rothmans International and Cartier Monde SA for the full year.

During the year Richemont re-established effective control over Rothmans International by raising its equity interest from 34,1 percent to 63,2 percent.

Richemont's directors say the deal had a "considerable effect" on the past year's performance, but analysts expect more significant long-term benefits as the group now has full access to the vast cash flows generated by Rothmans.

Richemont's share price has performed strongly on the JSE in the past few weeks.

Yesterday the shares closed at R26,30, slightly down from the day's high of R27, but substantially higher than the level of R13,50 at which the shares traded about six months ago.

All of the group's major subsidiaries reported good results.

Tobacco group Rothmans reports that its profits improved by 24 percent in the year to end-March to £405,6 million before tax (£326,7 million).

Rothmans contributes around 65 percent to Richemont's operating profit, although its relative importance is rapidly declining as the luxury divisions in the group take off.

Chief among them is Cartier, the market leader in the $2 billion international luxury watches market, which in the year to end-March boosted pre-tax profits by 54 percent.

Richemont was also buoyed by good result from Dunhill, held 55,3 percent through Rothmans, which earlier this month reported earnings up by 33 percent. Dunhill contributes around 14 percent to Richemont's pre-tax profits.

Richemont's rating queried

67 BRENT MELVILLE

REMBRANDT'S Swiss based international investment arm Richemont climbed by 25c on Friday to a high of R26,90, following its strong showing for the year to end March.

But the dividend outlay of £41,25 on earnings of £254,70 per unit leaves the extremely high market rating questionable, say market analysts.

"Obviously investors are propping up the share for the capital gains offered, but for all practical purposes the price is not being motivated by normal market forces," said an analyst.

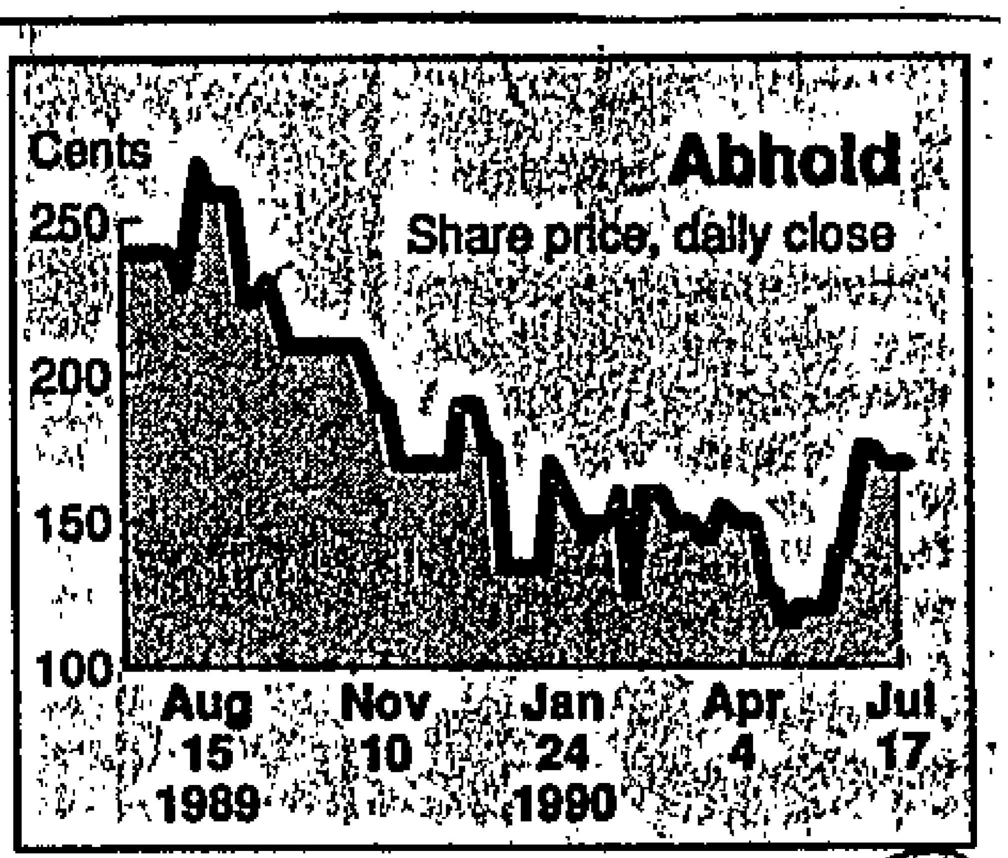
Richemont has doubled its share rating from R13,50 since last October.

The fact that Richemont, also listed in Zurich, Geneva and Basle, trades in SA as deposit receipts — defined as a document evidencing a claim of 1 000 undivided shares — means that to reflect the true dividend to SA shareholders it must be divided by 1 000. Bday 2/7/90

Dividing the rand equivalent of £41,25, or R191,25, by 1 000 translates to a dividend of 19c a share. In fact on its current share price the announced dividend represents a dividend yield of only 0,7%. Conversely the p:e has now breached the 30 times mark.

Davis Borkum Hare analyst Pierre Greyvenstein figures that at these ratings the share is not likely to go much higher. Also, the price has now exceeded net assest value, estimated at about R26 a unit.

"The real attraction of the share is that it is a rand-hedge, or 'nationalisation' hedge share, as well as the fact that it is still 'firing on all cylinders'," he says.



Graphic: FIONA KRISCH Source: JSE

B.Day 18/7/90

Swiss knitting giant in huge venture

67

ACHMED KARIEM

SWISS-BASED knitting giant Bizitex AG, which is acquiring Abhold for R108m in a reverse takeover, has established the largest knitting factory in the world near Sun City, Bizitex chairman Fredy Zimmerli said in an interview yesterday.

Zimmerli told Business Day he expected sales to be in the region of R50m in the first year, geared almost entirely for export. He added that Bizitex would obtain 90% of the shares of Abhold, with the latter's name being changed to Bizitex.

According to the National Clothing Federation (NCF) the move comes ahead of an expected interest by European clothing chains to use SA as a major sourcing centre for clothes.

Bizitex has imported 181 brand new knit-

☐ To Page 2

Swiss venture

BDay 18/7/90

67

☐ From Page 1

ting machines worth R95m from Germany for the factory in Mogwasi, in Bophuthatswana. The operation was established under the Bophuthatswana National Development Corporation's (BNDC) decentralisation incentive scheme.

"Institutional investors will have an attractive opportunity to participate in an export-orientated company," said Zimmerli.

Teconit's business activities involve the manufacture and distribution of ladies clothing and men's knitwear under various labels. Bizitex has plants in Switzerland, Israel and Italy.

Bizitex was one of several European clothing companies, including British denim manufacturer Pepe, that were being lured to southern Africa by the relaxation of sanctions.

NCF executive director Hennie van Zyl said European clothing chains had appointed full-time personnel to research opportunities in SA.

SA raises capital on Swiss market

Star 19/7/90

Finance Staff

South Africa has refinanced about 200 million Swiss francs (R380 million) of maturing foreign bond issues by raising capital in the Swiss bond market, the London Financial Times reports.

The newspaper says Transnet (formerly SA Transport Services) has been the latest public corporation to raise finance with a Sfr50 million private placing, arranged by the Swiss Banking Corporation.

The issue, which replaces bonded debt raised by Transnet in 1985, carries a 9,5 percent coupon interest rate and will mature in 1993.

As with all other foreign loans, it is guaranteed by the South African Government.

The newspaper did not give details of other bonds raised by the government or other semi-parastatals.

It quoted Swiss bankers as saying that the refinancing of South African loans had become easier as the political environment had become more positive in the wake of recent talks between the government and the African National Congress.

Brown Boveri shuts down loss-maker

[redacted] ZILLA EFRAT (67)

THE motor control gear distribution operations of Brown Boveri's Standard Products division has been closed.

Powertech executive chairman Peter Watt said yesterday that ever since Powertech and Swiss-based Brown Boveri entered a joint venture two-and-a-half years ago, this operation, with an annual turnover of R5m, had never been profitable.

The market for motor control gears, primarily used in manufacturing switchboards, was extremely competitive and overtraded. Watt said taking hard business decisions in the current economic environment could not be avoided. Even in the medium term, the operation's prospects were not good. B Day 2/8/90

He said that Powertech's turnover was unlikely to be dented by the move.

It was unknown how many of the 100 employees affected would take the retrenchment package offered or be placed elsewhere in the group.

COMPANIES

'Union problems' scuttle Bizitex deal

ACHMED KARIEM

SWISS knitting company Bizitex terminated its R90m deal with clothing group Abhold because of uncertainty over union problems, Bizitex chairman Fredi Zimmerli said yesterday.

In an interview he expressed concern over labour relations at Abhold subsidiary Teconit, a knitting company.

However, although Abhold spokesmen declined to comment, Teconit is believed to have no dispute with unions at present.

The merger between the two companies would have given Bizitex a 90% stake in Abhold.

Zimmerli dismissed rumours that the 181 new German knitting machines bought for Bizitex's Mogwasi factory in Bophuthatswana were undervalued.

He said the R95m quoted was for the machines, five years' worth of spare parts, working capital and technology transfer. B/Day 14/8/90

On queries about Bizitex's background, Zimmerli said it had plants in Milan and Zurich and an office in Tel Aviv.

Zimmerli said a further R20m would be injected into the Mogwasi plant and hinted that he preferred no partnerships at present.

67

Another Bizitex director, Schalk Coetzee, said to upgrade Teconit for making up garments would cost more than originally budgeted.

Rothmans bid for Irish firm

JOHN CAVILL
and RIAAN SMIT

67

LONDON — In its first move since Johann Rupert became executive deputy chairman, tobacco giant Rothmans International (RI) made a £66,5m cash bid yesterday for the remaining stake in troubled Irish cigarette group, P J Carroll.

Rothmans — which is 68% controlled by Richemont, the Rupert family's Swiss-based international arm — already owns 39% of Carroll's.

Also, Forbes magazine reported in September "a Swiss outfit controlled by SA's rich Rupert family" had acquired 21% of US company Harken Energy, which holds oil exploration rights to "almost all" of Bahrain's offshore acreage in the Persian Gulf.

A Richemont spokesman in London declined to comment yesterday, but it was reliably learnt that the "Swiss-based outfit" is Richemont and that the 21% is held in conjunction with the family of Richemont director Alan Quasha.

Quasha is one of two principals of Harken Energy, which recorded revenues of $1,1bn in 1989. Harvard University's endowment fund owns 26% of Harken.

The Carroll bid, which values the company at £109m, followed rumours that Rothmans was looking at buying a cigarette factory in the Soviet Union.

Rothmans director Bill Ryan said Rothmans did not have plans to do so at that stage.

In the 18 months to March, Carroll slumped to a £12m pre-tax loss on sales of £358m and paid no dividend. In 1986 pre-tax profits were £14,5m.

Rupert took office as executive deputy chairman on September 3.

B/Day 5/10/90

German car-makers hit back at Japanese claims

ST Time 9/12/90. 66

By DON ROBERTSON

THE FALLOUT from car wars between Japanese and German manufacturers has reached SA.

German companies have reacted angrily to an independent report commissioned by Nissan and suggesting that their "club" enjoys special benefits under SA tax rules.

BMW managing director Reinhard Kunstler criticises "derogatory" remarks by the report's author, independent consultant Ian Buyers.

Mr Kunstler says the SA motor industry's future depends on its ability to become part of economic globalisation.

Artificial

"The best way to achieve this is through German manufacturers who are able to transfer technology and exports through their multinational contacts.

Attempts to achieve globalisation through artificial protection, as suggested by Mr Buyers, will lead to more Government intervention and higher car prices.

BMW takes issue with the report's conclusion that fringe benefit taxation is structured to favour luxury cars.

The conclusion is illogical because there are differences in calculating fringe benefits based on distances travelled by small and luxury cars.

Normal income-tax tables take into account the higher earnings of those who buy luxury cars. It should thus not be the purpose of fringe benefit tax to favour the purchase of less expensive cars.

Mr Kunstler also criticises Nissan managing director John Newbury for urging motorists to buy small cars.

He says luxury cars have to comply with the same local content requirements as small ones. They have a higher local content by value. That brings more jobs and wealth.

"However, it became clear that he contradicted himself when just a few weeks later, the news leaked out that his company was planning to enter the top end of the luxury market. He drives a 100% imported car and says the Maxima will be imported to use foreign-exchange surpluses arising from the local content programme."

IN THE EYE OF THE STORM: BMW's luxury multi-valve 525i which was launched in SA this year

Mercedes-Benz SA chairman Christoph Kopke says: "The Buyers report contains inaccuracies which should be cleared with the author before it can be taken seriously, for instance on a key issue — the size of the luxury car market in SA.

Manipulated

"Mr Buyers claims it is about 20% of total sales, but by his definition, we would see it at only around 12%."

Mr Kopke says perks tax calculations were manipulated to indicate that perks tax is structured to favour luxury cars.

Ray Eskinazi, head of the tax division at auditor Ernst & Young, disputes this claim.

Mr Eskinazi says a married man earning R80 000 a year pays personal tax at the marginal rate of 44%. A married man earning half this amount pays at 36% — only 8% less. The motorist with the larger earnings can afford a luxury car. The motorist earning R40 000 is restricted in his buying choice.

The reaction of the German manufacturers follows an onslaught on the European and American luxury car markets by the Japanese, particularly Toyota, Nissan and Honda. The top Japanese cars cost less than German makes, but compare favourably with them in luxury and performance.

When Toyota and Nissan start producing cars from plants being built in the UK, Europe will have an overcapacity of about 2,2-million vehicles a year.

One report says: "Europe's long-anticipated sales war has begun in earnest and no prisoners will be taken."

Eastern Europe will be able to take some of the excess capacity only about five years from now.

"Until then, Western Europe is seen as the battleground for a sales war of unprecedented proportions that will lower the profits of virtually all Europe's car-makers ... and will lead to more mergers and joint ventures."

To counter the Japanese invasion, the Americans will seek new markets, particularly in Europe.

Decimated

Jacques Calvet, chief executive of the Peugeot-Citroen group, says a price war in Europe will lead to fewer competitive models with "the inexorable result that by the turn of the century, Europe's car industry will have been decimated".

European car-makers have launched a successful foray into a more accessible Japanese market.

In the past four years, sales of European cars in Japan have been rising by about 35% annually and are expected to reach 230 000 this year. They are expected to double by 1995 and reach about 10% of the Japanese market — about the same penetration Japan has in Europe.

Time magazine reports that Volkswagen-Audi is expected to sell 60 000 units this year in Japan, followed by BMW with 40 000 and Mercedes-Benz which sold 31 500 last year. The British-based Rover group is expected to sell 12 000 cars in Japan this year.

Swiss commodity trader Marc Rich said to be staking a claim in De Beers

JOHN CAVILL, MERVYN HARRIS and CHARLOTTE MATHEWS

B Day 6/12/90

67

LONDON — De Beers/Centenary's share price continued to climb in Johannesburg and London yesterday as rumours spread that Marc Rich, the Swiss-based commodity trader, was building a stake.

On the JSE the counter maintained its strong upward trend, reaching a high of R68,75 before closing 125c up at R68,50.

In London, the price gained nearly $1 to $20 during the day, marking a 25% recovery from the low touched two months ago.

The speculation is that Rich is prepared to pay a 50% premium on the current share price. Johannesburg analysts said while it would be difficult to gain control of De Beers, a bidder who acquired a 30% stake could be a thorn in the company's side.

Such a bidder would be able to demand board representation and have a say in the daily running of the company and would be able to block special resolutions.

A De Beers spokesman said yesterday the rumour held "absolutely no truth".

London analysts discounted Johannesburg speculation that Rich — and possibly others — might mount a hostile bid. De Beers/Centenary's control structure would virtually rule that out, they said.

However, the price action and accompanying rise in volume was "intriguing". On Monday 154 000 De Beers were traded in New York against normal volume of 80 000 - 90 000. In London it has been running at 50 000 - 60 000 a day compared with 30 000 - 40 000 up to mid-November.

The move up in dollar terms has also been helped by the coincidental strength of the financial rand, up 14% to $29,3c since the end of September.

Analysts described the finrand's behaviour as inexplicable against the background of township violence and a weak gold price, although there has been some buying of SA gilts and parastatal bonds.

Opinions varied about what lay behind the rally in De Beers.

John Taylor, at brokers James Capel, said: "Someone might be building a strategic stake, but why now? There is a lot of relatively bad news about diamond sales still to come. When De Beers was down to $16 most of that news was in the price but $20 looks too high.

"We understand the CSO (Central Selling Organisation) December sight in Johannesburg was sharply down and that it has warned sight holders (dealers) that January and February will be reduced from this year's levels.

"There are indications that De Beers has managed to get the other producers to agree to a quota decrease — apart from Botswana — but the outlook suggests the group will have to buy in a lot of stones next year which could increase Centenary's borrowings."

However, Williams de Broe Chaplin's David Ridley said: "I don't think there is any great story behind the De Beers' recovery. SA knocked the shares back too hard because, in rands, the price gave a

☐ To Page 2

Swiss

B Day 6/12/90

☐ From Page 1

67

sell signal. That wasn't the case for the dollar price. The shares looked too cheap ... at $16. They look a bit too high now."

At Lehmann Brothers International, Robert Davies commented: "For months I have believed the whole Anglo group looked ripe for a shakedown and De Beers is the plum to go for," with international earnings and diamond market control.

"Maybe Marc Rich is trying to shake the tree with a bit of greenmail. It could be embarrassing for the Oppenheimers if someone did what Robert Holmes à Court did to BHP (Broken Hill — Australia's biggest company), by buying say 10% and then demanding a seat on the board. We'll have to wait and see," he said.

FOREIGN FIRMS IN SA — SWISS

1991 — 1992

Tamcor offers 320c a share for Zaaiplats

Star 5/3/91

67

Finance Staff

Swiss group Tamcor SA has made an offer of 320c a share to gain full control of tin and andalusite producer Zaaiplats Mining.

Tamcor owns 20 percent of Zaaiplats and has already received acceptances from the holders of another 70 percent.

The offer of 320c a share compares with the market price of 127c before the cautionary announcement on February 14 and values Zaaiplats at R15 million.

The deal was arranged by French Bank of SA.

Zaaiplats last week suspended its tin operations as a result of the depressed tin price as well as difficulties in achieving satisfactory performances from its tin trailing treatment plant and smelter facility.

SHIPPING FM [handwritten date]

BOWING OUT

A Swiss shipping company has bought out its local agency and will be setting up part of its international operation in Durban, using the port as a base from which to route container cargo to most parts of the world.

Medite Shipping, SA agents for international independent carrier Mediterranean Shipping Co (MSC), sold out to its Geneva-based principal and will now operate as the shipping line's SA office.

Medite former chairman Peter Storm has sold his 49% interest in the company to MSC, which is building a R20m office block on the Victoria Embankment, near the harbour entrance, as its new head office.

The building was originally planned as Medite's HQ but the development is now being taken over by MSC.

The Swiss company commands a fleet of 43 vessels, expanded last year with the acquisition of Italian Star Lauro Lines, which included the 23 000 t passenger liner *Achille Lauro*. The vessel, now MSC's flagship, arrives in SA in May from Australia, after calling at ports along the east African coast. It is bound for Europe.

The buyout is in line with MSC's policy of owning agency offices in the main trading centres across the world, says chairman Salvatore Sarno. "SA has always been a priority in our planning," he explains.

An average of 15 MSC ships call at its main ports each month. A record was set last month when nine MSC vessels were tied up in Durban harbour on the same day. Last Monday, six of its vessels were in port.

Sarno says Durban has almost become MSC's home port and that SA accounts for about 45% of the company's total container traffic. MSC is also responsible for about 30% of the box cargoes transported between Europe and SA.

"We do all our dry docking, maintenance and major repairs in Durban," he says. Last year maintenance and repairs cost an estimated R100m and a further R15m was spent on dry docking and provisions.

The firm specialises in container cargo but is expanding into the passenger market. Besides the *Achille Lauro*, it is refitting cargo vessels to take up to 12 passengers each on international voyages. ■

... remains a major problem area

SA banks to lend R1,3-bn to LHDA

Star 16/4/91.

(67)

By Magnus Heystek

First National Bank (FNB) and the Standard Bank of South Africa have jointly been granted the tender for a loan financing-scheme worth R1,3 billion for the Lesotho Highlands Development Authority (LHDA).

Agreement has been reached in principle for the loan which will take the form of overdraft facilities and other money market instruments, Mr Viv Bartlett, a spokesman for FNB said last night.

"The loan should be regarded as seed money until longer term capital from other sources is forthcoming," he said.

According to an announcement yesterday, the signing is expected to take place within the next two months after agreement and approval of the detailed loan terms and documentation by the project authorities.

This long-term rand financing follows the R135 million and R750 million borrowing arranged last year. The earlier loans provided short-term bridging finance for LHDA. The new R1,3 billion loan is to be guaranteed by the SA government and will secure an important part of the long-term funding for the local currency costs of the project.

The loan is for a period of 16 years with capitalisation of interest over the six-year projected construction period.

A spokesman for FNB said that it was not the first time that FNB and Standard have joined forces on a large project, adding that they felt "more comfortable having another large bank as a partner".

Other joint working arrangements have been the Sua-Ash project in Botswana.

The announcement adds that additional long-term rand funding for the project as a whole remains to be put in place and is likely to be the subject of a further round of market competition later in the year.

LHDA intends working closely with the Trans Caledon Tunnel Authority, the project implementing organisation in South Africa, on the co-ordination of the fund raising programme. It also intends to tap the South African capital markets for competitive funding.

Further examination of LHDA's specific capital market programmes will be deferred, however, until the basic funding has been finalised which is expected to be in the middle of the year.

The LHDA has been working with its London merchant bank advisers, Chartered WestLB, for several years on the strategy and implementation of the project financing package. This is likely to comprise in excess of 25 separate facilities in at least six different currencies and with a wide range of characteristics, terms and inter-relationships.

Such an international project financing represents one of the largest and most complex exercises of its kind in progress in the world today, the announcement says.

FINANCE

Swiss weekly to print survey on SA trade

BDay 26/4/91

ZILLA EFRAT

TRADE between SA and Switzerland has been increasing steadily for a number of years and is set to grow faster as sanctions fall away, says Swiss-based Schweizer Handelzeitung corporate group MD Kurt Speck.

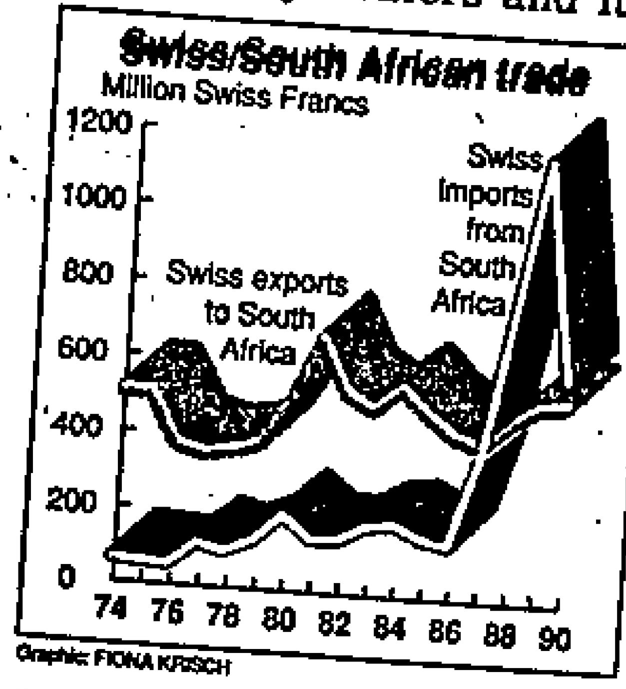
His publication, the Schweizer Handelzeitung, a business weekly with more than 130 000 readers, will publish an SA-Swiss Foreign Trade supplement on June 27.

He says over the past four years, Swiss imports from SA, excluding diamonds, gold and other precious metals, have tripled.

Major incentives in dealing with SA have been the low price of local products because of the rand's low exchange rate. The quality of SA products has also improved.

Speck says: "No longer are business people embarrassed to be seen to be associated with SA and the nuisance factor of anti-apartheid boycott campaigns has virtually disappeared. Once again SA products are openly displayed."

Although Switzerland is placed badly because it lacks a sea port, it has and will continue to play a major role internationally in SA's trade through Swiss commodity dealers and its international financial networks.



Graphic: FIONA KRISCH

Speck says this role will expand because SA trade is already showing signs of rapid expansion with traditional trading partners and new markets like Eastern Europe.

Apart from important invisible trade like Swiss reinsurance, financial services and tourism, SA will also look increasingly to Switzerland for heavy and sophisticated machinery and technology, he says.

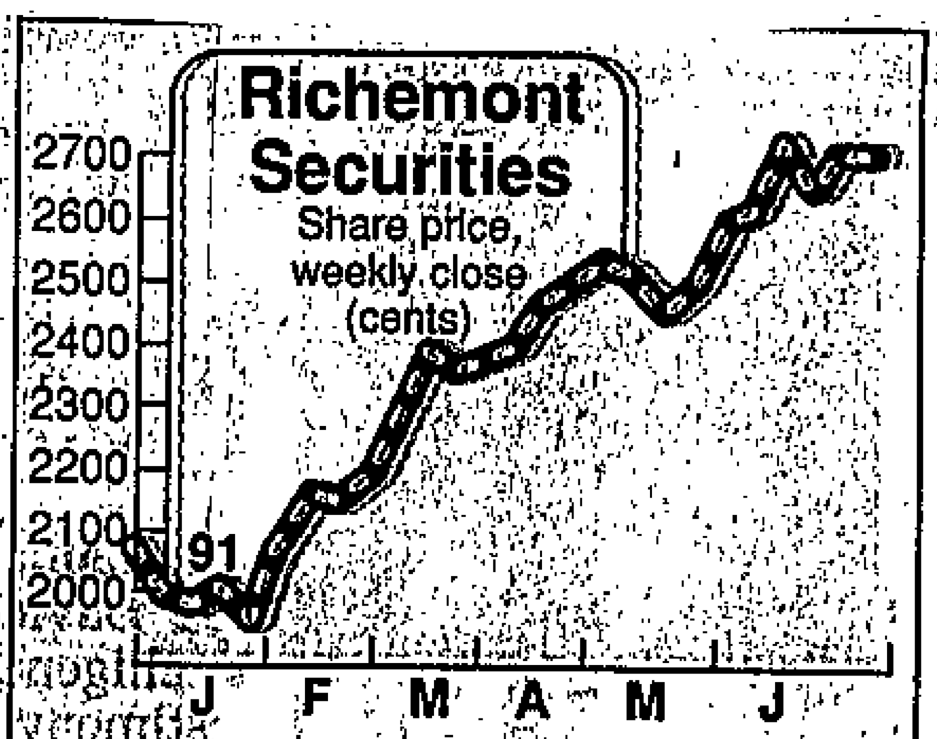
SA, with its developed infrastructure, will also increasingly be the route used by other countries to reach the markets of the entire southern African sub-continent.

In addition to trade relations, Switzerland is also traditionally an important country for direct foreign investments.

According to its National Bank, this investment amounted to Sf70,909bn in 1988 with Swiss-controlled companies employing 891 390 people in foreign countries.

Speck says there has been no let up in the attempts of Swiss companies to build up their presence in other countries.

Important considerations are Switzerland's high wages, shortage of manpower and official regulations and restrictions.



Graphic: LEE EMERTON Source: INET

Richemont turns in another fine effort

67

BRENT VON MELVILLE

SWISS-BASED luxury group Richemont turned in another sterling performance to bolster net profits by 21% to £177,3m (£146,3m) for the year to end-March.

The rise came off a 9% improvement in gross sales revenue to £6,5bn (£5,9bn) and net sales revenue of £3bn, a slight improvement on last year's £2,9bn.

The tobacco and luxury goods group, which represents Rembrandt's international investment interests, boosted its dividend per unit 23% to £50,625 (£41,25), off earnings per unit of £308,7 (£254,7). Ahead of the results, its SA share price jumped 80c (2,9%) to R27,90 to close in on its 12-month high of R28,25.

Shares in Richemont, also listed in Zurich, Geneva and Basle, trade in parcels of 1 000 undivided shares, known as deposit receipts. At the current exchange rate, the dividend a deposit receipt translates to 23,9c a share, putting the stock on a dividend yield of 0,9%. BDay 28/6/91

The price-to-earnings ratio has moved down to about 19 from a historical rating of about 23 times. Investment analysts feel the results justify the strength and marketability of the counter on the JSE.

Richemont is invested heavily in the luxury goods industry through controlling interests in Cartier Monde SA, which include Cartier, Piaget and Baume & Mercier, and Dunhill Holdings Plc, including Alfred Dunhill, Montblanc and Chloe.

JOHN CAVILL reports from London

☐ To Page 2

Richemont

BDay 28/6/91 (67)

☐ From Page 1

that Richemont subsidiary Rothmans International has ridden through the US and British recessions and the Gulf war to return a 12% increase in pre-tax profits to £542,5m in the year ended March 31.

Net attributable profits rose by 23% to nearly £250m, with earnings a share up 22% to 78,5p. Rothmans is increasing the total dividend by 20% to 18,5p.

Sales (net of tobacco taxes) notched up 3,3% to almost £2,3bn. A drop of 8% in luxury goods (Dunhill and Cartier) to sales of £208m was offset by tobacco's climb of 7% to £2,05bn.

Sales were blighted by the global economic downturn in the second half of the year and weaker export currencies.

Operating profits, however, improved sharply because of cost cutting and productivity gains. Luxury goods recorded an 11,5% increase in sales, representing a margin of 26,5% against 22% the previous year. Tobacco, at £351,5m, generated an extra 8% with margins fractionally higher at 17,1%.

After charging rationalisation costs of £9m, overall operating profits were 9,7% better at £477m (including share of associates). Net interest earnings from Rothmans' £714m cash pile jumped 32,4% to £65,4m. This brought pre-tax profits to £542,5m.

This was achieved despite the loss of £28m caused by the rise of sterling against the dollar.

Rothmans share rose 53p to 980p — 5,7% — on the news to value the group at nearly £3bn.

Swiss company moves into SA

67 27/8/94

HARARE. — Swiss-based Edesa Holdings, majority shareholder in Zimbabwe discount house UDC Limited, is expanding its operations into SA, the companies said in a statement issued here yesterday.

UDC said it was increasing its exposure in Botswana and Malawi and had also conducted feasibility studies for operations in Mauritius, Kenya, Ghana, Namibia and Swaziland.

Edesa, which moved into Zimbabwe in 1980 shortly after independence, is diluting its 46% stake in UDC to 30% through a UDC share issue in Zimbabwe in August.

Udc will officially launch its share issue on August 6, inviting applications for 9.3 million new shares and 1 627 500 existing shares between August 19 and 30.

Development company Edesa specialises in high-risk backing of mainly African-owned manufacturing and agricultural enterprises.

Edesa vice-president Hans Blohm said in the statement of its Johannesburg-based operation: "We are confident that a suitable settlement will be reached here and we are convinced South Africa will become a fully-fledged member of the African economic community." — Reuter

Swiss firm moves into SA

(67)

MICHAEL HARTNACK

HARARE — The Swiss-based development company Edesa, major shareholder in the Zimbabwean finance house UDC Ltd, plans to open its doors in Johannesburg today in a venture aimed at local black entrepreneurs.

"We are confident that a suitable settlement will be reached there and we are convinced SA will become a fully fledged member of the African economic community," Edesa vice-president Hans Blom said in a statement in Harare yesterday.

Blom, in Zimbabwe for a rights issue which will give the local equity market the majority shareholding, said Edesa's SA venture was its most important initiative on the African continent.

UDC, the subsidiary in which it has had a 46% shareholding, had recently become more prominent in Zimbabwe, Botswana and Malawi, and was conducting feasibility studies in Mauritius, Kenya, Ghana, Namibia and Swaziland, he said.

Edesa's SA venture would be geared mainly to assisting black-owned manufacturing and agricultural enterprises,

"We feel if we are not there we will miss the boat. From our experience in Africa we feel if you are there right from the beginning you have an advantage," he said, noting that the group moved into Zimbabwe in May 1980, a month after independence.

Edesa is floating 9,3-million UDC shares in Harare later this month, while 1,627-million existing shares will be put on the market. After the flotation, Edesa's holding in UDC will be reduced to 30%.

5 Day 1/8/91

Everite continues to suffer

(67) B Day 28/8/91

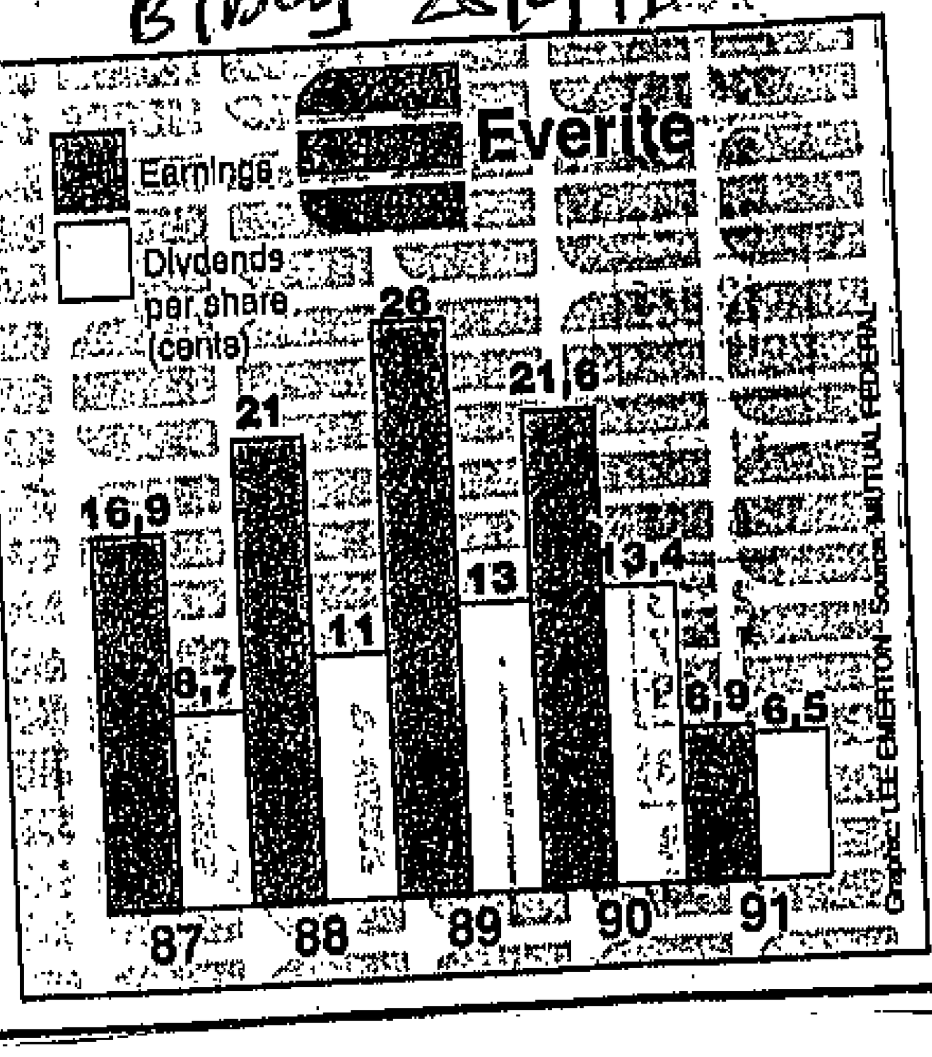
BRENT VON MELVILLE

THE second half of the year proved even more disappointing than the first six months for building materials group Everite, which saw earnings for the year to June slashed 68% to 6,9c (21,6c) a share.

The Swiss-controlled company suffered badly from the sagging local building-construction industry and undertook extensive rationalisation during the year.

Group MD George Thomas said the restructuring resulted in head office and three regional headquarters of the Everite Division being split into "building materials" and "pipe" sections, and closure of a

□ To Page 2



Everite

B Day 28/8/91 (67)

□ From Page 1

number of branches countrywide.

As a result, turnover was down at R334m (R351m), while operating income fell 32% to R36,5m (R53,8m). Costs of retrenchments and restructuring were reflected in the extraordinary item (net of transfers from non-distributable reserves) of R904 000, leaving net income a dramatic 72% down at R5,2m (R18,4m).

Restructurings resulted in the loss of 408 jobs during the second half. A number of these were at senior and middle management level. Thomas said this should save about R13,5m annually. The second-half retrenchments reduced the total complement of the group to 3 979 from 4 924.

Thomas said the Everite Division had suffered most from the economic recession, township unrest, the slowdown in government and local authority infrastructural spending and the continued delay in the mobilisation of funds earmarked for housing.

"However, Santar (pitch fibre pipes), Paxit (glass reinforced plastic products), Agriplas (drip irrigation) and Vaal Potteries (sanitaryware and plant containers) performed well under difficult circumstances, albeit at reduced profit levels."

Thomas said the group was continuing to phase out asbestos as a raw material.

A final dividend of 2,5c was declared, bring the total allocation for the year to 6,5c (13c) a share. At a current share price of 270c, Everite shows a 2,4% dividend yield and a price to earnings ratio of 40,3 times, compared with sector averages of 5,2% and 7,9 times respectively.

On the balance sheet interest bearing debt was at R19,2m (R25,8m), which Thomas said was exceeded by the value of endowment policies which could be liquidated at short notice.

Richemont's earnings climb 15%

B/Day 22/11/91

BRENT VON MELVILLE

RICHEMONT Securities AG, the Swiss-based tobacco and luxury goods company, has justified its high market rating with a 15% earnings rise in poor market conditions for the half-year to September. (67)

Richemont, with listings in Johannesburg, Zurich, Geneva and Basle, posted earnings per unit of £151,70 (£132), translating to a rand equivalent of about 75,7c a share. No dividend was declared.

The group also heightened its cash pile to £606,1m, an increase of £206,8m over the period. The rise reflects the sale of the group's interest in TransAtlantic Holdings for £150,6m, and according to directors, illustrates the cash-generating capacity of Richemont's principal businesses.

The TransAtlantic sale reduced investments in associated undertakings by £108,6m to £66,3m. Other investments reflect the acquisition by Rothmans International of a 3,9% interest in Spanish state-controlled tobacco monopoly Tabacalera SA at a cost of £37,5m.

The luxury goods subsidiaries were

☐ To Page 2

Richemont

B/Day 22/11/91 (67)

☐ From Page 1

hardest hit by the weak markets, with consolidated net sales revenue of luxury goods subsidiaries Cartier, Piaget and Baume & Mercier declining by 2,6% in US dollar terms, but increasing marginally in sterling terms to £317,8m, reflecting the stronger dollar.

With margins under pressure, operating profits for the companies declined by 3,7% in dollar terms, and the contribution stayed in line with last year's at £60,3m.

Sales were also down at Dunhill Holdings plc, which reported net revenue of £102,8m, while operating profits dropped 18,7% to £20,5m, although that was offset somewhat by increased profitability from Montblanc.

The tobacco operations showed a 7,9% rise in operating profits to £1[illegible]0,1m, off consolidated net sales revenue by Rothmans International (owned 62,8% by Richemont), in respect of tobacco products, of £1,1bn, an increase of 6,2% from the previous year.

The acquisition of Dutch group Theodoris Niemayer and the remaining share capital of the 61,3% in Irish cigarette company PJ Carroll accounted for £8m of operating profit, while £10,1m was provided for a change in accounting policy by Rothmans Holdings in Australia.

Richemont is leading a consortium into negotiations for the purchase of a 75% stake in FilmNet International Holdings BV, with an option to acquire the remaining 25% for an aggregate consideration of about £85m.

Filmnet is northern Europe's largest pay-TV network and analysts have speculated that local pay-TV station M-Net may be included in the consortium.

Richemont closed in Johannesburg yesterday at R33, on a historical p:e of 22,6 times and a dividend yield of 0,7%.

COMPANIES

Richemont shoots into Top 100

BDay 14/1/92 (67)

Own Correspondent

LONDON — Richemont, the Swiss-based holding company controlled by the Rupert family's interests, is ranked 92nd among Europe's Top 500 companies, published yesterday by the Financial Times.

The ranking is by market capitalisation in dollars — $5,04bn in the case of Richemont, which controls international tobacco giant Rothmans and the luxury goods groups Cartier and Dunhill. Richemont did not appear in last year's Top 500.

In terms of turnover, Richemont comes in at 75th place with its $11,1bn sales, up 9,2% in the year to the end of March 1991.

The survey shows that Richemont bucked the trend among the 28 companies in its sector, "diversified holding companies". While their aggregate profits declined by 16,9%, Richemont enjoyed a 2,7% gain to $1,03bn.

Swiss group back in SA

B/Day 6/2/92

JABULANI SIKHAKHANE

SWISS group Societe Generale de Surveillance (SGS), which left SA for political reasons in 1986, is back in the country.

Geneva-based SGS is the world's largest commercial inspection and testing group. (67)

It has subsidiaries in more than 140 countries.

Although SGS oficials are cagey about the group's return, an official confirmed yesterday that the group had reinvested in SA.

When SGS left the country it structured an arrangement making Cargo Supervision International its agent. Cargo became a wholly owned subsidiary.

Cargo offers quality assurance services across the industrial spectrum, including engineering, petrochemicals, measurement and instrumentation, bulk agricultural products, marine services, coal, laboratory analyses and quality assurance consultation.

Among its clients are South African Breweries, Sasol and Gencor subsidiary Genmin.

Group Five buys control of Evhold for R87-m

STAR 10/2/92 (67)

By Sven Lünsche

Construction company Group Five has acquired a controlling stake in Everite Holdings from its divesting Swiss parent Nueva Holding for R87 million.

The acquisition, which was announced over the weekend, will probably result in Evhold taking over Group Five's industrial interests, creating a company with annual turnover in the region of R450 million.

According to the announcement, Group Five will pay 985c a share for 8,8 million shares in Evhold, conditional on the offer being extended to Evhold minority shareholders.

Evhold is the controlling company of Everite, which manufactures a wide range of goods for the construction industry.

The offer price is well above the ruling Evhold share price of 700c, but analysts believe that the recent turnaround in Everite's financial performance justifies the price tag.

They add that two or three of Group Five's competitors were also interested in acquiring the group, which had pushed up the asking price.

Over the past year Everite has undergone extensive rationalisation, which saw the retrenchment of about 20 percent of the workforce, as well as a strengthened balance sheet.

As a result, operating earnings in the six months to end-December bounced back by 33 percent to R26 million on a 10 percent rise in turnover to R183,3 million.

The group is running at 50 percent capacity utilisation and is well-placed to take advantage of an upturn.

Analysts say that Everite's business will complement the building supplies arm of Group Five, which focuses on formwork, scaffolding and maintenance.

It is also reported that French Bank of SA, merchant bankers to the issue, has taken a stake in Everite and will provide Group Five with additional working capital after the takeover.

Nueva announced its decision to sell its interest in Evhold in a cautionary note to shareholders in December last year because of a strategic refocusing of its worldwide businesses.

In 1987 it had already reduced its direct stake in Everite through the formation of the pyramid company, Everite Holding.

Switzerland vows to support blacks

CAPE TOWN — Swiss deputy foreign minister Klaus Jacobi yesterday pledged continued financial support for blacks and urged Pretoria to strengthen ties with the rest of the region. BP 13/2/92

Addressing the SA Institute of International Affairs, Jacobi called for broader political dialogue between Switzerland and SA.

"Taking into account what has been achieved already, I believe that the time is now ripe for enlarging the agenda of co-operation between our two countries.

"Because in the past we did not participate in economic sanctions against SA but limited ourselves to the control of detour movements in capital transanctions, we still have a solid basis for expanding economic relations."

Citing SA's high economic potential, he said the country would have a special responsibility of promoting regional co-operation to strenghten the position of southern Africa in global forums.

He said security arrangements, economic co-operation and respect for human rights should progress in parallel.

Acknowledging political developments, Jacobi said there was no longer a need for external pressure for the promotion of dialogue. "But support for those people suffering from the consequences of apartheid must certainly continue and will have to continue for quite some time."

Jacobi touched on how federalism had functioned in Switzerland.

"Caution is advisable in applying a model from one society to another."

All possible ways of distributing power between the central government and regional or local bodies would be ineffective if the political will to remain together in one country was lacking, he said.

On minorities, he said the hurdle was to find "justified measures for protection of minorities and unjustifed priviledges for them. In Switzerland we tend not to give minorities special group rights but to protect individuals extensively". — Sapa.

SA a bridge too far for foreign investors

S/Times (Buss) • 23/2/92 • (183)

By ROBIN PEGLER

THE underlying factors in the withdrawal from South Africa by two foreign companies, and possibly a third, are business and not political considerations.

UK glass manufacturer Pilkington has sold its SA interests to Plate Glass, its partner in Glass SA.

The controlling shareholders of Everite in SA have put their stake in the company up for tender. The highest bidder is Group Five.

Blue Circle and Murray & Roberts have issued a joint announcement. It is believed that discussions are taking place about Blue Circle's UK parent selling its 42,3% stake to M&R, which has 42,3% and first refusal to buy.

Patrick Furlong, managing director of Pilkington SA, says the UK parent is pressed for cash in a worldwide context and needs to reduce its debt.

It has to decide where to concentrate its main efforts. The geographical areas it wishes to concentrate on are Europe, North and South America and the Pacific Rim.

SA is isolated geographically and does not feature in Blue Circle UK's main activities. Because results of the subsidiary have been good, it is able to command a favourable price.

(67)

Cash

There is regret at having to sell because Pilkington started to export to SA more than 100 years ago. It has been manufacturing here since shortly before the Second World War.

Pilkington's manufacturing and the Plate Glass trading interests were merged in 1983.

An analyst for a London broker gives a somewhat different picture for Blue Circle's UK parent. He says debt is is not a problem, standing at a comfortable 34% of equity. However, the SA company is not a subsidiary but a joint venture with M&R. The UK parent prefers to be in a position where it can control cash flow rather than merely receive dividends.

Political considerations do not weigh heavily with Blue Circle UK because its operations have survived in countries which were far worse politically than SA. It is possible to live with such uncertainty if the domestic management is good.

SA is not a core area for Blue Circle in terms of worldwide group strategy. All in all, there is a case for the UK parent to sell its SA interests — even if it is not so strong as it is for Pilkington.

Nueva, holding company of Everite, is in a different position, according to Everite managing director George Thomas.

Nueva is controlled by the Swiss Schmidheiny family, which established large cement and asbestos cement factories in many countries.

In the past few years the empire has been divided between two brothers.

Stefan Schmidheiny inherited Nueva, but he decided that any ecologically doubtful investment was more suitable for a corporation than for an individual who might be vulnerable to criticism by ecologists.

Asbestos' bad reputation as a health hazard is not entirely deserved. About 30 years ago the dangers were not appreciated. It takes many years before illnesses manifest themselves. They became apparent only in the late 1960s, resulting in huge claims for compensation.

Now that its potential dangers are recognised, asbestos has been made safe both for workers and users, provided that the guidelines are strictly followed.

Stigma

Nevertheless, it is likely to be many years before asbestos loses its stigma.

SA's geographical position is likely to detract to some extent from any appeal which this country might otherwise have for maltinationals.

This factor will probably deter investment in SA unless the foreign company concerned is looking for a springboard into Africa.

...E freezes price

(189)

...es (ADE) will freeze the price of all its ...f this year.

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23/2/92

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Tetra Pak's return heralds expansion

(67)

JABULANI SIKHAKHANE

SWISS-based packaging group Tetra Pak International, which left SA 14 years ago, is returning to make substantial investments in local operations which it hopes to use as a base for expansion into southern Africa.

This was confirmed by Tetra Pak president for Africa Gunnar Brock, during a visit last week. He said there were still a "few loose ends to tie-up". An announcement was expected within a month.

Tetra Pak International disinvested from SA in 1978, selling its subsidiary to licensee Tetra Pak Liquid Packaging.

Brock said Tetra Pak International was delighted with the performance of its licensee and had a strong interest in the development of the southern African region. BDay 9/3/92

The Swiss group had attempted unsuccessfully to penetrate this market from the group's base in Kenya, he said.

Tetra Pak International develops, produces and markets complete packaging systems for the distribution of liquid and semi-liquid foods, the most common being milk and fruit juices. Aseptic packaging allows milk and juices to be packaged and stored for up to six months without refrigeration or preservatives.

The local company has turnover exceeding R150m and employs 300 people. It produces two packaging systems, the gable top carton for pasteurised products and the modular brick-shaped carton for ultrapasteurised products for the dairy, fruit juice and sorghum beer industries.

Nestle close to clinching Perrier deal

STAR 24/3/92

(67)

ZURICH — Swiss food giant Nestle SA which made record net profits of 2,47 billion Swiss francs ($1,62 billion) last year, is now scenting victory in its bid for French mineral water group Perrier.

The company, Switzerland's biggest industrial concern and the world's biggest food manufacturer, has been battling with Italy's Agnelli family for control of Source Perrier SA since January.

But its chances improved considerably with two recent French court rulings in its favour. On Friday it made clear it felt the end of the fight was in sight.

"Now that the legal situation has been cleared and that some signals have come from the other side, I would not exclude that the resolution of this matter would not happen in the next few weeks," company spokesman Francois-Xavier Perroud said.

He said a New York Times report that the Agnellis had little further appetite for the fight over Perrier confirmed "other indications" that Nestle had received from the Italian camp.

Swiss analysts said all the signs were that Nestle and the Agnellis, who control Italian carmaker Fiat SpA, would negotiate a settlement. This would give Nestle control of Perrier and leave the Agnellis with a handsome profit.

"It's clear Agnelli does not want to lose face. Nestle will probably raise its offer to all shareholders after first getting an understanding from Agnelli that he will accept the offer for his part," analyst Rene Weber of Bank Vontobel said.

Nestle and its partner, French merchant bank Indosuez, launched their bid for Perrier on January 20, valuing Perrier at 13,3 billion French francs ($2,34 billion).

A month later an Agnelli-controlled holding firm Exor SA and its allies, which already held a 49,3 percent stake in Perrier, made a counter bid, offering the same price.

Nestle already owns French mineral water producer Ste Generale des Eaux Minerales de Vittel SA and German mineral water firm Blaue Quellen Mineral- und Heilbrunne AG. But it has hinted for a long time that it wanted to increase its mineral water activities with a major purchase.

As part of its offer, Nestle has agreed to sell Perrier's Volvic brand, representing about 20 percent of the Perrier group's total value, to French food group BSN. — Sapa-Reuter.

Weak prices sap earnings at Lydenburg

JONO WATERS

WEAK platinum prices helped push Lydenburg Platinum's earnings a share down 34% to 61c from 92c in the six months to end-April.

Lydenburg, in which Old Mutual has a 64% stake, derives most of its income from its 8,4% interest in Rustenburg Platinum (Rusplat) which in turn cut its interim dividend for the six months to end-December 1991 to 87,5c (125c) a share. BDay

Lydenburg has declared an interim dividend of 52c a share, down 32% from 75c. 22/5/92

The market value of Lydenburg's listed investments fell to R861m (R864m). The company's net asset value fell to R59,47 (R60,20) a share.

Income before taxation dropped to R8,84m (R13,3m), and income after taxation was down 34% to R8,83m (R13,3m).

A special dividend was received from independent gold producer Knights, which boosted Lydenburg's attributable earnings to R10,2m (R13,3m).

This special dividend was not included in the figure of earnings a share.

Major restructuring for electrical group

BDay 22/5/92 (67)

DUMA GQUBULE

SWISS-based Asea Brown Boveri (ABB) — the world's largest electrical group — and Powertech have disclosed details of a major restructuring of the Altron subsidiary's 50%-owned Brown Boveri Technologies (BBT).

The deal, the price of which has not been disclosed, involves the purchase by ABB of the former BBT industry division from BBT and the formation of two separate companies — a new jointly owned company called ABB Powertech and ABB Industry, which will become a wholly owned subsidiary of ABB SA.

ABB is not planning new investments in SA as it believes it has sufficient local commitments.

At a news conference yesterday ABB executive vice-president Arne Bennborn said new investments would depend on future developments in SA. The changing political landscape and the imminent lifting of Nordic sanctions had prompted the restructure.

ABB Powertech, which will operate exclusively in the growing power transmission and distribution field, will be managed by Powertech.

Its turnover is expected to be about R300m in its first year.

ABB Industry, which was expected to have turnover of about R130m in its first year, would be managed by ABB SA.

It would concentrate on the industrial electrical business. The company was established to allow ABB direct access to major capital projects such as Columbus and Alusaf. Capital equipment supplied in these projects would have a significant import content.

Bennborn said the move would enable ABB to serve the region's needs. From the beginning of the month ABB had centred its sub-Saharan Africa corporate headquarters in Johannesburg. It intended to use the SA substation and overhead line activities as the regional "centre of excellence", particularly for creating a southern African grid network.

Powertech executive chairman Peter Watt said the main payoff for his company would be renewed access to new technologies. ABB, which employed 215 000 people in 140 countries, had an annual turnover of nearly R100bn.

All the new technologies flowing from its R7bn-a-year research and development budget would be available to ABB Powertech when sanctions were lifted.

Watt said BBT had not received any new technologies or products from ABB since sanctions were imposed in 1987. Most of ABB's centres of excellence, which developed new technologies, had been based in staunchly anti-apartheid Sweden.

In line with Powertech's strategy of concentrating on the power transmission and distribution market (which ABB Powertech would serve) rather than the industrial electrical business, Powertech would relinquish control of its former industrial electrical division, BBT Industry.

Powertech would lose the R130m turnover from this division, but Watt expected this to be replaced fairly rapidly by increased export activity and new products. The effect on Powertech's NAV and EPS was expected to be negligible.

European interests get control of Eersteling

STAR 25/5/92

(67)

Eersteling gold mine has been saved from liquidation by European interests.

The Supreme Court has sanctioned the scheme of arrangement and a reduction in the capital of the company. It has also discharged Eersteling's final liquidation order.

The measures approved by the court were the last steps in a rescue scheme comprising a scheme of arrangement to creditors and an offer to shareholders by Esor Establishment SA, a company registered in Liechtenstein and controlled by Dr Max Glauser of Zurich.

New management appointed by Dr Glauser intends to keep Eersteling trading as a JSE-listed gold mine.

Application is to be made to the JSE to relist Eersteling. Pre-liquidation shareholders will end up with about seven percent of the company after the relisting even though their shareholdings would have been valueless had the company been liquidated.

Had the liquidation gone ahead, concurrent creditors would have received only 46c in the rand and shareholders would have received nothing.

Esor is to pay preferent and secured creditors 100c in the rand and concurrent creditors 90c in the rand.

While Eersteling shares had a negative value before the rescue proposals, Esor offered minority shareholders 1c cash per share or one new Eersteling share for every 100 previously held.

In the consolidation, the number of shares in issue will be reduced from 80 million to 800 000. After Esor has been issued 7,2 million new shares for settling creditors claims of about R6,5 million there will be eight million shares in issue.

About 68 percent of existing shareholders have elected to accept the consolidated shares in the hope that the new management can bring Eersteling to profitability. The other 32 percent either accepted cash or did not react to the circular to shareholders.

Dr Glauser has appointed Mr Stefan Hayden chief executive of Eersteling. Mr Hayden is the sole proprietor of Industrial Brokers, a company well known in mining circles. The mine management includes the experienced Zimbabwean father and son team, Jack and John Muir and Mr Robin Stubbs CA, previously a director of Lonrho SA.

Eersteling was founded and listed in 1987 by the husband and wife team, Steen and Franka Severin. Initially R24 million was raised from some 9000 shareholders. The issue was 37 times oversubscribed.

In 1989 Eersteling started production and recorded a loss of R1,974 million. By May 1991, the mine had lost more than R11 million and was in liquidation.

The share slumped from a high 400c in 1987 to 4c when it was suspended.

Acquisition of Perrier by Nestlé all set

(67)

PARIS — Swiss food group Nestlé and the EC commission have worked out an agreement permitting Nestlé to acquire Source Perrier, a Nestlé official confirmed yesterday.

The agreement, a major victory for Nestlé, apparently removes the last major legal hurdle to its takeover of the coveted French mineral water company, but will mean that Nestlé will have to shed the equivalent of 20% of France's total mineral water production capacity. B Day

The EC commission's competition authorities apparently exacted the asset sales in exchange for approval to prevent Nestlé and its ally in the takeover, French food group BSN, from creating a duopoly, two dominant forces in the mineral water market that would effectively squash competition. 21/7/92

In exchange for helping Nestlé acquire Perrier, BSN was slated to buy Perrier's Volvic brand, a major portion of its production of mineral water. After the Volvic sale, Nestlé would have had 37% of the French mineral market, up from 15,6% before the acquisition. BSN's market share would have risen to 30,9% from 20,2%.

Company spokesman Francois Perroud said that the final word wouldn't come until tomorrow when the EC commissioners officially voted on the matter, but "the gist of the message" coming from the commission was that the battle had been won.

Perroud said that the 20% of the French mineral water capacity was the equivalent of 7% of Perrier's world-wide sales of mineral water, excluding that of the Volvic brand.

In 1991, Perrier sold about Ff8,8bn worth of mineral water worldwide. That would put the value of the 7% reduction at Ff616m. — AP-DJ.

EC warms to Perrier buyout

BIDAY 22/7/92 (67)

BRUSSELS — The European Commission is expected to grant Swiss food giant Nestlé SA conditional clearance for its takeover of French mineral water group Perrier SA, commission officials say.

But the victory for Nestlé, after months of haggling to avert a veto, may fuel charges that the commission, the EC's executive arm, has exploited its powers as corporate watchdog for the European Community, using them to force an industrial policy on the French mineral water market.

Senior commission officials said yesterday that the commission would approve the takeover after a recent pledge by Nestle to sell eight small water brands in addition to Perrier's Volvic label in return for the coveted prize of Perrier itself.

It would have to sell off the St Yorre brand and seven other labels, all to the one buyer, and get commission approval for the sale, for which the deadline remains secret, said the officials, who asked not to be identified.

They acknowledged that the conditions set by the commission could be seen as an over-zealous attempt to create a new rival in the French water market rather than a verdict on the impact the Perrier takeover would have on competition.

The commission has been on shaky ground from the outset, by objecting to the takeover on the basis that it would lead to "duopoly" control of the French mineral water market by Nestlé and French food group BSN.

There were no provisions regarding duopolies in the EC merger regulations, even if the commission's worries were fully justified and made economic sense, the officials said.

The commission's verdicts on dozens of mergers have gone untested since the EC rules came into effect in September 1990, and only one merger has been vetoed.

But the officials said any government or company could wreak havoc on commission policy by challenging a favourable verdict on Perrier in the EC courts. — Sapa-Reuter.

When the medium no longer carries the right message

B|DAM 22/7/92. (67)

GUY DE JONQUIèRES

IN EVERY recent recession, jeremiahs have warned that advertising spending would never regain the levels of the good old days — only to be proved wrong once economic recovery arrived.

But listening to Peter Brabeck, Nestlé's chief marketing strategist and head of its food products business — source of more than half the Swiss company's Sf50,5bn (R106bnbn) sales last year — you begin to wonder whether this time, the jeremiahs could be right.

Nestlé is one of the world's biggest advertising spenders, with a Sf2bn (R4,2bn) annual budget.

Unlike many US competitors, it has refused to bow to recession by sacrificing long-term brand support in favour of "below the line" activities such as retail price promotions, intended to boost short-term sales.

Yet Brabeck is deeply sceptical about relying on mass media advertising as the main method of influencing consumer behaviour.

"For me it is very clear. Advertising is out, credible communication with the consumer is in. And these are two different things," he says.

In his view, Nestlé is increasingly threatened by isolation from the market, and its brands imprisoned in a "ghetto" from which advertising provides no escape.

The only way to break out is by finding more effective ways of forging relationships with consumers and building brand loyalty.

Brabeck's gloomy diagnosis is based on three broad developments. The first is the growing concentration of the formerly fragmented food retailing trade in fewer, bigger supermarket chains, many of which actively promote their own "private label" products in competition with manufacturers' brands.

This trend, which is particularly pronounced in Europe, has increasingly placed control over the supply chain in the hands of the retailers and enabled them to dictate terms even to their biggest suppliers. "We have been blocked out from the consumer by the trade," says Brabeck.

Secondly, the growth of new media such as satellite television is splintering the mass audience, while consumers are also becoming more resistant to advertisers' messages.

"There is no mass consumer any more, and people today don't act just because someone tells them something," says Brabeck.

"They can look at advertising and say, 'this is very interesting, I like it' or 'I don't like it', but they are mentally switched off. You can treble advertising spending, but if you can't establish a credible communication link with consumers, they won't act."

Third, food manufacturers have sent the wrong signals by basing their marketing and brand strategies too narrowly on product and process technologies, such as frozen foods.

"But people today do not think in terms of frozen foods, they think in terms of concepts like Lean Cuisine, Weight Watchers and Healthy Options," says Brabeck.

"Frozen food is not important to them. Twenty years ago, it stood for technological advance, for freshness, for premium products. Today, at worst, it means something which is old and stale."

That is not to dismiss the importance of technology. As Nestlé points out, regular updating of the Nescafé formula has helped keep it the world's best-selling instant coffee and the company's most profitable product. However, consumers are not interested in how food is processed, but chiefly in taste, aroma, texture and convenience.

That message, Brabeck concedes, is only gradually being absorbed by Nestlé, where attitudes remain heavily influenced by the company's traditional preoccupation with product management and its faith in technology as a prime source of competitive advantage.

In such a large and decentralised company, change cannot simply be imposed from the centre. To speed things up, Brabeck plans to use Buitoni, the Italian pasta maker acquired by Nestlé in 1988, as a testbed for marketing innovations.

Buitoni was chosen because it was unambiguously not a "technological" brand, he says.

Rather, the name of the game is creating instant heritage. At Brabeck's suggestion, Nestlé has bought the Buitoni family villa in Tuscany, which will serve both as the Italian company's development centre and as the central theme of its future brand image.

Buitoni's packaging is being redesigned to carry a "seal of quality" featuring a painting of the villa. Once the villa is inaugurated in October, Nestlé will invited consumers to enter competitions for which the prizes will be a week's cooking course there and a chance to participate in Buitoni's product development. Brabeck is also creating a Buitoni "club" with its own magazine, which will carry features about Italian wine, food and holidays.

"If I communicate with you about something you are interested in, my products become more part of a full package. The people I am really talking to are those who are interested in Italy," he says.

These efforts to build consumer loyalty will be buttressed with experiments with distribution channels, independent of the supermarket trade. Nestlé has already developed a prototype vending machine, designed to serve portions of hot pasta to consumers on the move.

Other innovations will include selling Buitoni products at special shopping mall boutiques and street market stalls, and promoting the brand with travelling road shows which will stage performances designed to appeal particularly to children.

Further ahead, advances in electronic point-of-sale technology may offer fresh opportunities to forge closer links with consumers. One would be a system which would enable purchasers of Nestlé products to earn "points" and qualify for special offers by punching electronic cards into terminals installed in shops.

Nestlé concedes that all these ideas face difficult hurdles.

Setting up alternatives to supermarket distribution is a costly proposition, and even it it succeeded the company would still require the supermarkets' co-operation to achieve its ambitions.

Brabeck says, "We want to make Buitoni a leading worldwide brand. The problem is that I don't think the trade is very interested in having a new brand created. If you look in a supermarket, you find that we are forced to concentrate more and more on very few brands. We simply have no choice."

Nonetheless, he remains convinced that in the longer term, advertising spending should decline sharply in favour of increased emphasis on point-of-sale promotion and other forms of marketing support. "Today, the advertising-promotion split at Buitoni is perhaps 80-20," he says. "For me, it should be 50-50." — Financial Times.

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Swiss firm to come to SA

B/DAY 28/8/92

GAVIN DU VENAGE

SWISS-based fragrance and flavouring company Firmenich would take over operations from its agent Southern Aromatics from October 1, SA MD Jurgen Metzer said yesterday.

Metzer declined to say how much Firmenich would bring into the country. Firmenich is a $400m a year company with offices in 108 countries worldwide. It specialises in producing fragrances for everything from soap to perfume, and also flavouring for a wide variety of foods.

Metzner said Southern Aromatics would now service parts of Africa as well as SA.

67

R1,1bn in 1991, and Iscor paid R403m in finance charges in the year, covered 1,8 times by net operating profit.

...tion capacity. He estimated that the replacement value of the group's assets was in the order of R40bn.

in its listing prospectus. The shares touched 99c earlier this week, and have fallen 10c in the past month.

VAT lifts Safcor's turnover

B/DAY 28/8/92

EDWARD WEST

SA Freight Corporation (Safcor) turnover improved by nearly a third in the year to end-June 1992 and, as a result of this, forecasts were met with earnings up a creditable 14% over the previous year.

MD Peter Desilla said the introduction of VAT on imports resulted in the group having to fund importer's VAT commitments. This was reflected in the increase in turnover to R1,2bn from R918m in the 1991 financial year.

However, because of the difficulty of recovering cost escalations in the poor economic environment, profit margins were lower and operating income increased 13% to R34,6m (1991: R30,5m), said Desilla.

After taxation of R15,9m (R14,3m), taxed-profit was higher at R18,7m (R16,1m). Associated companies' share of after-tax profits dropped substantially to R129m (R338m) leaving attributable profits 14% higher at R18,8m (R16,5m).

An extraordinary income of R2m (R1,2m) related to the sale of the trucking company Storm and Company Natal on July 1 1991.

Because of that, net profit after extraordinary items was 18% higher at R20,8m (R17,6m).

The average number of shares in issue increased slightly to 22,5-million from 22,4-million.

Earnings a share, which did not include the extraordinary item, increased to 83,5c (73,5c). The final dividend was raised to 29c (24c) a share, bringing the total dividend for the year to 47c (37c) a share.

Increase lost

B/DAY 28/8/92

DUMA GQUBULE

GENERAL Optical reported a 4% decline in profit as higher finance charges and a higher tax rate wiped out a 14% increase in sales.

Turnover was not disclosed, but operating income advanced 5% to R7m from R6,7m. Pre-tax profit rose marginally to nearly R4m from R3,9m.

The tax rate increased to 49% from 46% and after-tax profit fell to R2m (R2,1m), equivalent to 73,6c (76,6c) a share. An unchanged dividend of 20c a share was declared.

MPANY LIMITED

4/06

AREHOLDERS

e six months ended 30 June 1992 are

Half year ended /6/92 (R000)	30/6/91 (R000)	Year ended 31/12/91 (R000)
1 498	806	1 249
1 458	1 891	3 611
1 458	1 593	3 128
—	63	—
—	235	483
230	167	323
3 186	2 864	5 183
1 436	1 079	2 719
1 750	1 785	2 464
188	13	1 043
1 938	1 798	3 507
1 263	—	—
3 201	1 798	3 507
9 920	9 920	9 920

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Recession shackles Richemont

67

STAR 26/11/92

By Stephen Cranston

Swiss-based Richemont reported a nominal gain of 0,6 percent in attributable profit before extraordinary items to £87,6 million for the six months to September (£87,1 million last year).

The JSE-listed firm's interim results show earnings per unit rose slightly to £15,26 (£15,17).

Chairman Johann Rupert says results were in line with expectations in view of the economic shambles in the UK and other trading areas.

Tobacco's operating profit increased by 6,3 percent to £191,5 million, but this was offset by a 4,5 percent fall in the operating profit for luxury products.

Outside Richemont's two core businesses operating profit was affected by the cost of developing new businesses with associated undertakings, such as the Scandinavian and Benelux satellite television channel FilmNet.

Rupert says it is group policy to take a three-to-five-year view on investments. Although Cartier and Dunhill did not look so promising 15 years ago, they have since proved to be worthwhile investments.

The higher average pound exchange rate against the US, Canadian and Australian currencies during the period preceding sterling's devaluation also affected profit.

Since September 30 sterling has fallen against major currencies, which should boost second-half earnings.

The average exchange rates for the period under review resulted in pre-tax profit reducing by £4,9 million and attributable profit by £1,4 million pounds.

Richemont posted a one percent increase in net sales revenue to £1,5 billion, while the group operating profit gained 2,1 percent to £266,8 million from £261,2 million previously.

Pre-tax profit fell 2,1 percent from £285,5 million to £279,4 million, due largely to a drop of £11,7 million in net interest receivable to £12,6 million.

The balance sheet was strengthened as Richemont increased cash holdings by £175 million to £1,6 billion.

FOREIGN FIRMS IN S.A

- SWISS -

MARCH '94 - DECEMBER '985

Barlow Rand in joint venture

MARCIA KLEIN

SWEDISH group AB Electrolux and Barlow Rand will set up a new joint venture company with a projected turnover conservatively estimated at R100m, the two groups announced yesterday. B/Day 3/3/94

AB Electrolux president Leif Johansson said although the Electrolux name has been in SA since 1926, the formation of a new household products company — Electrolux SA — would result in a sizeable investment.

AB Electrolux would own 60% of the company, with Barlows owning the remaining 40%. (67)

Johansson said he would like to see the SA operation function as a regional sub-Saharan head office.

SA wins a place in ABB's priorities

S/Times (Buss) 13/03/94

JULIE WALKER reports from Copenhagen, Denmark, on the results and prospects of ABB, among other things, one of the world's biggest builders of power stations and a global giant with 1993 sales of $29,4-billion and profits of $1,19-billion.

THE world according to ABB is a triangle comprising Europe, America and East Asia. ABB does 94% of its business in these three regions.

South Africa is part of the rest, which includes India. The rest's 1,7-billion people live in countries which take only 6% of ABB's sales. But they are not insignificant.

ABB is keen not to be identified as a Swedish or Swiss company.

It was formed from a merger of the electro-technical interests of Asea AB of Sweden and Switzerland's BBC Brown-Boveri in 1988.

More than 200 journalists from 35 countries came to an AAB news conference in Copenhagen this week.

All but a couple of questions they asked were of a parochial nature: what is going to happen in my region, my country, my town?

The concerns are legitimate in terms of investment and jobs. In the past few years, ABB has shed 47 000 jobs from high-cost areas, such as western Europe, and created 35 000 in eastern and central Europe, North and East Asia.

Each of the regions in its "triad" has a high-cost component and a low one. Europe is divided into east and west, America into north and south, Asia into Japan and the newly industrialised countries.

ABB's reply to the problem of what social costs these job shifts will have is one of pragmatism: ask what would happen if the jobs weren't moved and the companies become uncompetitive.

In this respect, SA is lucky to be considered a centre of excellence. ABB Sub Sahara Africa employs 2 000 people and is the regional office for 47 African countries.

ABB is involved in three projects in South Africa:
- The world's largest direct current arc furnace at Namakwa Sands.
- Drives and process controls for Columbus's new hot mill.
- A third alternating paper mill at Sappi Stanger.

The group's SA operation is its leading specialist in boilers for coal-fired power stations.

ABB is also active in power lines through Feralin. Other interests are represented through its 50% of ABB Powertech.

67

Replies given at the ABB news conference stress that there is no single region in which to invest that will be free of risk. That is why a company like ABB is willing to do business almost anywhere.

President and chief executive Percy Barnevik says that shorter times for a return on investment are essential in a project for Russia, where the risk is high.

In areas of risk, agreement has to be reached to ensure payment.

That said, he flies to Moscow in a few days to sign a $500-million deal with Chevron and to work on a hydro-cracker, which will help Russia to earn foreign currency.

Mr Barnevik says the group's international focus will be on expansion in Asia.

"When China says it is going to have to cut back on growth, it is talking about only 10% a year. The best thing about Asia is that it has the money to pay for expansion. They lift themselves up."

China is installing between 15 000 and 18 000 megawatts of capacity a year. SA's total installed electricity generating capacity is about 36 000 megawatts.

Mr Barnevik says there is some hope after many years of poor development in black Africa.

He singles out SA as a regional centre because of it superior infrastructure.

A strong dollar has led to a drop in ABB earnings because it consolidates all profit from each country into the US currency.

Since 1988, organic growth and acquisitions have caused earnings to more than double to 1993's $1,19-billion.

If ABB reported in Swedish money, it would have lifted earning by 46% and in Swiss francs by 21%. However, in dollars, earnings climbed by 7%.

It cut labour costs from 33,5% to 31,4% of group income, an achievement Mr Barnevik describes as remarkable.

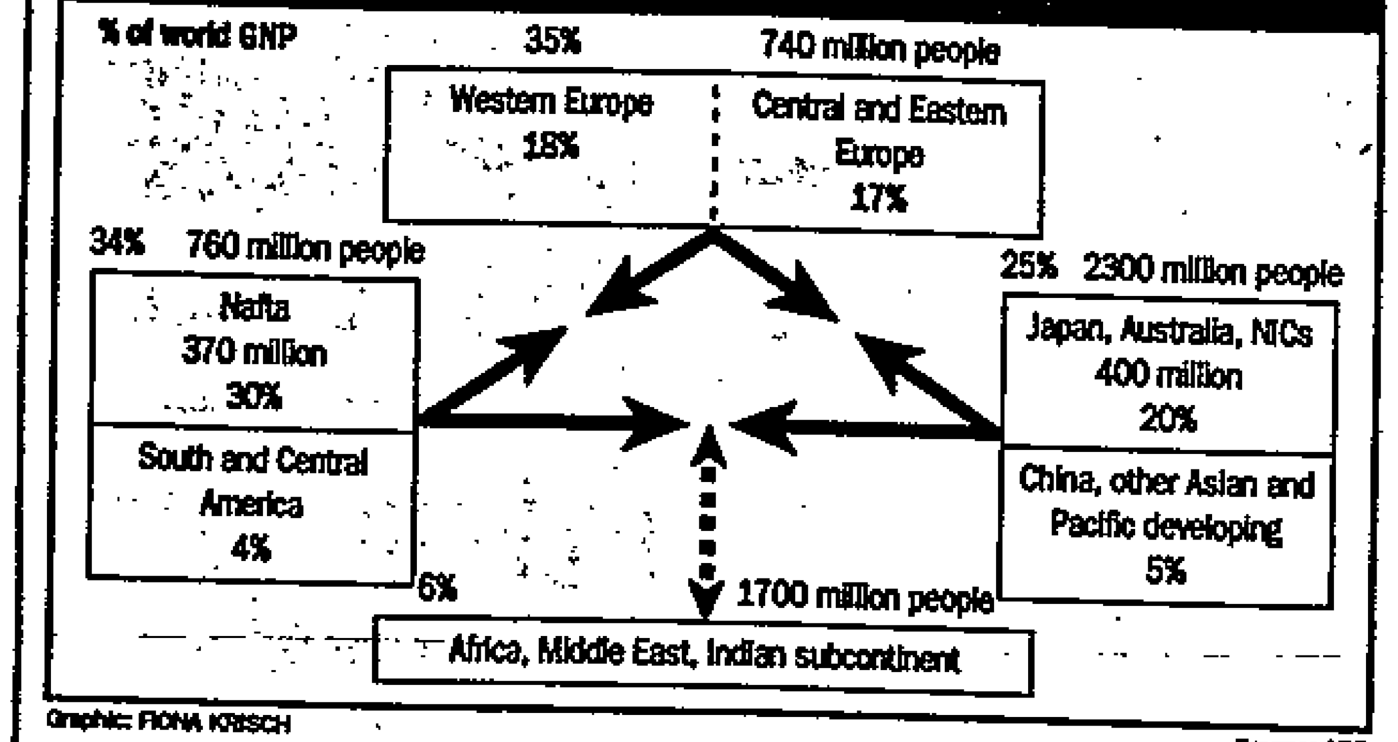
Productivity increased by 6,6% and net cash turned to a positive $250-million on reductions in inventories.

ABB has resisted the temptation to cut back on research and development. In the past three years, 50% of orders received for its power divisions (generation and transmission activities make up half the group) have been in in-house developments.

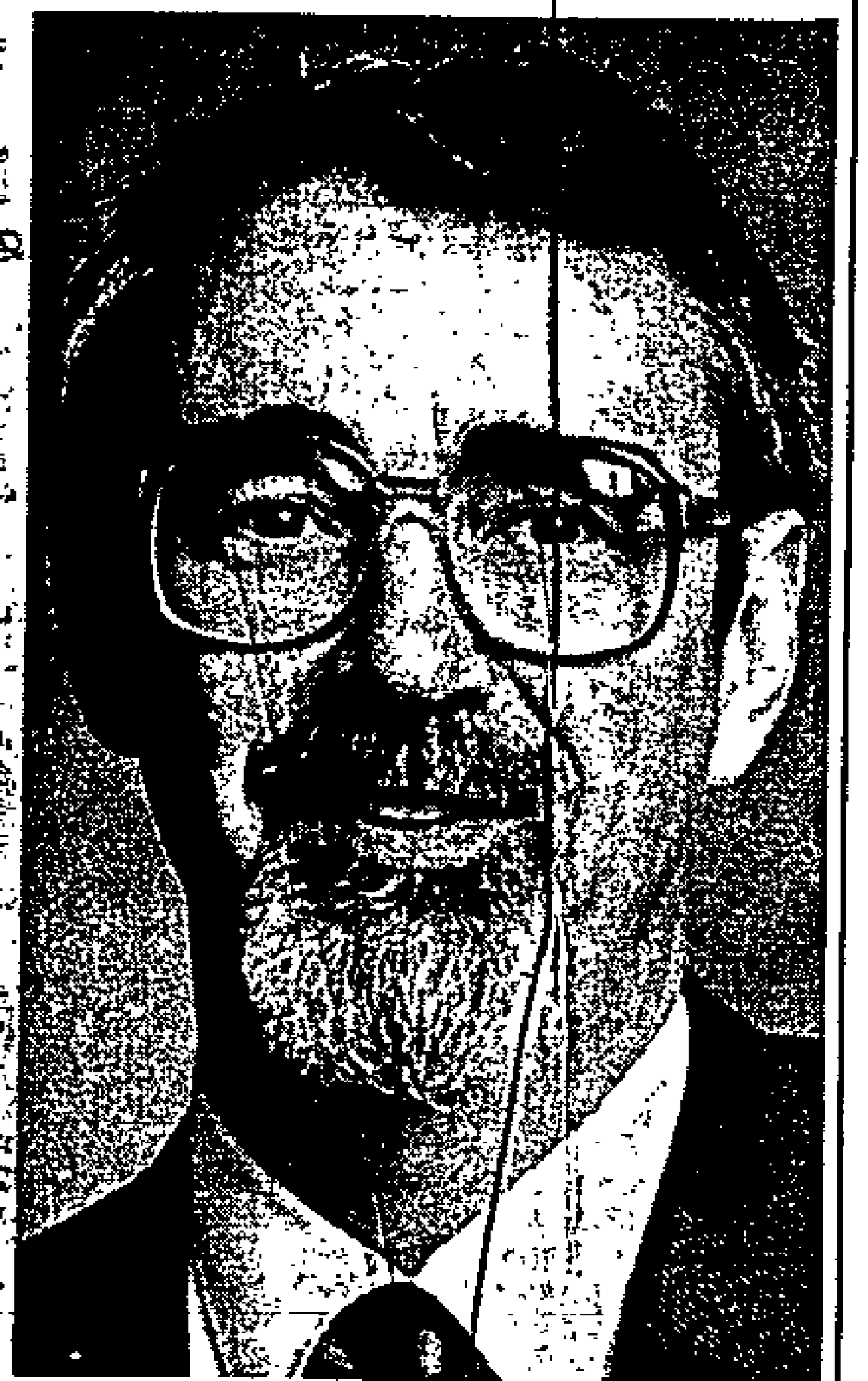
ABB is aware of creeping competition and is striving to stay ahead.

Its aim is to become customer-oriented by offering shorter delivery times, global standardisation and improved service.

The Triad and ABB



Graphic: FIONA KRISCH
Source: ABB



PERCY BARNEVIK ... SA's infrastructure stands out

ANC 'pursuing the unachievable'

S/Times (Buss) 13/03/94

By CIARAN RYAN

BUSINESS leaders cautiously welcome the ANC's reconstruction and development programme (RDP).

But many say it places too much emphasis on redistribution and not enough on economic growth.

The challenge is to persuade the ANC that social upliftment in the absence of economic growth is a chimera, says one businessman.

Business appears to be making progress as the "frightening reality of government begins to dawn on the ANC".

The RDP's goals of mass electrification, building a million low-cost houses in the next five years and improving education, health and social services are welcomed by businessmen. But they question its ability to deliver on its promises.

"There can be no argument with the programme's broad goals," says Anglo American director Bobby Godsell in the SA Labour Bulletin.

But "some of the targets set do not suggest that there has been a serious examination of the achievable".

Business has no plans for an economic model of its own in response to the RDP. The ANC has on several occasions invited business to do so.

Sankorp chief executive David Brink says: "Enough models are on the table. The real issue now is to achieve consensus on the way forward.

"The role of business is to grow the economy and make it possible for reconstruction and development to occur. The primary initiative should come from government."

Finance Minister Derek Keys says SA has gone beyond the point of debating whether reconstruction and development is incompatible with growth.

Many models have been completed in the past two years.

Anglo American economist Jim Buys says: "There is no shortage of data. We need consensus on the specifics of implementing the proposals. For example, can we fund electrification through electricity tariffs; what delivery mechanisms do we need for low-cost housing?"

"The ANC is the only political party to have published an economic model. This has left it open to criticism that its ideals are Utopian.

Mr Godsell and Mr Buys urge social upliftment through economic growth rather than the reverse.

They estimate an employment growth rate of 2,5% if gross domestic product rises by 3% a year. At an economic growth rate of 5% a year, employment would expand by 4%, or 2-million jobs by 2000.

At an economic growth rate of 3% a year and assuming government's share of GDP remained at the current 33%, the fiscus would collect an additional R142-billion between 1992 and 2001.

A growth rate of 5% a year would provide an additional R250-billion in nine years.

They say: "Where government raises its share of the economic growth cake in a forceful and disruptive manner, sustained economic growth rates of 3% to 5% will not be achievable. This will significantly outweigh (temporary) gains in socio-economic expenditure made possible by raising government's share of the cake."

If the economy grows by only 1% a year and government increases its share of GDP by 1% annually from the current 33% to 40%, additional State spending would be R181-billion compared with R182-billion under a 3% growth scenario and R250-million under a 5% one.

ANC small mining policy taking shape

BiDay 3/3/94

ANDY DUFFY

THE ANC has begun fleshing out its policy to foster small mining, and has charged think-tank the Mineral and Energy Policy Centre to draft detailed plans.

Centre project head Nchakha Moloi said yesterday the strategy would encompass freeing up mineral rights to providing state financial and technical support.

The programme will be launched with a summit at the ANC's Shell House headquarters, at which all interested parties will be invited to air their views.

Moloi, a former geologist with De Beers and RTZ, said developing small mining was aimed at creating jobs, rather than wealth. Such ventures had been widespread before the dominance of the large mining houses.

There was great potential for developing smaller deposits which so far had been seen as insignificant by large mining houses. But the absence of a small mining sector was largely due to the lack of access to mineral rights and support systems.

Moloi said the project would begin with a definition of small mining, and develop an inventory of suitable geological areas.

The group would then consider revisions to legislative and regulatory frameworks.

Centre director Paul Theron said current legislation was insufficient to accommodate the ANC's proposals.

Support systems included establishing a body akin to the Chamber of Mines for small mining ventures. State backing could include task teams to provide technical support within regional offices of the Mineral and Energy Affairs Department.

A clearer picture of the potential cost of such support would be available once the proposals were fully detailed, Moloi said.

The response to the ANC's proposals was scathing when they were unveiled late last year. Senior industry figures argued that intefering with the free market could undermine the industry.

But recent talks with diamond groups De Beers and Trans-Hex over small gem deposits in Namaqualand had shown there was room for compromise, Moloi said.

Chamber of Mines president Jurie Geldenhuys said this week there was "some scope for micro and small mining".

Theron added that the chamber had indicated that the issue was one area where it could work closely with the ANC.

Emphasis on markets wrong, workshop told

EDWARD WEST

CAPE TOWN — The failure of economic integration initiatives in southern Africa resulted from the emphasis on markets at the expense of the development of production and infrastructure.

UN Economic Commission for Africa advisory co-ordinator Sam Asanate told a workshop on regional economic integration yesterday that initiatives towards regional integration in southern Africa appeared to follow Europe's unification route.

The low level of development in southern Africa was not comparable with the basis for European integration.

The notion among development agencies and institutions that there could be no economic growth without lower tariffs and an open market was incorrect. There was little purpose in liberalising trade if there was no trade. This had to be developed.

Luxury Volvos back on SA roads

BiDay 3/3/94

Own Correspondent

DURBAN — The first consignment of Volvo cars since Sweden's economic boycott nearly 20 years ago arrived in Durban yesterday, heralding a new era of Swedish economic investment in SA.

Brought in by the company's SA partner, Durban-based listed company Combined Motor Holdings (CMH), 64 luxury cars worth more than R12m were offloaded at the harbour.

Through Swedish Car Distributors, a CMH subsidiary, dealerships trading under the name of Swedo Car have been established in Durban, Johannesburg, Pretoria and Cape Town.

CMH chairman Maldwyn Zimmerman said: "While the cars are manufactured and assembled entirely by Volvo Europe, full parts and service will be provided locally. (64)

"A comprehensive range of mechanical and body parts have already arrived in SA. Local service personnel have embarked on training programmes in the use of special tools and test equipment to meet the international standards."

The first four models were the Volvo 850 GLT sedan, 850 GLT turbo, 850 estate and 850 estate turbo, all of which would be available in automatic or manual, he said.

Volvo, Sweden's major car manufacturer, has a presence in about 100 countries with a wide-ranging network of 2 000 dealerships and 2 700 service workshops serving its customers.

The company sold 304 000 cars in 1992, Zimmerman said.

During its 23-year involvement in the local motor industry prior to disinvestment, Volvo sold 33 000 cars in SA, 10 000 of which are running today.

Many benefits flow from Alfa merger

S/Times (Buss)

8/8/93

Business Times corporate survey

TETRA PAK, South Africa's leading packaging company, rejoined its Swedish parent as a wholly owned subsidiary in June.

CIARAN RYAN reports on the move and on Tetra Pak's takeover of Alfa Laval.

IN 1991 Tetra Pak acquired the international interests of Alfa-Laval AB, the Swedish manufacturer of processing equipment for food.

Alfa-Laval, formed early in the century, developed the first milking machines and separators for dairies.

The acquisition came as no surprise. Tetra Pak and Alfa Laval, both Swedish companies in the food business, had co-operated for more than 40 years with common installations in 100 markets. Alfa-Laval supplied the food-processing equipment and Tetra Pak the filling and distribution machinery.

In 1993, the two companies formed a new group, Tetra Laval, with four operating companies: Tetra Laval Food, Tetra Pak, Alfa Laval and Alfa Laval Agri, employing 16 000 worldwide.

Tetra Laval Food will focus on processing and packaging systems for viscous and solid-food products.

Important

Tetra Pak assumes responsibility for liquid-food processing and packaging. Alfa Laval will continue to focus on specialised areas, such as separators, flow equipment, heat exchangers and computer-based control and monitoring systems for the food business.

Alfa Laval Agri supplies equipment and services to dairies.

The three most important markets for the enlarged SA group are dairy products, fruit juices and sorghum beer.

"The merger has benefits for both companies," says Johann Schoeman, process services manager for Tetra Pak (SA).

"It gives the new processing division much wider access to Tetra Pak's customer base, particularly in the high-temperature processing market.

"The benefits for Tetra Pak are that it can now offer complete processing and packaging solutions to the food industry."

The merger sets up a formidable force in food service and equipment and several staff members from Alfa Laval have joined Tetra Pak.

The two companies are renowned for the high quality of their machinery and service excellence.

Like Tetra Pak, Alfa Laval in SA was cut off from the parent company by sanctions. The SA operation changed its name to ALSA Engineering after an employee buy-out and was forced to manufacture here.

To continue operating it also had to obtain equipment from sister companies outside Scandinavia and to import second-hand and refurbished Alfa Laval machines.

(67)

Ban

The flow of technology and information from the parent company was suspended when the Swedish trade ban was imposed in 1987.

Mr Schoeman says: "With sanctions out of the way, we have access to the latest technology and equipment and we are well positioned for growth."

Tetra Laval

Tetra Pak	Tetra Laval Food	Alfa Laval	Alfa Laval Agri
Develops, manufactures and markets liquid-food processing and packaging systems.	Focuses on processing and packaging systems for viscous and solid food products.	Specialised key products such as separators, flow equipment, heat exchangers and computer based control and monitoring systems	Focuses primarily on equipment and full range services for dairy farmers
Fields of Operation . Packaging and Distribution Systems . Liquid Food Processing Equipment - Dairy - Beverage - Juices - Drinks - Aseptic	Fields of Operation . Ice cream . Convenience Food . Prepared Food . Packaging systems for particulates, e.g. Pet Food . Tetra Box . Fats and Oils	Fields of Operation . Automation . Dosing and Analysing . Flow equipment . Separation . Thermal equipment	Fields of Operation . Products and systems for milk production . Stalling equipment including herd management and automatic feeding systems . Accessories and service for dairy farmers
No. of employees (worldwide): 16 000	No. of employees: 2 000	No. of employees: 13 000	No. of employees: 3 000

Graphic: FIONA KRISCH Source: TETRA PAK

Asea back in SA under new name

S/Times (Buss) 6/6/93

By DON ROBERTSON

THE world's largest power generation group, ABB, has gradually bought its way back into SA and plans to use it as a base for expansion in sub-Saharan Africa.

ABB represents the merged operations of Asea of Sweden and Brown Boveri of Switzerland. It operates in 140 countries, has 210 000 employees and sales of $30-billion.

Sanctions forced the Asea division of the combined group to quit SA in 1987. But Brown Boveri Company (BBC) stayed.

Changes in SA's political direction in 1990 encouraged Asea to return. It invested more than R100-million in re-establishing its presence last June.

This involved the establishment of Brown Boveri Technology, ABB Industry, ABB Ferralin, ABB Powertech and ABB Services, which had operated under the Powertech or BBC banners.

The combined group makes turbines, boilers, transformers, high-voltage switch gear and electrical systems. It is also involved in process automation and servicing.

Three months ago, ABB Sub-Sahara Africa was established in Sandton to oversee the group's operations. The office is headed by regional president Lave Lindberg.

ABB Sub-Sahara co-ordinates the operations of 11 companies in 45 countries south of the Sahara.

Mr Lindberg says about a third of the international group's taxed profit of $1,1-billion is generated in Africa. He believes that the manufacture of electrical components will double in SA in the next three to four years provided production costs are kept down and the economy improves.

"Europe does not have much time for Africa and is reluctant to become involved. SA, on the other hand, understands this market. Rather than be a multinational in Africa, we will become multi-domestic. SA will become a major supplier to the rest of Africa.

"Sales and engineering will be carried south of the Sahara, but manufacture will be in SA."

Mr Lindberg says most projects in Africa are financed by aid agencies. ABB Sub-Sahara "must improve its association with the World Bank and other aid centres".

Mr Lindberg returned to SA three months ago after eight years abroad.

He says: "Productivity is still below average, although this is probably because there has been little investment. It seems that companies merely try to stay ahead of their opposition. Customer care is also a problem."

ST Times (Buss) 6/6/93.

Swedes come back for SA business

TETRA LAVAL Southern Africa's two divisions, Tetra Pak and Alfa Laval, will continue to operate separately with the return of Tetra Pak International after 14 years.

The parent companies of both Swedish-owned groups merged this year to become Tetra Laval Group, whose global sales are $8,5-billion.

When Tetra Pak International quit in 1978, the SA company carried on successfully under managing director Richard Tonkin in terms of a technology agreement.

Tetra Pak makes two systems — the gable-top carton for pasteurised products, as well as the modular brick for ultra-pasteurised dairy products, fruit juice and sorghum beer.

(69)

Uphill going for Richemont

Star 4-17-1994

■ BY DEREK TOMMEY

Richemont, the Swiss-based company which holds Rembrandt's former offshore tobacco and luxury goods interests, is not finding the going easy, figures for the year to March show.

However, it is persevering in its attempts to become a major pay TV operator and has bought a 25 percent stake in an Italian operator for $180 million.

Partly as a result of sluggish tobacco sales, Richemont increased its turnover by only £31,4 million (5,4 percent) to £606,5 million, with net revenue from tobacco interests growing by only 3 percent.

In normal circumstances, these figures would have resulted in a consolidated profit of £202,2 million, down £6,1 million from last year's £208,2 million.

But a decision to rationalise and restructure its tobacco and luxury interests at a cost of £194,3 million slashed attributable profit to £115 million — equal to £20,03 (1993: £36,26) a unit.

On the plus side, this restructuring is expected to result in savings of more than £30 million a year on a taxed basis.

But Richemont's directors say further restructuring is still needed if Rothmans is to remain competitive in Europe.

Factories in Berlin and The Hague are therefore to be closed and their production transferred to the fatory at Zevenaar, Holland, and to two factories in the UK. The cost will be included in this year's accounts.

Richemont says worldwide cigarette sales by the Rothmans group dropped 8 percent, with the biggest decline in Europe where France and the UK showed the largest declines.

However, the operating profits of the partly-owned tobacco manufacturing public companies in the Americas, Asia and Pacific regions all improved.

67

Upturn

Sales of luxury goods differed from country to country. In the UK sales showed limited signs of an upturn, while much of the Continent, particularly central Europe, showed declines.

On the other hand, sales in the Far East experienced a real volume increase and an increase in volume has also been noticeable in the United States.

Richemont's media interests are still costing it money, with its share of the loss of Network Holdings increasing from £7,3 million to £25,7 million.

Fm 8/7/94

RICHEMONT

Taking the costs upfront

67

Analysts who predicted earnings growth of up to 10% from Swiss-based Richemont a couple of weeks ago were, fortunately for them, not named. Excluding restructuring (£75m) and rationalisation (£124m) costs, Richemont's earnings per unit declined 2,9% to £35,20. If exceptional costs are included, as they are in the table, the decline was nearly 45%.

Admittedly, the exceptional costs were higher than expected. They were also necessary for Richemont to refocus its interests on new growth markets and achieve savings and better efficiencies from tobacco operations in Europe. Management claims to pay little attention to short-term results. Also, MD Johann Rupert warned a year ago that financial 1994 would not be a particularly good year for Richemont.

There is little doubt that the restructuring of Richemont into separately quoted tobacco and luxury goods businesses, apart from offering a more logical structure, will be to the long-term benefit of the group.

It offers management the flexibility to concentrate on developing opportunities, particularly in the tobacco business, where Rupert says Asia will become an increasingly important market. Europe can now be regarded as a declining market where a strong anti-smoking lobby is adding pressure to sales. That's partly the reason for the horrible results from Rothmans International, whose pre-tax profits dropped 27% to £344m.

Better efficiencies were clearly needed in Europe, leading the board of Rothmans to decide to close factories in Berlin and The Hague, at the cost of about 1 000 jobs. Rothmans' European rationalisation costs account for nearly half the total rationalisation charge. At the same time, Richemont estimates that more than £30m will be taken off costs annually as a result of these measures.

Tobacco, the rump of Richemont's business, was the overall dampener on results. Total worldwide cigarette volumes were down by 8% — once again, favourable ex-

Richemont's Rupert ... *an early warning*

change rates came to the rescue, growing net sales 3% to £2,5bn (see table).

Operating profits were marginally stronger, boosted largely by improved profits from interests in the Americas, Pacific regions, and particularly Asia.

Vendome, holding the luxury goods interests, put in the stronger performance despite its major markets in Europe remaining depressed.

Turnover growth of 5,4% in Swiss francs, Vendome's reporting currency, translated into growth of 14,5% in sterling. Operating profit increased by 17,5% in sterling and was the main influence on the respectable 5,5% growth in operating profit on the consolidated P&L account.

Main factors behind this performance were volume increases, in real terms, in the Far East, mainly through the strengthening yen encouraging increased Japanese tourism to the region. Volumes also increased in the US, a market in which Vendome is not well represented. Traditional sentiment is that Americans don't spend heavily on luxury goods. That could be changing and it would not be surprising to see Richemont paying more attention to the massive US market.

SLOW SALES, SLOWER PROFITS

	Net sales revenue 1993	1994	Operating profit 1993	1994
	£m			
Tobacco	2 412,6	2 485,1	410,5	424,2
Luxury goods	1 030,5	1 080,0	164,9	193,8
Other	—	—	(8,1)	(9,1)
The Company and its subsidiary undertakings	3 443,1	3 665,1	567,3	608,9
Share of associated undertakings			7,8	(2,4)
Operating profit			575,1	606,5

It now seems clear that Richemont is targeting the media as its third, developing source of revenue. FilmNet, jointly controlled by Richemont with MultiChoice, continues to absorb money. Richemont's share of its losses and development costs were £25,7m, up from £7,3m in 1993. At the same time Richemont has invested US$180m acquiring a 25% interest in Italian pay-TV operator Telepiu.

The media interests will probably continue to absorb cash for some time. Though FilmNet is expected to become cash positive in the next year or so, Telepiu is still making losses (not disclosed), and probably will continue to for the next few years. Still, this is a growth area Richemont has indentified, and further media acquisitions are likely.

Basically, Richemont is a well-run group with exceptionally strong brand names. The problem is that its traditional geographic market mix is changing. The group is refocusing on new markets and paying the price up front.

PAYING FOR CHANGE

Year to March 31	1993	1994
Turnover (£m)	3 443	3 665
Operating income (£m)	575	607
Attributable (£m)	208	115
Earnings per unit (£)	36,26	20,03
Dividends per unit (£)	5,89	6,15

Rupert says he is "very happy" with developments, despite the cost. "Restructuring costs were as expected. The payback time for Rothmans' rationalisation costs should be less than two years," he says.

Rupert expects some benefits to start coming through by the end of this financial year but 1996 could be the year when strong earnings growth is resumed, particularly if European markets start to pick up.

That makes the share look cheap at R38. Analysts don't expect it to go lower, though a superficial reading of latest results could result in further declines. Apart from the rand hedge element, Richemont appears to have positioned itself for better growth. There probably won't be fireworks this year but long-term appreciation could be rewarding.

Shaun Harris

CHARTER

Courageous buy

Do you have the courage to put R1,89bn on the table to buy a company on a forward p:e of 20 and an historic p:e of zero? Well,

Investment trusts have edge

■ **BY CHARLOTTE MATHEWS**

The best-performing investment trusts outperformed the best-performing non-mining unit trusts in the year to September, figures supplied by Intrust and Genbel show.

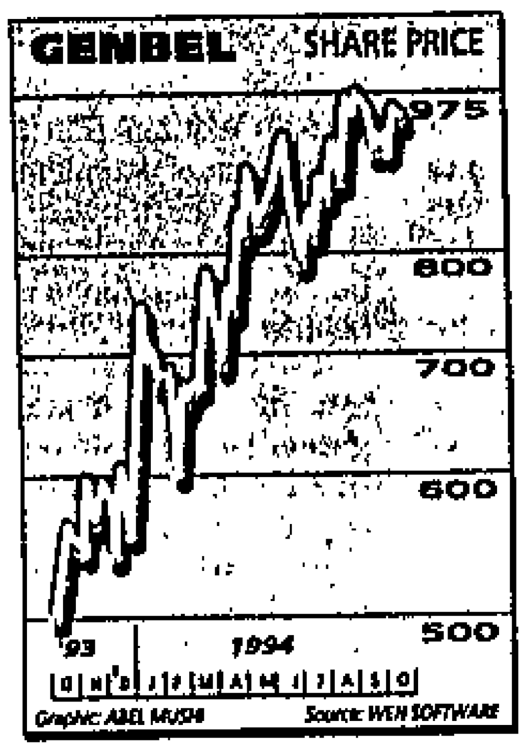
They show that Ettington Investments made a 100,7 percent return for its shareholders, based on a lump sum investment at the beginning of the period and including dividends reinvested and appreciation in the share price.

This was closely followed by Intrust, with 98,5 percent.

According to Genbel, it ranked third, with an 80,8 percent return.

The top-performing unit trust, calculated on the same basis and including initial investment costs, was Norwich with 74,69 percent, followed by Metfund with 53,61 percent and UAL Selected Opportunities with 53,05 percent.

Genbel said yesterday an investment trust offered many advantages over traditional unit trusts. As a closed-end fund, any demand for shares was reflected by an increase in the share price.



Its closed-end structure meant an investment trust could gear — in 1993 Genbel was able to borrow almost R1 billion against the security of the core portfolio.

Intrust investment manager Zelda Zaayman said this gave investment trusts a particular advantage in a falling market, when a unit trust management company might have to sell good investments to pay out its unitholders who decided to sell and would normally be unable to take advantage of buying opportunities.

According to Genbel, it could operate its portfolio without any of the restrictions applying to other managed investments, with no minimum liquidity requirements and the ability to trade in derivative instruments.

This enabled the fund to take a longer-term view on its investment strategy.

Zaayman said the lower costs of an investment trust were a big advantage and had made them one of the most popular forms of investment in the UK.

Against the initial unit trust charges totalling about 2 percent to 7,5 percent, the only costs of an investment trust were the management expenses, 1 percent marketable securities tax and the brokerage fees, which were on a sliding scale, starting at R30 plus 1,2 percent on a R5 000 transaction.

Genbel said its own fund was ideal for a private investor wanting to graduate from indirect equity investments to outright share ownership.

Zaayman said an investment trust was suited to a sophisticated investor who wanted to take a more active decision-making role.

Intrust emphasised that as it focused on second-tier shares and had no blue chips or mining interests, investors should make Intrust part but not all of their portfolios.

A unit trust source said if investment trusts wished to compete with unit trusts they should operate within the same parameters, with the same restrictions on gearing, liquidity and maximum weightings in the portfolio.

The arguments put forward by the investment trust managers made no mention of the risks involved, he said.

Unit trust managers were not allowed to write naked options, but there was nothing to stop an investment trust manager from taking risks in derivatives if it is part of its investment philosophy.

While the price of an investment trust share could rise, the converse was also true, he said, and investors were likely to try and get out of a geared portfolio in an environment of rising interest rates and a falling market.

Polaroid, Electrolux returning

Star

■ **BY BUSINESS STAFF**

Swedish multinational appliance manufacturer Electrolux and US photographic giant Polaroid are returning to South Africa. 27/10/94

A strong vote of confidence in South Africa and its new direction prompted Sweden's AB Electrolux to re-invest, chief executive officer Magnus Karlburg said yesterday.

Similar sentiments were expressed by senior vice-president of Polaroid Europe, Lee Brewer.

Polaroid, a Fortune 500 company headquartered in Massachusetts, with sales in excess of R7,5 billion, disinvested in 1977 in opposition to apartheid.

Electrolux also disinvested 17 years ago, but the local company has manufacturing plants in Cape Town and Bronkhorstspruit.

Saitex '94

South Africa is poised to be an economic success story by attracting trade and investment to the entire sub-Saharan region, say foreign representatives taking part in this year's South African International Trade Exhibition (Saitex '94).

Speaking at an exhibition preview press conference in Johannesburg yesterday, six of this year's largest participants said international capital viewed South Africa as the pivotal player in the future of the emerging sub-Saharan market.

That fact would ensure the healthy performance of South African business, they said. — Sapa.

Bus industry at crossroads, says Putco chief

Star 27/10/94

■ **BY CHARLOTTE MATHEWS**

Clarification on second- and third-tier government responsibility for the transport needs of commuters is urgently required, Putco chairman Albino Carleo says in the annual report.

"The issue of bus ownership remains a crucial question," he says. "While there is uncertainty about the future, there is a reluctance by bus operators to make long-term commitments."

The government's decision on subsidies would have a major effect on the viability of bus companies. There was strong passenger resistance to fare rises and it would be even more necessary to have all interested parties agree to acceptable fare structures.

In the year to June, Putco's attributable profits dropped to R17,6 million from R20,4 million previously on turnover up 13,2 percent to R477,9 million (R421,5 million).

Earnings a share fell to 66,4c from 77,2c and the dividend to 38c from 40c.

The group is still faced with the problems of hijacking of vehicles, robberies and violence.

Revenue fell by R4 million owing to the shortfall between the passenger subsidy proposals put forward by independent consultants and final approved figures.

Net fixed assets on the balance sheet amounted to R152,2 million, up from R147,6 million in 1993. The figure consists mainly of the current value of buses at R101,4 million, with land and buildings accounting for R39 million.

Putco shares were at 350c yesterday, compared with their net asset value of 534c a share and their high in June of 430c.

At the current price they show a P/E of 5,3, about a quarter of the sector average of 21,1.

Warning to VAT vendors

Star 27/10/94

■ **BUSINESS STAFF**

Inland Revenue has warned vendors registered for VAT to be on the lookout for fraudulent export documentation or face having to make up the amount of VAT lost.

Although the VAT system has reduced tax evasion, Inland Revenue says it is concerned about fraud in relation to fictitious exports of certain commodities, in particular sugar, tobacco, toiletries and confectionery.

"Goods are purported to have been exported, but are in fact being sold to the informal sector or to final consumers in South Africa."

It says a number of evaders have already been identified and investigations have reached an advanced stage.

"Where tax fraud and collusion with the perpetrators of fraud is uncovered, Inland Revenue will have no hesitation in instituting criminal proceedings and civil action for recovery of taxes.

"Additional tax equal to 200 percent of the tax evaded will also be imposed.

Inland Revenue asks vendors to report suspect cases to receivers of revenue.

"Discussions have taken place with tax authorities in neighbouring countries, whose taxes are also being evaded, and a concerted effort is being launched by Inland Revenue in co-operation with the business sector and tax authorities in neighbouring states to identify and prosecute offenders".

electronics, food and drink and transport equipment.

Richemont nets 13,5% growth in earnings

67

CT 6/12/97

Own Correspondent

JOHANNESBURG. — Swiss-based Richemont — benefiting from higher profits in its luxury goods and tobacco divisions — reported a 13,5% improvement in attributable profit to £115,8m in the six months to September.

Earnings a unit increased to £20,17 (£17,76). Net sales revenue rose 7,6% to £1,9bn, while operating profit before goodwill amortisation grew 11% to £339m. Richemont's share of Rothmans International's European rationalisation programme amounted to £4,5m at the attributable profit level.

Net sales revenue from the tobacco interests increased £52,7m to £1,3bn, largely as a result of price increases.

Operating profit from tobacco subsidiary undertakings increased 15,1% to £249,5m.

Both the Europe and Asia regions reported improved profits, while results in other regions were marginally below last year's levels.

Swiss firm has role for SA in African expansion plans

60913195

(67)

BELLO MOTLHABAKWE

PARIS — SA would play a crucial role in the plans of Swiss-based engineering multinational Asea Brown Boveris (ABB) to expand its $700m investment in sub-Saharan Africa, ABB executive vice-president Eberhard von Koerber said in Paris yesterday.

Koerber told an international news briefing at the release of the multinational's year-end results for last year SA would be the motor for development into sub-Saharan Africa. SA would have a particular impact on its neighbours Zimbabwe and Angola.

Although details were not available on the multinational's planned new investments on a country-by-country basis, the group was examining the possibility of making additional investments in the region.

This investment would be in addition to the $700m already invested in the region, he said.

Koerber said SA was particularly important now that there was a democratic government in place and most of the southern hemisphere was democratising. The group expected growth in SA's exports.

The group might increase its stake in Altron group subsidiary Powertech. It already had a joint ventrue with Powertech in ABB-Powertech.

The group's motor supply factory in Alrode, Alberton, would feature prominently in plans to make SA a major regional supplier of motor systems.

Further investment in miniature circuit breakers was being considered. This would assist the company's large-scale entry into the SA housing programme.

It would help immensely if African governments could buy and source products from their own national factories instead of importing pre-financed goods. If that trend could be turned around, investment levels by companies such as ABB would improve.

Ciba to inject R40,6m

Beatrix Payne (67) BD 19/6/95

SWISS-based pharmaceutical group Ciba-Geigy would begin a R40,6m capital investment project in the next 18 months to develop the group's health care operations in SA, division head Johann Niehaus said at the weekend.

The multinational's pharmaceutical production unit at Spartan would be refurbished to meet current Good Manufacturing Practices and international safety and environmental standards. A further R6,3m would be invested in personnel and process systems.

Niehaus said the investment confirmed the group's commitment to and confidence in the growth of the health care business in SA.

FRIDAY
DECEMBER 15, 1995 ★

700 PASSENGERS AN HOUR

R20m Swiss cars for new cableway system

(67)

CT 15/12/95

NEW CABLE CARS able to carry 700 passengers an hour are to replace the present cars, which take only 230 an hour. **DALE GRANGER** reports.

SWISS company representatives are in Cape Town to put the finishing touches to a R20-million contract for a new cablecar system — part of Table Mountain's R45m facelift that will include restaurants with sweeping views, paths, lifts for the disabled and a 120-seat movie auditorium.

Table Mountain Aerial Cableway Company managing director Mr John Harrison said yesterday that two wind-resistant Swiss gondolas capable of carrying 700 people an hour (70 per car) would replace the current cars which can ferry 230 people an hour (25 per car).

He said the circular Swiss cars would be able to run in winds as strong as 85km/h, compared with the present cars, which were limited to 65km/h. They would have rotating platforms so that a passenger facing the sea at the base station would be facing the mountain when the car reached the upper station. The base station would have lifts, elevators and ramps to take disabled people to cars, Mr Harrison said.

The cableway machinery would be encased in glass so people could see the workings.

A 120-seat auditorium would feature a 25-minute movie, The Cape Experience. There would also be living displays of Cape fauna and flaura.

Mr Harrison said the plan required approval from the Cape Peninsula Natural Environment Management Committee, which advised the Minister of the Environment, the National Monuments Council and the City Council. His company was working in close co-operation with these bodies.

If approved, the cable car would be closed from May to November next year.

The Swiss representatives were here for final touches to the gondola contract which, subject to approval, had to be signed not later than the end of January.

Mr Harrison said two environment impact studies were being conducted by the Cape Technikon and UCT to establish how many people the mountain could accommodate without harming the environment and how to protect existing species.

City Council spokesman Mr Ted Doman said last night the council welcomed the planned redevelopment of the Table Mountain cableway and facilities at the summit.